

Robinhood Markets, Inc. (NASDAQ: HOOD)

Equity Research Report | Interim review | 16 September 2026 | Retail Brokerage / Financial Technology | Reference price USD 110.45 (close, 15 September 2026)

WATCHLIST

Reference price **USD 110.45** · Probability-weighted fair value **USD 106** · Investment score **65 / 100**

Entry area **USD 95**, where the 100-day and 200-day averages now converge · Horizon 1 to 2 years

Rating **unchanged** since 26 August 2026. The central open question has been partly answered, in the company's favour.

Investment summary

The 26 August note reaffirmed Watchlist at 112.09 dollars and named one question as the whole of the investment case: what does Robinhood's prediction-markets line do in a month without a World Cup? Three weeks later there is a partial answer, and it is a good one. August event-contract volume was 4.7 billion contracts, down 23 percent from July but above the 4.53 billion monthly average of the second quarter, a quarter in which the line generated roughly 156 million dollars of revenue and out-earned the crypto business for the first time. A month with no tournament ran ahead of the average month that contained one.

The company then moved to make that durable. On 8 September Robinhood named OG.com and Crypto.com as routing venues for event contracts ahead of the National Football League season, joining Kalshi, ForecastEX and Rothera, and took equity stakes in both counterparties, with Crypto.com marked against the 20 billion dollar valuation set by a recent Citadel Securities investment. This is the answer to the structural version of the question. The concern in August was that a line built on one global tournament has nothing to sell in the autumn; the response has been to buy into the supply of contracts for the sport that fills it.

The sell side agreed, loudly. Morgan Stanley upgraded to Overweight on 1 September; Goldman Sachs raised its target from 124 to 142 dollars, Jefferies from 127 to 140, Mizuho from 130 to 140, Cantor Fitzgerald to 150, Citizens from 155 to 165; StoneX initiated at Buy with 170 dollars and Scotiabank at Sector Outperform with 136. The consensus target has moved from roughly 125 to 129 dollars across 29 analysts, and the shares briefly reached 124.72 dollars on 3 September on the heaviest volume of the year.

They then gave it back. At 110.45 dollars the stock is 1.5 percent below where the last note found it and 11.8 percent below the 3 September high. That is the shape of this refresh: the business improved, the estimates improved, the estimated fair value improved by roughly 12 percent, and the price did not move. The probability-weighted fair value now sits 4.1 percent below the price, against 15.5 percent below it three weeks ago, and the whole of that narrowing came from the value side. The rating is reaffirmed at Watchlist because a share trading a little above its own fair value is not a purchase, and because the decisive evidence, a full quarter rather than a single month, arrives with the third-quarter release on 4 November.

1. Do the published levels still hold?

Level from the 26 August note	Then (25 Aug)	Now (15 Sep)	Status
Reference price	USD 112.09	USD 110.45	Down 1.5%. The stock went to 124.72 on 3 September and came back.
Entry area: retreat toward the 100-day average	SMA100 USD 90.58	SMA100 USD 95.25	Recomputed. The level has risen 5.2% with the series; price is 16.0% above it.
200-day average	Not computable	USD 95.13	Now computable. It sits within 0.2% of the 100-day, which strengthens the 95 dollar entry area.

Level from the 26 August note	Then (25 Aug)	Now (15 Sep)	Status
Probability-weighted fair value	USD 94.66	USD 106	Raised 12.0% on the August operating data and the routing agreements.
Base-case fair value	USD 99	USD 108	Price is now 2.3% above the base case, against 13% above in August.
Bull-case fair value	USD 124	USD 138	Price is 20% below it, against roughly 10% below in August.
Downgrade trigger: above roughly USD 125 without evidence	Not reached	Reached on 3 Sep, with evidence	The price touched 124.72 intraday 125.25, but the evidence arrived first. No downgrade is warranted.
P/E on annualised clean EPS	~58.4x	~57.5x	Effectively unchanged. The multiple did not compress; the earnings base is what improved.

