

Alphabet Inc.

NASDAQ: GOOGL | Search, YouTube, Cloud and AI models | Coverage update | 18 October 2026

Last close (16 October 2026)	\$340.59	Recommendation	BUY (unchanged)
Previous report (6 Oct)	\$346.47, Buy	Investment score	77.6 / 100 (prior 75.5 restated)
Move since then	-1.7%	Weighted fair value	\$406.34 (was \$428); +19.3%
FY2027 P/E (consensus EPS \$15.08)	22.6x	Buy range / stop	\$325-350 / \$310
10-year Treasury	5.09% (16 Oct close)	Targets	\$407 / \$468
Market value	About \$4.19tn	Technical read (chart only)	Neutral: base-building
Next results	Q3 2026, 28 October, after the close (confirmed)	200-day average	\$340.90; price -0.1%

The Model Is Out. Now the Buyers Have to Show Up

On 6 October the question was whether Gemini 4 Argon would leave its gated partner programme. It did so a week later. On 13 October Google made Argon available through its paid API, in Gemini for business, in Google Cloud's agent platform and to AI Pro and Ultra subscribers in the Gemini app and AI Mode in Search. The introductory price of \$2 per million input tokens and \$10 per million output tokens runs until 30 November, then doubles to \$4 and \$20. Google reports a first-place ranking on the Vals Index, an independent benchmark across finance, coding, legal and tax work, and named GitLab, Harvey, ServiceNow and Figma among early enterprise users.

The shares did not react much. They closed at \$340.59 on 16 October, 1.7% below the \$346.47 of the last report, after a 2.5% fall that day. The release clears one of the two conditions this coverage set for Argon. The second, evidence that customers are paying for it, arrives with third-quarter results on 28 October and with the price step on 30 November.

Verdict: Buy, unchanged, from fundamentals. Technical read (chart only): Neutral. The probability-weighted fair value is \$406.34, 19.3% above the price; the base case is worth \$407 on FY27 consensus EPS of \$15.08 at 27 times. The price sits inside a \$325-350 buy range with a \$310 stop and targets of \$407 and \$468. The chart is building a base on the 200-day average, so the second half of a position waits for a close back above the 50-day average.

1. The published levels at the new price

Level (6 Oct report)	Published	Status at \$340.59	This report
Buy range	\$340-365	Inside, \$0.59 above the floor	\$325-350: the base case pays from the top of the range
Cut-loss	\$310	9.0% below; not tested	\$310, unchanged; below the 100-session low of \$314.90
Target 1	\$430	Not reached	\$407, the base-case value
Target 2	\$490	Not reached	\$468, 31 times FY27 consensus EPS
Fair value	\$428	Now \$406.34	FY27 EPS unchanged; base multiple set at 27 times

Averages recomputed in code from a 300-session daily series ending 16 October 2026; ATR(14) \$8.91. The 200-day average is \$340.90.

The levels hold with small changes. The floor of the buy range moves to \$325 because the 200-day average no longer sits under the price as support; the stock is on it. The stop stays at \$310, under the 100-session low, and is not widened. Both targets come down. FY27 consensus EPS is \$15.08, against about \$15.06 when the last report was written, so the change is in the multiple: the base case uses 27 times, the bull case 31 times.

2. Company developments

Items from 29 September to 17 October 2026 that bear on what Alphabet earns or how it competes, with the open items carried from the previous report. Rating changes appear under Sentiment.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Gemini 4 Argon general release	Available 13 Oct 2026	Paid API, Gemini for business, Cloud agent platform, AI Pro and Ultra in the Gemini app and AI Mode. \$2/\$10 per million tokens to 30 Nov, then \$4/\$20. First on the Vals Index (company-reported). Named users include GitLab, Harvey, ServiceNow, Figma	Adoption figures not disclosed; first data expected with Q3 results	High
Universal Cart in Search AI Mode and the Gemini app (US)	Launched 15 Oct 2026	Multi-retailer cart with price tracking and Google Pay checkout; merchants remain seller of record; Walmart, Target, Nike and Shopify merchants named. No fees disclosed	None quantified	Medium
Ad tech remedies: no AdX divestiture	Opinion 2 and 15 Sep 2026; final judgment pending	Behavioural remedies: Prebid integrations, real-time bids to rival ad servers, auction documentation, six-year monitor; global scope	Google expected to appeal; effective 60 days after the order is signed	Medium
Publisher damages claims	Cleared toward trial 2 Oct 2026	About \$3.2bn of claims from a publisher class, USA Today and Daily Mail; no trial date	None	Medium
Anthropic listing	Reported 30 Sep 2026; unconfirmed	Reported confidential filing; no company confirmation since	A listing would mark Alphabet's stake to market (non-operating)	Medium
Cloud wins: Gemini Agent; CaixaBank to 2033; Jack Henry tokenised deposits	8, 9 and 16 Oct 2026	Product launch and customer agreements; no contract values	None	Low
Search antitrust appeal	Pending at the D.C. Circuit	Cross-appeals on the remedies; no decision date	Not scheduled	Medium
Q3 2026 results	28 Oct 2026, after the close	Date confirmed by the company	Consensus Q3 revenue about \$127.7bn and EPS about \$3.02 (analyst consensus)	Scheduled

