amazon

AWS grew 39%. The cash flow went negative.

Amazon's Q3 2026 revenue rose 12% to $201.94B and AWS grew 39.3% to $45.98B, its fastest growth in nearly five years, at a 38.7% operating margin. The same quarter bought $77.26B of property and equipment against $42.42B of operating cash flow, printed free cash flow of negative $33.46B, and carried long-term debt of $173.13B, 3.4 times the year-ago balance. The market sold the cash statement, not the cloud: after a 4.25% fall in the regular session, the stock fell about 6% more after hours, into our buy zone.

BUY · STAGED

THE CALL

BUY / STAGE

Starter inside the $215 to $232 zone. The after-hours reset near $229 sits inside it. Adds stage lower, never chased above it.

CLOSE · 29 OCT 2026

$243.79

Down 4.25% on the day (Nasdaq official close), on a sector-wide repricing of AI spenders. After hours $228.91, down 6.1%, last trade 6:23 PM ET (Nasdaq), with an evening low print of $225.80.

BUY ZONE

$215 to $232

Brackets the after-hours reset, the July 2026 dip closes, and a base shelf where 86 sessions closed between $205 and $235 in the last 52 weeks, above the 52-week low close.

INVALIDATION

$198.79

A weekly close below the 52-week low close (Feb 13, 2026, close basis) ends the setup. No averaging below it.

Research and education only. Not investment advice.

KEY TAKEAWAYS · READ THIS FIRST

Five things that decide this stock.

01 AWS is re-accelerating, and management put a number on it.

AWS segment sales rose 39.3% to $45,984M, the fastest growth in nearly five years, a $184B annualized revenue run rate. AWS operating income was $17,773M and the margin widened to 38.7% from 34.6% a year ago (computed from the release segment table). In the release, CEO Andy Jassy projects AWS revenue growth above 40% in both 2027 and 2028. Reported growth has now accelerated six straight quarters on the release's ex-FX sequence (17%, 20%, 24%, 28%, 37%, 39%). AWS is 23% of Amazon's sales and 63% of its operating income.

02 The stores became a margin story while nobody was looking.

Consolidated operating income rose 61% to $28,076M and the 13.9% operating margin is the highest in the company's history (release), above the $26.5B top of Amazon's own July guidance range (post-print coverage). North America operating income rose 82% to $8,723M, its margin widening to 7.7% from 4.5%; International operating income rose 32% to $1,580M. Reported sales growth understates the quarter: Prime Day ran in Q2 this year against Q3 last year, and the release says the shift cost consolidated growth roughly 400 basis points.

03 The EPS miss is mostly an accounting echo.

Diluted EPS was $1.89 against consensus of about $1.96 to $1.97 (Benzinga Pro via Longbridge; press coverage), and down from $1.95 a year ago. The year-ago quarter carried a $9.5B pre-tax gain on the Anthropic investment inside non-operating income; Q3 2026 carried a $1,207M non-operating expense instead, an $11,955M swing. Scenario math, with assumptions stated on page 5: excluding the gain, year-ago EPS was about $1.29, which puts underlying EPS growth at about +47%. Revenue of $201,944M sat inside the company's $197B to $202B guidance and just under the roughly $202.2B consensus.

04 Capex has outrun operating cash flow, and debt fills the gap.

Q3 purchases of property and equipment were $77,259M gross against operating cash flow of $42,422M: free cash flow of negative $33,456M in a single quarter, and trailing twelve-month free cash flow of negative $42,357M, from positive $14,788M a year ago. Long-term debt reached $173,125M from $50,742M at Sep 30, 2025; $48,102M of long-term debt was issued in Q3 alone, and no share repurchase line appears in the financing statement. The offset that matters: the 2026 cash capex guide was held at about $220B, not raised.

05 The guide brackets the holiday quarter and defers the real question.

Fourth quarter guidance is net sales of $240.0B to $247.0B (growth of 12% to 16%) and operating income of $28.5B to $33.5B, against $24,977M of operating income in Q4 2025. The revenue range covers the roughly $244.2B consensus (post-print coverage); the operating income range is wide enough to argue about. The figure that decides this stock, 2027 capex, is not in this release. It arrives with the Q4 print in late January to early February 2027.

Research and education only. Not investment advice.

01 · THE DECISION

Demand passed the test. The cash statement did not.

Grade the quarter on demand and it is the strongest hyperscaler print of the season: AWS up 39.3% with a two-year forward guide above 40%, and consolidated operating income up 61% at a record margin. Grade it on cash and it is a funding story: a $33.5B quarterly free cash flow outflow, trailing free cash flow of negative $42.4B, and a long-term debt balance that more than tripled in a year. At the $228.91 after-hours level the stock trades at about 3.1x trailing sales, down from 3.5x at Wednesday's close, with the 2027 capex number still unsaid. We buy that gap in stages, sized for the January guide to hurt.

