Applied Materials, Inc. (AMAT) - ANALYST REPORT

Executive Summary with Comprehensive Analysis

$602.50 **+$13.84 (+2.35%)** AS OF 2026-07-10

Strategy: Conservative Stop Loss (Fixed ATR-based)

QUICK DECISION

Action: HOLD | **Confidence:** LOW | **Signal Strength:** 3/7

EXECUTIVE SUMMARY - Essential Metrics

TECHNICAL METRICS	VALUE	FUNDAMENTAL METRICS	VALUE
Current Price	$602.50	Market Cap	$478.4B
Past Win Rate (Backtest)	55.6%	Forward P/E	36.2x
Past Total Return	+103.9%	Analyst Target	$602.77
RSI / Trend Strength	54 / 25	Upside to Target	+0.0%
MACD Signal	Bullish	Revenue Growth	+11.4%
Profit Factor	3.30	Institutional Own.	84.9%
Position Entry	2026-02-13 @ $354.03	Analyst Ratings	29 Buy / 7 Hold / 0 Sell
Open Position Past P&L	+70.2%		

TECHNICAL ANALYSIS SUMMARY

Indicator	Value	Signal
EMA 20	$589.14	Bullish
EMA 50	$526.93	Bullish
RSI (14)	53.9	Neutral range
Trend Strength (ADX)	25.1	Strong trend (25-50)

CONSENSUS & INVESTMENT RATIONALE

RATING	TRIM POSITION
Target Price	$602.77
Upside/Downside	+0.0%
Risk/Reward	0.00:1
Time Horizon	6-12 months

Investment Rationale: Our TRIM POSITION rating is based on: (1) Technical backtest showing 55.6% win rate with +103.9% total return over backtest period, (2) +0.0% upside to analyst consensus target of $602.77, (3) Moderate fundamental growth profile with +11.4% revenue growth, and (4) 84.9% institutional ownership indicating high conviction from professional investors.

Action: Lock in gains after +70.2% run. Reduce exposure near resistance. Trail stop on remainder.
Technical Signal: Confluence 3/7 (threshold: 5) | **Risk/Reward:** Neutral

■ *KEY INSIGHT*

The fixed stop strategy has proven effective (Win Rate: 55.6%, Avg Return: +12.8%), but patience is critical. Only enter on confirmed signals with proper risk management. Current technical confluence of 3 does not meet entry threshold of 5 - remain on sidelines. Fundamental backdrop shows 34% earnings growth with 85% institutional ownership, indicating strong conviction from professional investors.

■ INTELLIGENT STOP LOSS STRATEGY

METRIC	VALUE	DETAILS
Current Price	**$602.50**	Latest market price
Buy Stop Loss	**$509.77**	Conservative 2.0x ATR (15.4% distance)
Position Stop Loss	**$556.14**	Adaptive 1.00x ATR (7.7% distance)
ATR (14-day)	$46.36	Volatility: 7.7% of price
ADX Strength	25.1	Strong trend

Status: Position up +70% - Adaptive strategy adjusts for momentum

ADX: 20-25 = Emerging trend | 25-50 = Strong trend | 50+ = Very strong

■ Strategy Comparison: Conservative vs Adaptive

METRIC	CONSERVATIVE (2.0x ATR)	ADAPTIVE (Dynamic)
Past Win Rate	56%	52%
Past Total Return	+103.9%	+95.9%
Max Drawdown	-14.0%	-15.5%
Total Trades	18	21
Position	OPEN	OPEN

Both strategies analyzed independently. Conservative uses fixed 2.0x ATR stops. Adaptive adjusts stops based on position profit.

■ ANALYST RATING CHANGES - COMPLETE HISTORY

All recent upgrades, downgrades, and price target changes (last 90 days)

Firm	Action	From → To	Date
Cantor Fitzgerald	REITERATED	Overweight → Overweight	May 28, 2026
Morgan Stanley	DOWNGRADE	Overweight → Equal-Weight	May 18, 2026
HSBC	INITIATED	Buy	May 08, 2026
Seaport Global	INITIATED	Buy	May 05, 2026

Analyst Price Targets

Average Target: $602.77 (+0.0% from current)
High Target: $900.00 (+49.4%)
Low Target: $358.00 (-40.6%)
Current Price: $602.50

DETAILED ANALYSIS: BUY-SIDE PERSPECTIVE

In-Depth Portfolio Management Analysis

Expected Returns & Position Sizing

Based on backtest performance (Win Rate: 55.6%, Avg Return: +12.8%) and analyst consensus (Target: $602.77, +0.0% upside), a **MARKET WEIGHT** exposure may be considered. Risk/Reward ratio of 0.00:1 suggests unfavorable risk-adjusted returns. Current open position shows +70.2% unrealized gain, supporting hold decision.

