Thursday 13 August 2026 · U.S. night · after the factory-gate inflation print · after the cash close · written for a smart friend who invests

A 30-second glossary

Word	What it means here
CPI	Consumer Price Index. Shopper inflation. July printed Wednesday, in line: +0.1% month / +3.4% year. Core (ex food and energy) +0.2% / +2.5%.
PPI	Producer Price Index. Factory-gate inflation. Printed today 8:30 a.m. Eastern: headline 0.0% month / +4.7% year. Core +0.2% / +4.2%.
Pause vs hike	Pause = the Fed leaves rates unchanged. Hike = it raises them. Close recaps put September pause odds near 63-68%, hike near 32-36%.
Neocloud	A company that buys AI chips and rents the computing time. CoreWeave and Nebius printed this week.
Residual value	What a used AI chip is worth after a lease. The adult bear case on the rental companies.
Lock-up / float	Lock-up = after an IPO, insiders cannot sell for a while. Float = shares that can actually trade. Still SpaceX's fight.
HBF	High-bandwidth flash. Sandisk's pitch that a new kind of NAND can help AI inference, not just storage. Samples expected 2027.
Terafab	The Tesla / SpaceX chip-plant project in Grimes County, Texas. Drone video today showed dirt already moving.

1. The session in plain English

The relief came in barrels, not in services. That is the whole day if you only have one sentence.

At 8:30 a.m. Eastern the Bureau of Labor Statistics printed July factory-gate inflation. Headline PPI was unchanged on the month versus a street guess of +0.2%, and +4.7% versus a year ago versus a guess of +4.9%. Core PPI (everything except food and energy) rose 0.2% / 4.2% versus guesses of +0.3% and +4.2%. Walter Bloomberg (@DeItaone) carried the four-line official recap. That is two cool inflation prints in 24 hours, after Wednesday's in-line CPI.

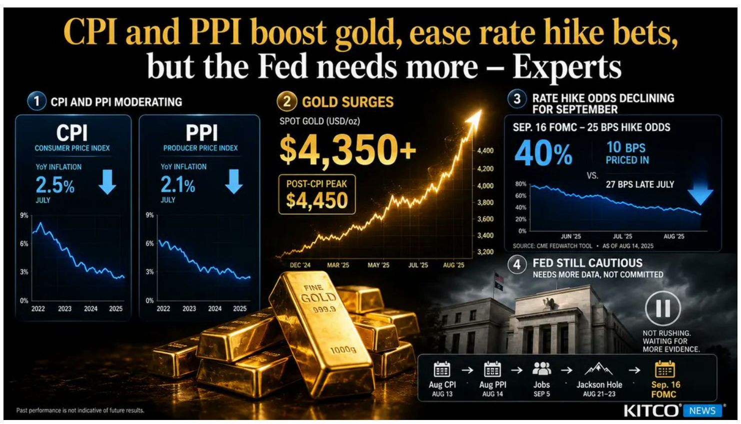
Then the mix. Energy at the factory gate fell about 3.1% on the month. Gasoline recaps of about -5.7%. Crude sold off again into the cash session (WTI recaps near $81.25, Brent near $87.07). Strip food, energy and trade services and the leftover month-rate was about +0.4%, with portfolio-management fees leading services. Think of it like a grocery bill that looks cheaper only because petrol came down. The rest of the trolley is still loud.

The tape read the headline, not the mix. Close recaps: S&P 500 7,799 (+0.65%), through 7,800 for a fresh record. Nasdaq 26,803 (+0.81%). Dow 53,840 (+0.13%). Russell 2000 +0.24%. The 10-year yield eased from yesterday's 4.68% auction toward about 4.645%. Gold slipped toward $4,366-$4,382. Bitcoin near $63,300. Jobless claims ticked up to 209,000 from 200,000. Nothing there says the labor market just broke.

Under the hood this was a memory and factory day, not a Magnificent 7 coronation. Sandisk (ticker SNDK) recaps of about +13.6% to +16% toward $1,528 after Investor Day. Micron about +4%. SK Hynix about +7%. Super Micro about +8%. Nvidia recaps of about +0.57% to $225.38, the highest daily close since its mid-May peak. Meta about +2.8%. Tesla about +4% into the $340s. Amazon was the weak sibling, still testing about $265. Cisco recaps of about -8% to -9% on a beat that missed the dream. SpaceX recaps of about $141, roughly -3%, giving buyers another look under $140 after yesterday's squeeze.

Two industrial extras showed up after lunch. Joe Tegtmeyer flew a Tesla-approved drone over Terafab in Grimes County and said the chip plant is already being built, not 'going to be built.' And after the close, recaps of an SEC filing: Elon beneficially owns about 6.419 billion SpaceX shares, 48.4% of the company on an as-converted basis. That is a control sentence, not a demand print.

Close recap circulating on X · PPI 0.0% and the energy mix · treat as a desk card, not BLS



Kitco / expert recap · cooler CPI + PPI, gold holding above $4,350 · 13 Aug afternoon

2. Macro after the print

This morning's note was written before 8:30. The object was whether the year-rate would cool while the month-rate re-accelerated. Headline did better than that setup. Core month was a tick soft. The adult hangover is the ex-food-energy-trade +0.4% and the hawkish voices that did not go quiet.

Item	What printed	In English
July CPI (Wed)	Headline +0.1% month / +3.4% year. Core +0.2% / +2.5%. Energy -1.5% month.	In line. Bought the pause bid yesterday.
July PPI (today)	Headline 0.0% / +4.7% vs 0.2% / 4.9% guessed. Core +0.2% / +4.2% vs 0.3% / 4.2%.	Cool headline. Core in line to a tick soft. Energy did the work.
The mix	Energy ~-3.1% month. Gasoline ~-5.7%. Ex food, energy, trade ~+0.4%. Fees loud in services.	Relief in barrels. Services still sticky. That is why Fed speakers stayed cautious.
Jobless claims	209k vs 200k prior. Continuing claims 1.78 million, down 22k.	A tick softer, not a labor break.

