

ServiceNow, Inc. (NYSE: NOW)

Equity research update | Price-level review at \$135.62 (25 September 2026 close) | Report date: 26 September 2026 | Supersedes the note of 6 September 2026

RECOMMENDATION	INVESTMENT SCORE	WEIGHTED FAIR VALUE	HORIZON
HOLD (reaffirmed)	68.5 / 100 (was 69)	\$151 (+11.1%)	2-4 years

The 6 September note held ServiceNow at Hold at \$141.26 because the price had caught the analyst consensus and the margin to fair value had been spent. Three weeks later the stock is \$135.62, down 4.0%, after a round trip that took it to \$130.39 on 11 September and back to \$147.57 intraday on 15 September. Every published level held: the \$125 trade stop was never tested on a weekly close, the \$115 to \$125 re-entry zone was never reached, and the \$160 second target is intact. The company made no disclosure that changes an estimate, and a check of its own announcements over the period found no product, pricing or strategy development large enough to move the numbers. What did change is outside the company: the Federal Reserve raised rates on 16 September and the 10-year Treasury yield reached 5.17%, its highest since 2007. The rating stays at Hold. The fair value is unchanged at \$151, which now sits 11.1% above the price, and the case for not treating that wider gap as a buying opportunity rests on the discount rate rather than on the business.

1. What Moved Since 6 September

The period contains two sharp moves, and neither originated at ServiceNow. The first was a slide of 6.2% in the week to 11 September as software gave back part of its late-August rally. The second was a 7.4% gain on 14 September, from \$132.53 to \$142.35 on 17.5 million shares, when a weekend essay by Anthropic's chief executive urging AI labs to slow the pace of model development set off a rotation out of chip and AI-infrastructure stocks and into enterprise software. Published coverage of that session described it as a sentiment trade on the pace of AI rather than a response to anything inside the business, and nothing in the company's own feed disputes that. Since the 15 September high the stock has drifted lower on falling volume.

Date	Event	Read
8-11 Sep	Stock falls from \$141.26 to a \$130.39 intraday low on 11 September; closes the week at \$132.53	Gave back the Salesforce-driven move to within \$0.14 of the unfilled 27 August gap, which held
8-21 Sep	Target raises: BTIG to \$170 from \$150; BMO to \$150 from \$118; Needham to \$155 from \$115; Deutsche Bank to \$155 from \$135; Cantor Fitzgerald to \$174 from \$141. Bernstein holds \$248	Target revisions again, not a company disclosure. The consensus target has moved above the price
14 Sep	+7.4% to \$142.35 on 17.5m shares as software rallies on an AI-pace rotation	A sector trade. No ServiceNow announcement that day
16 Sep	Federal Reserve raises its policy rate 25bp to 3.75%-4.00%	The first hike in three years. The multiple, not revenue, is the exposure
15-25 Sep	Drift from a \$147.57 high to \$135.62; 20-day volume falls 24% below the 50-day	The rally is fading on thinning participation rather than on selling

Compiled from the moomoo news, notice and research feeds and the interpreted digest over the same source, cross-checked against published market coverage and a daily price series, 5 to 25 September 2026.

2. Do the Published Levels Still Hold?

Yes, all of them, and this is the first review in this coverage where no level needed resetting because the price ran through it. The re-entry zone was anchored to the fifty-day and two-hundred-day averages, so both have been recomputed from the current series. The fifty-day has risen to \$125.79 and the two-hundred-day has eased to \$116.63, which leaves the two anchors at either edge of the existing \$115 to \$125 zone. The zone therefore stands as published. The trade stop at a weekly close below \$125 now sits 7.8% below the price, or 1.8 average true ranges, which is a workable distance, and it is not moved. The lowest weekly close in the period was \$132.53.

Published level (6 Sep)	Level	Status	Assessment
Take-profit target 1	\$135	Collected 28 Aug	Price is back at the level where one third was trimmed
Take-profit target 2	\$160	Intact	+18.0% away, was +13.3%
Re-entry zone	\$115 - \$125	Intact, recomputed	50-day \$125.79, 200-day \$116.63. Anchors bracket the zone; not reached (low \$130.39)
Trade stop	Weekly close below \$125	Intact	Lowest weekly close \$132.53. Now 7.8% and 1.8 ATR below
Thesis break	Weekly close below \$91	Intact	32.9% below; a thesis level, not a sizing level
Upgrade trigger	Pullback to zone, or an estimate revision after a disclosure	Not fired	Neither condition met
Weighted fair value	\$151	Unchanged	+11.1% away, was +6.7%

3. Company developments

No development in the period is large enough to change revenue or earnings expectations, the price levels or any score. The company's announcements since early August are a leadership appointment, the scheduled semi-annual platform release and customer deployments. The most notable is the Brazil platform release, which entered early availability in mid-September with general availability due in November. It is the routine twice-yearly release cadence and carries new AI agent and developer tooling, not a pricing or packaging change. The last packaging change of consequence, the move to AI included in every product package with an Enterprise Service Management Foundation tier, was announced on 9 April 2026 and is already reflected in the reported quarters.