Catalyst Calendar & Timing

Next Major Catalyst: Aug 13, 2026 earnings report
Seasonality: Historical analysis shows positive momentum in backtest period
Technical Setup: Bullish confluence
Institutional Activity: 84.9% institutional ownership (Largest: Blackrock Inc.)
Short Interest: 2.5% of float - Moderate short interest

Liquidity Profile

Average Volume: 9.2M shares/day - Lower liquidity
Market Cap: $478.4B - Large cap
Beta: 1.57 - Higher than market volatility
Execution Risk: Moderate for institutional-sized positions

SELL-SIDE PERSPECTIVE - Investment Research Analysis

Investment Thesis

Applied Materials, Inc. operates in the Technology sector (Semiconductor Equipment & Materials). Current valuation of 36.2x forward P/E reflects premium multiples relative to growth prospects. Operating margin of 31.9% shows strong profitability. **Fundamental Outlook:** Steady Growth - Expanding margins with consistent revenue growth

Valuation Analysis

Forward P/E: 36.2x
Trailing P/E: 56.8x
Price/Sales: 16.48x - Premium valuation
Price/Book: 20.01x
Enterprise Value: $477.4B
EV/Revenue: 16.45x (vs industry avg)

Competitive Positioning & Market Share

Key Competitors: Various industry players
U.S. Market Share: 0% - Competitive player
Global Market Share: 0%
Competitive Advantages: Market position, Technology, Brand
Key Products: Core products and services

Institutional Sentiment & Ownership

Institutional Ownership: 84.9% - Very high institutional confidence
Largest Holder: Blackrock Inc. (79.0M shares)
Analyst Coverage: 36 analysts
Consensus: 29 Buy, 7 Hold, 0 Sell - Bullish sentiment

■ 7-DAY NEWS SENTIMENT ANALYSIS

Market Sentiment from Recent Financial News

METRIC	VALUE	ANALYSIS
Overall Score	**+2.0 / 10**	Slightly Bullish
Articles Analyzed	3	Last 7 days (top 5 shown per category)
Bullish Articles	1 (33%)	Positive sentiment
Bearish Articles	0 (0%)	Negative sentiment
Neutral Articles	2 (67%)	Mixed/Neutral tone

■ *TOP BULLISH HEADLINES*

1. **These 5 Chip Stocks Are Riding the AI Fab Spending Wave** (24/7 Wall St., Jul 11)

Applied Materials just blew past its own growth forecast, and the companies supplying every HBM stack and gate-all-around node are collecting the chec...

Source: https://247wallst.com/investing/2026/07/11/these-5-chip-stocks-are-riding-the-ai

■ *SENTIMENT INTERPRETATION*

The news sentiment is **moderately bullish**, showing generally positive coverage with some caution. Market perception appears favorable but not overwhelmingly positive. This neutral-to-positive sentiment suggests steady conditions without extreme optimism.

DEEP DIVE: COMPREHENSIVE RISK ASSESSMENT

Detailed Risk Factors and Mitigation Strategies

Key Risks & Mitigants

Company-Specific Risks:
- Competition
- Market conditions
- Regulatory changes

Technical Risk Factors:
- Win Rate: 55.6% (10 wins, 8 losses)
- Profit Factor: 3.30x (Avg Win 30.5% vs Avg Loss -9.2%)
- Current Confluence: 3 (Active) - Moderate setup
- Volatility (ATR 14): $46.36 (7.7% of price) - Stop loss typically 2-3x ATR

Market Risk:
- Beta: 1.57 - Above-average market sensitivity
- Short Interest: 2.5% - Normal short activity

REFERENCE: APPENDIX A - Complete Technical Indicators

Comprehensive Technical Data for Quantitative Analysis

Indicator	Value	Interpretation
EMA 20	$589.14	Short-term trend
EMA 50	$526.93	Medium-term trend
EMA 200	$378.92	Long-term trend
Relative Strength	**53.9**	Neutral range
MACD	**25.43**	Bullish
MACD Signal	**37.50**	Signal line
MACD Histogram	**-12.07**	Bearish
Volatility (ATR 14)	$46.36	7.7% of price
Trend Strength (ADX)	**25.1**	Strong trend (25-50)
+DI	**31.4**	Positive directional movement
-DI	**27.4**	Negative directional movement
Stochastic %K	**28.1**	Neutral
Stochastic %D	**21.5**	Neutral
Bollinger Upper	$700.99	Resistance zone
Bollinger Middle	$608.72	Moving average
Bollinger Lower	$516.44	Support zone
VWAP	$595.04	Volume-weighted average

