

Micron Technology, Inc.

NASDAQ: MU • Semiconductors – Memory & Storage

EQUITY RESEARCH • INITIATION • 1 AUGUST 2026

HORIZON: 12–24 MONTHS

RECOMMENDATION	LAST PRICE	PROB-WEIGHTED FAIR VALUE	INVESTMENT SCORE
WATCHLIST	\$823.03 Close 31 Jul 2026	\$782 –5% vs. last price	64 _{/100}

Fair value is the probability-weighted mean of the bull, base and bear scenarios set out on page 7. It is not a price target and does not represent the analyst consensus, which stands at \$1,507.

Investment summary

Micron enters the second half of calendar 2026 in the strongest operating position in its 48-year history and, simultaneously, at the point of maximum cyclical fragility. Fiscal Q3 2026 revenue of \$41.46 billion was up 346% year over year, non-GAAP gross margin reached 84.9%, and management has guided fiscal Q4 to \$50.0 billion of revenue at roughly 86% gross margin and \$31.00 of non-GAAP earnings per share. Trailing twelve-month revenue is \$90.27 billion against net income of \$50.47 billion — a 55.9% net margin at a company that reported a negative 9.1% gross margin as recently as fiscal 2023. Both facts belong in the same sentence, because the distance between them is the entire investment question.

The shares tell the story of that tension. Micron has compounded 617% over 52 weeks and yet sits 34.4% below its 25 June intraday high of \$1,255. At \$823.03 the stock changes hands at 11.2 times consensus fiscal 2026 earnings and roughly 5.4 times fiscal 2027 consensus. A 5.4x multiple on a business earning a 68% return on invested capital is not the market declaring a bargain; it is the market declaring that it does not believe the 2027 number. That scepticism deserves to be taken seriously rather than arbitrated away.

The genuinely new element in this cycle is contractual. Micron has converted a single strategic customer agreement into sixteen, covering at least \$100 billion of cumulative remaining revenue through calendar 2030, with fourteen of the sixteen carrying minimum contract prices. High-bandwidth memory is sold out through the end of 2027 and customers are pre-reserving 2028 allocation. If those floors hold through a downturn, the shape of the next trough is materially different from 2019 or 2023. The qualification matters: the agreements cover approximately 20% of DRAM shipments and about one third of NAND shipments. Four fifths of the DRAM book remains fully exposed to the spot and short-cycle contract market.

Against that, the second derivative has already turned. TrendForce now models Q3 2026 server DRAM contract prices rising 13–18% sequentially and Q4 rising only 3–8%, a marked deceleration from the 81% sequential industry increase recorded in Q1. SK hynix delivered record results in Q2 and still missed consensus. Apple and Amazon have both publicly flagged memory costs as a material cost headwind — evidence of pricing power, certainly, but equally evidence that the elasticity limit of non-AI demand is being reached. And the supply answer is already funded: Micron's own first Idaho fab takes first wafers in mid-calendar 2027, a second Idaho fab follows in late 2028, and the \$100 billion New York complex begins wafer production in the second half of 2028, alongside SK hynix's Yongin ramp and continued Samsung and CXMT additions.

The conclusion is a Watchlist rather than a Buy. The balance sheet is close to unimpeachable — \$23.75 billion of net cash, debt to equity of 0.06, interest coverage of 258 times, an Altman Z-score of 9.42 — and the technology position in HBM4 and 1-gamma DRAM is real. But an 86% gross margin is a shortage artifact, not a competitive equilibrium, and at \$823 an investor is paying roughly fair value for normalised earnings while accepting a beta of 2.14 and an average true

range of 11% of price. The probability-weighted fair value of \$782 sits marginally below the market. There is no margin of safety here, only a directional bet on the duration of a shortage.

Key data and market snapshot

Prices and market data as of the close on 31 July 2026 unless otherwise stated. Fiscal year ends in late August/early September; fiscal Q3 2026 ended 28 May 2026.