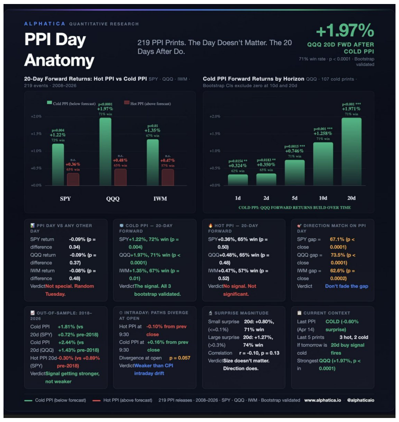
Item	What printed	In English
Fed chatter on X	Pause next month ~63-68%. Hike ~32-36% on some close cards, still above 40% on others. Barkin: next move an 'open question.' Cleveland's Hammack repeated a hike call.	Two cool prints took the scare off. They did not retire the hawks.
Rates / auction leftover	10-year eased toward ~4.645% after yesterday's 4.683% auction, highest since 2007.	Stocks liked PPI. Long rates are still expensive for the government.
Gold / oil / crypto	Gold ~$4,366-$4,382. WTI ~$81.25 (-2.4%). Brent ~$87.07 (-2.2%). Bitcoin ~$63,300.	Oil cooled after a six-session run. Gold did not melt up on the print.

"PPI printed 0.0% and the S&P; read it as relief, +0.65% to 7,799. The zero was energy: -3.1%, gasoline -5.7%. Ex food, energy and trade, prices rose 0.4%. Relief came in barrels, not services."

@TradingRealms · 13 Aug close card

"A flat PPI after June's -0.3% is two straight soft wholesale prints - but Barkin today called the next move an 'open question.' The core stickiness is why."

@TheBullTicker · 13 Aug



@alphaticaio · 219 PPI prints over 18 years. Their claim: the print day is noise; a cold print has a 20-day bid. Research note, not a guarantee.

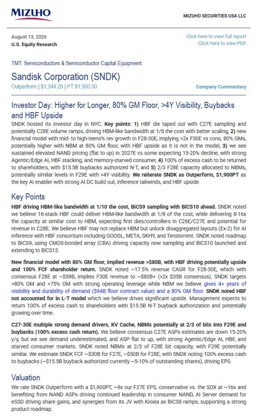
3. Factory week, plus today's receipts

Wednesday's industrial argument did not get cancelled by a cool PPI. Who pays to build the AI factory, and what are used chips worth after a lease? Residual value is still the used-car number in a car-lease business. Demand can be real and the equity can still be a bad night. Today's new receipts sit next to that, they do not replace it.

Wednesday, still the week's demand print. CoreWeave: revenue $2.575 billion, backlog $104 billion, 1.5 gigawatts live, about 3.7 gigawatts contracted, interest $640 million. Recaps of about +19%. Nebius: revenue $582 million, contracted power raised to 5 gigawatts, cash from operations about $2.25 billion in the recaps. Recaps of about +34%. Super Micro recaps of about +19% on a fatter fiscal 2027 sales guide, then another bid today (~+8% on close cards).

Today's new industrial meeting was Sandisk Investor Day. Company language circulating on X (StockMKTNewz, Goldman recaps, desk cards): through fiscal 2028-2030 they sketched mid-to-high-teens revenue growth, about 80% non-GAAP gross margin, about 75% operating margin, about 50% free-cash-flow margin, mid-single-digit capital intensity. They said they will return 100% of excess cash to shareholders. Long NAND contracts (NBMs) were recapped as covering about 50% / 67% of planned fiscal 2027 / 2028 volume, with about $94 billion of contracted total value and $16.5 billion of financial guarantees. High-bandwidth flash (HBF) samples are pitched for 2027. In company simulations, an HBF-only setup delivered the same token output with half the GPU capacity of an HBM-only setup. Treat that as a company slide, not a customer order.

The adult debate on Sandisk is dates, not adjectives. TrendForce recaps say NAND supply loosens in the second half of 2027. Sandisk's high-margin years start in fiscal 2028, which is July 2027 to June 2028. Those two calendars can fight. The stock still ran about 14% because the market paid for visibility (the $94 billion book) more than it paid for a 2030 cartoon.



MIZUHO SECURITIES USA LLC

August 13, 2026
U.S. Equity Research

Click here to view full report
Click here to view PDF

TMT: Semiconductors & Semiconductor Capital Equipment

Sandisk Corporation (SNDK)

Outperform | $1,344.29 | PT $1,900.00 — Company Commentary

Investor Day: Higher for Longer, 80% GM Floor, >4Y Visibility, Buybacks and HBF Upside

SNDK hosted its investor day in NYC. **Key points: 1)** HBF die taped out with C27E sampling and potentially C28E volume ramps, driving HBM-like bandwidth at 1/8 the cost with better scaling, **2)** new financial model with mid- to high-teens% rev growth in F28-30E, implying >2x F30E vs cons, 80% GMs, potentially higher with NBM at 80% GM floor, with HBF upside as it is not in the model, **3)** we see sustained elevated NAND pricing (flat to up) in 2027E vs some expecting 15-20% decline, with strong Agentic/Edge AI, HBF stacking, and memory-starved consumer, **4)** 100% of excess cash to be returned to shareholders, with $15.5B buybacks authorized N-T, and **5)** 2/3 F28E capacity allocated to NBMs, potentially similar levels in F29E with >4Y visibility. **We reiterate SNDK as Outperform, $1,900PT** as the key AI enabler with strong AI DC build out, inference tailwinds, and HBF upside

Key Points

HBF driving HBM-like bandwidth at 1/10 the cost, BiCS9 sampling with BiCS10 ahead. SNDK noted we believe 16-stack HBF could deliver HBM-like bandwidth at 1/8 of the cost, while delivering 8-16x the capacity at similar cost to HBM, expecting first dies/controllers in C26E/C27E and potential for revenue in C28E. We believe HBF may not replace HBM but unlock disaggregated layouts (Ex-2) for AI inference with HBF consortium including GOOGL, META, SKHY, and Tenstorrent. SNDK noted roadmap to BiCS9, using CMOS-bonded array (CBA) driving capacity now sampling and BiCS10 launched and extending to BiCS13.