3-MONTH SCENARIO

$258 to $284

A reclaim of the 20 and 50-day averages, clustered at $254.67 to $254.95, and extension to the 52-week high close of $284.02 (Aug 3, 2026). Worth +13% to +24% from the after-hours level.

6-MONTH SCENARIO

$300 to $336

Needs the Q4 print to deliver the guided holiday quarter and a 2027 capex figure the market can fund. The top of the range sits at the street's average target zone of about $331 to $335 (TipRanks and press tallies). Worth +31% to +47% from the after-hours level.

INVALIDATION

$198.79

A weekly close below the 52-week low close breaks the base. The next reference below is open air toward the 2025 spring lows; we do not average into it.

Why the zone is here

Zone discipline: the zone brackets the after-hours reset and two years of base-building between $205 and $235, where 86 sessions closed in the last 52 weeks. It sits above the 52-week low close, so the plan buys a tested shelf, not a falling knife's midpoint. No averaging below the $198.79 invalidation. The full plan is on the Verdict page.

What we are not doing

We are not paying the pre-print price for a funding question that gets answered in January, and we are not treating a negative free cash flow print as a demand signal. AWS demand just printed its best growth in five years and a two-year guide above 40%. The argument is who pays for the capacity, and at $215 to $232 the market pays us to wait for the answer.

Research and education only. Not investment advice.

02 · THE COMPANY IN PLAIN ENGLISH

Amazon sells everything, rents the cloud. Now it funds the machines behind both.

Three segments produce the revenue: North America retail, International retail, and AWS. What changed in 2026 is not the mix; it is that the cloud segment became the profit engine, 63% of operating income on 23% of sales, at the same moment its capacity bill started arriving in the cash flow statement as purchases of property and equipment.

01 · NORTH AMERICA

The store, at record efficiency

Q3 2026 sales of $112,852M, up 6%, with operating income of $8,723M, a 7.7% margin against 4.5% a year ago (computed). Prime Day ran in Q2 this year against Q3 last year (release), so reported growth understates the run rate: paid units grew 12%, seller unit mix 61%.

02 · INTERNATIONAL

The second store, profitable

Q3 sales of $43,108M, up 5% (up 8% excluding foreign exchange), with operating income of $1,580M, a 3.7% margin against 2.9% a year ago (computed). Thinner than North America, and moving the right way.

03 · AWS

The profit engine

Q3 sales of $45,984M, up 39%, with operating income of $17,773M and a 38.7% margin (computed). A $184B annualized run rate, and the release projects growth above 40% in both 2027 and 2028. Section 07 grades this segment on its own.

04 · THE BUILDOUT

Where the AI bill shows up

Purchases of property and equipment were $77,259M in Q3 alone, and property and equipment, net, reached $508,862M from $357,025M at Dec 31, 2025. Other assets rose to $358,775M from $122,607M, the bucket that carries the investment book whose marks, Anthropic above all, now swing reported EPS. The buildout's weight lands in segment cost bases and in the capex line.

Why the moat holds

- Prime membership plus logistics density: $28,295M of quarterly shipping cost buys a delivery promise no rival can match at scale; subscription revenue of $14,006M compounds underneath.
- AWS scale is the product: capacity that is sold out (management color, Oct 23 remarks as reported) prices from strength, and a $184B run rate funds its own expansion.
- Advertising, $19,637M in Q3, monetizes the store's traffic at software margins without inventory, guided back to high-teens growth in Q4.

What to monitor

- **Advertising:** growth slowed to 12% ex-FX on Prime Day timing per the company, guided back to high teens in Q4. The guide is falsifiable in one quarter.
- **Depreciation:** depreciation and amortization rose 25% to $20,949M. The buildout's cost is entering the income statement, and it compounds.
- **Headcount and SBC:** 1,638,000 employees, up 4%, with stock-based compensation of $5,406M in the quarter. Efficiency improves in the segments, not yet in the share count.

Research and education only. Not investment advice.

03 · THE NUMBERS: THE PRINT

Revenue up 12%. EPS down 3%. Both lines are telling the truth.

Q3 2026 snapshot (earnings release Ex-99.1, Oct 29, 2026)

METRIC	ACTUAL	CHECK
Revenue	$201,944M	+12% YoY; inside the company's $197B to $202B guide; just under the roughly $202.2B to $202.3B consensus (Benzinga Pro via Longbridge; press coverage)
Operating income	$28,076M · 13.9% margin	A company record margin (release); above the $26.5B top of the company's guide (coverage); up 61% YoY from a 9.7% margin
Diluted EPS (GAAP, reported)	$1.89	Against consensus of about $1.96 to $1.97. Down 3% YoY on the Anthropic comparison in the rows below
Scenario EPS comparison	About +47%	Scenario only: year-ago EPS of $1.95 included a $9.5B pre-tax Anthropic gain, about $0.66 a share after tax at that quarter's 24.6% effective rate, for clean year-ago EPS of about $1.29. Desk arithmetic, not a company figure
Net income	$20,685M	Down from $21,187M; the release attributes the decrease primarily to the year-ago Anthropic gain
Other income (expense), net	-$1,207M	From +$10,748M a year ago: an $11,955M swing on the investment book's marks
Free cash flow	-$33,456M	Operating cash flow $42,422M less purchases of property and equipment net of proceeds of $75,878M (release cash flow statement)

Internal consistency checks, computed from the release: diluted shares of 10,929M times EPS of $1.89 equals $20.7B, matching net income of $20,685M. Segment operating incomes sum to the consolidated figure: $8,723M plus $1,580M plus $17,773M equals $28,076M.