Market data		Fundamentals (TTM)	
Last price	\$823.03	Revenue	\$90.27bn
After-hours	\$812.50	Gross profit / margin	\$65.51bn / 72.6%
52-week range	\$103.38 – \$1,255.00	Operating income / margin	\$59.28bn / 65.7%
52-week price change	+617.3%	Net income / margin	\$50.47bn / 55.9%
Drawdown from 52wk high	–34.4%	Diluted EPS	\$44.31
Market capitalisation	\$929.5bn	Operating cash flow	\$51.43bn
Enterprise value	\$905.8bn	Capital expenditure	–\$25.26bn
Shares outstanding	1.13bn	Free cash flow	\$26.17bn
Beta (5Y)	2.14	Return on equity	66.6%
Avg. volume (20d)	46.5m	Return on invested capital	67.6%
Short interest / % of float	36.2m / 3.22%	Net cash	\$23.75bn
Valuation		Guidance & estimates	
P/E (trailing)	18.6x	FQ4-26 revenue guide	\$50.0bn ± \$1.0bn
P/E (forward, blended)	5.7x	FQ4-26 gross margin guide	~86%
P/E on FY26E (\$73.44)	11.2x	FQ4-26 non-GAAP EPS guide	\$31.00 ± \$1.00
P/E on FY27E (\$153.74)	5.4x	FY26E revenue (38 analysts)	\$129.8bn
EV / EBITDA	13.3x	FY27E revenue	\$238.8bn
Price / book	9.2x	Analyst consensus (45)	Strong Buy
Price / free cash flow	35.5x	Consensus target (avg / med)	\$1,507 / \$1,550
Dividend yield	0.07%	Target range (low / high)	\$361 / \$2,200

Sources: Alpha Vantage (price), StockAnalysis.com / S&P Global Market Intelligence (fundamentals, estimates, short interest), Micron fiscal Q3 2026 press release (guidance).

The framework: what actually determines the return here

Micron sells bits. It designs and manufactures DRAM (roughly three quarters of revenue) and NAND flash, organised since fiscal 2025 into four business units: Cloud Memory (hyperscale HBM and high-capacity DRAM), Core Data Center (server DRAM and enterprise SSD), Mobile and Client, and Automotive and Embedded. Unlike a logic company, Micron has essentially no product differentiation at the bit level and essentially no ability to set price independently of industry supply. Its return on capital is therefore a function of the gap between industry bit supply growth and industry bit demand growth, levered by an extraordinarily high fixed cost base. That single relationship dominates every other consideration.

A generic quality-and-growth checklist would materially mislead on this name. The variables that will actually determine shareholder returns over the next eight quarters are set out below, together with how each is evaluated in the sections that follow.

#	Return driver	Why it dominates	Current read
1	DRAM and HBM average selling price direction	At an 86% gross margin the operating leverage is symmetric and violent. A 30% ASP decline against a largely fixed cost base compresses gross margin toward the 50s and more than halves earnings, without any change in volume.	Decelerating
2	Durability of the \$100bn strategic customer agreements	Sixteen multi-year agreements through calendar 2030, fourteen with minimum contract prices, covering ~20% of DRAM and ~33% of NAND shipments. The first genuine structural change to memory trough economics in the modern era — if the floors are honoured under stress.	Supportive
3	Timing and scale of the industry supply response	Micron Idaho fab 1 first wafers mid-CY2027, Idaho fab 2 late 2028, New York 2H2028; SK hynix Yongin; continued Samsung and CXMT additions. Capacity is already funded and cannot be recalled.	Adverse from 2027
4	HBM share and technology cadence	Micron holds roughly 21% of HBM against SK hynix at ~62%. HBM4 on 1-beta is in high-volume shipment to the lead customer; HBM4E on 1-gamma is targeted for calendar 2027 volume. Share gains partially offset price normalisation.	Improving
5	Capital intensity and the depreciation wave	Trailing capex of \$25.3bn against D&A of only \$8.9bn. As that capex converts to depreciation over five to seven years, annual D&A plausibly triples. This is the mechanism that historically turns memory troughs into outright losses.	Building headwind
6	The multiple the market will pay for peak-cycle earnings	Peak memory earnings have historically been capitalised at six to ten times. The market is already applying roughly 5.4x to fiscal 2027 consensus, which is a statement about the credibility of the estimate rather than about value.	Rationally sceptical

Business and industry position

The fiscal Q3 2026 segment disclosure shows how completely the AI build-out has reshaped the revenue mix. Cloud Memory contributed \$13.77 billion at an 83% gross margin, Core Data Center \$11.52 billion at 87%, Mobile and Client \$11.52 billion at 87%, and Automotive and Embedded \$4.63 billion at 79%. The striking feature is not the data-centre strength, which was expected, but that Mobile and Client — historically the most commoditised and price-competitive part of the business, carrying a 24% gross margin a year earlier — now earns 87%. Handset and PC customers are not paying those prices because Micron's mobile DRAM has become differentiated. They are paying because HBM production consumes roughly three times the wafer area per bit of standard DRAM, so every incremental HBM wafer withdraws a multiple of that capacity from the conventional market. Mobile margin is a shortage rent, and it is the most obviously reversible line in the table.