Clean EPS of approximately USD 1.92 annualised is carried forward from the prior note's own calculation: the Q2 2026 diluted figure of USD 0.62 less the USD 0.14 per share attributable to gains on the deconsolidation of Robinhood Ventures Fund I, annualised. It is not a company-reported measure. The published entry level has been reset to the recomputed averages rather than carried forward at its August value.

2. The August operating data, in detail

Robinhood publishes monthly operating metrics, and the August release on 10 September is the first hard disclosure since the last note. It matters more than a monthly release usually would, because the specific question the previous note left open is one that monthly volume data can partly answer.

Metric (August 2026)	Value	M/M	Comment
Event contracts	4.7bn contracts	-23%	Up roughly 15 times year on year, and 3.7% above the 4.53bn monthly average of Q2. The fade from a World Cup July is real and much smaller than the bear case required.
Event contracts, daily average	152m contracts	-23%	Roughly 14 times the year-ago level. This is now a scaled business rather than an experiment.
Crypto notional volume	USD 17.5bn	+61%	Still down 38% year on year, but the sequential recovery is the second thing the previous note wanted to see. Robinhood app +72%, Bitstamp +53%.
Total platform assets	USD 383.7bn	+8%	Up 26% year on year. The asset base that drives net interest and securities lending continues to compound.
Net deposits	USD 4.0bn	n/a	USD 74.1bn over twelve months, equal to 24% annualised growth on the August 2025 asset base.
Funded customers	28.6m	+120k	Up 7% year on year. Account growth remains the slowest-moving part of the story; revenue growth comes from monetising the existing base.
Margin balances	USD 21.5bn	+4%	Up 72% year on year, the fastest-growing interest-earning line and the one most exposed to a risk-appetite reversal.
Cash sweep balances	USD 31.2bn	+7%	Down 9% year on year. Customers have rotated cash into margin and into the market.
Equity notional volume	USD 335.4bn	+1%	Up 68% year on year. Daily average USD 16.0bn.
Options contracts	292.5m	-10%	Up 50% year on year. The highest-margin order flow, and a month of give-back after a strong July.

Metric (August 2026)	Value	M/M	Comment
Securities lending, net	-USD 8m	n/a	Against +USD 24m a year ago. Small in absolute terms but the one line that has turned negative, and worth watching.

Source: Robinhood Markets, Inc. August 2026 operating data release, 10 September 2026. Trump Accounts have been excluded from the funded-customer count since July 2026. The comparison of August event-contract volume against the Q2 monthly average is this report's own calculation from the 13.6bn contracts disclosed for the second quarter.

3. The prediction-markets question, revisited

The arithmetic is worth setting out plainly, because it is the reason the fair value moved. In the second quarter Robinhood traded 13.6 billion event contracts and earned roughly 156 million dollars from them, a 50 percent sequential increase and the first quarter in which prediction markets out-earned the crypto business. That quarter included the World Cup. It averaged 4.53 billion contracts a month. August, with no tournament, printed 4.7 billion. The implied July figure of roughly 6.1 billion shows how much of the summer was tournament-driven, and August shows how much survived it.

One month is not a quarter, and the honest caveat is that August sits between the World Cup and the football season rather than in a genuinely quiet period. The bear reading is that 4.7 billion is a trough between two events rather than a floor. The bull reading is that a trough at 3.7 percent above the peak quarter's monthly average is a very high floor. The third-quarter release on 4 November will settle it with revenue rather than contract counts, and revenue is the number that matters, because contract mix and take rate both move.

The 8 September arrangement changes the structural question rather than the seasonal one. By routing to OG.com and Crypto.com alongside Kalshi, ForecastEX and Rothera, Robinhood widens the contract range it can offer, in this case to game outcomes, player contracts and custom combinations for the NFL season, and reduces its dependence on any single venue. Taking equity in two of those venues converts a distribution relationship into a partial ownership of the supply. That is a harder position to replicate than a routing agreement, and it is the reason the Competitive Advantage score moves up in this report.