What frames it

At the Oct 29 close of $243.79, market value is about $2.64 trillion on 10,811M shares outstanding at Sep 30 (release balance sheet). That is 3.3x trailing twelve-month sales of $797,455M. At the after-hours $228.91 the same math reads about $2.47 trillion and 3.1x. A trailing GAAP price-to-earnings multiple is quoted nowhere in this dive on purpose: trailing net income of $134,779M carries about $69.0B of trailing non-operating gains, mostly Anthropic marks, which makes the GAAP multiple an artifact, not a valuation.

The cost lines that moved

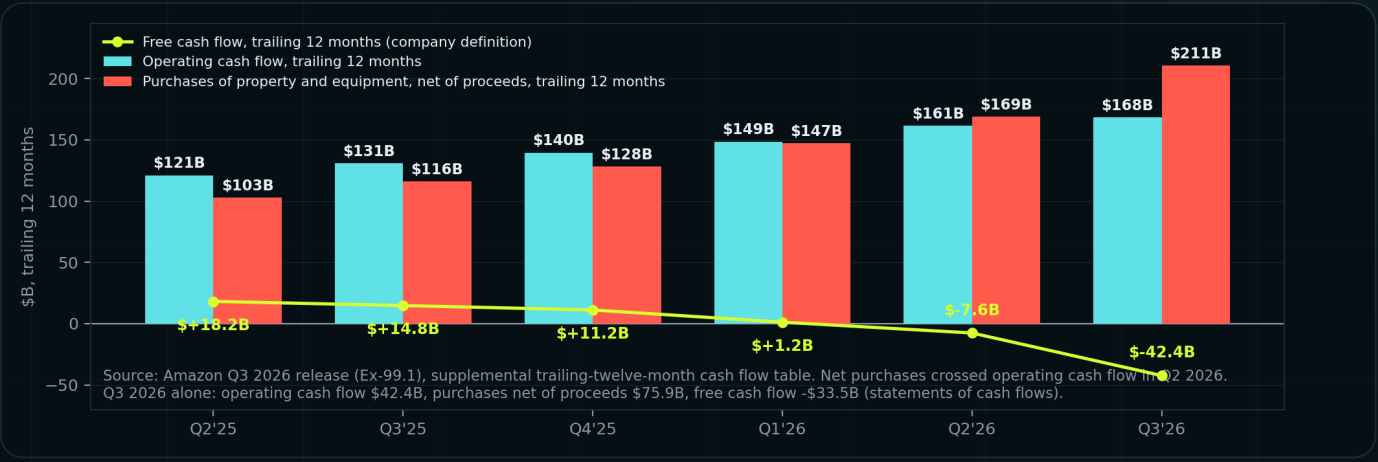
Depreciation and amortization $20,949M, up 25% year over year. Stock-based compensation $5,406M, up 12%. Worldwide shipping costs $28,295M, up 11%, against paid unit growth of 12%: unit shipping cost is still deflating. Total operating expenses rose 7% against revenue growth of 12%: the operating leverage is real, and it is doing heavy lifting while the depreciation wave builds.

> Read the miss precisely: the revenue shortfall against consensus is about $0.3B on a $202B quarter, inside the company's own guide. The EPS gap is a $9.5B investment gain rolling off. Neither is a demand signal. The demand signals, AWS growth and the guide, point the other way.

Research and education only. Not investment advice.

03 · THE NUMBERS: CASH AND THE BUILDOUT

The year the buildout started paying with borrowed money.



Source: Amazon Q3 2026 release (Ex-99.1), supplemental trailing-twelve-month cash flow table. Net purchases crossed operating cash flow in Q2 2026. Q3 2026 alone: operating cash flow $42.4B, purchases net of proceeds $75.9B, free cash flow -$33.5B (statements of cash flows).