Business unit (FQ3-26)	Revenue	QoQ	YoY	Gross margin	Op. margin	Comment
Cloud Memory (CMBU)	\$13.77bn	+78%	+307%	83%	78%	HBM and high-capacity cloud DRAM; sold out through CY2027
Core Data Center (CDBU)	\$11.52bn	+103%	+653%	87%	83%	Server DRAM and enterprise SSD; fastest-growing unit
Mobile and Client (MCBU)	\$11.52bn	+49%	+254%	87%	86%	Margin up from 24% a year ago; the clearest shortage rent
Automotive and Embedded (AEBU)	\$4.63bn	+71%	+311%	79%	75%	Three-year LTAs rather than five-year; slower-cycle demand
Total	\$41.46bn	+74%	+346%	84.9%	81.2%	Non-GAAP basis; fifth consecutive record quarter

Source: Micron fiscal Q3 2026 press release, 24 June 2026. Sequential and year-over-year growth calculated from disclosed FQ2-26 and FQ3-25 segment revenue.

Industry structure

DRAM is a three-firm oligopoly with a fourth entrant of growing consequence. Samsung held roughly 38% of DRAM in Q1 2026, SK hynix 29%, and Micron the balance of the leading-edge market, with China's CXMT climbing at the trailing edge. In high-bandwidth memory the ranking differs: SK hynix commands approximately 62%, Micron has moved into second at roughly 21%, and Samsung has fallen to about 17%. Micron overtaking Samsung in HBM is a genuine achievement and the most important competitive development of the past two years.

Consolidation has made the industry more disciplined than the eight-player market of the 2000s, and the shift toward HBM — a co-designed, qualified, multi-year product rather than a fungible commodity — pushes further in that direction. But discipline is being tested by the most aggressive coordinated capacity build in the industry's history. Every major producer is spending into the shortage simultaneously. Samsung's memory division posted record profit in Q2 2026; SK hynix reported a 76% operating margin on KRW 79.3 trillion of revenue. Returns of that magnitude have never failed to attract supply, and the supply this time has already been funded and permitted.

Competitive comparison

Company	DRAM share	HBM share	Position and technology	Valuation read
SK hynix	~29%	~62%	HBM leader and principal Nvidia partner; HBM4 development complete, 40% power-efficiency gain claimed. Q2 2026 operating margin 76% on record revenue, but missed a very elevated consensus.	Trades at a discount to Micron on forward earnings; Korean holding-structure discount persists
Samsung Electronics	~38%	~17%	Largest DRAM producer and the only one with foundry, logic and memory under one roof. Lost HBM leadership but recovering via HBM3E/HBM4. Record Q2 2026 group operating profit of KRW 89.4tn.	Conglomerate discount; memory earnings diluted by a loss-making handset division
Micron	~21%	~21%	Only US-headquartered leading-edge DRAM producer. 1-gamma node leadership, HBM4 in volume, HBM4E in CY2027. \$250bn US investment commitment through 2035 with policy support.	11.2x FY26E, 5.4x FY27E, 9.2x book. Cheapest on peak earnings, dearest on book value
SanDisk	n/a	n/a	NAND-only pure play, no DRAM or HBM exposure. Higher beta to the same cycle without the contracted HBM backlog. Fell 45% in the month to 31 July 2026.	Forward P/E in the 5.6–6.7x range; similar multiple, materially weaker franchise
CXMT (China)	Rising	Low	State-backed, trailing-edge focused, expanding through the shortage. Not competitive at the leading edge today, but the marginal supplier that historically breaks commodity pricing.	Not listed; the relevant threat is to price, not to share of profit

Share figures are third-party estimates; Micron does not disclose unit share. DRAM shares are Q1 2026, HBM shares Q2 2026, per Counterpoint Research, TrendForce and industry press.

Financial analysis

The five-year history below is the single most instructive table in this report, because it shows the amplitude of the business rather than a snapshot of its best moment. Micron generated a negative 9.1% gross margin and a \$5.83 billion net loss in fiscal 2023 on \$15.54 billion of revenue. Three years later, trailing revenue is \$90.27 billion at a 72.6% gross margin and \$50.47 billion of net income. No amount of narrative about structural AI demand should be allowed to obscure that this same asset base, with substantially the same management and the same technology roadmap, produced both outcomes within a single presidential term.

Fiscal year (ends late Aug)	TTM	FY2025	FY2024	FY2023	FY2022	FY2021
Revenue (\$m)	90,274	37,378	25,111	15,540	30,758	27,705

Fiscal year (ends late Aug)	TTM	FY2025	FY2024	FY2023	FY2022	FY2021
Revenue growth	+167.0%	+48.9%	+61.6%	-49.5%	+11.0%	+29.3%
Gross margin	72.6%	39.8%	22.4%	-9.1%	45.2%	37.6%
Operating margin	65.6%	26.1%	5.2%	-37.0%	31.5%	22.7%
Net income (\$m)	50,469	8,539	778	(5,833)	8,687	5,861
Diluted EPS (\$)	44.17	7.59	0.70	(5.34)	7.75	5.14
Operating cash flow (\$m)	51,432	17,525	8,507	1,559	15,181	12,468
Capital expenditure (\$m)	(25,260)	(15,857)	(8,386)	(7,676)	(12,067)	(10,030)
Free cash flow (\$m)	26,172	1,668	121	(6,117)	3,114	2,438
Net cash / (debt) (\$m)	19,646	(4,971)	(5,901)	(4,339)	1,815	1,353

Source: StockAnalysis.com / Fiscal.ai, fiscal years ending late August. TTM period ends 28 May 2026. Net cash line is as reported at each fiscal year end; the current figure per the latest balance sheet detail is \$23.75bn.

