

Can Anthropic Outearn Its Obligations?

Anthropic's leaked IPO prospectus, as reported by Reuters and the Financial Times, shows the company is growing faster than ever while committing to obligations that dwarf its earnings. To wit, annual revenue rose roughly 12x in 2025 to \$4.6 billion, from about \$400 million in 2024. Its first-quarter 2026 revenue was \$4.73 billion, and its second-quarter revenue reached \$11.5 billion. Annualized, that is roughly \$46 billion or about 10 times its 2025 revenues. As revenues surge, so does spending.

Anthropic lost \$8.06 billion on an operating basis in 2025, widening from \$2.98 billion the year before, on \$12.65 billion of operating expenses, including \$7.33 billion for computing and infrastructure. The headlines tout a \$42 billion non-operating net loss, mostly a \$34 billion non-cash charge tied to the revaluation of convertible financing.

The number that may matter most is Anthropic's firm commitment to spend \$518 billion on cloud, computing, and infrastructure over the next decade. That compares against \$20.28 billion of cash and short-term investments at year-end.

Compounding the dilemma for potential IPO investors, about 25% of 2025 revenue came from two customers, and the prospectus filing warns that many of its largest clients are not bound by long-term contracts and could cut spending.

The ultimate bet is that surging revenue growth eventually outruns its fixed commitments. The prospectus does not say what happens if it does not.

What Anthropic has, what it earns, what it owes

Cash and revenue against committed infrastructure obligations, in billions

Real Investment Advice

Cash & short-term investments

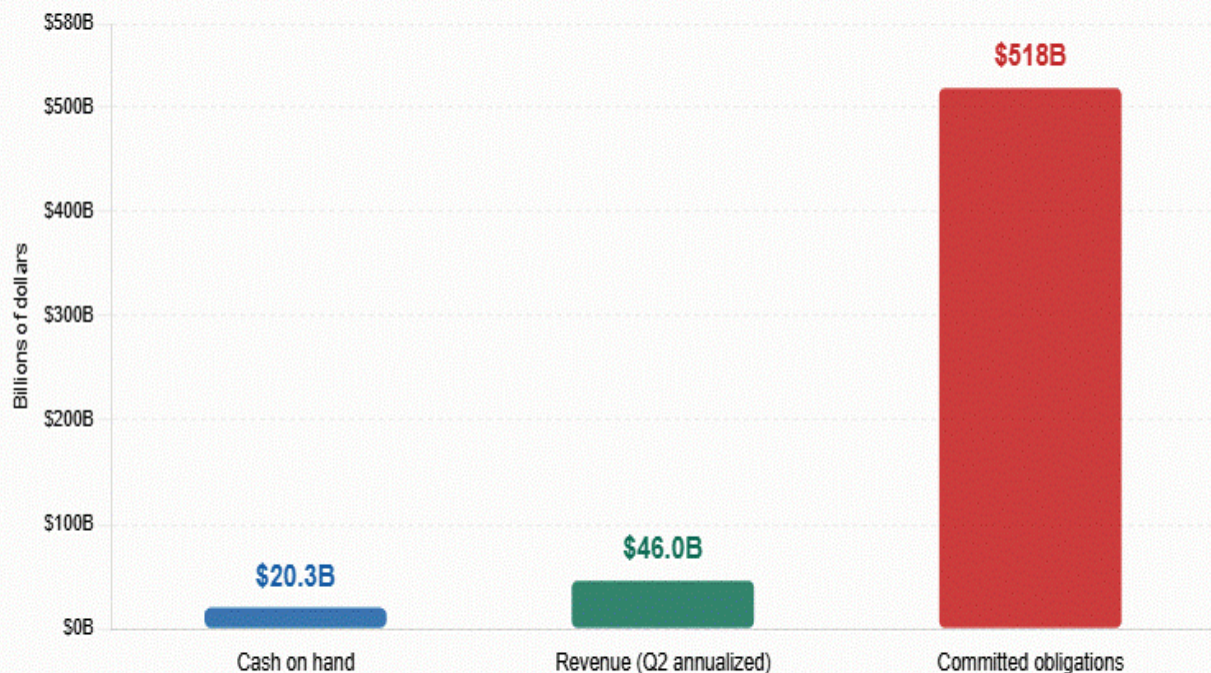
\$20.3B

Revenue, Q2'26 annualized

\$46.0B

Committed obligations

\$518B



The \$518 billion is **11 times** annualized current revenue and **26 times** cash on hand, committed over the next decade.

Source: Reuters and Financial Times reporting on Anthropic's confidential S-1 prospectus, prepared in June 2026 and not publicly filed. Cash and short-term investments as of year-end 2025. Revenue figure annualizes second-quarter 2026 revenue of \$11.5 billion and is not a company forecast. Committed obligations represent cloud, computing and infrastructure commitments over approximately the next decade. Figures are secondhand from press accounts of a leaked document, not from an audited public filing.

What To Watch Today

Earnings

- No notable earnings releases today.

Fed speakers: Dallas Fed President Lorie Logan (a 2026 FOMC voter) speaks at around 10:00 a.m. ET. The pre-FOMC blackout begins October 17 ahead of the October 27-28 meeting.

