

Meta Platforms, Inc.

NASDAQ: META | Social platforms, advertising and consumer AI | Equity research update | 13 October 2026

Verdict (fundamentals)	Last close	Weighted fair value	Interest band	Investment Score
WATCHLIST	\$742.96	\$708.80	\$633 – \$663	70.8 / 100
unchanged	12 Oct 2026; +0.9% since 22 Sep	from \$715.00; -4.6% vs price	from \$635 – \$665	70.5 restated prior

Verdict: Watchlist, from fundamentals, unchanged. Technical read (chart only): Conflicts. The chart is in an uptrend above all four averages and is running ahead of the fundamental case; that is a reason to watch closely, not to change the rating.

On 12 October Meta released Muse Wonder and Muse Wonder Full, the first models from its rebuilt AI organisation that it presents as matching the frontier. The shares rose 3.4% to \$742.96. This is the most important thing Meta has shipped in AI, and it answers a question this coverage has asked since July: whether a \$130 to \$145 billion capital programme can produce a model that competes. On Meta's own testing it can. It does not yet answer the other question, which is what that model earns. This report's sizing puts the base-case effect at about \$0.13 of 2027 earnings per share, 0.4% of the forward figure, and the success case at about \$0.65. The effect on value is small, about \$3.30 on the weighted fair value. Meanwhile Amazon has shut Muse out of its store, long yields are about 28 basis points higher than at the last report, and the September payrolls report was weak.

The weighted fair value moves from \$715.00 to \$708.80, 4.6% below the price. The Investment Score is 70.8 out of 100 against 70.5 for the previous report, restated without the former technical factor for comparability. The name becomes interesting in a \$633 to \$663 band, reached on a drift rather than on a new shock. All figures are as at the 12 October 2026 close.

What has changed since 22 September

Measure	22 Sep 2026	12 Oct 2026	Read
Last close	\$736.60	\$742.96	Up 0.9%. A high of \$779.82 on 24 Sep, a low close of \$715.62 on 28 Sep.
Weighted fair value	\$715.00 (-2.9%)	\$708.80 (-4.6%)	Muse Wonder adds a little; rates and Amazon take a little more.
Forward multiple	22.9x	23.1x	Essentially unchanged.
Analyst consensus target	\$761.01, 62 analysts	\$801.41, 63 analysts	Targets rose; average upside 7.9%.
AI model position	Muse Spark, lightweight	Muse Wonder and Wonder Full	First model Meta presents as frontier-class.
Agentic shopping	Stripe, PayPal, Shopify	Plus Walmart, Best Buy and others; Amazon blocks Muse	Wider network, minus the largest store.
10-year Treasury	about 4.94%	5.22% (9 Oct)	Higher discount rate on long-dated earnings.
Payrolls	August +162,000	September +29,000; August revised to +133,000	The labour argument for ad demand has softened.

Prices are closing prices; the 10-year is the Treasury par-curve close. Payrolls from the Bureau of Labor Statistics.

Company developments

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Muse Wonder and Muse Wonder Full	Released 12 Oct 2026	Two models built on Muse Spark for long agentic tasks, with persistent memory. Wonder is on the developer API at \$4 per million input and \$20 per million output tokens with a 1m-token context, and in Muse Code. Wonder Full is only in the \$50 and \$200 a month Muse Code plans. Wonder will power Muse, first for subscribers.	Meta claims scores comparable to the leading Anthropic and OpenAI models and a lead on a memory benchmark (company testing). Revenue: none disclosed. Our estimate below.	High
Amazon blocks Muse	From 20 Sep 2026; continuing	Shoppers using Muse on Amazon see a message that an unauthorised agent violates Amazon's conditions of use. Amazon asked Meta to remove Amazon from Muse; by Amazon's account Meta declined.	No economic figure disclosed by either side.	Medium
Muse at Meta Connect	Announced 23 Sep 2026	Muse coming to Meta's AI glasses and to the Mac, its own email address, and new connectors including Walmart, Best Buy, Gap, Sephora, Wayfair and Expedia. More than 1,500 developer connector applications in under a week. New glasses, including a \$1,299 VR headset in a glasses form.	Reported: Meta expects to earn later from a small fee on transactions. Glasses timing is 'coming months' (Meta).	Medium
Meta One subscription	Launched 15 Sep 2026	15 million subscriptions and trials disclosed at launch. No update since.	First paid-subscriber evidence expected with third-quarter results.	High (carried)
Early Muse usage indicators	Published 9–12 Oct 2026	Third-party app estimates point to strong next-day retention; a short seller argued downloads are slowing. Neither is company data.	Early signals only; not extrapolated.	Low
Data-centre financing	Reported 18 Sep 2026	A data-centre vehicle tied to Meta priced a debut high-yield bond, reported to have drawn heavy demand.	None.	Low