Development	Status and date	What is known	What is forecast (and by whom)	Impact on this thesis
Brazil platform release	Release testing preview 10 Sep; early availability mid-Sep; general availability expected November 2026	Scheduled semi-annual release with AI agent, workflow and developer tooling updates	None attributed to revenue	Low
EmployeeWorks deployment at INRY	Announced 23 Sep 2026	Early-access partner deployed the conversational employee portal in six weeks and is reselling it	Partner-reported efficiency figures only	Low
Chief Marketing Officer appointment	Announced 3 Aug 2026	Simon Mouyal named CMO	None	Low
Q3 FY26 results	Date not yet announced by the company; late October is the usual pattern	Q3 subscription revenue guided to \$3.975bn - \$3.980bn at the July results	Consensus EPS \$1.03 for the quarter (Investing.com)	Next testable event

4. Valuation and Macro

The 4% fall in price has restored a little of the margin the September note said had been spent. The 49-analyst consensus target has risen to \$144.99 from \$141.19, so the street now sits 6.9% above the price rather than level with it. That change came from target raises, and the forward earnings figure used across this coverage has not moved, so the forward multiple has eased only because the price fell. At 29.9 times forward earnings and a PEG of 1.22, ServiceNow is still priced for the execution the base case assumes. Verdict: fully valued, slightly less so than three weeks ago.

Valuation measure	At \$141.26 (6 Sep note)	At \$135.62 (now)	Read
Forward P/E, non-GAAP	31.2x	29.9x	Eased on price alone; same forward earnings figure
EV / Sales	10.0x	9.6x	Still in the pre-derating range
PEG	1.26	1.22	Growth still paid for above par
Market capitalisation	\$146.0bn	\$140.2bn	On roughly 1,034m diluted shares; net debt \$1.75bn
Upside to weighted fair value \$151	+6.7%	+11.1%	Wider, before any discount-rate effect
Upside to base-case midpoint \$148	+4.8%	+9.1%	The base case is no longer fully in the price
Upside to consensus target	0.0% (\$141.19)	+6.9% (\$144.99)	49 analysts; range \$72 to \$248

Consensus target and multiples from StockAnalysis.com as of 21 and 26 September 2026. FY2026 consensus EPS \$4.07 and FY2027 \$5.01 on the same source.

The macro variables that matter here. Two, as before, and the balance between them has shifted. The first is white-collar employment, because a large part of subscription revenue is still bought per seat. Initial jobless claims were 197,000 in the week to 19 September and the labour market shows no general weakening, but the August payroll gain was concentrated in food services and local government while information employment fell, so the seat-relevant part of the labour market has not improved. The second is the discount rate. The Federal Reserve raised its policy rate by 25 basis points to 3.75%-4.00% on 16 September, the first increase in three years, after August core CPI rose 0.3% against a 0.2% forecast. The 10-year Treasury closed the week at 5.17%, up from 4.78% at the last note and the highest since 2007. ServiceNow's demand, including the federal vertical funded by appropriations, does not respond much to the cost of money; its multiple does. A business priced at 30 times forward earnings is a long-duration asset, and the fair values in this report were set before the long end moved 39 basis points higher.

5. Sentiment and Positioning

Sell-side sentiment is firmly positive: 45 of 49 analysts rate the stock a Buy or Strong Buy, and five raised targets in the period. The interpreted news read over the period is neutral to mildly positive, driven almost entirely by those target raises and heavy call-option activity, with no company-specific event behind it. The notice feed carries only routine Form 4 insider filings and Rule 144 notices from late August, which continue the pattern of insider selling noted last time. Short interest is modest at 2.9% of the float.

Reported holdings point the other way. The institutional positioning read is **Cautionary** (High confidence), as of 30 June 2026, filings through 19 August 2026. Active managers have been net sellers in each of the last nine quarters, with a net reduction equal to 10.6% of reported shares over four quarters and 3.9% in the latest quarter alone, the largest seller being T. Rowe Price. Thirty-six managers cut positions against twenty adding. 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. This positioning predates the August and September rallies and does not describe them, but it does mean the analyst enthusiasm has not been matched by sustained buying from long-only holders.