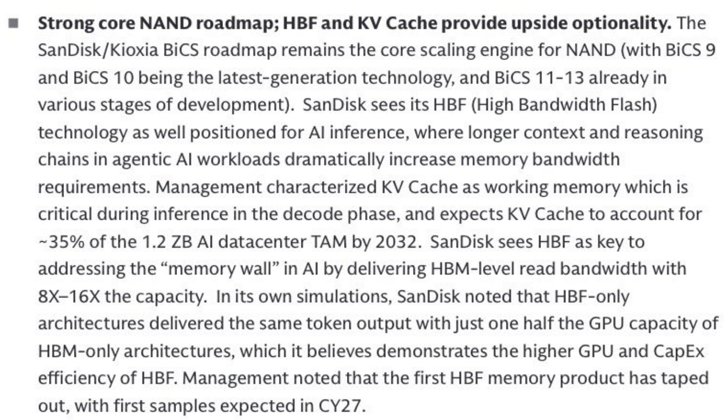
New financial model with 80% GM floor, implied revenue >$80B, with HBF driving potentially upside and 100% FCF shareholder return. SNDK noted ~17.5% revenue CAGR for F28-30E, which with consensus F28E at ~$59B, implies F30E revenue to ~$80B+ (>2x $35B consensus). SNDK targets >80% GM and >75% OM with strong operating leverage while NBM we believe gives 4+ years of visibility and durability of demand ($94B floor contract value) and a 80% GM floor. **SNDK noted HBF not accounted for in L-T model** which we believe drives significant upside. Management expects to return 100% of excess cash to shareholders with $15.5B N-T buyback authorization and potentially growing over time.

C27-30E multiple strong demand drivers, KV Cache, NBMs potentially at 2/3 of bits into F29E and buybacks (100% excess cash return). We believe consensus C27E ASPs estimates are down 15-20% y/y, but we see demand underestimated, and ASP flat to up, with strong Agentic/Edge AI, HBF, and starved consumer markets. SNDK noted NBMs at 2/3 of F28E bit capacity, with F29E potentially similar. We estimate SNDK FCF ~$30B for F27E, ~$50B for F28E, with SNDK noting 100% excess cash to buybacks (~$15.5B buyback authorized currently ~5-10% of outstanding shares), driving EPS.

Valuation

We rate SNDK Outperform with a $1,900PT, ~9x our F27E EPS, conservative vs. the SOX at ~16x and benefiting from NAND ASPs driving continued leadership in consumer NAND, AI Server demand for eSSD driving share gains, and synergies from its JV with Kioxia as BiCS8 ramps, supporting a strong product roadmap.

Sandisk Investor Day takeaways circulating after the meeting · 13 Aug



- **Strong core NAND roadmap; HBF and KV Cache provide upside optionality.** The SanDisk/Kioxia BiCS roadmap remains the core scaling engine for NAND (with BiCS 9 and BiCS 10 being the latest-generation technology, and BiCS 11-13 already in various stages of development). SanDisk sees its HBF (High Bandwidth Flash) technology as well positioned for AI inference, where longer context and reasoning chains in agentic AI workloads dramatically increase memory bandwidth requirements. Management characterized KV Cache as working memory which is critical during inference in the decode phase, and expects KV Cache to account for ~35% of the 1.2 ZB AI datacenter TAM by 2032. SanDisk sees HBF as key to addressing the “memory wall” in AI by delivering HBM-level read bandwidth with 8X–16X the capacity. In its own simulations, SanDisk noted that HBF-only architectures delivered the same token output with just one half the GPU capacity of HBM-only architectures, which it believes demonstrates the higher GPU and CapEx efficiency of HBF. Management noted that the first HBF memory product has taped out, with first samples expected in CY27.

Goldman recap card on Sandisk HBF as an AI wildcard · company language, not a purchase order

After the close, Applied Materials (the company that sells the machines that make chips) printed a beat-and-raise that the stock sold. Recaps: Q3 revenue $9.12 billion versus about $9.0 billion guessed, non-GAAP earnings $3.50 versus $3.39. Semiconductor Systems $7.04 billion (+26.5% year). Gross margin 50.4%, a 13th straight year-over-year improvement. Next-quarter guide: revenue $10.25 billion versus about $9.48 billion, earnings $4.02 versus $3.65. CEO Gary Dickerson: highest sequential revenue growth in company history; another strong growth year expected in 2027. The stock recaps of about -2.3% into the print and another few percent after hours. That is the expectations tax, not a missed factory.

Third Quarter Results

Applied generated record revenue of $9.12 billion. On a GAAP basis, the company reported gross margin of 50.3 percent, record operating income of $3.08 billion or 33.7 percent of revenue, and earnings per share (EPS) of $3.17.

On a non-GAAP basis, the company reported gross margin of 50.4 percent, record operating income of $3.10 billion or 34.0 percent of revenue, and record EPS of $3.50.

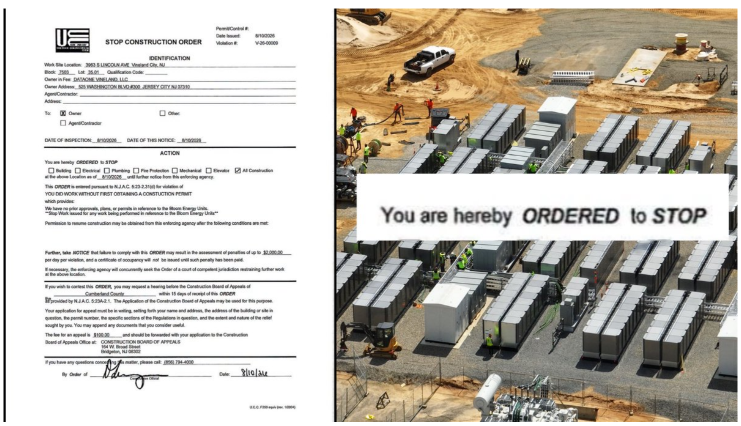
The company generated record cash from operations of $3.04 billion and distributed $860 million to shareholders through $440 million in share repurchases and $420 million in dividends.

"Applied Materials delivered another record-breaking quarter, including the highest sequential revenue growth in the company's history," said Gary Dickerson, President and CEO. "As the rapid global adoption of AI drives unprecedented demand for our materials engineering solutions, we are further raising our Semiconductor Systems revenue expectations for calendar 2026 and are confident we will grow faster than the market this year. Based on the increased demand visibility we are receiving from our customers, we expect another strong growth year for Applied Materials in 2027."