Scale and guidance ($)

Operating cash flow, trailing 12 months	$168,300M
Purchases of property and equipment, gross, TTM	$215,192M
Purchases net of proceeds and incentives, TTM	$210,657M
Free cash flow, trailing 12 months	-$42,357M
Purchases, first nine months of 2026	$175,670M gross
Operating cash flow, first nine months of 2026	$113,841M
2026 cash capex guidance (reaffirmed in the release)	About $220B
Implied Q4 2026 purchases at guidance	About $44B gross, $48B net

The implied Q4 range is arithmetic from the full-year guide less nine-month actuals, on the gross and net purchase bases. It is not company guidance for the quarter. It says Q4 purchases step down hard from Q3's $77,259M gross if the guide holds, which makes the Q4 cash flow statement the first scheduled test of spending discipline.

The balance sheet moved ($)

ITEM	SEP 30, 2026	CHANGE
Long-term debt	$173,125M	$50,742M at Sep 30, 2025 (EDGAR company facts); $65,648M at Dec 31, 2025
Cash and marketable securities	$114,226M	$123,029M at Dec 31, 2025: the liquid pile shrank while debt tripled
Long-term debt issued in Q3	$48,102M of proceeds	Nine months: $115,100M of proceeds (cash flow statement)
Common stock repurchases	None shown	No repurchase line appears in the Q3 or nine-month financing section
Property and equipment, net	$508,862M	$357,025M at Dec 31, 2025: up 43% in nine months
Shares outstanding	10,811M	10,731M at Dec 31, 2025

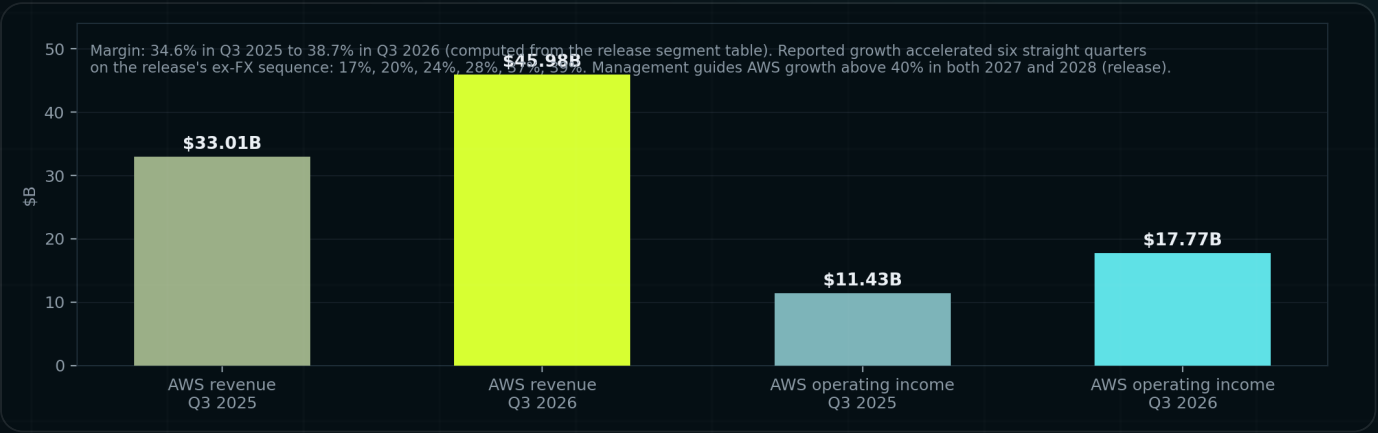
On the narrow basis of long-term debt less cash and marketable securities, the position swung from about $57.4B of net cash at Dec 31, 2025 to about $58.9B of net debt at Sep 30, 2026: a swing of roughly $116B in nine months (desk arithmetic from the release balance sheet).

> The release's own framing of the free cash flow swing: it was driven primarily by a year-over-year increase of $94.8B in purchases of property and equipment, net of proceeds, which primarily reflects investments in artificial intelligence. The demand those purchases serve just grew 39.3% and is guided above 40% for two more years. The debate is the price of the capacity, not its occupancy.

Research and education only. Not investment advice.

04 · AWS: THE GROWTH ENGINE

AWS added $12.98B of revenue in a year.
At a wider margin.



THE DEMAND EVIDENCE

A guide you can grade

Jassy in the release: AWS grew over 39% in Q3 to a $184B revenue run rate, with projected growth rates above 40% in both 2027 and 2028. A two-year forward growth guide is an unusually explicit commitment, and it is falsifiable every quarter. Management color from Oct 23 remarks, as reported by TradingKey: AWS capacity is sold out for 2026, largely sold out for 2027, with a substantial part of 2028 committed. Bank of America's pre-print expectation for the AWS margin was 39% (Longbridge); the print delivered 38.7%.

THE QUALITY QUESTION

What could make 39% a peak print

Three honest caveats. One, the base is still small enough that capacity additions move the percentage: growth this fast is partly a construction schedule. Two, supply gating cuts both ways: if demand softens, the same committed capacity becomes a fixed cost. Three, the above-40% guide for 2027 and 2028 leaves no room for an enterprise spending air pocket. None of these caveats explains a margin expanding 4.1 points while revenue grows 39%. That part is pricing, mix, and operating leverage, and it is the strongest single fact in the print after the guide itself.

