First to Market

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ANTHROPIC S-1 TAKEAWAYS



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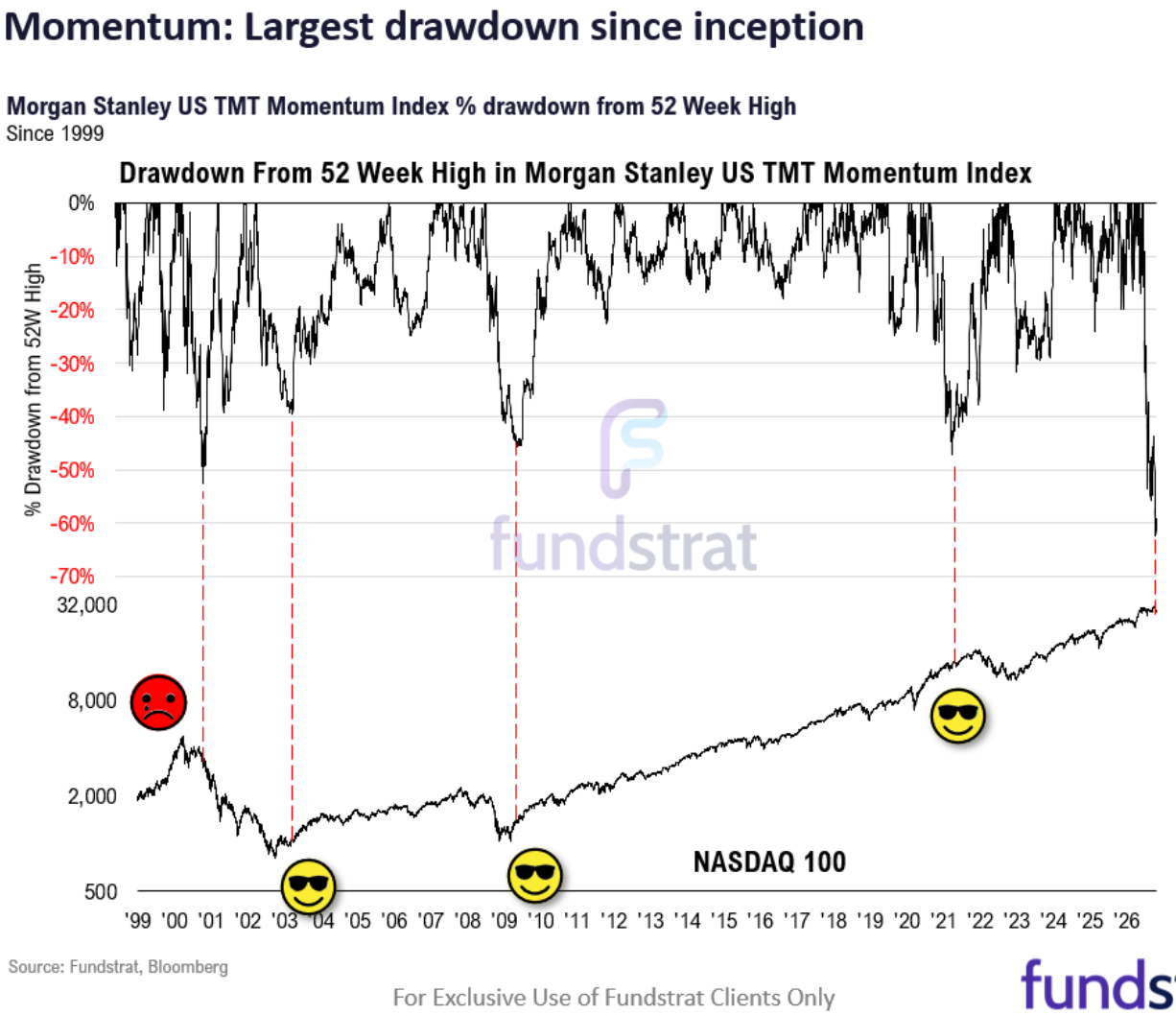
Chart of the Day



Good morning!
I had cleared my whole Friday to make sure I had enough time to read Anthropic's S-1 filing only for it to not come out.

Well, Monday was my lucky day because we finally received insight into the company that could solve humanity's hardest problems like cancer and also potentially be the one to herald in a dark age, posing "catastrophic or existential risks to humanity."

Tech stocks rallied after the filing, with Lumentum $LITE shares up 8.2%, while Tesla $TSLA and Coherent $COHR added 5.21% and 5.8%, respectively.