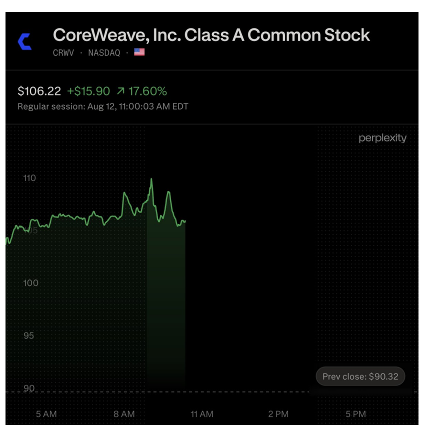
"Applied Materials achieved its 13th consecutive quarter of year-over-year gross margin expansion, demonstrating the increasing value we create by enabling better chips, systems and fab returns," said Brice Hill, Senior Vice President and CFO. "We expect continued strong revenue growth in the second half of the calendar year, particularly in DRAM as well as leading-edge foundry-logic and advanced packaging. Looking further ahead, we are making additional manufacturing capacity investments to support projected demand through the end of the decade."

TrendSpider · Applied Materials CEO on record sequential growth and 2027 · 13 Aug after hours

Nebius got a permit headline that is not a missed quarter. Hunterbrook: Vineland, New Jersey city officials issued stop-construction orders on 6 August (LNG tank) and 10 August (Bloom Energy fuel cells) citing missing approvals. The stop-work did not come up on Wednesday's call. Bulls said a $2,000-a-day fine is noise next to megawatts of revenue. Treat it as a permit clock until the next site meeting, not as proof the 5-gigawatt book is fake.



Hunterbrook · Vineland stop-construction order at the Nebius / DataOne campus · 13 Aug

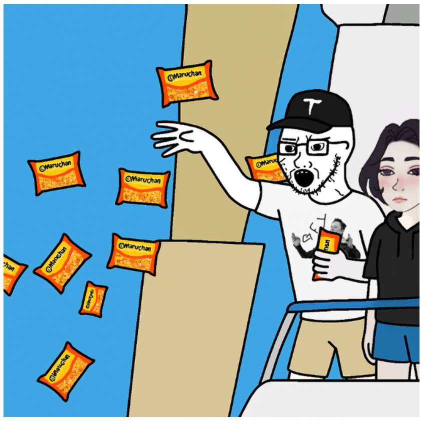


CoreWeave Q2 recap card · backlog and power, still this week's demand print

4. Permanent watchlist (into the close)

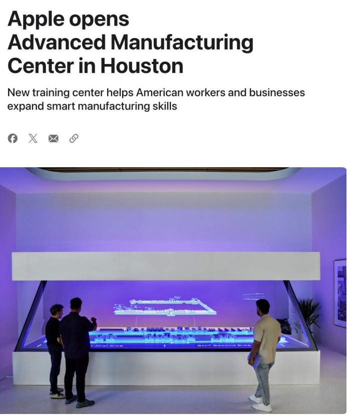
Company	Heat	What happened, in English
Nvidia (NVDA)	Hot / rates + close	Recaps ~+0.57% to $225.38, highest daily close since the mid-May peak. Jensen overnight: A100 fleet 'mission-capable' 2020-2029; CUDA makes old chips financeable. Enron headline from this morning is still a celebrity short, not a missed quarter.
Apple (AAPL)	Event / quiet tape	Tim Cook opened a Houston plant with Commerce Secretary Lutnick. Bloomberg: Mac Mini will be made there. Options still playing a run into the iPhone event. Duration helper if yields stay soft.
Microsoft (MSFT)	Soft / AI spend	Bloomberg recap: carbon-removal purchases down ~80% year as AI spend stays loud. Azure is still the second-order winner if factory demand converts. No earnings print today.
Google (GOOGL)	Product / mixed tape	Gemini 3.7 Flash unveiled on desk cards. Enterprise Gemini chatter still circulating. The stock showed less strength than the Nasdaq. No company print.
Amazon (AMZN)	Soft	Testing ~$265 while the S&P; made a record. AWS is still the long-run AI bill. No company catalyst. Weak sibling of the day.
Meta (META)	Constructive / relative	Close recaps about +2.8%. Yesterday's worst Mag 7 name bounced with the pause bid. Spend-scrutiny tape is quieter than the print, not gone.
Tesla (TSLA)	Hot / catch-up	Close recaps about +4% into the $340s (333 support / 341.6 resistance on TA cards). Nevada issued a robotaxi permit; the request was for 5,000 vehicles. That is a license, not a 5,000-car fleet. Model 3 custom wait to Q1 2027 is still yesterday's industrial tell. Gary Black: unsupervised fleet still ~90-100 cars.
SpaceX (SPCX)	Hot / digestion	Close recaps ~$141, about -3% after yesterday's +10% / five-day +40%. Buyers got another look under $140. After hours: Elon 6.419B shares, 48.4%. Terafab dirt is moving in Grimes County. Float is still the risk.
Palantir (PLTR)	SaaS tape	Software names bounced (amit: Palantir 107 to 179 on the spring-summer run). No new product metric today. Do not use it as the AI-demand thermometer.
Micron (MU)	Memory bid	Close recaps about +4%. If factories are real, memory leaks a bid. Street TA still talking $1,011. A celebrity short adding Micron is positioning, not leftover chips.
Sandisk (SNDK)	Event winner	Investor Day delivered the high-margin 2028-30 model (~80% gross, teens growth, 100% excess cash back). Stock +13.6% to +16% toward $1,528. TrendForce 2H27 loosen is the adult debate.
AppLovin (APP)	Damaged / quiet	Still living under the Bank of America Neutral / $400 cut. Options desks talking cash-secured puts under ~$270. Soft PPI helps a little. No fresh print.
CoreWeave / Nebius	Digestion / permit	Yesterday's receipts still stand. Today was a gap-day digestion plus Vineland stop-work headlines. Demand printed. Permits and interest bills are the adult bear.
Applied Materials	Beat, sold	Q3 beat, Q4 guide well above. Stock sold it. That is how you know the capex cycle is already priced as 'good.' Flip only if 2027 language is walked back.