4. Valuation

At 110.45 dollars the shares carry a market capitalisation of 99.3 billion dollars on 899.1 million shares. Trailing twelve-month revenue of 4.93 billion dollars is growing at 38.3 percent and trailing net income of 2.07 billion dollars at 15.9 percent, which is itself a statement about margin pressure at the net line. On the annualised clean earnings basis carried forward from the last note the price represents roughly 57.5 times, against 58.4 times three weeks ago and roughly 40 times in June. The multiple has not compressed. What changed is the estimate of what the business earns in 2027, and that is where the whole of the improvement in fair value sits.

The consensus target across 29 analysts is 129.34 dollars, roughly 17 percent above the price, and it has risen from about 125 dollars in August. The dispersion is narrower and more uniformly positive than it was: of the eleven target revisions recorded since 25 August, ten were increases. That is a market pricing the prediction-markets business as durable. The caution to hold alongside it is that those targets were raised after the August data and after the 8 September announcement, in the ordinary pattern of price targets following news rather than anticipating it.

Macro drivers. Two variables move this business and neither is a general market call. The first is the policy rate path, and it works in both directions. Robinhood earns a spread on 21.5 billion dollars of margin balances and 31.2 billion dollars of cash sweep, so a higher policy rate widens net interest revenue directly; the same higher rate suppresses the retail risk appetite that produces the options and crypto volume carrying the better take rate. The Federal Open Market Committee meets on 15 and 16 September with futures carrying roughly 90 percent odds of a quarter-point increase, after August core consumer prices rose 0.3 percent against a 0.2 percent forecast and the annual producer price rate jumped to 5.4 percent. The ten-year Treasury closed at 4.96 percent on 11 September, a fifty-two week high. The

second variable is retail sentiment itself, where the University of Michigan index fell to 47.8 in September against a 51.0 forecast with one-year inflation expectations at 4.6 percent. A funded-customer base growing at 7 percent while margin balances grow at 72 percent is a business whose revenue is leveraged to how confident its existing customers feel.

5. Technical position

Indicator	Value	Reading
Price of record	USD 110.45 (15 September 2026)	Down 3.4% on the session on 28.6m shares against a 23.2m twenty-day average, on the eve of the policy decision.
SMA 20 / EMA 20	108.71 / 109.39	Price 1.6% and 1.0% above. The stack is intact but the cushion has almost gone.
SMA 50 / EMA 50	103.32 / 103.60	Price 6.9% and 6.6% above.
SMA 100 / EMA 100	95.25 / 99.02	Price 16.0% and 11.5% above. Recomputed from 90.58 in the August note.
SMA 200 / EMA 200	95.13 / 101.41	Price 16.1% and 8.9% above. Computable for the first time, and it converges with the 100-day at 95.
RSI (14)	53.0	Neutral, down from 63.5 three weeks ago.
MACD (12,26,9)	4.05, signal 4.13, histogram -0.08	The bullish crossover recorded in August has just reversed. The histogram was +2.00.
ATR (14)	6.44, equal to 5.8% of price	Unchanged and very high. A 5.8% daily range governs any position size.
Volume, 20-day vs 50-day	23.2m vs 20.6m, +12.4%	Participation rising, which for this name cuts both ways.
Recent high	124.72 close, 125.25 intraday (3 September)	A failed breakout on 51.6m shares, the heaviest session of the year. Price is 11.8% below it.
52-week range	63.52 to 153.86	The stock remains well off both extremes.

All indicators computed in code from a single Twelve Data daily OHLCV series of 300 completed sessions, 8 July 2025 to 15 September 2026. EMA seeded on SMA; RSI and ATR use Wilder smoothing; MACD signal is an EMA(9) of the MACD line. The 200-day averages appear here for the first time because the previous note's series was limited to 100 sessions.

The setup has weakened from the August note without breaking. Price is still above every moving average, which is the definition of an uptrend, but the margin above the twenty-day is now 1.6 percent rather than 17.7 percent, the MACD histogram has crossed back below its signal line, and the 3 September push to 124.72 dollars failed on the year's heaviest volume. A failed breakout on record volume is the classic shape of a move that ran out of buyers rather than one that was interrupted. The convergence of the 100-day and 200-day averages at roughly 95 dollars gives the entry area a better technical foundation than it had in August, when it rested on a single computable average. Technicals inform timing only.