Balance sheet and returns

The balance sheet is the strongest element of the case and is not seriously debatable. Micron holds \$26.02 billion of cash and investments against \$6.38 billion of total debt, having repaid a net \$10.40 billion over the trailing year to move from a \$4.97 billion net debt position at the end of fiscal 2025 to net cash of \$23.75 billion, or \$21.03 per share. Debt to equity is 0.06, the current ratio is 3.42, interest coverage is 258 times, the Altman Z-score is 9.42 and the Piotroski F-score is 8. Return on equity of 66.6% and return on invested capital of 67.6% comfortably exceed an estimated weighted average cost of capital of 15.9%. On a point-in-time basis the company is creating enormous economic value.

Two caveats belong alongside that. First, those returns are computed on peak-cycle earnings and a book value that has not yet absorbed the coming depreciation of the current capex programme; the same calculation in fiscal 2023 produced a deeply negative result. Second, capital allocation is conspicuously not oriented toward shareholders. The dividend of \$0.60 per share yields 0.07% and represents a 1.2% payout ratio. The buyback yield is negative 0.62%, meaning that at the most profitable moment in the company's history, with \$26.17 billion of trailing free cash flow, the share count is rising rather than falling. Every dollar is being redirected into capacity — \$25 billion-plus of capex in fiscal 2026, rising in fiscal 2027, within a \$250 billion United States commitment through 2035. That is a defensible strategic choice if the returns on that capital hold. It also means shareholders extract no cash from the peak, and it is precisely how the industry manufactures its own next downturn.

The depreciation problem

Trailing depreciation and amortisation is \$8.94 billion against trailing capital expenditure of \$25.26 billion. That \$16 billion gap is not free money; it is deferred cost. Leading-edge memory equipment is typically depreciated over five to seven years, so the fiscal 2026 and 2027 capex programmes will lift annual D&A toward \$25–30 billion by the end of the decade. At today's pricing that is immaterial against \$50 billion of quarterly revenue. At trough pricing it is the difference between a thin profit and a substantial loss, and it is the specific accounting mechanism that produced the negative gross margin of fiscal 2023. Any assessment of the bear case must run through this line rather than around it.

Management and capital allocation

Sanjay Mehrotra, chairman, president and chief executive since 2017, has a strong recent execution record. Micron entered the HBM race late and behind, and has taken second place in the segment from Samsung, a competitor with vastly greater capital resources. Guidance has been conservative relative to outcomes: fiscal Q3 revenue of \$41.46 billion exceeded the \$35.84 billion consensus by \$5.6 billion, and the fiscal Q4 guide of \$50.0 billion exceeded the pre-print consensus of \$43.6 billion by \$6.6 billion. The strategic decision to convert spot exposure into sixteen multi-year floor-priced agreements at the top of the cycle is, on the evidence available, the best piece of capital-cycle management the memory industry has produced in a decade.

Three reservations temper that. Insider alignment is thin: officers and directors own 0.23% of the company. Mr Mehrotra sold 40,000 shares for approximately \$37.3 million on 24 July 2026 at prices between \$906 and \$966, retaining 464,000 shares directly and 607,075 indirectly through grantor retained annuity trusts. The sale executed under a Rule 10b5-1 plan adopted on 30 January 2026, which substantially removes any inference of opportunistic timing, but it is a sizeable reduction into strength. Second, the absence of any net repurchase at peak free cash flow is a missed opportunity that will look worse if the shares are materially lower in two years. Third, the \$250 billion United States commitment is heavily dependent on a policy environment that has been supportive but is not contractually guaranteed across administrations.