AWS REVENUE

$45.98B

Up 39.3% year over year, the fastest growth in nearly five years (release), against about $45.6B expected (press coverage).

AWS OPERATING MARGIN

38.7%

$17,773M of operating income on $45,984M of sales, computed from the release. A year ago: 34.6%.

REVENUE RUN RATE

$184B

Q3 sales annualized, per the release headline. AWS is 23% of Amazon's sales and 63% of its operating income.

The desk's read: AWS is no longer valued as an option inside Amazon. At a $184B run rate growing into an above-40% two-year guide, it is the company, and the capex debate should be graded against its committed demand, not against retail's maturity.

Research and education only. Not investment advice.

05 · RETAIL AND ADVERTISING

The stores quietly became a margin story.

North America operating income rose 82% to $8,723M and its margin widened to 7.7% from 4.5%. International operating income rose 32% to $1,580M. Reported sales growth, up 6% in North America, carries a hole: Prime Day ran in Q2 this year against Q3 last year, and the release says the shift cost consolidated growth roughly 400 basis points, so the underlying retail quarter is stronger than the headline. The question for this segment is no longer whether retail can earn. It is how much of the earnings the cloud's bill consumes at the consolidated line.

Bull: operating leverage is structural, not seasonal

The North America margin widened 3.2 points year over year in a non-holiday quarter. Paid units grew 12% while shipping costs grew 11%, so unit costs are still falling. Subscription services revenue of $14,006M, up 11%, compounds underneath, and third-party seller services and advertising attach to the same traffic. Q4 is seasonally the strongest margin quarter, and the guide's operating income midpoint of $31.0B sits 24% above Q4 2025.

Bear: the easy margin is banked

A 7.7% North America margin approaches levels where further gains need automation payoffs rather than mix. Advertising, the highest-margin retail line, decelerated to 12% ex-FX. International's 3.7% margin remains thin against wage and currency pressure. If Q4 advertising growth misses the company's own high-teens guide, the retail engine's best line is slowing into the spend.

What to watch, dated

Three falsifiable checks land with the Q4 print: advertising growth against the company's high-teens guide; North America margin in the holiday quarter, where 7% or better holds the story; and subscription growth holding double digits. All three are answered in one release, in late January to early February 2027.

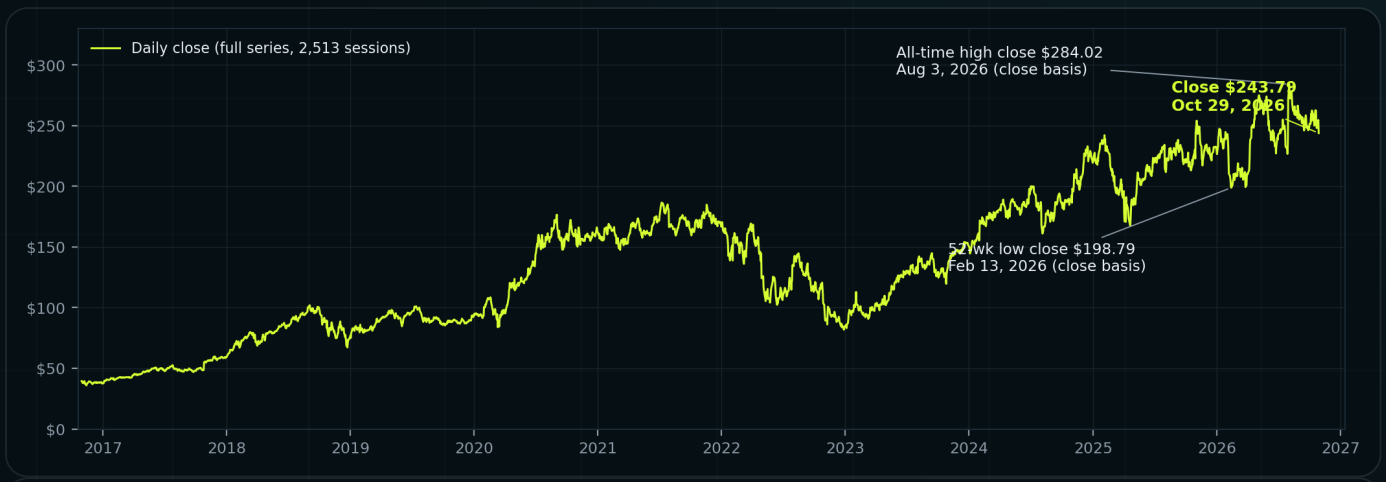
The company's own words

From the release highlights: advertising revenue grew 12% year over year excluding foreign exchange in Q3, impacted by timing anomalies primarily related to Prime Day, and management expects high-teens advertising growth in the fourth quarter. That makes the Q4 advertising print a clean pass or fail on management's own framing, not on the street's.