Here's the big takeaways:

#1 Revenue is growing, increasing to $16.286 billion in the six months ended June 30, 2026, up from $1.163 billion earned over the first six months of 2025, with about 80% of it in the most recent period driven by its consumption-based price model and the rest driven by subscriptions. Net loss has grown much more rapidly, growing to $80.748 billion over the first six months of this year, up from a loss of $12.969 billion in first six months of 2025. As you may have guessed, we're living through a time when net losses the size of Bolivia's annualized GDP don't exactly stop investors from slapping on a potential IPO valuation between $1.5-$1.75 trillion. If that holds true, then this would be the second-largest public offering after SpaceX.

#2 Tons of headlines about how a few of the listed risk factors focused on something along the lines of AI eradicating humanity: "Concerns have been raised both within our organization and by other researchers, regulators, policymakers, and industry participants that sufficiently advanced AI systems could, if not developed, deployed, and operated with appropriate safeguards, oversight, and security measures, **pose catastrophic or existential risks to humanity**, particularly if such systems were misused, replicated, weaponized, or allowed to operate with a high degree of autonomy." But this was to be expected, so it wasn't actually as concerning. One reason why tech stocks have been declining recently is because of that specific dystopian risk, which is why I'd argue it's been mostly priced in at this point. I even wrote a *Signal From Noise* about this a few weeks ago, highlighting that this will likely just make cybersecurity stocks all the more attractive.

#3 The company's concentration risk is pretty high, with the top five customers representing about 21% of the revenue for the nine months ended Sept. 30, 2026, and there's no guarantee that some of those customers have to stick with Anthropic for a certain period. "There can be no assurances that our large customers will continue to spend at levels similar to prior periods," the filing said. About a quarter of the total revenue is not something that's easy to ignore, but it does help to know that for the nine months ended in Sept. 30, 2025, that very same number was about 36%, so the mix has improved. Additionally, it's also a constructive signal that not a single customer was more than 10% of the revenue over that same period, and it might also bring nervous investors some relief to know that even with a company like Nvidia $NVDA, concentration risk is a real concern. "For the first half of fiscal year 2026, two direct customers represented 20% and 15% of total revenue, all of which primarily attributable to the Compute & Networking segment," according to Nvidia's latest 10-Q. It's a similar case with ASML $ASML and memory and storage companies like Micron $MU and SK Hynix $SKHY.

#4 Change in fair value of convertible notes, derivative liabilities, and SAFEs drove a majority of the net loss in the six months ended June 2026, down to $72.388 billion. That stood out to me because the note attached to it said an increase in the enterprise valuation of Anthropic increased the fair value of the outstanding convertible promissory notes. More analysis needs to be done to figure out exactly how long a loss of this nature and potentially even greater magnitude can continue to weigh down the company's income statement. It certainly doesn't seem to be a one-time recurring line item, so it's important to keep an eye on. As it's a non-cash expense, in the calculation of the cash flows from operating activities, it was added back, helping the overall number come in positive at $3.929 billion, so I wouldn't put too much weight to that.

After two weeks, expect more headlines about when Anthropic's planning to go public, how many shares will be available for purchase and at what price.

Some are saying it could go public the week of Nov. 16. For now, we're going to continue picking apart this monumental S-1 filing.

Share your thoughts

Are you planning to purchase the Anthropic IPO? Click here to send us your response.

✍Here's what a reader commented ✍

Q: Are you buying Meta at this price?

A: Considering to add more to my current META holdings with the positive earnings outlook.

Catch up with Fundstrat

This is a very heavy macro week and the most important is the Oct FOMC rate decision on Wed. While markets are not expecting a hike, the key is the commentary and we think there is a chance for a less hawkish Fed. After all, since the Sept FOMC rate decision, the credit markets effectively shut down.

Technical

Even on strength into November, I feel there’s an above-average possibility of weakness in the next 4–5 weeks that could present even better opportunities by mid-month from a risk/reward perspective. Overall, the seasonal backdrop argues strongly against growing too bearish, yet it’s right to expect this choppiness and rotation will be with us a while longer.

Crypto

Fundstrat Head of Digital Asset Strategy Sean is out of office this week.