6. Sentiment and positioning

Measure	Reading	Interpretation
Consensus rating	Buy, 29 analysts	Broadly positive and broadening. Scotiabank and StoneX both initiated coverage in September.
Average price target	USD 129.34	Roughly 17% above the price, up from about USD 125 in August.

Measure	Reading	Interpretation
Target revisions since 25 August	Ten increases, one decrease	Goldman 124 to 142; Jefferies 127 to 140; Mizuho 130 to 140; Cantor to 150; Citizens 155 to 165; Deutsche Bank 136 to 138; StoneX initiate 170; Scotiabank initiate 136; Bernstein reiterate 160. Needham cut 123 to 120 on 27 August, before the announcements.
Rating changes	Morgan Stanley to Overweight from Equal-weight (1 September)	The only rating-level change, and it preceded the 8 September announcement.
Company disclosure	August operating data, 10 September	The substantive event of the period, and the reason the estimates moved.
Corporate action	Equity stakes in Crypto.com and OG.com, 8 September	Crypto.com marked against a USD 20bn valuation set by a Citadel Securities investment.
Directional read from the news feed	Positive, with the price lagging the news	The feed is almost uniformly constructive, yet the shares are lower than before it. That divergence is the most useful sentiment fact here.

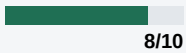
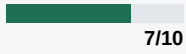
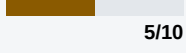
Sentiment inputs drawn from the moomoo news, notice and research feeds and the moomoo stock digest, cross-checked against StockAnalysis.com and the company's own releases.

7. Risks

Risk	Probability	Severity	Comment
Valuation	High	High	Roughly 57.5x annualised clean earnings on a beta above 2 and a 5.8% daily range. No cushion for a disappointment.
Event contracts normalising	Medium	Medium	Downgraded from High probability. August ran above the Q2 monthly average, but one month between two seasons is not a full test.
Crypto reversal	Medium	Medium	Volume recovered 61% sequentially but remains 38% below the year-ago level. The recovery rests on the same crypto prices that could reverse it.
Retail risk appetite	Medium	High	Margin balances up 72% year on year against 7% customer growth. Revenue is leveraged to confidence, and Michigan sentiment printed 47.8.
Regulatory	Medium	High	Prediction markets, tokenised securities and crypto all sit in front of rulemaking that has not concluded.
Counterparty and venue concentration	Low	Medium	New: equity stakes in routing venues convert a commercial relationship into balance-sheet exposure to private companies.
Earnings quality	Medium	Medium	Headline EPS still leans on a deconsolidation gain. The clean figure used throughout this report is 31% below the reported one.
Securities lending	Low	Low	Net securities lending turned negative at -USD 8m in August against +USD 24m a year ago. Small, but the direction is wrong.

8. Investment scorecard

Factor	Score	Weight	Rationale
Business Quality	 7/10	14%	Thirteen revenue lines above USD 100m annualised; 57% adjusted EBITDA margin; platform assets +26% y/y.

Factor	Score	Weight	Rationale
Financial Strength	 8/10	11%	USD 5.4bn cash, active buyback, full-year cost guidance revised down. Unchanged.
Competitive Advantage	 8/10	12%	Raised. Routing agreements and equity stakes in Crypto.com and OG.com build a supply chain behind the event-contract franchise.
Management	 7/10	10%	Excellent cost discipline; headline EPS presentation still leans on a one-off. Unchanged.
Growth Potential	 8/10	16%	Prediction markets, tokenisation, UK crypto and private-market funds. Unchanged and already high.
Valuation	 4/10	17%	Raised. The multiple is unchanged near 57x; the fair-value gap has narrowed from 15.5% to 4.1%.
Risk (10 = lowest risk)	 5/10	15%	Raised. The unobserved post-World-Cup run rate is now partly observed and did not collapse.
Technical Setup	 5/10	5%	Lowered. Still above every average, but the 3 September breakout failed and MACD has crossed back below signal.
Overall investment score			65 / 100 (previously 61 / 100)

Scored 1 to 10, where 10 is always best, including Risk. A score of 10 = lowest risk. The overall score is the weighted sum of the factor scores, computed in code, with weights summing to 100. The 26 August note used this same scale and the same weights, so the two totals are directly comparable and no restatement was required.

