

Palantir Technologies Inc.

NASDAQ: PLTR | AI and data platforms for government and commercial customers | Coverage update | 18 October 2026

Last close (16 October 2026)	\$186.03	Recommendation	WATCHLIST (unchanged)
Previous report (18 Sep)	\$176.24, Watchlist	Investment score	64.4 / 100 (prior 64.5 restated)
Move since then	+5.6% (peak close \$209.05)	Weighted fair value	\$172.12 (was \$176.8); -7.5%
P/E on FY27 consensus EPS \$2.35	79x	Price of interest	About \$150, near the 200-day average
EV / FY26 revenue	About 57x	Technical read (chart only)	Conflicts: uptrend
Market value	About \$482bn	Next results	Q3 2026, 2 November, after the close (confirmed)

A Round Trip to \$209 and Back, With Nothing New in Between

The last report named a close above about \$210 with no new disclosure as the condition that would turn this rating to Avoid. The shares came within a dollar of it. They rose from \$176.24 to a close of \$209.05 on 9 October as Barclays started coverage at Overweight and Baird and Argus lifted targets to \$250. A week later they gave much of it back. On 16 October the stock fell 7.2% to \$186.03 in a broad software selloff, with no company announcement behind the move.

The company has not reported since 3 August. The facts that matter are the same ones: a 93% jump in second-quarter revenue, a 62% adjusted operating margin and a raised full-year guide. What changed is the price, which is 5.6% higher than at the last report, and FY27 consensus EPS, which has risen to \$2.35 from about \$2.32 a month ago.

Verdict: Watchlist, unchanged, from fundamentals. Technical read (chart only): Conflicts. The probability-weighted fair value is \$172.12, 7.5% below the price, and the base case is worth \$173. The business is exceptional and the valuation already pays for most of what it can plausibly deliver by 2028. The name becomes interesting at about \$150, where the base case would return about 16%. The chart is still in an uptrend, which says the market is ahead of the fundamentals case; that is a reason to watch closely, not to change the rating.

1. The published levels at the new price

Level (18 Sep report)	Published	Status at \$186.03	This report
Buy zone	\$145-160, across the 50-day and 200-day averages	Not reached; price 16% above the top	About \$150; the 50-day has risen to \$182.57 and no longer anchors the zone
Avoid trigger	Close above about \$210 with no disclosure	Not met; peak close \$209.05 on 9 Oct	Retained
Q3 margin test	Adjusted operating margin near 60%	Due 2 November	Retained; the guide implies about 60%
Retention test	Net dollar retention well below 130%	Untested	Retained
Fair value	\$176.8	Now \$172.12	Lower weight on the bull case; base case higher

Averages recomputed in code from a 300-session daily series ending 16 October 2026: 50-day \$182.57, 200-day \$152.65, ATR(14) \$7.76. No entry range, stop or target is published for a Watchlist rating.

The old buy zone spanned the 50-day and 200-day averages. Those have since pulled apart: the 50-day has climbed to \$182.57 while the 200-day sits at \$152.65. A zone stretched across both would now be \$30 wide and mean little, so this report names a single price instead. About \$150 sits just under the 200-day average and equals 64 times FY27 consensus EPS.

2. Company developments

Items from 19 August to 17 October 2026 that bear on what Palantir earns or how it competes. Rating changes and insider filings appear under Sentiment. No development in the period changes the earnings outlook on its own.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Sovereign AI stack with Nebius	Announced 8 Sep 2026	Partnership to offer Palantir customers Nebius infrastructure for sovereign deployments; no financial terms	None quantified	Medium
AIPCon 11 customer showcase	Held 10 Sep 2026	Presenters included Cisco, Eaton, L3Harris, NVIDIA and the FAA; no new products or metrics	None	Low
London police contract dispute settled	14 Oct 2026	Both sides withdrew allegations over a blocked two-year, £50m Metropolitan Police contract; the block stands and a new award is due in spring	None	Low
Customers Bank and Surf Air deployments	15 Oct 2026	Bank to build on Foundry and AIP; Surf Air signed a fifth aviation software deal built on Palantir	None quantified	Low
Federal stopgap funding	Signed early Sep 2026	Continuing resolution funds the government to 11 December 2026; full-year FY27 appropriations not passed	None	Medium
Q3 2026 results	2 Nov 2026, after the close	Date confirmed by the company	Revenue \$2.160-2.164bn and adjusted operating income \$1.292-1.296bn (management guide)	Scheduled

Company releases and Business Wire, September and October 2026; Mayor's Office for Policing and Crime statement, 14 Oct 2026; Congress.gov on the FY2027 continuing appropriations.