Growth drivers and catalysts

Driver / catalyst	Mechanism	Likelihood	Impact	Window
HBM4E on 1-gamma reaching volume	Higher bandwidth and power efficiency at the node transition; supports share gain against SK hynix and defends ASP as HBM3E commoditises.	High	High	CY2027
Additional strategic customer agreements	Sixteen agreements today from one two quarters ago. Each incremental agreement converts spot exposure into floor-priced revenue and lifts the credible trough.	Mod-High	High	Next 2–4 qtrs
2027 shortage proving worse than modelled	Both SK hynix and Samsung have publicly warned of severe shortage persisting through 2027 and into 2028; customers are already pre-reserving 2028 HBM allocation.	Moderate	Very high	CY2027
Idaho fab 1 first output	Adds Micron's own supply and improves cost per bit, but arrives into a market that may no longer be short. Genuinely double-edged.	High	Mixed	Mid-2027
Initiation of a meaningful buyback	With net cash of \$23.75bn and a negative buyback yield, a repurchase programme would signal management conviction that the shares are undervalued and reverse ongoing dilution.	Low-Mod	Moderate	FY2027
US policy support and tariff protection	Domestic leading-edge DRAM capacity carries strategic value; ~40% of Micron DRAM targeted for US production by 2035, with potential procurement and tariff advantages.	Moderate	Moderate	2027–2030

Risk assessment

Risk	Description	Probability	Severity
Cyclical margin reversion	An 86% gross margin has no precedent as a sustained state in memory. TrendForce already models Q4 2026 contract price growth decelerating to 3–8% from 13–18% in Q3. When ASPs turn negative against a fixed cost base, earnings fall far faster than revenue.	High	Very high
The 2027–28 capacity wave	Micron Idaho (mid-2027, late 2028), Micron New York (2H2028), SK hynix Yongin, Samsung and CXMT additions all land within an eighteen-month window. This capacity is funded, permitted and cannot be recalled if demand moderates.	High	Very high
Demand destruction in non-AI end markets	Apple's chief executive has described memory pricing as a hundred-year event and Amazon has flagged it as a cost headwind. Read as pricing power this is bullish; read as elasticity it signals that PC, handset and consumer demand is being rationed out of the market.	Mod-High	High

Risk	Description	Probability	Severity
Contract floors failing under stress	The agreements cover only ~20% of DRAM and ~33% of NAND shipments. In a genuine downturn, customers holding contracts far above spot will seek relief, and a supplier dependent on those relationships has limited appetite for litigation.	Moderate	High
Depreciation step-up	D&A of \$8.9bn against capex of \$25.3bn. Annual depreciation plausibly triples by the end of the decade, converting a mid-cycle profit into a trough loss.	Very high	Mod-High
AI capital expenditure digestion	Cloud Memory and Core Data Center together are 61% of revenue. The thesis is a direct derivative of hyperscaler capex remaining on its current trajectory; any pause transmits immediately.	Moderate	Very high
Competitive share loss in HBM	SK hynix has completed HBM4 development with a claimed 40% power-efficiency improvement and holds ~62% share. Samsung is recovering. Qualification losses at a single lead customer would be material.	Low-Mod	High
Valuation and positioning	Beta of 2.14 and 14-day average true range of 11.0% of price. Short interest rose from 31.7m to 36.2m shares month over month. Consensus targets span \$361 to \$2,200 — a sixfold spread that is itself a statement about forecast reliability.	High	Moderate
Geopolitical and China exposure	Manufacturing and assembly footprint across Taiwan, Japan, Singapore and China; CXMT expansion is state-backed and price-indifferent. Export controls cut in both directions.	Moderate	Mod-High

Valuation

No single method is adequate for a company at a cyclical extreme, and the choice of method effectively determines the answer. A discounted cash flow anchored on trailing free cash flow would produce an absurd result, because the trailing figure is a cycle peak and the discount rate for a 2.14-beta memory producer is high. A price-to-earnings comparison against history is similarly compromised: Micron's trailing multiple has ranged from 7.4 times at the fiscal 2022 peak to 136 times at the fiscal 2024 trough, because the denominator, not the numerator, does the moving. Cyclical look statistically cheapest precisely when they are most expensive in economic terms.

Three approaches are therefore triangulated: a multiple on normalised mid-cycle earnings power, a price-to-book anchor for the downside, and a peak-earnings multiple check for the upside. Enterprise value to EBITDA of 13.3 times and price to book of 9.2 times are shown for reference, but the book multiple in particular deserves attention: at 9.2 times a book value of \$89.22 per share, the market is capitalising the current return on equity rather than a through-cycle one.