Sandisk Investor Day was the 9 a.m. object · the meeting printed



Tesla close meme circulating after the +4% session · heat, not a filing

@ShardiB2 · SpaceX gave buyers another look under $140 · 13 Aug

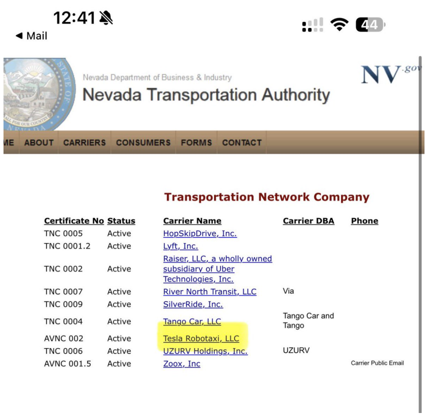


@StockMKTNewz · Tim Cook and Lutnick open Apple's Houston Mac Mini plant · 13 Aug

5. Tesla and SpaceX extras (the night chapter)

These two still share a founder and a timeline. They did not share today's tape. Tesla bounced about 4%. SpaceX gave back yesterday's squeeze. That is useful. It means the market can tell them apart for at least one session.

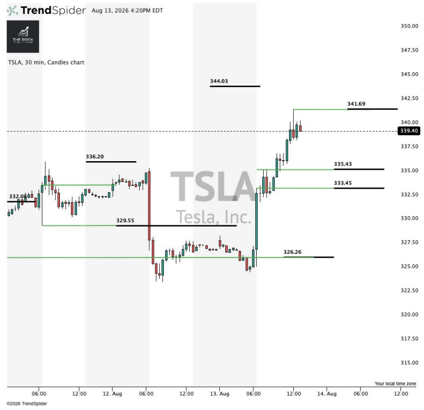
Tesla, the permit. OttoPilot posted a Nevada robotaxi permit card. The request was for 5,000 vehicles. Replies treated that as city-wide scaling. Gary Black's morning note is the cold water: the unsupervised fleet still looks like 90-100 cars, and a 2026 price-to-earnings near 195 times is a homework assignment until the fleet actually scales. A permit is a door. It is not the cars driving through it. The Model 3 rear-wheel-drive custom wait to Q1 2027 (Sawyer Merritt yesterday) is still the better industrial tell, and it still needs a second print.


12:41
◀ Mail
Nevada Department of Business & Industry
Nevada Transportation Authority
ME ABOUT CARRIERS CONSUMERS FORMS CONTACT

Transportation Network Company

Certificate No	Status	Carrier Name	Carrier DBA	Phone
TNC 0005	Active	HopSkipDrive, Inc.		
TNC 0001.2	Active	Lyft, Inc.		
TNC 0002	Active	Raiser, LLC, a wholly owned subsidiary of Uber Technologies, Inc.		
TNC 0007	Active	River North Transit, LLC	Via	
TNC 0009	Active	SilverRide, Inc.		
TNC 0004	Active	Tango Car, LLC	Tango Car and Tango	
AVNC 002	Active	Tesla Robotaxi, LLC		
TNC 0006	Active	UZURV Holdings, Inc.	UZURV	
AVNC 001.5	Active	Zoox, Inc		Carrier Public Email

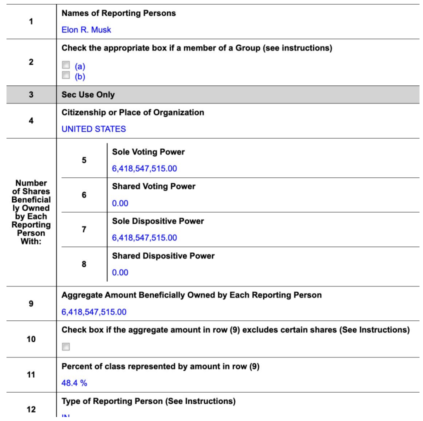
@6463dc · Nevada robotaxi permit card, request for 5,000 vehicles · 13 Aug



TA card circulating into the close · 340s hit, 333 support, 341.6 resistance · not official OHLC

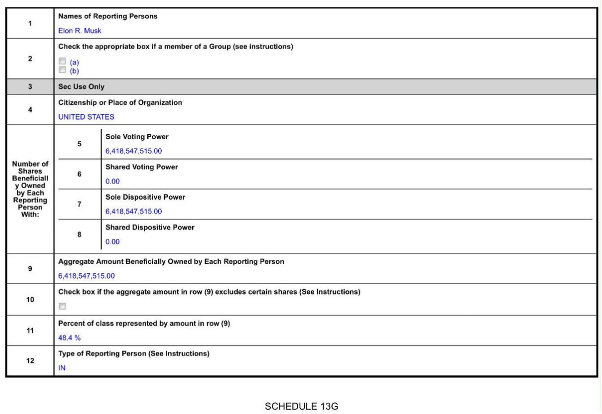
> *"Despite a $1.3T market cap, TSLA has not invested in the marketing leadership needed to expand its business beyond EVs. The unsupervised autonomous robotaxi fleet seems stuck at 90-100 vehicles."*
> @garyblack00 · 13 Aug morning note

SpaceX, the filing. After the cash close, StockMKTNewz and DogeDesigner recapped an SEC filing: Elon beneficially owns 6,418,547,515 SpaceX shares, 48.4% on an as-converted basis. The split circulating: about 849.5 million Class A, 5.22 billion Class B, and options on another 350 million. One desk card put the stake near $908 billion at recent prices. That is how you know who controls the vote. It is not a new Starlink subscriber, and it is not a reason the five-day +40% is 'clean.'



1	Names of Reporting Persons Elon R. Musk		
2	Check the appropriate box if a member of a Group (see instructions) (a) (b)		
3	Sec Use Only		
4	Citizenship or Place of Organization UNITED STATES		
Number of Shares Beneficially Owned by Each Reporting Person With:	5	Sole Voting Power 6,418,547,515.00	
	6	Shared Voting Power 0.00	
	7	Sole Dispositive Power 6,418,547,515.00	
	8	Shared Dispositive Power 0.00	
9	Aggregate Amount Beneficially Owned by Each Reporting Person 6,418,547,515.00		
10	Check box if the aggregate amount in row (9) excludes certain shares (See Instructions)		
11	Percent of class represented by amount in row (9) 48.4 %		
12	Type of Reporting Person (See Instructions)		

@StockMKTNewz · Elon 6.419 billion SpaceX shares, 48.4% · 13 Aug after hours



1	Names of Reporting Persons Elon R. Musk		
2	Check the appropriate box if a member of a Group (see instructions) (a) (b)		
3	Sec Use Only		
4	Citizenship or Place of Organization UNITED STATES		
Number of Shares Beneficially Owned by Each Reporting Person With:	5	Sole Voting Power 6,418,547,515.00	
	6	Shared Voting Power 0.00	
	7	Sole Dispositive Power 6,418,547,515.00	
	8	Shared Dispositive Power 0.00	
9	Aggregate Amount Beneficially Owned by Each Reporting Person 6,418,547,515.00		
10	Check box if the aggregate amount in row (9) excludes certain shares (See Instructions)		
11	Percent of class represented by amount in row (9) 48.4 %		
12	Type of Reporting Person (See Instructions) IN		