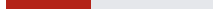
6. Technicals

The trend is intact and the momentum is not. Price remains above the fifty-day and two-hundred-day averages and the fifty-day has crossed back above the two-hundred-day, but the stock has slipped below its twenty-day average, MACD has crossed below its signal line and relative strength at 51.6 is neutral. Twenty-day volume is 24% below the fifty-day, so the drift lower is happening on thin participation, which reads as consolidation rather than distribution. The unfilled gap from 27 August, between \$125.80 and \$130.25, held on 11 September and remains the nearest real support.

Indicator	6 Sep note	Now	Read
Close	\$141.26	\$135.62	Confirmed close, 25 September
SMA 20	\$131.61	\$138.75	Price 2.3% below
SMA 50	\$117.02	\$125.79	Price 7.8% above; the gap has narrowed from 20.7%
SMA 100	\$108.36	\$114.45	Price 18.5% above
SMA 200	\$118.58	\$116.63	Price 16.3% above; the 50-day is now above the 200-day
EMA 20 / EMA 50	\$132.24 / \$121.40	\$136.06 / \$128.12	Price just below the 20-day EMA
RSI (14)	61.0	51.6	Neutral
MACD (12,26,9)	7.67 / 6.97, hist 0.70	2.89 / 3.89, hist -1.01	Crossed below signal; momentum fading
ATR (14)	\$6.81 (4.8%)	\$5.87 (4.3%)	Volatility easing
Volume avg 20d / 50d	17.5m / 21.2m	14.5m / 19.2m	Participation fading
Support	\$131.61 / \$130.25-125.80 / \$118.58	\$130.39 / \$130.25-125.80 / \$116.63	11 Sep low, the 27 Aug gap, the 200-day
Resistance	\$149.60 / \$160	\$147.57 / \$149.60 / \$160	15 Sep high, 31 Aug high, target 2

Computed in code from a 300-session daily OHLCV series, 18 July 2025 to 25 September 2026, all averages from that single series. Technicals set entry and stop levels only and do not override the fundamental case.

7. Investment Scorecard

Category	Score	Weight	Rationale
Business Quality	 9/10	15%	Unchanged. 98% renewals, 8,800+ enterprise customers
Financial Strength	 8/10	12%	Unchanged. \$1.75bn net debt; strong interest cover
Competitive Advantage	 8/10	13%	Unchanged. No competitive development in the period
Management	 8/10	10%	Unchanged. Guidance record intact; no new guidance
Growth Potential	 8/10	15%	Unchanged. AI annual contract value past \$1bn; next test at Q3
Valuation	 4/10	17%	Held. 29.9x forward and PEG 1.22 remain full despite the 4% price fall
Risk (10 = lowest risk)	 4/10	13%	Held. Momentum risk eased slightly; rate risk rose with the hike and a 5.17% 10-year
Technical Setup	 6/10	5%	Down one. Below the 20-day, MACD crossed down, volume fading
OVERALL	68.5 / 100	100%	Down 0.5 from 69, all from the technical setup. No operating input changed

Scored 1-10, where 10 is always best, including Risk. A long bar is always the favourable outcome. The 6 September scorecard used the same scale and direction, so scores are directly comparable. Composite computed in code as the weighted sum of the factor scores.

8. Recommendation: HOLD (reaffirmed)

Hold for existing holders; no new money at \$135.62. The gap to the \$151 weighted fair value has widened to 11.1%, but that fair value was set with the 10-year yield well below 5%, and a first rate increase in three years is a reason to demand more margin from a 30-times-earnings stock, not less. The name becomes interesting for new money in the **\$115 to \$125** zone, bracketed by the two-hundred-day average at \$116.63 and the fifty-day at \$125.79, where the discount to the unchanged fair value would be between a sixth and a quarter. It would also become interesting on an upward revision to subscription revenue or earnings following an actual company disclosure, which the Q3 results could supply. The reasoning behind the rating is the same as in September with one addition: the valuation concern is now as

much about the discount rate as about the price.