Method	Assumptions	Implied value	vs. \$823.03
Normalised earnings power	Mid-cycle revenue of \$110–130bn at a 45–50% gross margin — well above the pre-AI norm, reflecting genuine HBM mix improvement — gives normalised EPS of roughly \$36–41. Capitalised at 15–20x for a capital-intensive cyclical with a fortress balance sheet.	\$540 – \$820	–34% to –0%
Peak-earnings multiple	FY2026E EPS of \$73.44 (38 analysts) capitalised at the 8–12x that peak memory earnings have historically commanded. Applying this to FY2027E consensus of \$153.74 is deliberately avoided; that estimate embeds industry revenue expansion the analyst does not underwrite.	\$590 – \$880	–28% to +7%
Price to book anchor	Book value of \$89.22 per share, compounding rapidly through retained peak earnings; forward book approaches \$180–210 per share by fiscal 2028. Memory troughs have historically found support between 1.7x and 2.2x book.	\$310 – \$460	–62% to –44%

Method	Assumptions	Implied value	vs. \$823.03
EV / EBITDA cross-check	Current EV of \$905.8bn on trailing EBITDA of \$68.25bn is 13.3x. Applying a 6–8x peak-EBITDA multiple, consistent with prior cycle peaks, on FY2026E EBITDA of roughly \$105bn.	\$580 – \$765	–30% to –7%
Analyst consensus	Forty-five analysts, thirty-one at Strong Buy. Average \$1,507, median \$1,550, low \$361, high \$2,200. Included for completeness; the dispersion is wider than the level is informative.	\$1,507	+83%
Conclusion: fully valued on normalised earnings, inexpensive only on peak earnings	Every method that normalises the cycle lands at or below the current price. Only methods that capitalise peak or near-peak earnings produce upside. That is the definition of a cyclical trading near its top, not of a mispriced compounder.	\$782	–5%

Market sentiment and positioning

Indicator	Reading	Interpretation
Analyst ratings	31 Strong Buy, 9 Buy, 5 Hold, 0 Sell (45 total)	Bullish — but rating distribution has been static all year while the price fell 34%
Price targets	Avg \$1,507 / median \$1,550 / range \$361–\$2,200	A sixfold spread signals low forecast confidence, not conviction
Recent actions	KeyBanc raised \$1,600→\$1,750 (14 Jul); BofA reiterated \$1,550; JPMorgan \$1,540; TD Cowen \$1,600; Bernstein \$1,300 (28 Jul)	Targets maintained rather than cut through the drawdown — stale rather than fresh
Institutional ownership	79.18% of shares outstanding	Fully institutionally held; limited incremental buyer base at the margin
Insider ownership and activity	Insiders own 0.23%. CEO sold 40,000 shares (~\$37.3m) on 24 Jul 2026 under a 10b5-1 plan adopted 30 Jan 2026	Pre-scheduled, so not a timing signal — but alignment is thin
Short interest	36.21m shares, 3.22% of float, up from 31.67m the prior month; 0.69 days to cover	Rising but small; too low to support a squeeze, high enough to signal scepticism
Notable positioning	Michael Burry disclosed an increased short position at approximately \$880 per share	Headline-driven rather than analytically decisive; contributed to the 31 July reversal
News flow (moomoo digest)	Mixed. Constructive: Samsung record results and shortage guidance into 2028, Microsoft capex reassurance, Apple and Amazon confirming sustained memory cost inflation. Adverse: SK hynix consensus miss, Burry short, peak-margin commentary, CEO share sale.	Net neutral — genuinely two-sided, with volatility rather than direction as the dominant feature

Technical position

All indicators below were computed directly from 100 sessions of daily open-high-low-close-volume data through 31 July 2026 rather than read from third-party summaries. The 200-day average is cited from market data because the available series is shorter than 200 sessions.

Indicator	Value	vs. price	Signal	Read
Close	\$823.03	—	—	Down 5.90% on the session on 54.5m shares
SMA 20	\$911.69	–9.7%	Bearish	Price below; short-term trend is down
SMA 50	\$964.85	–14.7%	Bearish	Medium-term trend broken and the average is rolling over
SMA 100	\$731.75	+12.5%	Support	First meaningful structural support below the market

Indicator	Value	vs. price	Signal	Read
SMA 200 (cited)	\$518.10	+58.9%	Intact	Long-term uptrend unbroken, but very far below — no near support
EMA 20 / EMA 50	\$907.41 / \$893.20	−9.3% / −7.9%	Bearish	Both exponential averages above price and converging downward
RSI (14)	43.6	—	Neutral	Not oversold. No positive divergence. Room to fall further
MACD (12,26,9)	−37.41	signal −23.06	Bearish	Histogram at −14.34 and widening; momentum still deteriorating
ATR (14)	\$90.54	11.0% of price	Extreme	A typical daily range exceeds a whole year's move in most equities
Volume (20d / 50d)	46.5m / 52.7m	−11.6%	Neutral	Declining participation into the decline; no capitulation yet

The structure is a confirmed intermediate downtrend inside an intact long-term uptrend. Price is below the 20- and 50-day averages, the MACD histogram is negative and widening, and the relative strength index at 43.6 is nowhere near a level that would mark exhaustion. Resistance sits at \$911 (20-day), \$965 (50-day) and \$1,036 (the twenty-session high), with the all-time high at \$1,255. Support is thin: \$737.88 was the 29 July low, below which the \$700 area and then the early-May consolidation between \$640 and \$700 are the next references. The 200-day average at \$518 is 59% below the market, which is the single most important technical fact in this report — a stock this extended above its long-term average has no structural support anywhere near the current price. With a 14-day average true range of 11%, a move to the 100-day average would take roughly one week of ordinary volatility.