Company newsroom and developer pages, 12 October 2026; Meta Connect coverage, 23 September 2026; Amazon statements as reported 21 to 23 September 2026.

Muse Wonder: the analysis

What is known. Meta released Muse Wonder and Muse Wonder Full on 12 October 2026, 14 months after it began rebuilding its AI organisation. Both are larger than Muse Spark, the lightweight model under the Muse agent, and are aimed at long, multi-step work such as handling an insurance claim, reading a lease or building an app. Meta stresses two features: memory that carries across conversations, and persistence when a task gets hard. Wonder is available now through Meta's developer API at \$4.00 per million input tokens and \$20.00 per million output tokens, priced in line with the leading closed models, and inside Muse Code. Wonder Full is not sold through the API and is limited to Muse Code's \$50 and \$200 a month plans. Wonder will power Muse soon, starting with subscribers. The models were trained at Meta's Prometheus data centre in Ohio. Meta's model card claims scores comparable to the leading Anthropic and OpenAI models and a lead on a memory benchmark. These are Meta's own tests, and independent testing has yet to settle where the models rank.

Why it matters here. Advertising is nearly all of revenue, and nothing in this release touches it directly. It is rated High because it changes Meta's competitive position in AI, the area where the capital is going. Until now, a reader could fairly ask whether the capital programme would produce a model worth paying for. On the company's evidence, it has. That moves the debate from capability to monetisation, and that debate is about paid tiers, which are unproven.

What success and failure look like. Success is a disclosed number of paying Muse and Meta One subscribers that grows after Wonder reaches Muse, developer API usage that Meta chooses to report, and a 2027 capital guide that does not rise because of free-tier inference. Failure is Wonder raising the cost of serving free users without lifting conversion.

The first hard data comes with third-quarter results, expected in early November. A full safety report is promised but not yet published.

Economics. Revenue comes from three places: paid Muse tiers, Muse Code plans, and API tokens. Gating Wonder Full to paid plans and giving Wonder to subscribers first limits the cost of serving it, which is the right design. The risk is the reverse case, in which a free agent running a larger model consumes compute before it earns revenue. Meta does not disclose serving cost, model revenue or subscriber counts, so the sizing below rests on stated assumptions.

Precedent and competitors. Anthropic, OpenAI and Google each sell frontier models through subscriptions and APIs, and have shown that developers pay for coding models. Meta enters at matching API prices rather than undercutting, which suggests it believes the model is competitive. Its own history in AI products is mixed: Meta AI built a large audience without a separate revenue line.

Case (2027, our estimate)	Incremental revenue	Assumption	Pre-tax effect	EPS effect	% of forward EPS	Value at 22x
Success	\$4.0bn	50% incremental margin	+\$2.00bn	+\$0.65	+2.0%	+\$14
Base	\$1.0bn	40% incremental margin	+\$0.40bn	+\$0.13	+0.4%	+\$3
Failure	\$0.3bn	\$1.5bn extra serving cost	-\$1.20bn	-\$0.39	-1.2%	-\$9

Own calculation. Inputs: forward EPS \$32.16 (price over a 23.1x forward multiple), 2,566m diluted shares (second quarter 2026), 16% tax rate (midpoint of the 15% to 17% guide), 22x multiple. Revenue and margin inputs are assumptions; Meta has disclosed none of them.