Four factors moved and all four moved up except one. Competitive Advantage rises from 7 to 8 on the equity stakes in Crypto.com and OG.com, which put ownership behind a distribution relationship. Valuation rises from 3 to 4, not because the multiple compressed, which it did not, but because the estimated fair value the multiple is measured against rose 12 percent while the price fell. Risk rises from 4 to 5 because the highest-probability risk in the previous note, an unobserved post-tournament run rate, is now partly observed and the observation was favourable. Against those, Technical Setup falls from 7 to 5 on the failed 3 September breakout and the MACD crossover reversing. The net four-point improvement in the composite is real and is not sufficient to move the rating, for the reason given below.

9. Recommendation

Watchlist, reaffirmed from 26 August 2026, and this time on improved rather than merely changed grounds. The rating rests on one number: at 110.45 dollars the probability-weighted fair value of 106 dollars sits 4.1 percent below the price, and the base-case fair value of 108 dollars sits 2.2 percent below it. A Buy rating issued above one's own estimate of value is not a recommendation, it is a hope, and the discipline that kept this name on Watchlist at 93.51 dollars in August applies with more rather than less force here.

What has genuinely changed is that the route to an upgrade is now open rather than closed. In August both routes had narrowed: the price had run away from the entry level, and the evidence was months away. Today one of them has moved substantially in the company's favour, and the other is seven weeks out. That is a much better position than the last note described, and it is why the score rose four points while the rating did not.

Item	Level	Reasoning
Entry area	USD 95	Reset from the August note's 90.58 dollars. The 100-day average at 95.25 and the 200-day at 95.13 now converge here, which is a firmer structural level than a single average. Roughly 49x annualised clean earnings, and 14% below the market.
Upgrade on evidence	Third-quarter release, 4 November 2026	Event-contract revenue holding near the Q2 level of roughly 156m dollars without a World Cup, with crypto revenue stabilising, would justify paying close to the current price without waiting for a drawdown.

Item	Level	Reasoning
Downgrade trigger	Above roughly USD 140 without further evidence, or a Q3 release showing event-contract revenue down by half	Raised from the August note's 125 dollars, because the evidence that level was conditioned on has partly arrived. The condition, not the rating, is what changes.
Estimated fair value	USD 106 probability-weighted; USD 108 base case	The price sits between the base case and the bull case, closer to the base. This is a fairly valued share, not a cheap one.
Upside reference	USD 129 consensus target; USD 138 bull case	Roughly 17% and 25% above the reference price.
Suggested position size on trigger	1.5% to 2.5% of portfolio	Constrained by a beta above 2 and a 5.8% average true range. Smaller than the quality of the business alone would suggest.
Holding horizon	1 to 2 years	The prediction-markets franchise needs a full football season and a full quarter of disclosure to be assessed properly.

No cut-loss or take-profit levels are published for a non-Buy rating. The position is not held, so a stop is meaningless and a profit target is a valuation estimate wearing the clothes of an instruction.

10. What would change the view

Condition	Consequence
Q3 release on 4 November shows event-contract revenue at or near the Q2 level of roughly USD 156m	The central question answered with revenue rather than volume. Sufficient for an upgrade at or near the current price.
September and October operating data show event contracts holding above 4.5bn per month through the football season	Two further monthly prints would substantially de-risk the Q3 figure ahead of it and would lift the base case.
Price retreats to the USD 95 area where the 100-day and 200-day averages converge	Restores a margin of safety of roughly 10% to the base-case fair value. Triggers accumulation on the existing thesis.
Crypto notional volume resumes its year-on-year decline after the August rebound	Removes the second leg of the recovery and would lower both the base and bull cases.
An adverse rulemaking on sports-related event contracts	The single largest binary risk. Would require the thesis to be rebuilt without the fastest-growing revenue line.
A policy rate increase followed by a sustained fall in retail risk appetite alongside contracting margin balances	The macro combination that hits volume-driven revenue faster than the wider net interest spread can offset it.
Price above roughly USD 140 without a Q3 confirmation	The price would have moved past the bull case on one month of data. Downgrade to Avoid.