Company releases: Google blog and Google Cloud blog, 13 and 15 Oct 2026; Alphabet investor relations, Q3 date notice. Court filings and established press for the legal items.

Gemini 4 Argon: what the general release changes

What is known. Google announced Argon on 30 September with access limited to a cyber-defence programme. On 13 October it opened the model to paying developers and enterprises worldwide, to AI Pro and Ultra subscribers, and in Google's coding tool Antigravity. The price schedule is fixed: \$2 and \$10 per million input and output tokens until 30 November, \$4 and \$20 after, with cached input 95% cheaper. Google reports first place on the Vals Index and on an embodied-reasoning test, plus internal results such as more than 35% more agentic code submissions for teams using it. These are company-reported results, apart from the Vals ranking, which comes from an outside benchmark.

Why it matters here. Argon is the flagship model behind Search's AI Mode, the Gemini app and Cloud's model business. Cloud was 21% of Q2 revenue and its operating income of \$8.8bn was 22% of the group's. The model does not need to earn much directly. Its job is to keep query share in Search and keep enterprise model spending on Google Cloud and its TPUs.

What success and failure look like. Success shows as Cloud growth staying well above the market, rising Gemini app usage and paid subscriptions, and the 30 November price step going through without discounting. Failure shows as a price cut, flat usage disclosures or Cloud growth slowing sharply. The first hard data arrives on 28 October; the price step is the

second test.

Economics and precedent. Model revenue at these prices is small next to a group with about \$500bn of 2026 revenue. Training and serving costs run through the capex line, which already consumed all of Q2's \$39.1bn of operating cash flow. Frontier model prices across the industry have tended to fall after launches, so the price schedule is the variable to watch.

Case (our calculation)	FY27 revenue change	EPS change	Share of FY27 EPS (\$15.08)
Success: +\$5bn FY27 revenue	+\$5.0bn	+\$0.102	+0.7%
Base: in consensus	+\$0.0bn	+\$0.000	+0.0%
Failure: -\$4bn FY27 revenue	-\$4.0bn	-\$0.082	-0.5%

Own calculation. Inputs: 12.31bn diluted shares, 30% incremental operating margin, 16% tax rate, FY27 consensus EPS \$15.08. Alphabet does not disclose model revenue; the revenue cases are assumptions.

Sized outcome and what the price assumes. The earnings effect is under 1% of FY27 EPS either way. The effect sits in the multiple, where each turn of FY27 earnings is worth about \$15.08 a share. The general release moves weight from the bear case to the bull case: with Argon still gated, the same scenarios weighted 22/53/25 give \$394; with the release they give \$406, a difference of about \$12 a share. The scenarios in the last report already carried Argon outcomes, so this is a shift in probabilities, not a new line. The shares have not moved on the release, and the price does not appear to assume adoption yet.

What is unknown. Usage, paid conversion and whether the post-November price holds against rival pricing. Q3 results on 28 October and the 30 November step settle the first two questions. The verdict would be Buy with or without the release; the release lifts the fair value and supports the targets.

3. Growth drivers

Driver	Status	Fact versus forecast	Likelihood / impact
Google Cloud and TPU capacity	Shipping	Q2 Cloud revenue \$24.8bn, +82%, operating income \$8.8bn (fact)	High / High
Gemini 4 Argon and Gemini subscriptions	Generally available 13 Oct	Price schedule fixed (fact); adoption not disclosed	Medium / Medium
External TPU sales	Not disclosed as a line	Brokers estimate hardware sales (Evercore, 16 Oct; Morgan Stanley, Aug)	Medium / High
Commerce in AI Mode (Universal Cart)	Launched 15 Oct, US	No fees disclosed (fact)	Medium / Low
Search monetisation in AI Mode	Shipping	Search and other revenue \$63.3bn, +17% in Q2 (fact)	High / High