Sized outcomes. Against the previous report's base case, which did not include this item, the base effect is about \$0.13 a share (0.4%), the success case \$0.65 (2.0%) and the failure case -\$0.39 (-1.2%). Every case is well under the size that would move the earnings thesis. The item is High on competitive position, and its sizing is small.

What the price already assumes. The shares are up 0.9% since the last report and rose 3.4% on the day of the release, after slipping in the prior week as chip stocks sold off on a report about OpenAI revenue. The release explains the one-day move. It does not explain a level that already sat above fair value. If the models disappoint in use, the earnings loss is the -\$0.39 a share above. The bigger risk is to the multiple, because part of the rally since September rests on Meta being seen as an AI winner rather than a spender.

What is still unknown. Paid conversion, serving cost, API revenue, the safety report, and whether independent testing confirms Meta's benchmark claims. Third-quarter results and any subscriber disclosure will settle most of it.

With and without. Without Muse Wonder the weighted fair value would be \$705.50, and with it \$708.80, a range of \$706 to \$709. Both are below the price, so the verdict is the same either way. The band moves with the base case, by a dollar or two, not because of the model. Scenario probabilities are unchanged, because the capability evidence comes from the company's own tests.

Amazon. Amazon has blocked Muse since 20 September, saying that third-party buying agents should operate openly and respect a store's choice whether to take part. By Amazon's account Meta declined to remove it. This cuts the commerce leg of the bull case. The largest US online store is closed to Muse, while Walmart, Best Buy and others are connected. Neither company has put a figure on it, and Meta has not said what it earns per transaction. Together with higher yields, it takes \$20 off the bull-case value in this report.

Growth drivers

Driver	Status	Fact	Forecast (by whom)	Likelihood / impact
Advertising	Running	Second-quarter revenue \$60.8bn, +28%; third-quarter guide \$61bn to \$64bn	Low-twenties growth in 2027 (our base case)	High / High
Paid AI tiers on Muse Wonder	Released, rolling into Muse	API priced; Muse Code plans at \$50 and \$200 a month carry Wonder Full	Under 1% of 2027 EPS in our base case	Medium / Low
Meta One subscription	Launched 15 Sep	15m subscriptions and trials	Under 1% of revenue through 2027 (our base case)	Medium / Low
Agentic commerce fee	Not priced	Connectors live; Amazon closed	Reported: Meta expects a small fee later	Low / Medium
Glasses with Muse	Announced 23 Sep	Muse on glasses in coming months	None quantified	Medium / Low

Company releases and Form 8-K for the second quarter of 2026; forecast labels as shown.

Valuation

At \$742.96, Meta trades at 28.0 times trailing earnings per share of \$26.54 and 23.1 times forward earnings, on trailing revenue of \$228.25 billion growing 27.7% and trailing net income of \$68.10 billion, 4.8% lower than a year ago. Second-quarter free cash flow was \$784 million against \$8,549 million a year earlier. Capital expenditure was \$31.08 billion in the quarter, against a full-year guide of \$130 to \$145 billion. There were no buybacks, and the quarterly dividend is \$0.525. Nothing has been filed since to change those figures. Forward earnings are the right denominator here. Trailing net income is depressed by a charge and by depreciation that is still rising, and no earnings target has been published to test the price against.

Measure	At \$742.96	At \$736.60 (22 Sep)	Comment
Trailing P/E	28.0x	27.8x	On \$26.54 trailing EPS
Forward P/E	23.1x	22.9x	Implied forward EPS about \$32.16
Return to weighted fair value	-4.6%	-2.9%	\$708.80 against \$715.00
Upside to consensus target	+7.9%	+3.3%	\$801.41 across 63 analysts

Trailing figures and consensus from S&P Global Market Intelligence data via StockAnalysis.com, 13 October 2026; forward EPS implied from the forward multiple; quarter data from Meta's Form 8-K.