Technicals do not override fundamentals, and nothing above changes the assessment of the business. They do argue against committing capital at \$823 when a base has not formed and momentum is still deteriorating.

Scorecard

Criterion	Score (1–10)	Weight	Rationale
Business quality	7	12%	World-class execution, but a commodity manufacturer whose gross margin has ranged from −9% to +86% in four years
Financial strength	9	12%	\$23.75bn net cash, 0.06 debt/equity, 258x interest coverage, Altman Z of 9.42, Piotroski 8
Competitive advantage	6	12%	Second in HBM at ~21% and third in DRAM; genuine 1-gamma and HBM4 leadership, but no price-setting power
Management	8	8%	Successful HBM pivot, consistent guidance beats, excellent capital-cycle timing on the strategic agreements
Growth potential	8	13%	\$100bn contracted backlog and HBM sold out through 2027, but growth from a \$130bn base at 86% margin has a ceiling
Valuation	6	20%	11.2x FY26E and 5.4x FY27E flatter to deceive; fully valued on any normalised measure at 9.2x book
Risk (higher is safer)	4	18%	Beta 2.14, ATR 11%, peak-margin fragility, a funded 2027–28 capacity wave, one dominant variable
Technical setup	3	5%	Below the 20- and 50-day averages, MACD negative and widening, 59% above the 200-day with no nearby support
Weighted investment score	64 / 100	100%	Consistent with a Watchlist rating: an outstanding business at an inopportune point in its cycle

Weighting reflects the analytical priorities appropriate to a highly cyclical, capital-intensive manufacturer trading near a cycle peak: valuation and risk together carry 38% of the score, while technical setup is deliberately limited to 5% and used only for entry timing.

Scenario analysis

Scenario	Prob.	Revenue and earnings path	Valuation logic	Fair value
Bull — the shortage extends	25%	AI infrastructure spending stays on trajectory through 2027. SK hynix's and Samsung's warnings of severe shortage into 2028 prove correct. Micron adds further strategic agreements, HBM4E ramps on schedule and share moves toward 25%. FY2027 revenue of roughly \$220bn with EPS near \$140.	Capitalised at 9x, at the upper end of the peak-memory range, justified by the contracted backlog reducing the perceived cyclicity of the earnings stream.	\$1,260
Base — plateau, then modest reversion	45%	Pricing plateaus through the first half of calendar 2027 as Q4 2026 growth of 3–8% fades toward zero, then declines modestly as Idaho and Yongin supply arrives. Contract floors hold on the ~20% of DRAM they cover. FY2027 revenue of roughly \$170bn with EPS near \$95, below the \$153.74 consensus.	Capitalised at approximately 8x on earnings the market correctly identifies as approaching a peak, with the multiple compressing as the cycle matures.	\$760
Bear — the cycle turns on schedule	30%	Consumer demand destruction compounds with a pause in hyperscaler capex just as the 2027–28 capacity wave lands. ASPs fall 35–45% into fiscal 2028 while depreciation from the \$25bn-plus annual capex programme steps up. Revenue retraces toward \$90bn at a ~35% gross margin, EPS \$18–25, and uncovered volumes reprice sharply lower.	The market reverts to a book-value anchor of roughly 2.0x on a forward book value approaching \$207 per share, as it has in every prior memory trough.	\$415
Probability-weighted fair value	100%	$0.25 \times \\$1,260 + 0.45 \times \\$760 + 0.30 \times \\$415$	Expected value sits 5% below the current price. Upside to the bull case is +53%; downside to the bear case is –50%. The risk/reward is approximately 1.1 to 1 before adjusting for volatility.	\$782

Recommendation: Watchlist

Micron is not a company to avoid. It is a well-run, technologically credible, financially unassailable producer at the centre of the most important hardware bottleneck in computing. The rating reflects price and timing, not quality. At \$823.03 the probability-weighted fair value of \$782 offers no margin of safety, every normalised valuation method lands at or below the market, momentum is negative across all short and intermediate measures, and the one variable that determines the outcome — the direction of DRAM average selling prices — has already begun decelerating on the industry's own published forecasts.

A Buy rating requires a materially better entry or materially better information. Both are plausible within the next two quarters. The specific conditions are set out below; they are written to be falsifiable rather than directional.