4. Valuation at \$340.59

Measure	At \$346.47 (5 Oct)	At \$340.59 (now)	Comment
P/E on FY27 consensus EPS	23.0x	22.6x	53 analysts; FY27 EPS up 2.7% in 90 days
FY26 reported EPS	-	Not meaningful	Inflated by a \$99bn Q2 gain on equity stakes
Cash and securities less long-term debt	-	\$144.3bn	\$242.5bn less \$98.2bn at 30 June
Market value	-	About \$4.19tn	12.31bn diluted shares
Weighted fair value (upside)	\$428 (+23.5%)	\$406.34 (+19.3%)	Base case 27x FY27 EPS

Multiples computed by this report. Consensus FY27 EPS from 53 analysts as of 16 Oct 2026 (Yahoo Finance); balance sheet from the Q2 2026 release.

FY27 earnings are the right base. FY26 reported EPS of about \$20.59 (consensus) carries a one-off \$99bn mark-to-market gain on private holdings, so it says nothing about operating power. At 27 times FY27 consensus, the base case sits above

Alphabet's own multiple today. That allows for growth well above the group's history while still discounting the legal overhang and a capex programme whose returns are not yet visible.

The macro variables that matter here. Two. Advertising, still most of revenue, follows consumer spending: September retail sales rose 0.8% but the control group only 0.1%, payrolls grew by 29,000 and unemployment reached 4.2%. Advertising has not yet slowed in reported results. The second is the cost of capital for the build-out. The Federal Reserve raised its target range to 3.75%-4.00% on 16 September, consumer prices rose 3.7% over the year to September, and the ten-year Treasury yield closed at 5.09% on 16 October, down from 5.31% at the last report. Higher yields reach Alphabet through the multiple and the cost of debt-funded construction rather than through demand.

5. Financial position

Metric (Q2 2026)	Value	What it means here
Revenue / operating margin	\$119.8bn (+24%) / 34%	Growth accelerated while margin held
Search and other / YouTube ads	\$63.3bn (+17%) / \$11.1bn (+13%)	Search still growing in the AI Mode transition
Cloud revenue / operating income	\$24.8bn (+82%) / \$8.8bn	Cloud now a profit engine, not a cost centre
Diluted EPS	\$9.11, including a \$99.0bn gain on equity securities	Operating EPS far lower; FY27 consensus is the cleaner guide
Operating cash flow / capex / FCF	\$39.1bn / \$44.9bn / -\$5.9bn	The build-out now exceeds internal cash generation
Cash and securities / long-term debt	\$242.5bn / \$98.2bn	Ample liquidity; no buybacks in Q2, dividends \$2.7bn

Company Q2 2026 earnings release (Form 8-K, Exhibit 99.1), July 2026.

6. Competitive position

Argon closes a gap that opened during months of delay, when rival labs shipped first. It now competes on capability with the latest OpenAI and Anthropic flagships and on price through the introductory schedule. Microsoft and Amazon remain the larger cloud platforms, but Google's own chips let it price model access without paying another vendor's margin. In commerce, Universal Cart puts Google closer to the transaction, where it has historically been a referral source. The risk on the other side is unchanged: assistants built by rivals can answer queries that used to start on Google.

7. Sentiment

Input	Reading	Interpretation
Broker actions	JPMorgan Overweight, target raised to \$425 from \$420 (15 Oct); Evercore Buy, \$450, estimates raised on potential TPU hardware sales (16 Oct); Wedbush and Jefferies Buy, \$445 (16 Oct)	Targets edging higher; no downgrades in the period
Consensus	62 analysts: 44 Strong Buy, 13 Buy, 5 Hold; mean target \$430.51	Crowded on the bullish side; mean target 26% above the price
Estimate trend	FY27 EPS \$14.69 90 days ago, \$15.08 now	Upward revisions continue
Options activity	536,000 GOOGL contracts traded on 16 Oct against 345,000 the day before	Heavier trading on the down day
Insiders	No Form 4 cluster identified in the period	No signal

Rating actions and options activity to 16 Oct 2026 from the moomoo news, notice and research channels; consensus from StockAnalysis.com and Yahoo Finance, 16 Oct 2026.