11. Scenario analysis

Case	Prob.	FY27 clean EPS	Fair value	Conditions
Bull	32%	~USD 2.95	USD 138	Prediction markets prove structural through a full football season, the Crypto.com and OG.com routing widens the addressable contract set, crypto recovery persists and tokenised US equities are approved. Raised from USD 124 in August.

Case	Prob.	FY27 clean EPS	Fair value	Conditions
Base	45%	~USD 2.50	USD 108	Event contracts settle near the August run rate rather than the World Cup peak, options and Gold offset the fade, crypto is flat to modestly higher. Raised from USD 99 in August.
Bear	23%	~USD 1.85	USD 57	August proves to be a trough between two events rather than a floor, crypto rolls over with Bitcoin, and a regulatory setback lands on sports-related contracts or tokenisation. Raised slightly from USD 52.
Weighted	100%		USD 106	Probability-weighted fair value, computed in code. -4.1% against the reference price of USD 110.45, against -15.5% in the 26 August note. The improvement is entirely on the value side; the price fell over the same period.

Probabilities sum to 100%. The bull probability is raised from 30% to 32% and the bear cut from 25% to 23%, reflecting one favourable data point rather than a resolved question. Fair values are this report's calculations from the multiples and earnings estimates shown and are not company-reported measures.

12. Final verdict

The last note closed by saying this was a good company with an unresolved question and a price that had moved as though the question were already resolved. Three weeks on, the question is partly resolved and in the direction the price had assumed. That is an unusual and genuinely favourable sequence, and it deserves to be said plainly rather than hedged: Robinhood produced the evidence its critics asked for, faster than expected, and then bought equity in the companies that supply the next season of it.

It is still not a purchase here, and the reason is arithmetic rather than doubt. A business worth roughly 106 dollars a share on the most reasonable weighting of outcomes is being offered at 110.45. That is not an error by the market; it is a fair price, and a fair price is exactly what a Watchlist rating describes. The single biggest concern is unchanged from August and is now more concentrated rather than less: the fastest-growing revenue line depends on sporting and political calendars and on rulemaking that has not concluded, and the company has just increased its exposure to that line by taking equity in two private venues that serve it.

What must change is either the price, into the 95 dollar area where two major averages now converge, or one more piece of evidence. The second is dated: 4 November. There remains no cost to waiting for it beyond the risk of the shares running, which this note does not attempt to talk anybody out of, and which the 3 September reversal from 124.72 dollars suggests is not the one-way risk it looked like two weeks ago.

Sources and basis

Price of record: Alpha Vantage GLOBAL_QUOTE, close of 15 September 2026. Daily price history and all computed technical indicators: Twelve Data time series, 300 completed sessions. Operating metrics: Robinhood Markets, Inc. August 2026 operating data release, 10 September 2026. Prediction-markets arrangement: Robinhood newsroom and The Block coverage of the 8 September 2026 Crypto.com and OG.com announcement; Q2 2026 event-contract volume and revenue from the company's second-quarter release of 29 July 2026. Valuation data, consensus estimates and price targets: StockAnalysis.com, 16 September 2026. News, company notices and broker research revisions: moomoo news search and moomoo stock digest, both run for this report. Macroeconomic figures: Bureau of Labor Statistics August consumer and producer price releases, the University of Michigan September sentiment reading and the US Treasury daily yield curve. No earnings call transcript was sought or required: no earnings release has occurred since the Q2 FY2026 report of 29 July 2026, which was covered in the prior note, and the next results are scheduled for 4 November 2026. Clean EPS, enterprise value, the investment score, the scenario fair values and the probability-weighted fair value are calculations derived from the inputs shown and are not company-reported measures.

This report is informational only and does not constitute financial advice.