Research and education only. Not investment advice.

06 · THE CHART

A ten-year compounder, reset to its 200-day line.





AVERAGES

$243 to $255

20-day $254.95, 50-day $254.67 and 200-day $243.38, computed from Nasdaq daily closes. The Oct 29 close of $243.79 sits 0.2% above the 200-day average and 4.4% below the 20 and 50-day cluster. The after-hours trade is below all three. The cluster overhead is resistance now.

MOMENTUM

RSI 34.1

14-day relative strength, computed on daily closes through Oct 29. Thursday's fall came on 85.2M shares, 2.4 times Wednesday's volume. Near oversold, not washed out: the chart has room to flush into the zone, which is where the plan wants to be paid.

TEN-YEAR RECORD

20.0% CAGR

Geometric compound annual growth rate on daily closes, from $39.49 on Oct 31, 2016 to $243.79 on Oct 29, 2026, a window ending at a real close. Calendar returns: 2021 +2.4%, 2022 -49.6%, 2023 +80.9%, 2024 +44.4%, 2025 +5.2%, 2026 year to date +5.6%.

All chart figures are daily closes from Nasdaq (api.nasdaq.com historical endpoint, pulled Oct 29, 2026), including the Oct 29 official close of $243.79 from the same endpoint. The after-hours level of $228.91 is a last trade at 6:23 PM ET on Oct 29, 2026 (Nasdaq), not a close, and is plotted as a marker only; the evening's low print was $225.80. One-year return to the close: +5.9%. 52-week range on a close basis: $198.79 to $284.02.

Research and education only. Not investment advice.

07 · THE DEBATE, GRADED

Five questions.
Four are scheduled, not argued.

Q1 Does AWS growth hold above 40%, as guided? PENDING

Management guided AWS revenue growth above 40% for both 2027 and 2028 in the release, an unusually explicit two-year commitment. Capacity is the governor, and on management's Oct 23 remarks (as reported) 2026 capacity is sold out. Grade: Q4 AWS growth against the trajectory, and any walk-back of the 2027 language.

Q2 Is the Q4 guide light, or is it the bar? PENDING

Sales guidance of $240.0B to $247.0B covers the roughly $244.2B consensus (post-print coverage). The operating income range of $28.5B to $33.5B straddles pre-print expectations such as Evercore's $33.1B (coverage). Q3 beat its own guide's top by $1.6B. Grade: the Q4 print, late January to early February 2027.

Q3 What is the 2027 capex number, and who funds it? PENDING

The 2026 guide held at about $220B of cash capital expenditures while long-term debt tripled to $173.1B and $48.1B of it was issued in a single quarter. The release guided AWS revenue, not spending. Grade: the Q4 call. A 2027 figure that operating cash flow can plausibly chase is the de-risking event. A step-change above it reopens the funding question, debt first.

Q4 When does free cash flow turn positive? PENDING

Trailing free cash flow by quarter, from the releases' supplemental tables: +$18.2B, +$14.8B, +$11.2B, +$1.2B, negative $7.6B, negative $42.4B. Six quarters, one direction. Implied Q4 purchases of about $44B to $48B at the held guide would be the first sequential step-down from Q3's $77.3B gross. Grade: the Q4 cash flow statement, not the commentary.

Q5 How loud do investment marks get in reported EPS? ANSWERED FOR Q3

Loud enough to invert the headline: reported EPS fell 3% while operating income rose 61%, because the year-ago quarter carried a $9.5B pre-tax Anthropic gain and this one carried a $1.2B non-operating expense. Trailing net income of $134.8B includes about $69.0B of non-operating gains. The desk's rule: grade Amazon on operating income and the scenario EPS line, and expect GAAP EPS to swing with the Anthropic stake for as long as the position is marked this way.

Research and education only. Not investment advice.

08 · THE PEER READ: THE HYPERSCALER CASH TEST

Same week, three clouds: the market paid for cash conversion.

Microsoft and Alphabet reported Wednesday evening and Amazon Thursday, each in the earnings release filed as Exhibit 99.1 to a Form 8-K (Oct 28 and Oct 29, 2026). All three grew their clouds fast. Only one funded the quarter's growth from operations, and the tape graded exactly that: Microsoft's stock rose after hours Wednesday, Alphabet fell 12.64% in Thursday's session, and Amazon fell about 6% after hours Thursday. Same AI buildout, three different cash statements.

The cash test, quarter ended Sep 30, 2026

- **Microsoft (fiscal Q1 2027):** revenue $92,279M, up 19%; Azure and other cloud services revenue up 48%; operating cash flow $58,000M; additions to property and equipment $39,367M; free cash flow about +$18.6B, computed. Total capital expenditures including finance leases were $45.2B (Barron's).
- **Alphabet:** revenue $127,577M, up 25%; Google Cloud up 103% to $30,709M; operating cash flow $42,290M; capital expenditures $51,355M; free cash flow negative $9,065M.
- **Amazon:** revenue $201,944M, up 12%; AWS up 39.3% to $45,984M; operating cash flow $42,422M; purchases of property and equipment $77,259M gross; free cash flow negative $33,456M.