3. Growth drivers

Driver	Status	Fact versus forecast	Likelihood / impact
US commercial AIP adoption	Shipping	Q2 US commercial revenue \$764m, +149%; TCV \$2.13bn, +153% (fact). FY26 guide above \$3.42bn (management)	High / High
US government programmes	Shipping; stopgap funding to 11 Dec	Q2 US government revenue \$809m, +90% (fact)	High / High
Sovereign AI with partners	Announced Sep 2026	Nebius partnership; no revenue disclosed	Medium / Low
International commercial	Shipping	Smaller and slower than the US; London block shows political risk	Medium / Low

4. Valuation at \$186.03

Measure	At \$176.24 (17 Sep)	At \$186.03 (now)	Comment
P/E on FY27 consensus EPS	76x	79x	FY27 EPS \$2.32 a month ago, \$2.35 now
EV / FY26 revenue	About 54x	About 57x	FY26 consensus \$8.22bn
EV / FY27 revenue	About 36x	About 38x	FY27 consensus \$12.33bn, +50%
Market value	About \$456bn	About \$482bn	2.59bn diluted shares
Weighted fair value (gap)	\$176.8	\$172.12 (-7.5%)	Base case 55x FY28 EPS of \$3.15

Multiples computed by this report on 2.59bn diluted shares and \$9.2bn of cash at 30 June. Consensus from 29 analysts as of 16 Oct 2026 (Yahoo Finance, S&P; Global). FY28 EPS figures are this report's estimates.

The value rests on FY28 earnings because almost nothing in the next twelve months can justify the current price on its own. The base case grows FY27 consensus EPS of \$2.35 by about a third to \$3.15 and pays 55 times for it, a multiple that still assumes growth well above any large software peer. Even so, it lands at \$173, 7% below the price. The bull case needs growth to stay near 40% into FY28 and the market to keep paying 65 times; it reaches \$240.

The macro variables that matter here. Two. The first is federal appropriations, which drive the government half of revenue and do not depend on interest rates. FY27 began on a continuing resolution that funds agencies to 11 December, which tends to delay new awards rather than cut running programmes. The second is the discount rate on a long-duration equity. The Federal Reserve raised its target range to 3.75%-4.00% in September and the ten-year yield closed at 5.09% on 16 October. With most of the value in cash flows years away, a higher discount rate weighs on the multiple long before it touches the business.

5. Financial position

Metric (Q2 2026)	Value	What it means here
Revenue	\$1.935bn, +93%	Acceleration at scale
US commercial / US government	\$764m (+149%) / \$809m (+90%)	Both engines growing; commercial now nearly as large
Adjusted operating income	\$1.194bn, 62% margin	The Q3 guide implies about 60%
GAAP net income / EPS	\$1.062bn / \$0.41	Fully profitable on a GAAP basis
Adjusted free cash flow	\$1.220bn, 63% margin	Cash conversion matches earnings
Cash and short-term Treasuries	\$9.2bn	Negligible debt
FY26 guide	Revenue \$8.150-8.158bn; adjusted operating income \$4.889-4.897bn; adjusted FCF \$4.5-4.7bn	Raised in August

Company Q2 2026 release (Form 8-K, Exhibit 99.1), 3 Aug 2026.

6. Sentiment

Input	Reading	Interpretation
Broker actions	Barclays initiated Overweight (9 Oct); Baird Buy, \$250 and Argus \$250 from \$190 (12-13 Oct); Phillip Securities cut to Neutral, \$215 (12 Oct); Mizuho Outperform, \$245 from \$215 (15 Oct)	Targets rising; one downgrade on valuation
Consensus	32 analysts: 21 Buy or Strong Buy, 8 Hold, 3 Sell; mean target \$206.43, median \$217.50	Mean target 11% above the price; wide dispersion (\$80-265)
Insiders	Form 4 filings by directors and officers on 2, 6, 14 and 15 Oct; Rule 144 notices on 8, 9 and 15 Oct, the last for about \$9.65m by a director	Steady selling continues
Options activity	868,000 contracts traded on 16 Oct against 503,000 the day before	Heavy trading on the selloff
Institutional positioning	Mixed, moderate confidence. As of 30 June 2026, filings through 19 August 2026	See note below

Rating actions, notices and options activity to 16 Oct 2026 from the moomoo news, notice and research channels; consensus from StockAnalysis.com (S&P; Global), 16 Oct 2026.