The macro variables that matter here

Two variables matter, and both moved against the shares. The first is advertising demand, which follows the labour market and consumer spending. September payrolls rose 29,000 against a 98,000 forecast, August was revised down to 133,000, and unemployment rose to 4.2%. Against that, second-quarter GDP was revised up to 2.2%, services surveys stayed expansionary, and jobless claims held near 197,000. Demand is cooling at the margin, not breaking. The second is the discount rate on long-dated earnings and the cost of debt for the build. The Federal Reserve raised rates on 16 September, its minutes show most officials expect another increase by year-end, and it meets on 27 and 28 October. The 10-year Treasury closed at 5.22% on 9 October, about 28 basis points above the level at the last report, after touching its highest since 2002 intraday. The net is a modest negative for the multiple and a neutral for revenue.

Scenario analysis

Case	Prob.	Fair value	What happens	Muse Wonder assumption
Bull	30%	\$894 (+20.3%)	Paid Muse and Meta One subscribers disclosed and growing, agentic checkout earns a fee despite Amazon, capital spending moderates during 2027 and buybacks resume.	Success: +\$0.65 EPS, about +\$14 a share
Base	45%	\$698 (-6.1%)	New products are real but immaterial in the guided period, capital spending holds at \$130 to \$145bn, free cash flow stays depressed and advertising compounds in the low twenties. The multiple holds near 22x, with long yields a little higher.	Base: +\$0.13 EPS, about +\$3 a share
Bear	25%	\$506 (-31.9%)	Trials do not convert, free-tier inference pushes 2027 capital spending above the guide, the teen remedies bite, advertising slows with the labour market, and the multiple compresses toward 17x.	Failure: -\$0.39 EPS, about -\$9 a share

Probabilities sum to 100%. Probability-weighted fair value: $0.30 \times \$894 + 0.45 \times \$698 + 0.25 \times \$506 = \$708.80$, computed in code. Excluding Muse Wonder (bull \$880, base \$695, bear \$515) the same weights give \$705.50.

Each case was first adjusted for what changed outside the model. The bull falls from \$900 to \$880 on the Amazon block and higher yields, the base from \$700 to \$695 and the bear from \$520 to \$515 on yields. Muse Wonder is then added at its own case outcome. Probabilities stay at 30%, 45% and 25%. Self-reported benchmarks are not strong enough evidence to move them.

Principal risks

Risk	Probability	Severity	Comment
Capital expenditure and depreciation drag	Occurring	High	\$130-145bn guided for 2026; a larger model served to free users adds to it before it earns.
Cash return stays suspended	Moderate	High	No buyback in the second quarter against \$10.2bn a year earlier.
Price ahead of the evidence	Occurring	Medium	4.6% above fair value at 23.1x forward; products carry no disclosed revenue.
Paid conversion disappoints	Moderate	Medium	Neither Muse nor Meta One has disclosed paying subscribers.
Retailers close agentic shopping	Occurring	Medium	Amazon has blocked Muse; others could follow.
Higher long-dated rates	Moderate	Medium	10-year at 5.22%; a second Fed increase is under discussion.
Teen engagement remedies	Certain	Medium	Usage limits and age assurance reduce inventory by design.
Further regulatory action	Moderate	Medium	The August settlement capped one case; agentic commerce invites new questions.

Probability and severity are this report's judgement.

Risk scores 5 out of 10, where 10 is the lowest risk. The model release narrows one tail, the risk that the spending produces nothing competitive. The Amazon block, a larger inference bill and higher yields widen others. A mid-scale score matches a section with two High-severity items and no binary event. The score and the section agree.

Sentiment and positioning

Date	Firm	Action	Price target
12 Oct	Wells Fargo	Buy maintained	\$1,000
12 Oct	Cantor Fitzgerald	Overweight maintained	\$860 to \$840
12 Oct	BofA Securities	Buy maintained	\$810
8 Oct	Rothschild & Co Redburn	Target raised	\$1,000 to \$1,050
8 Oct	TD Cowen	Buy reiterated	\$865
8 Oct	Jefferies	Buy maintained	\$875
7 Oct	Citi	Buy maintained	\$800

Broker actions 7 to 12 October 2026, as published by each firm and relayed by market news services.