Condition	Specific trigger	Action
Upgrade to Buy — valuation route	A decline into the \$640–\$700 area (the early-May consolidation and the region around the 100-day average at \$731.75), with the fiscal Q4 print confirming revenue of at least \$50bn and no sequential gross margin compression. At \$670 the base case alone offers roughly 13% upside and the bear case downside narrows to about 38%, taking the risk/reward past 1.5 to 1.	Initiate at 1.5–2.0% of portfolio; scale to 3% only on a confirmed base
Upgrade to Buy — momentum route	A reclaim of the 50-day average at \$964.85 held for at least five sessions, accompanied by a MACD cross above signal and expanding volume, together with the fiscal Q1 2027 guide at or above \$52bn with gross margin held above 80%.	Initiate at 1.5% with a stop beneath the reclaim level
Structural upgrade	Strategic customer agreements expanding to cover materially more than 20% of DRAM shipments, or public confirmation that floor prices have been honoured through a period of spot weakness.	Raise the base-case multiple and revisit the rating irrespective of price
Downgrade to Avoid	Any quarter combining sequential gross margin decline with a revenue guide-down; evidence of customers renegotiating strategic agreement pricing; or CY2027 industry bit-supply forecasts revised up by more than 5 percentage points.	Move to Avoid; the bear case becomes the base case
If already holding	The rating is not a sell instruction for an existing position established materially lower. Trailing risk management is more appropriate than a valuation-driven exit, given that the bull case remains a one-in-four outcome with 53% upside.	Consider trimming into any move above \$1,000; retain a core position

No entry price, stop-loss or target is provided, because the rating is not a Buy. The levels above are conditions for revisiting the rating, not a trade plan.

Final verdict

Would an investor commit personal capital to Micron at \$823 today? No — though the answer is closer than the rating suggests, and it is a question of price rather than of business.

The bull argument is more serious than the standard cyclical dismissal allows. Sixteen strategic customer agreements covering at least \$100 billion of revenue through 2030, fourteen of them with minimum contract prices, represent the first credible attempt in the industry's history to put a floor under a trough. High-bandwidth memory is genuinely a different product from commodity DRAM: it is co-designed, qualified against a specific accelerator platform, priced years in advance, and it consumes roughly three times the wafer area per bit, which structurally tightens the conventional market as a by-product. Micron has moved past Samsung into second place in HBM. The balance sheet carries \$23.75 billion of net cash and an interest coverage ratio of 258 times. None of that is cycle-proof, but all of it is real.

The problem is arithmetic. Consensus fiscal 2027 revenue of \$238.8 billion and earnings of \$153.74 per share would place Micron among the most profitable enterprises on earth, on a business that lost \$5.8 billion three years ago. The market's 5.4 times forward multiple is not an inefficiency awaiting arbitrage; it is a considered judgment that the estimate will not be met, and that judgment is more likely right than wrong. Applying honest normalised assumptions — mid-cycle revenue of \$110–130 billion at a 45–50% gross margin, itself a generous step up from anything Micron achieved before HBM — produces roughly \$36 to \$41 of earnings power and a fair value of \$540 to \$820. The current price sits at the top of that range. An investor buying today is paying full price for normalised earnings and receiving, in exchange, an 11% daily average true range and a 2.14 beta.

The single biggest concern is not demand. It is that the capacity which will end this cycle has already been committed and cannot be withdrawn. Micron's own first Idaho fab takes wafers in mid-2027, a second follows in late 2028, and the \$100 billion New York complex starts in the second half of 2028 — alongside SK hynix's Yongin ramp, continued Samsung expansion and CXMT's state-backed additions at the trailing edge. Every prior memory downturn was manufactured this way: extraordinary margins attracted capital, capital became capacity eighteen to thirty months later, and capacity destroyed price. The 86% gross margin guided for fiscal Q4 is not evidence that this time is different. It is

the strongest possible incentive for it to be exactly the same. Layered on top, trailing depreciation of \$8.9 billion against capex of \$25.3 billion means the fixed cost base entering the next trough will be roughly three times what it is today.

What would change the view? Three things, in order of importance. First, evidence that the price floors bind under stress — a quarter in which spot pricing falls while Micron's realised ASPs hold would be the single most valuable data point available, and would justify raising the base-case multiple immediately. Second, coverage: the agreements protect about 20% of DRAM shipments, and materially expanding that share would transform the risk profile. Third, price — at \$670, roughly the region of the 100-day average and the early-May consolidation, the same base case that offers nothing today would offer meaningful upside with a defined floor.

Until at least one of those arrives, the honest position is to admire the business, respect the balance sheet, and wait. The most expensive mistake available in memory is not missing the top. It is confusing a shortage rent for an economic moat, and paying a normalised price for peak-cycle earnings on the assumption that the cycle has been repealed.

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