Institutional positioning: Mixed (moderate confidence), as of 30 June 2026, filings through 19 August 2026. Active managers made a small net addition over four quarters, but most of it came from a single holder; far more managers cut than added, and the latest quarter showed a slight net reduction. Active managers hold only a thin slice of the shares, with passive funds holding a large one. The read neither supports nor contradicts the rating. 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.

7. Risks

Risk	Probability	Severity	Comment
Multiple compression	High	High	At 79x FY27 EPS, a slower growth path or a sector derating cuts the price sharply; 16 Oct showed how fast
Q3 margin step-down	Medium	Medium	The guide implies about 60% after 62% in Q2
Government funding delays	Medium	Medium	Stopgap funding to 11 December; new awards can slip
Insider supply	High	Low	Regular director and officer sales
Political and procurement risk abroad	Medium	Low	The London police contract remains blocked
Retention or deal-size slowdown	Low-medium	High	Would undercut the US commercial engine

Probability and severity are this report's assessments. A Risk score of 3/10 below denotes a high-risk profile driven by valuation, consistent with this register.

8. Scorecard

Criterion	Weight	Score	Prior	Rationale and what moved	
Business Quality	15%		9/10	9/10	Unchanged. Q2 adjusted operating margin of 62% and adjusted free cash flow margin of 63%; no new financial disclosure since.
Financial Strength	8%		9/10	9/10	Unchanged. \$9.2bn of cash and short-term Treasuries and negligible debt at 30 June.
Competitive Advantage	13%		8/10	8/10	Unchanged. US commercial TCV of \$2.13bn in Q2, up 153%; customer wins continue in banking and aviation.
Management	10%		9/10	9/10	Unchanged. FY26 guidance raised in August to \$8.15-8.16bn revenue; no update since.
Growth Potential	17%		9/10	9/10	Unchanged. FY26 revenue guided up 82%; consensus FY27 growth 50%, against 49% at the last report.
Valuation	21%		2/10	2/10	Unchanged. 79x FY27 consensus EPS and about 57x FY26 revenue, against about 52x forward revenue at the last report.
Risk (10 = lowest risk)	16%		3/10	3/10	Unchanged. A multiple that leaves no room for error, stopgap federal funding to 11 December and steady insider selling.

Scored 1-10, where 10 is always best, including Risk. Weights tilt toward Valuation and Risk because, at this multiple, they decide the return more than the quality of the business. The prior score is restated on the seven-factor basis, without the former chart factor, for comparability (64.5). Weighted total computed in code: 64.4 out of 100.

Overall Investment Score: 64.4 / 100

9. Recommendation: Watchlist

Rating: WATCHLIST, unchanged. Nothing in the business has changed since the last report, and the price is higher. At \$186.03 the shares sit 7.5% above a weighted fair value of \$172.12, so a new buyer is paying for the bull case. The rating is not Avoid because the fundamentals are among the strongest in this coverage and the price sits below the \$210 level the last report set for a downgrade.

Price of interest: about \$150. At that level the shares would trade at 64 times FY27 consensus EPS, just under the 200-day average of \$152.65, and the base case would pay about 16%. That is 19% below the price, a move this stock has made several times in the past year. No cut-loss or take-profit is published while the rating is not a Buy.

Condition	Direction	Why it changes the view
A retreat to about \$150 with the Q3 results intact	Up	Restores a margin of safety
Q3 results on 2 Nov with adjusted operating margin at or above the 60% the guide implies, and US commercial TCV still growing in triple digits	Up	Shows the Q2 margin is close to a run rate

Condition	Direction	Why it changes the view
Full-year FY27 appropriations passed without cuts to defence software lines	Up	Removes the stopgap overhang on awards
Net dollar retention falling well below 130%	Down	The fundamental trigger for Avoid
A close above about \$210 with no new disclosure	Down	A second re-rating on no information would justify Avoid
A sustained further rise in long-term yields	Down	Weights on a long-duration multiple

Macro rows are directional. Numeric levels come from this report's valuation, company guidance and the recomputed averages.