Capex definitions differ by filer: Microsoft's additions line excludes finance leases. Each figure is the company's own cash flow statement line, from its release.

What it means for AMZN

Amazon spent the most in dollars and grew its cloud the slowest of the three in percentage terms. It is also the only one that guided its cloud's growth two years out, above 40% for 2027 and 2028, and the only one whose legacy business expanded margins to a company record in the same quarter. The funding gap is bigger. So is the committed demand behind it.

What it does not mean

It does not make Amazon the loser of the buildout: at a $184B run rate, AWS is the largest cloud in the set by revenue. It does not make the debt a solvency question: $114.2B of cash and marketable securities stands against the stack, and the issuance was term funding done from strength, not distress. What it does mean: until free cash flow inflects, every Amazon print gets graded on the cash statement first.

Peer discipline: the week's tape paid a premium for the one print that funded itself. Our staging reserves 10% of the position for Amazon's January print, the next scheduled chance to change the funding story.

Research and education only. Not investment advice.

09 · CATALYST TAPE

Catalyst tape: what moves it next

DATE	EVENT	WHAT TO WATCH
Oct 30, 2026	First weekly close after the print	Friday's close is the first weekly verdict on the flush. The invalidation is a weekly close below $198.79 and the zone's top is $232. Where the week settles against the $205 to $235 base shelf frames November.
November 2026	Q3 2026 Form 10-Q	Not yet filed at build time: the latest 10-Q on EDGAR is for Q2 2026, filed Jul 31, 2026. The 10-Q carries the investment and segment detail the release omits, including the carrying value of the Anthropic stake.
Early Dec 2026	AWS re:Invent, Las Vegas	The capacity and AI product showcase. Management's sold-out framing, from the Oct 23 remarks as reported, gets its public test. Watch for 2027 capacity commitments.
Nov to Dec 2026	The holiday quarter against the guide	Q4 guidance is $240.0B to $247.0B of sales and $28.5B to $33.5B of operating income. The Prime Day timing noise drops out of the year-ago comparisons, and advertising is guided to high-teens growth.
Late Jan to early Feb 2027	Q4 2026 print and earnings call	Three scheduled events in one release: Q4 AWS growth against the above-40% trajectory, Q4 free cash flow against implied purchases of about $44B to $48B, and the FY2027 capex figure.
Through 2027	The debt stack	$48.1B of long-term debt was issued in Q3 alone. Whether the issuance pace slows once the 2027 spending figure is public is the funding tell. The repurchase line stayed absent all year.

Upgrade triggers

- Q4 AWS growth at or above 40%, with the 2027 guide language intact.
- FY2027 capex guided at a level trailing operating cash flow can chase, near the 2026 pace, with debt issuance slowing.
- A weekly close above $254.95, the 20-day average at the Oct 29 close: the technical add written into the plan.

Downgrade triggers

- Q4 AWS growth below the mid-30s, or the above-40% 2027 language walked back.
- FY2027 capex guided materially above the 2026 pace, with issuance accelerating.
- A weekly close below $198.79: the invalidation. The position exits and the thesis re-underwrites from zero.

Every checkpoint above is dated and falsifiable. The verdict on the next page stands until one of them fires.

Research and education only. Not investment advice.

10 · THE VERDICT

Verdict: BUY, staged. The zone is $215 to $232.

Amazon just printed the fastest AWS growth in nearly five years, guided that growth above 40% for two more years, and set a company record for operating margin, and the market cut the stock about 6% after hours because the cash flow statement, not the income statement, is now the argument. We side with the committed demand: a $184B cloud run rate, a retail engine earning at record margins, and a capex guide that held at $220B instead of rising. We do not side with it at any price, and we do not pretend the January capex figure cannot hurt. Stage it.

The plan: staged entry

- **Starter, $225 to $232**: the after-hours reset sits here. **35%**
- **Add, $215 to $225**: deeper into the base shelf. **35%**
- **Add, weekly close over $254.95**: the 20-day average reclaimed. **20%**
- **Reserve, Q4 print**: held for the January verdict on capex. **10%**

Scenarios from the after-hours level of $228.91: 3-month $258 to $284 (+13% to +24%), 6-month $300 to $336 (+31% to +47%). Downside to the invalidation at $198.79 is about 13% from the after-hours level. The asymmetry is acceptable; it is not extreme, which is exactly why the position stages instead of loading tonight.

Kill conditions

- **Price:** a weekly close below $198.79, the 52-week low close. Exit. No averaging below it.
- **AWS:** Q4 growth in the low 30s or worse, or the above-40% 2027 guide walked back in language or numbers.
- **Funding:** a 2027 capex guide materially above the 2026 pace, with debt issuance accelerating and no matching AWS guide raise.
- **Retail:** North America margin under 5% in the holiday quarter would say the margin story was seasonal, not structural.