News We're Following

Breaking News

- Stock futures rise as earnings season continues CNBC

Markets and economy

- America Needs Canada's Aluminum. Trump's Tariff Exposed Just How Badly. WSJ
- The Fed Is Expected to Hold Rates Steady. Warsh Will Have to Explain Why. NYT
- Kevin Warsh Wanted the Fed to Be Quiet. Instead, It's as Noisy as Ever. WSJ
- Anthropic's IPO is risky business CNBC
- Big Tech's earnings are on deck. There's more for investors to watch than AI spending. MW

Business

- Broadcom CEO Intervened to Seal $63 Billion Anthropic Debt Deal WSJ
- Microsoft offers voluntary buyouts to 60,000 employees as AI leads to efficiency push CNBC
- Anthropic's 7 Founders Will Use New Stock Class to Take Control of the Business BR

Politics/U.S.

- Can James Talarico Convince Texas That He's a Moderate? WSJ
- The New Worst-Case Scenario for Election Officials: Federal Interference NYT

Overseas

- Ceasefire Brokered by Melania Trump Begins in Starving Ukrainian City WSJ
- How Brazil's Lula Pulled Off an Upset No One Saw Coming WSJ

Of Interest

- Bessent dines at Cheesecake Factory, slams Obama over Trump joke CNBC
- GM will switch to Nasdaq from the NYSE on Nov. 17 CNBC
- Burger King Posted the Boss's Number for Feedback. He Got 100,000 Calls BBG

Overnight	
S&P Futures	+4 ▲ point(s) (+0.05% ▲)

overnight range:	-15 ▼ to +16 ▲ point(s)

APAC	
Nikkei	+1.73% ▲
Topix	+0.61% ▲
China SHCOMP	-1.33% ▼
Hang Seng	-0.73% ▼
Korea	+3.09% ▲
Singapore	-0.35% ▼
Australia	+0.46% ▲
India	+0.01% ▲
Taiwan	+0.12% ▲

Europe	
Stoxx 50	-0.13% ▼
Stoxx 600	-0.14% ▼
FTSE 100	-0.78% ▼
DAX	-0.13% ▼
CAC 40	-0.07% ▼
Italy	-0.11% ▼
IBEX	-0.19% ▼

FX	
Dollar Index (DXY)	+0.32% ▲ to 102.29
EUR/USD	-0.30% ▼ to 1.1141

GBP/USD	-0.20% ▼ to 1.3315
USD/JPY	-0.12% ▼ to 157.69
USD/CNY	+0.04% ▲ to 6.6676
USD/CNH	+0.01% ▲ to 6.6667
USD/CHF	-0.13% ▼ to 0.8286
USD/CAD	-0.06% ▼ to 1.4021
AUD/USD	+0.14% ▲ to 0.7027

UST Term Structure

2Y-3M Spread narrowed	-3.5bps ▼ to 55.2bps
10Y-2Y Spread widened	0.8bps to 27.4bps
30Y-10Y Spread widened	0.1bps to 31.3bps

USD HY OaS

All Sectors	-8.5bps ▼ to 359bps
All Sectors ex-Energy	-7.1bps ▼ 333bps
Cons Disc	-4.3bps ▼ to 666bps
Indu	-5.2bps ▼ to 251bps
Tech	-7.4bps ▼ to 200bps
Comm Srvcs	-7.2bps ▼ to 344bps
Materials	-3.2bps ▼ to 281bps
Energy	-10.1bps ▼ to 269bps
Fin Snr	-8.8bps ▼ to 211bps
Fin Sub	-9.4bps ▼ to 313bps
Cons Staples	-9.9bps ▼ to 461bps
Healthcare	-7.3bps ▼ to 358bps

Healthcare	-7.8bps ▼ to 336bps
Utes	-6.8bps ▼ to 223bps *

DATE					TIME	DESCRIPTION	ESTIMATE	LAST
10/27	8:30 AM	Sep P Durable Gds Orders	1.9	-0.1				
10/27	9:00 AM	Aug S&P Cotality CS 20-City m/m	0.3	0.32				
10/27	10:00 AM	Oct Conf Board Sentiment	81	81.9				
10/27	10:00 AM	Sep New Home Sales	650.5	684				
10/27	10:00 AM	Sep New Home Sales m/m	-4.5	6.4				
10/28	2:00 PM	Oct 28 FOMC Decision	4	4				
10/29	8:30 AM	Sep PCE m/m	0.5	0.3				
10/29	8:30 AM	Sep Core PCE m/m	0.3	0.25				
10/29	8:30 AM	Sep PCE y/y	3.6	3.4				
10/29	8:30 AM	Sep Core PCE y/y	3.1	3.00759				
10/29	8:30 AM	3Q A GDP QoQ	3.2	2.2				
10/30	8:30 AM	3Q ECI QoQ	0.8	0.9				
11/2	9:45 AM	Oct F S&P Manu PMI	n/a	56				

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