The sell side is firmly positive: a Strong Buy consensus across 63 analysts and an average target of \$801.41, 7.9% above the price. One firm trimmed its target and none cut its rating. A short seller has published a bearish view on Muse downloads. Institutional positioning reads Mixed, with Moderate confidence, as of 30 June 2026, filings through 19 August 2026. Over four quarters active managers made a net reduction of about 2.5% of reported shares. Selling was broad but not persistent, and no single holder dominated it. The quarterly flows alternated, and the latest quarter was roughly flat. The positioning predates Muse, Meta One and Muse Wonder. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure.

Scorecard

Criterion	Score	Prior	Rationale
Business Quality weight 16%	 9/10	9/10	Unchanged. 3.4bn users and a second consumer AI product shipped inside five weeks.
Financial Strength weight 16%	 6/10	6/10	Unchanged. Second-quarter free cash flow of \$784m, no buyback, long-term debt \$83.7bn; no new filing since.
Competitive Advantage weight 13%	 9/10	9/10	Unchanged. A competitive in-house frontier model supports the score; a closed Amazon storefront offsets it on the commerce leg.
Management weight 10%	 7/10	7/10	Unchanged. The AI rebuild delivered a frontier model in 14 months; capital allocation is still the open question.
Growth Potential weight 14%	 9/10	9/10	Unchanged. Revenue growing 27.7%; the new model adds paid tiers but sizes under 1% of 2027 EPS in the base case.
Valuation weight 19%	 5/10	5/10	Unchanged. 23.1x forward, 4.6% above a fair value slightly lowered, with long yields about 28bp higher.
Risk (10 = lowest risk) weight 12%	 5/10	5/10	Unchanged. A narrower capability tail is offset by a larger inference bill, retailer resistance and higher rates.
Investment Score	70.8 / 100	70.5	Weighted sum, computed in code

Scored 1–10, where 10 is always best, including Risk. Weights are the previous report's, rescaled to seven factors, with Valuation and Risk kept above default because the price still sits above fair value.

No factor score moved. The prior score is restated without the former technical factor for comparability, at 70.5. The 0.3-point difference comes from rounding the rescaled weights to whole numbers. Muse Wonder was tested against Competitive Advantage, Growth Potential, Valuation and Risk. It supports Competitive Advantage at 9, where the Amazon block offsets it, and it is too small in earnings to move Growth or Valuation. In Risk it narrows one tail and widens another. The previous report already scored Risk with 10 as the lowest risk, so no restatement of Risk was needed.

Recommendation

Watchlist, unchanged. The verdict rests on the same ground as on 22 September. The business is excellent, the products are real, and the price already pays for them. What changed is the evidence on capability. Meta now has a model it can present as frontier-class, which removes the worst version of the bear case. It has no number yet to show that the model earns anything, and the price sits 4.6% above a fair value of \$708.80. Without Muse Wonder the verdict would be the same, at a fair value of \$705.50.

The level to watch. The band moves to \$633 to \$663, from \$635 to \$665. It applies the same discount to the base case that the last three reports applied, now to a base of \$698 rather than \$700. It sits 10.8% to 14.8% below the price. The 50-day average near \$643 and the 200-day near \$631 sit inside and just below it, so a pullback to the averages would also be a pullback to value. No entry, stop or profit target is published, because this is not a Buy. The band is meant for use after third-quarter results. A drift into it before then on no new shock would also qualify.

What would change the view

Condition	Direction
Shares drift into the band on a decline rather than on a new shock	Toward Buy
Third-quarter disclosure of paying Muse or Meta One subscribers, as distinct from trials, with a revenue figure	Toward Buy
Independent testing confirms Muse Wonder at the frontier and paid tiers grow after it reaches Muse	Toward Buy
Free cash flow recovering toward historic levels, or buybacks resuming	Toward Buy
2027 capital spending guided above \$145bn with no return metric, with free-tier inference named as a cause	Toward Avoid
Further large retailers following Amazon in blocking agentic shopping	Toward Avoid
Advertising decelerating as the labour market cools further	Toward Avoid
A further rise in long-dated yields alongside a second rate increase, compressing the multiple	Toward Avoid
A visible step down in engagement attributable to the teen remedies, or a further regulatory action of similar scale to August	Toward Avoid

Conditions are phrased by direction; dated milestones are third-quarter results, expected early November, and the Federal Reserve meeting on 27 and 28 October.