10. Technical read

Chart as of the 16 October 2026 close.

Verdict: Watchlist, from fundamentals. Technical read (chart only): Conflicts. The chart is in an uptrend: the price is above a rising 50-day average and well above the 200-day, even after the 16 October fall. The chart is ahead of the fundamentals case, so watch closely without changing the rating. A close below the 20-day low of \$176.76 would be the first break in that trend; a return toward the 200-day average near \$153 would bring the price of interest into view. The Technical read looks only at the price chart. It does not change the verdict or the Investment Score and only guides entry timing.

Indicator	Value	Reading
Price of record (16 October 2026)	\$186.03	Up 5.6% since the previous report
SMA 20 / EMA 20	\$193.55 / \$193.02	Price 3.9% and 3.6% below
SMA 50 / EMA 50	\$182.57 / \$180.24	Price 1.9% and 3.2% above; the 50-day is rising
SMA 100 / EMA 100	\$157.19 / \$167.64	Price 18.3% and 11.0% above
SMA 200 / EMA 200	\$152.65 / \$163.49	Price 21.9% and 13.8% above
RSI (14)	46.3	Neutral
MACD (12,26,9)	6.11, signal 6.93, hist. -0.82	Positive but below its signal
ATR (14)	\$7.76, 4.2% of price	A volatile share
Volume, 20-day vs 50-day	23.1m vs 28.6m, -19.2%	Participation fading
Support / resistance	\$176.76, \$182.57, \$152.65 / \$209.05, \$212.94	20-day low, 50-day and 200-day averages / 9 Oct closing high and 100-session high
52-week range	\$106.37 - \$212.94	Close 12.6% below the high

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

11. Scenario analysis

Case	Prob.	Outlook	Fair value	vs \$186.03
Bull	26%	US commercial keeps compounding at triple-digit TCV growth, Q3 margin holds near 60%, FY27 revenue beats the \$12.3bn consensus and growth stays near 40% in FY28; FY28 EPS about \$3.70 at 65x	\$240.50	+29.3%
Base	49%	FY27 in line with consensus (\$12.3bn revenue, EPS \$2.35) and FY28 growth easing to the mid-30s with stable margins; FY28 EPS about \$3.15 at 55x as the multiple compresses with growth	\$173.25	-6.9%
Bear	25%	Growth slows faster as large US commercial deals take longer to land and the government budget stays on stopgap funding; software multiples keep compressing; FY28 EPS about \$2.60 at 38x	\$98.80	-46.9%
Weighted	100%	Probability-weighted	\$172.12	-7.5%

Fair values and the weighted \$172.12 computed in code; each case is FY28 EPS (this report's estimates) times the stated multiple.

12. Final verdict

Not at \$186.03. Palantir is growing faster than any company its size and converting almost two-thirds of revenue into free cash flow. The problem is the price, which already assumes that pace lasts into 2028 and that the market keeps paying a premium multiple for it. The single biggest concern is multiple compression, and 16 October showed how quickly a sector move can take 7% off the shares with no news. What must change is the price, toward \$150, or the evidence, through a Q3 report on 2 November that holds the margin and keeps US commercial growth in triple digits.

Sources

- Company: Palantir Q2 2026 earnings release, Form 8-K Exhibit 99.1 (sec.gov), 3 August 2026; Palantir investor relations, Q3 2026 results date notice; Business Wire releases on AIPCon 11 (10 September 2026) and the Nebius partnership (8 September 2026); Customers Bank release, 15 October 2026
- ITV News, Palantir and the Mayor's Office for Policing and Crime settle legal dispute, 14 October 2026; Congress.gov CRS overview of FY2027 continuing appropriations; CRA Government Affairs update, September 2026
- Price of record: Alpha Vantage global quote, 16 October 2026 close. Technicals: Twelve Data daily series of 300 completed sessions to 16 October 2026, computed in code
- Ratings, notices and options activity: moomoo news, notice and research channels, to 16 October 2026. Consensus estimates: Yahoo Finance and StockAnalysis.com (S&P; Global), 16 October 2026. Market move on 16 October: TIKR
- Macro: Beating The Bull economic data posts of 17 September and 2, 14, 15 and 16 October 2026
- Institutional positioning: Q2 2026 13F holdings read, quarter ended 30 June 2026, filings through 19 August 2026