REFERENCE: APPENDIX B - Complete Fundamental Metrics

Comprehensive Fundamental Data for Financial Analysis

Category	Metric	Value	Interpretation
Valuation	Market Cap	$478.4B	Total market value
Valuation	Enterprise Value	$477.4B	Total company value
Valuation	Forward P/E	**36.2x**	Price to forward earnings
Valuation	Trailing P/E	**56.8x**	Price to trailing earnings
Valuation	PEG Ratio	**1.44**	P/E relative to growth
Valuation	Price/Sales	**16.48x**	Market cap to revenue
Valuation	Price/Book	**20.01x**	Price to book value
Valuation	EV/Revenue	16.45x	Enterprise value to revenue
Valuation	EV/EBITDA	51.5x	Enterprise value to EBITDA
Performance	Revenue (TTM)	$29.0B	Trailing 12-month revenue
Performance	Revenue Growth	**+11.4%**	Year-over-year growth
Performance	Earnings Growth	**+33.5%**	Earnings growth rate
Performance	EPS Growth (Next Yr)	**+57.2%**	Forward EPS growth estimate
Performance	Gross Profit	$14.2B	Revenue minus COGS
Performance	Operating Income	$8.0B	EBIT
Performance	Net Income	$8.5B	Bottom line profit
Performance	Free Cash Flow	$3.0B	Cash after capex
Performance	Operating Cash Flow	$8.0B	Cash from operations
Profitability	Gross Margin	**49.0%**	Gross profit margin
Profitability	Operating Margin	**31.9%**	Operating efficiency
Profitability	Profit Margin	**29.3%**	Net margin
Profitability	ROE	**39.7%**	Return on equity
Profitability	ROA	**14.9%**	Return on assets
Profitability	ROIC	N/A	Return on invested capital
Balance Sheet	Total Assets	$0.0B	Total assets
Balance Sheet	Total Liabilities	$0.0B	Total liabilities
Balance Sheet	Total Debt	$7.3B	Total debt outstanding
Balance Sheet	Cash & Equivalents	$8.2B	Liquid assets
Balance Sheet	Book Value/Share	$30.11	Net worth per share
Balance Sheet	Current Ratio	**2.51**	Current assets/liabilities
Balance Sheet	Quick Ratio	1.62	Liquid assets/liabilities
Balance Sheet	Debt/Equity	**0.30**	Leverage ratio
Market	Beta	**1.57**	Market correlation
Market	52-Week High	$739.67	Annual high
Market	52-Week Low	$154.47	Annual low

Market	Avg Volume	9.2M	Average daily volume
Market	Shares Outstanding	0.8B	Total shares
Market	Float	0.8B	Tradeable shares
Market	Short Interest	2.5%	Shares sold short
Market	Institutional Own.	84.9%	Institution held
Analysts	Coverage Count	35	Number of analysts
Analysts	Average Rating	1.5	1=Strong Buy, 5=Sell
Analysts	Buy/Hold/Sell	29/7/0	Rating distribution
Analysts	Target Price	$602.77	Average price target
Analysts	Target High	$900.00	Highest target
Analysts	Target Low	$358.00	Lowest target
Other	Next Earnings	Aug 13, 2026	Earnings report date
Other	Dividend Yield	0.36%	Annual dividend rate
Other	Ex-Dividend Date	1787184000	Next ex-div date

REFERENCE: APPENDIX C - Complete Trade History

Detailed Backtesting Results and Trade Log

Entry	Exit	Type	Entry $	Exit $	Past P&L %	Past P&L $
2019-06-27	2020-03-06	GOLDEN_CROSS	$41.79	$54.64	+30.8%	$+1092
2020-05-18	2020-09-09	GOLDEN_CROSS	$51.40	$52.57	+2.3%	$+47
2020-10-12	2020-10-29	GOLDEN_CROSS	$61.60	$56.67	-8.0%	$-311
2020-11-04	2021-08-18	GOLDEN_CROSS	$61.78	$122.12	+97.7%	$+3620
2021-11-02	2022-01-25	GOLDEN_CROSS	$135.63	$127.94	-5.7%	$-300
2022-03-08	2022-06-15	CONFLUENCE	$119.65	$94.12	-21.3%	$-536
2022-07-05	2023-04-21	CONFLUENCE	$83.09	$110.42	+32.9%	$+820
2023-05-16	2023-05-30	GOLDEN_CROSS	$117.69	$133.26	+13.2%	$+748
2023-07-20	2023-09-22	CONFLUENCE	$130.79	$133.16	+1.8%	$+90
2023-11-10	2023-12-15	GOLDEN_CROSS	$147.35	$158.71	+7.7%	$+443
2024-01-19	2024-07-10	CONFLUENCE	$164.58	$250.74	+52.4%	$+3188
2024-07-17	2024-07-29	CONFLUENCE	$216.42	$202.16	-6.6%	$-328
2024-10-14	2024-10-15	GOLDEN_CROSS	$210.75	$188.21	-10.7%	$-631
2024-10-31	2024-12-24	CONFLUENCE	$178.91	$166.29	-7.1%	$-354
2025-01-22	2025-01-31	GOLDEN_CROSS	$193.09	$178.12	-7.8%	$-449
2025-05-13	2025-08-20	GOLDEN_CROSS	$171.28	$159.79	-6.7%	$-310
2025-09-03	2025-10-16	CONFLUENCE	$155.56	$226.71	+45.7%	$+2490
2026-01-05	2026-01-29	CONFLUENCE	$283.61	$340.49	+20.1%	$+1251
2026-02-13	OPEN	CONFLUENCE	$354.03	OPEN	+70.2%	$+2733

IMPORTANT DISCLAIMER

Next Earnings: Aug 13, 2026
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