8. Risks

Risk	Probability	Severity	Comment
Search antitrust appeal	Medium	High	Cross-appeals pending; still the largest binary risk

Risk	Probability	Severity	Comment
Capex returns not shown	High	Medium	Q2 capex of \$44.9bn exceeded operating cash flow of \$39.1bn
AI assistants take query share	Medium	High	Argon answers on capability; usage not yet disclosed
Model price war	Medium	Medium	The 30 November price step is the test
Ad tech remedies and damages	High	Low	Behavioural remedies; about \$3.2bn of claims, small against cash
Higher cost of capital	Medium	Medium	Ten-year at 5.09% after a Fed increase in September
Results risk on 28 October	Medium	Medium	Shares can gap through the stop on a weak print

Probability and severity are this report's assessments. A Risk score of 5/10 below denotes a moderate-to-elevated risk profile with two legal appeals and a capex cycle, consistent with this register.

9. Scorecard

Criterion	Weight	Score		Prior	Rationale and what moved
Business Quality	16%		9/10	9/10	Unchanged. Search auction economics, YouTube and Android distribution; Universal Cart extends commerce inside AI Mode.
Financial Strength	16%		8/10	7/10	Up 1. Cash and marketable securities of \$242.5bn against \$98.2bn of long-term debt; the ten-year yield is lower at 5.09%. Q2 free cash flow was negative.
Competitive Advantage	16%		9/10	9/10	Unchanged. Gemini 4 Argon is now broadly available and ranked first on an independent multi-domain index; in-house TPUs keep serving costs low.
Management	10%		7/10	7/10	Unchanged. Argon moved from gated to general release in 13 days; guidance on capex returns is still untested.
Growth Potential	16%		9/10	9/10	Unchanged. Cloud grew 82% in Q2; consensus has FY27 revenue up about 25%.
Valuation	16%		6/10	6/10	Unchanged. 22.6x FY27 consensus EPS of \$15.08 against 23.0x at the last report; 19.3% below the weighted fair value.
Risk (10 = lowest risk)	10%		5/10	5/10	Unchanged. Two antitrust appeals, a capex cycle that consumed all Q2 operating cash flow, and results on 28 October.

Scored 1-10, where 10 is always best, including Risk. Default weights apply. The prior score is restated on the seven-factor basis, without the former chart factor, for comparability (75.5). Weighted total computed in code: 77.6 out of 100.

Overall Investment Score: 77.6 / 100

10. Recommendation: Buy

Rating: BUY, unchanged. The rating rests on firmer ground than two weeks ago. Argon is now in customers' hands, FY27 estimates continue to rise and the ten-year yield has eased. Against that, the stock has not rallied, so the margin of safety is intact. The fair value is lower than in the last report because the base case now applies 27 times to unchanged FY27 earnings, not because the business case weakened.

Item	Level	Basis
Recommended entry	At market, half size before 28 Oct	Inside the range; results can gap through the stop
Ideal buy range	\$325-350	Base case pays at least 16% from the top of the range
Cut-loss	\$310	Below the 100-session low of \$314.90

Item	Level	Basis
Take-profit 1 / 2	\$407 / \$468	Base-case value / 31x FY27 consensus EPS
Expected upside / downside	+19.5% to T1, +37.4% to T2 / -9.0%	From the price of record
Risk / reward	2.2 : 1 to T1; 4.2 : 1 to T2	Computed in code
Holding horizon	18 to 24 months	Through the appeal decisions and the capex cycle
Position size / allocation	4% to 6% of a portfolio	Up to 7% only after a favourable appeal or free cash flow turning positive

The levels are set before the 28 October results and do not assume their outcome. A gap below the stop on the print is possible, which is why the entry is staged.

Condition	Direction	Why it changes the view
Q3 results on 28 Oct show Cloud growth holding near the Q2 pace with first Argon adoption figures	Up	Evidence that the model is earning
The \$4/\$20 Argon price takes effect on 30 Nov without discounting	Up	Pricing power at the frontier
Capex levelling off with free cash flow turning positive, or disclosed external TPU revenue	Up	Moves weight to the bull case
A favourable D.C. Circuit outcome in the search case	Up	Removes the largest binary risk
An Argon price cut, or usage that fails to show by the Q4 report	Down	The release would not be translating into demand
Cloud growth slowing sharply for two quarters, or an adverse appellate ruling	Down	Breaks the growth or the moat leg
A weekly close below \$310	Down	The stop
A sustained rise in yields alongside softer advertising checks	Down	Hits the multiple and the core business together

Macro rows are directional. Numeric levels come from this report's valuation and the recomputed price history.

11. Technical read

Chart as of the 16 October 2026 close.