Technical read

Chart as of 12 October 2026 close

Verdict: Watchlist, from fundamentals. Technical read (chart only): Conflicts. The chart is turning up ahead of the fundamentals. Watch it closely without changing the rating. The level that matters is a pullback toward the 50-day average near \$643, inside the \$633 to \$663 band. A close above the \$779.82 high would extend the uptrend.

The chart state is an uptrend. The price is above the 20, 50, 100 and 200-day averages, and the 50-day is rising. There has been no new 60-day closing low and no close below the 200-day in the last ten sessions. Momentum has cooled from September: the MACD line is below its signal and RSI has eased to 62 from the mid-70s.

Indicator	Value	Reading
Close, 12 Oct 2026	\$742.96	52-week range \$520.26 to \$779.82
SMA 20 / EMA 20	\$723.05 / \$712.12	Price 2.8% and 4.3% above
SMA 50 / EMA 50	\$643.46 / \$669.19	Price 15.5% and 11.0% above; 50-day rising
SMA 100 / EMA 100	\$622.82 / \$645.32	Price 19.3% and 15.1% above
SMA 200 / EMA 200	\$630.52 / \$647.77	Price 17.8% and 14.7% above
RSI (14)	62.3	Neutral, cooled from overbought
MACD (12,26,9)	24.79 vs 29.61	Positive but below signal; histogram -4.82
ATR (14)	\$22.91	3.1% of price

Indicator	Value	Reading
Volume, 20-day vs 50-day	22.0m vs 19.1m	Participation up 15.1%
Support / resistance	\$656.20, \$643.46, \$630.52 / \$779.82	20-day low, 50-day, 200-day / 52-week high

Computed from a Twelve Data daily OHLCV series of 300 completed sessions, 4 August 2025 to 12 October 2026; Wilder smoothing for RSI and ATR, SMA-seeded EMAs. Distances measured against the \$742.96 price of record.

The Technical read looks only at the price chart. It does not change the verdict or the Investment Score, and it only guides the timing of any entry.

Final verdict

Would an investor commit their own money here today? Not yet. Meta has now shown it can build a competitive model, and that is a better position than the one this coverage described in August. But the price had already moved for it in September. The model's own earnings effect is small, and the costs around it went up: a closed Amazon storefront, a larger inference bill and long yields 28 basis points higher. The shares sit 4.6% above fair value. The single biggest concern is unchanged: free cash flow of \$784 million in a quarter and no buyback, with no disclosed revenue from the products meant to justify the spending. What must change is a paid-subscriber number at third-quarter results, or a price inside the band. The model release sharpened the case without changing the answer.

Sources

Item	Location
Introducing Muse Wonder and Muse Wonder Full (12 Oct 2026)	about.fb.com/news/2026/10/introducing-muse-wonder-models/
Muse Wonder model page, pricing and plans	dev.meta.ai/models/muse-wonder
Meta releases its first frontier model, Muse Wonder (12 Oct 2026)	techcrunch.com
Meta debuts Muse Wonder AI model (12 Oct 2026)	cnbc.com
Meta says new Muse model reaches AI frontier (12 Oct 2026)	bloomberg.com
Everything new coming to Muse at Connect (23 Sep 2026)	techcrunch.com
Meta Connect 2026 glasses and headset (23 Sep 2026)	bloomberg.com ; qz.com
Amazon blocks shoppers from using Meta agent (21 Sep 2026)	mediapost.com ; cnbc.com ; techrepublic.com
Meta-tied data centre high-yield bond (18 Sep 2026)	bloomberg.com
Meta second-quarter 2026 Form 8-K, Exhibit 99.1	sec.gov
Introducing Meta One (15 Sep 2026); Introducing Muse (8 Sep 2026)	about.fb.com
Key statistics, consensus rating and target	stockanalysis.com/stocks/meta/
Price of record, 12 October close	alphavantage.co , GLOBAL_QUOTE
Daily price history for technical calculations	twelvedata.com
Market news, notices and analyst actions	ai-news-search.moomoo.com
Macroeconomic context, 30 Sep to 9 Oct 2026	beatingthebull.com/blog/

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