Level for existing holders	Guidance	Change vs 6 Sep
Action	Hold the remaining position (about two thirds of the original after the \$135 trim). No additions	Unchanged
Interest level for new money	\$115 - \$125, scaled rather than a single fill	Unchanged; anchors recomputed
Review level	A weekly close below \$125, which fills the 27 August gap and gives back the whole late-August move	Unchanged
Thesis break	Weekly close below \$91, or renewals under 95%, or subscription gross margin sustained below 80%	Unchanged
Upper reference	\$160, the top of the base-case range, where a further trim is reasonable	Unchanged
Next catalyst	Q3 FY26 results, expected late October; the company has not yet announced the date	Date corrected to expected

What would change the view

Development	Direction	Why it matters
A pullback into \$115 - \$125 with the operating data intact	Upgrade	Restores a margin of a sixth to a quarter against the unchanged \$151 fair value
An upward revision to subscription revenue or earnings following a company disclosure, most likely the Q3 results	Upgrade	The estimate half of the upgrade trigger that target raises cannot satisfy
Q3 subscription growth below the guided range as the federal pull-forward normalises	Downgrade	The base case assumes an 18% to 20% taper, not a break
Long-dated Treasury yields holding above 5% while the Federal Reserve signals further increases	Downgrade	A higher discount rate compresses the multiple on a long-duration asset without any change in the business
A continued weakening of professional and technology hiring alongside flat enterprise headcount	Downgrade	Seat-based subscription growth is bought out of enterprise payrolls
Renewals below 95%, or subscription gross margin sustained below 80%	Exit	The thesis-break conditions

9. Scenario Analysis

Carried forward unchanged, because no revenue or earnings input has moved and no company development requires a new case. The probabilities are not shifted for the rate increase: its effect on a long-duration multiple is real but its size depends on how long yields stay above 5%, and that is treated as a downgrade condition above rather than written into the fair value on a single month's move.

Scenario	Prob.	Revenue and earnings outlook	Fair value	Midpoint vs \$135.62
Bull	30%	Subscription growth holds above 20%; AI annual contract value beats \$1.5bn; consumption pricing decouples growth from seats. Operating margin re-expands past 32%	\$175 - \$215	+43.8%
Base	50%	Growth tapers to 18-20% as the federal pull-forward normalises; AI additive. 31.5% operating margin and 35% free-cash-flow margin hold	\$138 - \$158	+9.1%
Bear	20%	Seat erosion resumes and budgets shift to AI infrastructure; growth falls to the low teens. Gross margin breaks below 80% and the multiple de-rates	\$82 - \$100	-32.9%

Probability-weighted fair value: $\$150.70 = 0.30 \times \$195 + 0.50 \times \$148 + 0.20 \times \$91$, using range midpoints, which is +11.1% against \$135.62.

Probabilities sum to 100%. Computed in code.

10. Investment Memo

Would an investor put new money into ServiceNow today? Not yet. The price has come back 4% and the arithmetic gap to fair value has nearly doubled, which on its own would argue for leaning in. Two things argue against it. The first is that nothing about the company has changed: the move down, like the moves up before it, was set by other companies and by the sector, and a Hold that turned into a Buy on a 4% dip with no new information would be the same target-chasing this coverage has declined to do on the way up. The second is new and matters more. The fair value was built when the 10-year yield was comfortably below 5%. It is now 5.17% after the first rate increase in three years, and a stock at 30 times forward earnings is exactly the kind of asset whose fair multiple falls when the discount rate rises, whatever the operating data say.

Should an existing holder sell? No. The business is unimpaired, every published level held through a volatile three weeks, and the fifty-day average crossing back above the two-hundred-day says the longer trend is intact. The single biggest concern is the combination of a full multiple and a rising discount rate, with nothing company-specific due until the third-quarter results in late October. What would change the answer is either price, in the \$115 to \$125 zone, or evidence, in the form of an estimate revision that follows a company disclosure rather than a sector rally.

Disclaimer. This report is for informational and educational purposes only and does not constitute investment advice, a recommendation, or an offer to buy or sell any security. It was prepared from publicly available information believed to be reliable but not independently verified. ServiceNow last reported on 22 July 2026 and no earnings call has taken place in the period covered, so no new call transcript applies to this review. Prices are as of the confirmed close of 25 September 2026. Moving averages were recomputed from a single 300-session daily series. Scenario ranges, probabilities and the fair value are carried forward because no estimate behind them has been revised. Readers should conduct their own research and consult a licensed financial adviser before making any investment decision.

Sources. ServiceNow newsroom and investor relations (press releases of 9 April, 22 July and 3 August 2026); ServiceNow Community release notes for the Brazil release; StockAnalysis.com forecast and statistics pages; Investing.com earnings calendar; 24/7 Wall St. and Investing.com coverage of 14 September 2026; TipRanks / The Fly on the INRY deployment; moomoo news, notice and research feeds; US Treasury daily par yield curve and Beating The Bull economic data posts of 11 to 25 September 2026.