SCHEDULE 13G

Desk card putting the stake near $908 billion at recent prices · treat as arithmetic, not a bid

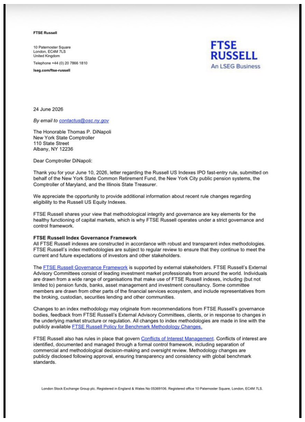
Terafab, the dirt. Joe Tegtmeyer (the Giga Texas / Starbase drone regular) posted his first flight over the Grimes County site, with Tesla's approval: 'They say Terafab is going to be built they are wrong. It is already being built, right now.' Recaps that followed used very large numbers (largest chip plant, more than 1 terawatt of compute a year, roughly 10 times Giga Texas). Those are circulating claims, not a 10-K. What you can take to the bank tonight is smaller and better: land is being cleared, a Tesla-approved drone flew it, construction is no longer a 2030 slide. Think of it like seeing the foundation forms, not the finished factory.

@JoeTegtmeyer · first drone still over the Terafab site, Grimes County · 13 Aug

> *"They say Terafab is going to be built they are wrong. It is already being built, right now!"*
>
> @JoeTegtmeyer · 13 Aug, Tesla-approved flight

FTSE Russell also sent a letter, amplified by Xander Sky: the Fast Entry index consultation was requested by index users through 2025-2026, not a backroom deal with Elon. Free float is handled with the standard

12-month lock-up provision. That kills one flavor of 'rigged index' chatter. It does not add shares to the tradable float.



FTSE Russell

10 Paternoster Square
London, EC4M 7LS
United Kingdom

Telephone +44 (0) 20 7866 1810

lseg.com/ftse-russell

FTSE RUSSELL
An LSEG Business

24 June 2026

By email to contactus@osc.ny.gov

The Honorable Thomas P. DiNapoli
New York State Comptroller
110 State Street
Albany, NY 12236

Dear Comptroller DiNapoli:

Thank you for your June 10, 2026, letter regarding the Russell US Indexes IPO fast-entry rule, submitted on behalf of the New York State Common Retirement Fund, the New York City public pension systems, the Comptroller of Maryland, and the Illinois State Treasurer.

We appreciate the opportunity to provide additional information about recent rule changes regarding eligibility to the Russell US Equity Indexes.

FTSE Russell shares your view that methodological integrity and governance are key elements for the healthy functioning of capital markets, which is why FTSE Russell operates under a strict governance and control framework.

FTSE Russell Index Governance Framework
All FTSE Russell indexes are constructed in accordance with robust and transparent index methodologies. FTSE Russell's index methodologies are subject to regular review to ensure that they continue to meet the current and future expectations of investors and other stakeholders.

The FTSE Russell Governance Framework is supported by external stakeholders. FTSE Russell's External Advisory Committees consist of leading investment market professionals from around the world. Individuals are drawn from a wide range of organisations that make use of FTSE Russell indexes, including (but not limited to) pension funds, banks, asset management and investment consultancy. Some committee members are drawn from other parts of the financial services ecosystem, and include representatives from the broking, custodian, securities lending and other communities.

Changes to an index methodology may originate from recommendations from FTSE Russell's governance bodies, feedback from FTSE Russell's External Advisory Committees, clients, or in response to changes in the underlying market structure or regulation. All changes to index methodologies are made in line with the publicly available FTSE Russell Policy for Benchmark Methodology Changes.

FTSE Russell also has rules in place that govern Conflicts of Interest Management. Conflicts of interest are identified, documented and managed through a formal control framework, including separation of commercial and methodological decision-making and oversight review. Methodology changes are publicly disclosed following approval, ensuring transparency and consistency with global benchmark standards.

London Stock Exchange Group plc. Registered in England & Wales No 05369106. Registered office 10 Paternoster Square, London, EC4M 7LS.

@XanderSky · FTSE Russell letter recap: no special treatment, standard Fast Entry rules · 13 Aug

Prediction-market merge chatter (Kalshi cards in the 50-60% zone for a Tesla-SpaceX combination on various dates) is a market, not a filing. Do not sell Tesla to buy SpaceX in a taxable account just because the screen did that for a week. A few holders posted exactly that trade today (small Tesla trims into SpaceX). That is a preference, not a catalyst.

6. Product layer and second-order

xAI shipped Grok 4.6 Wednesday. Elon: Grok 4.7 in 3 to 4 weeks, trained on a massive amount of SpaceX company data. That is still a SpaceX equity sentence. It did not move Tesla deliveries today.

Jensen Huang overnight: the A100 fleet is 'mission-capable from 2020 through 2029.' CUDA, in his telling, makes old chips versatile, fungible, rentable and financeable. That is the industrial reply to the used-chip bear, from the man who sells the chips. It is also how you keep a residual-value story from dying in one headline.

Cisco's 8-9% drop on a beat is the day's second-order lesson. Recaps: Q4 revenue +18% to $17.3 billion, fiscal 2026 AI infrastructure orders $9.3 billion, and the stock sold because the next-quarter gross-margin outlook was a hair light. When a good factory print goes down, the market is telling you the easy money in 'AI orders' is already in the price. Applied Materials after hours is the same movie.

A positioning footnote, not a bottleneck: a tracker account posted that a famous short covered Tesla and Applied Materials, closed the semiconductor-ETF short, added Micron, and opened a Nasdaq-100 short, while leaving Nvidia and Palantir shorts in place. That is a 13F-style rumor card. Use it as color. Do not build the week around it.