Verdict: Buy, from fundamentals. Technical read (chart only): Neutral. The chart is base-building: the price sits on the 200-day average with the 50-day average flat and the 100-day above. Hold the 60-day closing low of \$319.74, and add the second half once the shares close above the 50-day average (\$344.58) for three sessions. The Technical read looks only at the price chart. It does not change the verdict or the Investment Score and only guides entry timing.

Indicator	Value	Reading
Price of record (16 October 2026)	\$340.59	Down 1.7% since the previous report
SMA 20 / EMA 20	\$346.41 / \$346.58	Price 1.7% and 1.7% below
SMA 50 / EMA 50	\$344.58 / \$346.45	Price 1.2% and 1.7% below; the 50-day is not rising
SMA 100 / EMA 100	\$350.89 / \$345.61	Price 2.9% and 1.5% below
SMA 200 / EMA 200	\$340.90 / \$329.93	Price 0.1% below and 3.2% above; long-term trend intact
RSI (14)	44.4	Neutral
MACD (12,26,9)	1.00, signal 1.17, hist. -0.17	Positive, just below its signal
ATR (14)	\$8.91, 2.6% of price	Normal range
Volume, 20-day vs 50-day	25.1m vs 24.3m, +3.3%	Participation rising
Support / resistance	\$335.51, \$319.74, \$314.90 / \$344.58, \$350.89	20-day low, 60-day closing low, 100-session low / 50-day and 100-day averages

Indicator	Value	Reading
52-week range	\$244.15 - \$408.61	Close 16.6% below the high

Computed in code from a 300-session Twelve Data daily series, 8 Aug 2025 to 16 Oct 2026, all averages from that one series; distances against the price of record. Chart state classified by fixed rules.

12. Scenario analysis

Case	Prob.	Outlook (Argon outcome assumed)	Fair value	vs \$340.59
Bull	27%	Argon succeeds: adoption shows in Cloud and subscriptions through 2027, the 30 November price step holds, external TPU sales become a disclosed line and capex levels off in 2027; FY27 EPS about \$16.50 at 31x	\$511.50	+50.2%
Base	53%	Argon base: steady enterprise uptake with no price war; search grows in the mid-teens; Cloud growth eases from the Q2 pace; capex stays heavy through 2027; FY27 EPS at the \$15.08 consensus at 27x	\$407.16	+19.5%
Bear	20%	Argon fails: usage lags or prices are cut; AI assistants take query share; depreciation compresses margins; an adverse appellate ruling; FY27 EPS about \$13.80 at 19x	\$262.20	-23.0%
Weighted	100%	Probability-weighted	\$406.34	+19.3%

Fair values and the weighted \$406.34 computed in code; each case is FY27 EPS times the stated multiple. Bull and bear EPS are this report's estimates; the base uses consensus.

13. Final verdict

Yes, at \$340.59, in two steps. Alphabet is the cheapest of the large AI platforms on FY27 earnings at 22.6 times, with Cloud growing faster than any rival and a flagship model that is now on sale. The base case is worth \$407, 19.5% above the price, and the stop is 9.0% below it. The general release of Gemini 4 Argon added about \$12 a share to the fair value without changing the verdict.

What would break the thesis is not a weak quarter but a pattern: Argon priced down to win share, Cloud growth fading as new capacity lands, and the appeals court reopening the search remedies. The results on 28 October and the price step on 30 November are the next two readings.

Sources

- Company: Google blog, 'Gemini 4 Argon is now available for everyone', 13 October 2026; Google Cloud blog, 'Gemini 4 Argon available on Google Cloud', 13 October 2026; Google blog, 'Google's new Universal Cart launches today in the U.S.', 15 October 2026; Alphabet investor relations, Q3 2026 results date notice
- Alphabet Q2 2026 earnings release, Form 8-K Exhibit 99.1 (sec.gov), July 2026
- U.S. Department of Justice press release on the ad tech remedies, 16 September 2026; AdExchanger summary of the unsealed remedies opinion, 15 September 2026; Insurance Journal (Bloomberg) on publisher damages claims, 5 October 2026
- Price of record: Alpha Vantage global quote, 16 October 2026 close. Technicals: Twelve Data daily series of 300 completed sessions to 16 October 2026, computed in code
- Ratings, notices and options activity: moomoo news, notice and research channels, to 16 October 2026. Consensus estimates: Yahoo Finance and StockAnalysis.com, 16 October 2026; Q3 consensus from MarketBeat
- Macro: Beating The Bull economic data posts of 17 September and 2, 9, 13, 14, 15 and 16 October 2026