THE CALL

BUY / STAGE

Own it in tranches inside the zone. The full position is earned by the Q4 print, not assumed tonight.

REFERENCE LEVELS

$243.79

Official close, Oct 29, 2026 (Nasdaq). Session low $241.24, on 85.2M shares. After hours: last trade $228.91 at 6:23 PM ET, evening low print $225.80.

INVALIDATION

$198.79

Weekly close below the 52-week low close (Feb 13, 2026, close basis).

> Prove it, then size it. Tonight the proof is AWS growth, a record margin, and a held guide. The size waits for January.

Research and education only. Not investment advice.

SOURCES, METHOD AND LIMITATIONS

Sources, method and limitations

Primary sources

- Amazon Q3 2026 earnings release, Exhibit 99.1 to Form 8-K filed Oct 29, 2026, SEC accession 0001018724-26-000038, quarter ended Sep 30, 2026, at sec.gov/Archives. Every financial figure traces to this release unless labeled otherwise. Local copies are held in this build's source folder.
- EDGAR submissions history and company facts for Amazon (CIK 0001018724), pulled Oct 29, 2026: Form 10-Q filing status (latest is Q2 2026, filed Jul 31, 2026) and the year-ago long-term debt balance of $50,742M at Sep 30, 2025 were cross-checked there.
- Microsoft fiscal Q1 2027 earnings release, Ex-99.1 to Form 8-K filed Oct 28, 2026, accession 0001193125-26-436122. Alphabet Q3 2026 earnings release, Ex-99.1 to Form 8-K filed Oct 28, 2026, accession 0001652044-26-000080.
- Prices: Nasdaq api.nasdaq.com, historical endpoint for official closes, pulled Oct 29, 2026, including the Oct 29 close. After-hours levels are last trades at the stated times, never described as closes.
- Brand assets: the Amazon logo is reproduced from the image file in Amazon's own Oct 29, 2026 Form 8-K filing package on EDGAR, shown in the white dark-background variant (letterforms unaltered, smile in brand orange), composited directly on the cover field at natural proportions.

Consensus and color (labeled, never primary)

- Longbridge, Oct 29, 2026 (data via Benzinga Pro): pre-print consensus of $202.28B revenue and $1.96 diluted EPS; Bank of America's 39% AWS margin expectation.
- Coinpedia, Oct 29, 2026: post-print consensus references of $202.26B revenue, $1.97 EPS and Q4 consensus revenue of $244.2B.
- TradingKey, Oct 29, 2026: Amazon's July guidance ranges for Q3 (sales $197B to $202B, operating income $22.5B to $26.5B) and Jassy's Oct 23 capacity remarks.
- FinanceFeeds, Oct 29, 2026: operating income measured against the guide's top end, and after-hours prints during the evening session.
- TipRanks and TickerOn tallies, Oct 2026: Strong Buy consensus, average price targets of about $331 to $335. Evercore's pre-print Q4 operating income expectation of $33.1B, via TipRanks coverage.

Limitations

- Amazon's Q3 2026 Form 10-Q had not been filed at build time. The latest Form 10-Q on EDGAR is for Q2 2026, filed Jul 31, 2026. This dive therefore relies on the unaudited earnings release. The 10-Q may add investment, debt-maturity and segment detail that the release does not carry; no figure in this dive depends on it.
- No official earnings-call transcript was available at build time, and no call color is used anywhere in this dive beyond the statements quoted in the release itself. The single management remark dated Oct 23 is attributed to press coverage where it is used.
- The scenario EPS comparison, clean year-ago EPS of about $1.29 and underlying growth of about +47%, is desk arithmetic: the disclosed $9.5B pre-tax Anthropic gain taxed at Q3 2025's effective rate of 24.6%. It is not a company non-GAAP figure, and it is never mixed with reported figures in any table.
- Consensus figures are press-carried estimates, principally Benzinga Pro data, not a single terminal pull. They are stated as ranges where the sources differ.
- This build is priced at the Oct 29, 2026 close and the evening's after-hours trades. Friday's weekly close, the first weekly verdict against the $198.79 invalidation, had not printed at build time.

Method

Every figure was pulled and recomputed from the sources above in this run: segment margins, growth rates, the free cash flow ladder, the debt swing, moving averages, RSI, the 52-week range and the ten-year CAGR were all computed from the filed release and the Nasdaq close series, with internal consistency checked on EPS, segment sums and the free cash flow reconciliation. Charts plot the full daily close series only. The geometric CAGR window ends at the Oct 29, 2026 close; the geometric average is the honest one for a compounding record. Figures are stated in the units of their filings; consensus figures are labeled as press-carried wherever they appear. Verify against the filings above before acting.

Research and education only. Not investment advice.