Tracker card of a celebrity-short book update · positioning, not a company filing · 13 Aug

	Grok 4.6 High	Grok 4.5 High	GPT-5.6 Sol Max	Fable 5 Max
AA Intelligence Index	61	56	61	**62**
GDPVal-AA v2	**1753**	1526	1728	1741

Emad Mostaque · GDPVal card on Grok 4.6 · still this week's product layer

7. What to watch in the next 24 hours

- Whether Friday is a digestion day. Two cool prints in 24 hours already spent a lot of the pause bid. If factory and memory names still lead, demand won the week.
- Services vs energy in the next Fed speak. Barkin left the next move open. Hammack still wants a hike. The +0.4% ex-food-energy-trade is their ammunition.
- Sandisk follow-through. Does $1,500 hold, or was +14% a one-meeting squeeze? Watch whether sell-side notes buy the $94 billion book or fight TrendForce on 2H27.
- Applied Materials after-hours follow-through. Beat-and-raise that the stock sold. Session two tells you if that was profit-taking or a capex-cycle doubt.
- SpaceX versus $140 on volume. Ownership filing is control. Terafab is dirt. Neither cleans the float.
- Tesla permit vs fleet. Nevada 5,000 is a ceiling request. The 90-100 unsupervised number is still the receipt. Wait-time needs a second print.
- Vineland stop-work. Next site meeting. If Nebius or DataOne addresses permits, the headline dies. If they stay quiet, it becomes a week-long story.

Primary sources: BLS PPI (Thu 8:30 ET) via Deltaone / FirstSquawk; close cards on S&P 7,799 / Nasdaq 26,803; Sandisk Investor Day recaps (StockMKTNewz, Goldman cards); Applied Materials Q3 recaps; Joe Tegtmeyer Terafab drone; StockMKTNewz / DogeDesigner on the SpaceX ownership filing; Sawyer Merritt Model 3 wait (Wed); OttoPilot Nevada permit; Hunterbrook Vineland. Charts from public X media. Written Thursday night 13 Aug 2026 after the U.S. cash close. Not financial advice. Research and education only.

PART B · HOUSE VIEW (the Thursday-night call)

Same facts as Part A. Different job: I take a stand after the print and the close. Written for a smart friend. Not a telegram. Not a price-target sheet. Not financial advice.

0. My call after PPI and the close

Base case into Friday (about 50%): digestion of a relief day, not a coronation and not a crash.

Headline PPI did the kind thing. Energy did the work. The S&P; tagged 7,800. Memory and the factory names led. I do not expect a Magnificent 7 melt-up on Friday just because two prints were cool. I do expect Sandisk, Micron, and the rental companies to keep most of their relative bid unless Friday is a pure 'sell the news' session. SpaceX can sit on $140 and still be a float stock. Tesla's +4% is catch-up plus a permit headline, not proof the robotaxi fleet scaled. Applied Materials selling a beat-and-raise is the tell that 'good capex' is already in the price.

Why, in one coffee. This morning I had digestion at about 50%, a hot-core scare at 30%, and a cold-PPI extension at 20%. The print was closer to the extension. The mix was closer to digestion. Energy fell hard. The leftover month-rate was still +0.4% once you strip food, energy and trade. That is why Barkin can call the next move an open question on the same day the S&P makes a record. Think of it like a fever that broke because you took off the blanket, not because the infection is gone.

Why not a melt-up as the base case for Friday? Six of the Magnificent 7 were red on Wednesday. Today Nvidia added half a percent, Amazon sulked, Cisco was destroyed on a beat, and Applied Materials sold a raise. The 10-year is still near a 2007 auction yield. Hawks still have a microphone. Two cool prints in 24 hours is a lot of good news to have already spent.

Why not an AI crash as the base case? Sandisk just sketched 80% gross margins and a $94 billion contract book. Applied Materials just guided $10.25 billion next quarter. Super Micro is still bid. Jensen is still saying 2020 chips work until 2029. A famous short covering Tesla and adding Micron is a positioning footnote, not a factory closing. The real bears remain CoreWeave's interest bill, used-chip values, and (new tonight) whether Vineland permits become a delay.

Three paths from here

Scenario	Odds	What I expect into Friday / early next week
A · Digestion (BASE)	~50%	Indices chop near 7,800. Memory keeps most of the Investor Day bid. SpaceX holds the $140 area. Tesla does not immediately put 360s on the board. Hawks keep the tape honest.
B · Extension	~25%	Pause odds jump again, memory and neoclouds run, SpaceX reclaims the squeeze. Quality stops mattering for a session. I fade that as a base case, not as a shock if it happens.
C · Hangover	~25%	Services stickiness plus a hawk plus Applied Materials follow-through lower. High-beta gives back Thursday. Sandisk is the tell: if $1,500 fails on no new news, the meeting was a one-day event.

Name by name after the close

Company	Call	In English, plus what would flip me
Sandisk	Constructive on the meeting; respect the gap	The $94B book and cash-return language are real visibility. Flip: they abandon supply discipline, or 2H27 loosen shows up in pricing.
Micron	Prefer as factory second order	Today did what a factory week should do. Flip: leftover-chip headlines, not a celebrity short adding.
Nebius	Hold the business; watch Vineland	5 GW still the receipt. Flip: a real delay on the New Jersey campus, or notes that reframe prepay.
CoreWeave	Whippy, print is real	$640M interest is why you do not marry the gap. Flip: backlog cancel or power delay.
SpaceX	Story bid, float messy	Ownership filing is control. Terafab dirt is real. $141 after +40% in five days is digestion. Flip: unlock volume through $130, or AI revenue that never shows.
Tesla	Catch-up, not coronation	Permit is a door. 90-100 cars is the room. Wait-time needs a second print. Flip: unsupervised miles look real, or the wait was leftover inventory.
Nvidia	Rates hostage; highest close since May is not a new story	CUDA-as-finance is the industrial reply. Flip: toxic used-chip guarantees, or a real capex cliff.
Applied Materials	Business strong, tape sold it	Beat-and-raise. Flip only if 2027 language is walked back.
Palantir	Still theater	SaaS bounce is not a product metric.

1. One-line thesis

Two cool prints bought the factory a second hearing; the hearing was won by memory and dirt (Sandisk language, Terafab soil), not by a clean Magnificent 7 melt-up, and Friday is where tourists get sorted from people who already own the stock.

2. What the crowd is getting wrong

Wrong #1: "PPI was 0.0%, inflation is beaten, September is a party." My take: energy did the 0.0%. Ex food, energy and trade the month-rate was still +0.4%. Barkin left the next move open. Hammack still wants a hike. Two cool prints took the scare off. They did not write the September statement.

Wrong #2: "Nevada approved 5,000 robotaxis, so Tesla is a robotaxi company now." My take: a permit is permission. Gary Black's 90-100 unsupervised cars is the current receipt. Think of it like a restaurant license for 5,000 seats and a dining room that still has 90 chairs.

Wrong #3: "Elon owns 48.4% of SpaceX, so the IPO is clean and a merger is a done deal." My take: that filing is who votes. Kalshi is a market, not a board minute. SpaceX still has a tight float and an unlock calendar. Dirt moving in Grimes County is the better new fact, and even that is a foundation, not a wafer.

Wrong #4: "Applied Materials missed, the capex cycle is rolling over." My take: they beat and raised. The stock sold a good print. That is an expectations tax. Cisco did the same movie at -9%. Do not confuse a sold beat with a broken factory.

3. What actually limits the AI factory

Industrial only. ETFs and options are how people trade the theme, not what limits output.

#	Bottleneck	This window
1	Power and the grid	Unchanged. CoreWeave 1.5 GW live. Nebius 5 GW. Vineland stop-work is a permit on the power kit (Bloom cells, LNG), which is exactly how a power bottleneck shows up in real life: not as a tweet, as a city form.
2	High-bandwidth memory + NAND	Today's winner. Sandisk 80% gross-margin model and $94B book. Micron bid. HBF is 2027 samples, not 2026 revenue.
3	Advanced packaging + tools	Applied Materials beat-and-raise, DRAM mix up, new HBM / packaging tools. TSMC still the gate. The stock selling the print does not add CoWoS capacity.
4	Racks, servers, optics	Super Micro still bid. Lumentum already ran Wednesday. Cisco sold a good AI-orders number. Pickaxes remain real; some are priced.
5	Capital that survives used-chip prices	Jensen's A100-until-2029 line is the bull reply. CoreWeave's $640M interest is still the bear. Unchanged.

4. Capital and financing

Think of the half-trillion-dollar AI financing platforms as a giant equipment-lease market. The fragile joint is still residual value. Jensen's overnight note is the most important financing sentence of the last 24 hours that is not PPI: if old chips stay useful through 2029 because software keeps them employed, the used-car lot is not a junkyard. What would make me more comfortable: multi-year customer contracts, fewer manufacturer-backed used-chip promises, and an interest bill that is not 40% of adjusted earnings. What would make me more cautious: Vineland-style delays that turn '5 gigawatts contracted' into '5 gigawatts on a city calendar.'

SpaceX's 48.4% filing is a different kind of capital fact. Dual-class stock plus a founder near half the as-converted share count means public holders are passengers on strategy (Terafab, AI compute, any Tesla conversation). That can be a feature. It is also why unlock calendars matter more than ownership headlines.

5. Who wins one step down the chain

If Sandisk's meeting is real, the next winners are the rest of the storage stack (Micron, SK Hynix already +7% on close cards, Western Digital by association) and the toolmakers (Applied Materials just told you DRAM and packaging are loud). Software (Microsoft, Google, Palantir-style) still lags because the software bill shows up after the computers are plugged in. AppLovin is still ad-tech plus rates. Terafab, if the dirt becomes a fab, is a 2028-and-beyond second-order hit to the merchant-chip story. It is not a 2026 Nvidia problem. Grok 4.7 trained on SpaceX data supports the SpaceX AI-compute story. It does not move Tesla deliveries Friday.

6. Scorecard

Company	Stance	Why / flip
Sandisk	Constructive on the business / hot as a trade	80% GM model + $94B book. Flip: they abandon discipline, or 2H27 pricing cracks.
Micron	Constructive as storage expression	Factory second order worked today. Flip: leftover-chip headlines.
Nebius	Constructive on the print / watch permits	5 GW. Flip: Vineland becomes a quarter delay, or prepay miss.

Company	Stance	Why / flip
CoreWeave	Constructive demand, respect the gap	Official beat. Flip: backlog cancel, power delay, liquidity.
SpaceX	Business strong, float messy	Dirt + control filing. Flip: unlock smash, or AI spend with no revenue bridge.
Tesla	Story ahead of receipts. Permit is new. Fleet is not.	Flip: unsupervised miles look real, or the wait was leftover inventory.
Nvidia	Long-cycle. Highest close since May is a rates bounce.	Flip: toxic used-chip guarantees, or a real capex cliff.
Applied Materials	Constructive on 2027 language	Sold the beat. Flip: guide walked back.

7. Trading read (not advice)

Regime: post-PPI risk-on with a memory impulse, sitting on two cool prints and a sold equipment beat. Already priced: in-line CPI, cool headline PPI, a Sandisk meeting squeeze, a SpaceX five-day rip. Under-discussed: the +0.4% leftover month-rate; Vineland permits; how much of Sandisk +14% was shorts covering a meeting; whether Tesla +4% was just beta plus a permit meme. Decision rule: if Sandisk, Micron and the rental companies still lead Friday, demand won the week. If they dump with beta while Applied Materials keeps sliding, Thursday was a rates day and you wait for session two.

8. How I would know I am wrong

Friday: a hawkish Fed encore that lifts the 2-year and sells anything high-beta, with Sandisk failing $1,500 on no new news. That kills the digestion base case. This week: Vineland language that implies a real delay, or Sandisk follow-up that walks back contract coverage. Over weeks: residual-value losses in private credit, NAND pricing that matches the TrendForce loosen, or Tesla wait times that reverse into inventory ads.

9. What I am watching next

- Whether memory still leads Friday, or Thursday was a one-meeting squeeze.
- Applied Materials after-hours follow-through. Sold beats need a second session.
- SpaceX versus $140 on volume. Ownership filing does not add float.
- Tesla permit chatter versus the 90-100 car receipt and the Q1 2027 wait.
- Vineland site meeting / any Nebius or DataOne comment on the stop-work.
- Next Fed speaker. Barkin left the door open. That is the hangover risk.

Bottom line, in one coffee

PPI was kind because oil was kind. The factory still spoke louder than the celebrity short. Sandisk gave the memory trade a multi-year model. Terafab gave Tesla and SpaceX a dirt photo. The S&P; tagged 7,800. None of that makes Friday a coronation, and none of it makes SpaceX's float clean. Do not confuse a Nevada permit with 5,000 robotaxis. Do not confuse 48.4% ownership with a merger filing. Do not confuse a sold Applied Materials beat with a broken capex cycle.

Not financial advice. Research and education only.