Economy

TIME (ET)	RELEASE (PERIOD)	PRIOR	CONSENSUS	FORECAST
8:30 a.m.	Nonfarm Payrolls (Sep)	162K	90K	90K
8:30 a.m.	Private Nonfarm Payrolls (Sep)	127K	82K	75K
8:30 a.m.	Unemployment Rate (Sep)	4.1%	4.1%	4.1%
8:30 a.m.	Average Hourly Earnings MoM (Sep)	0.3%	0.3%	0.2%
8:30 a.m.	Average Hourly Earnings YoY (Sep)	3.1%	–	3.1%
8:30 a.m.	Average Weekly Hours (Sep)	34.4	34.3	34.4
10:00 a.m.	Factory Orders MoM (Aug)	0.9%	0.1%	0.0%

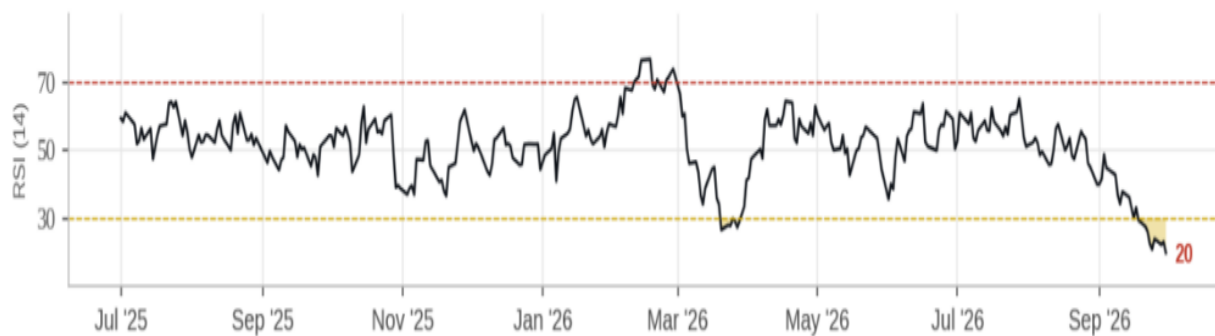
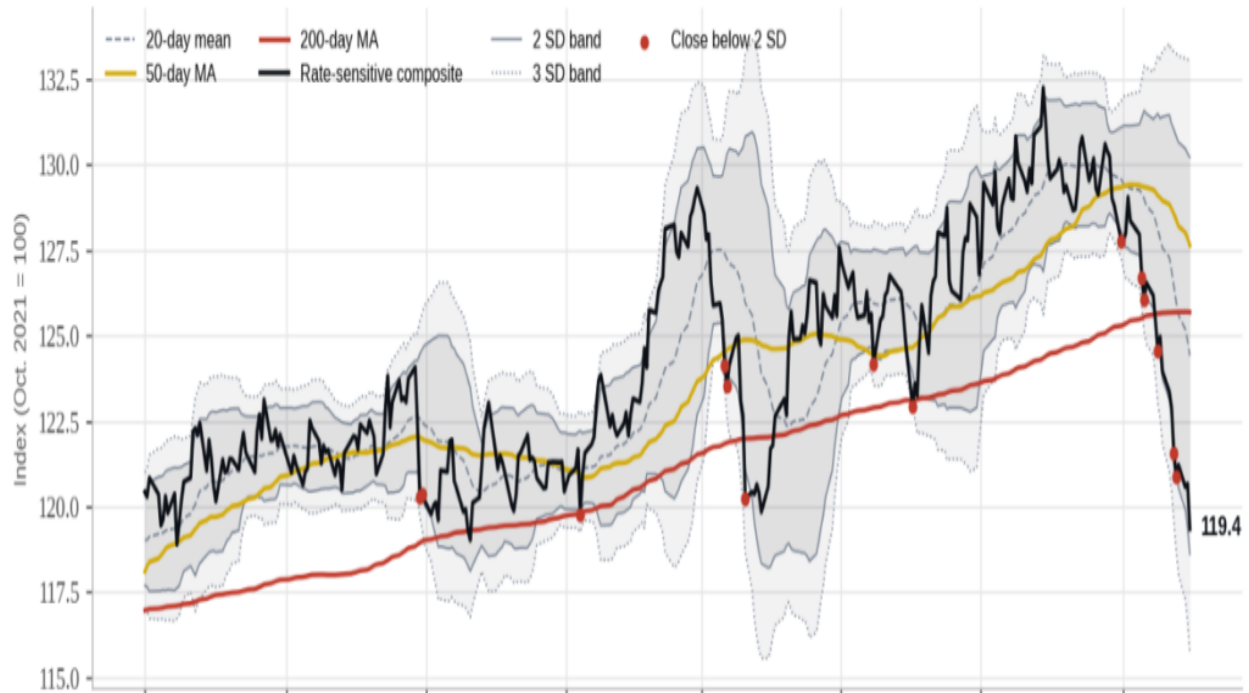
Market Trading Update

[Yesterday](#), we ran Goldman's "wall of worry" checklist against the tape and flagged real yields at their highest level since 2008. Today, let's look at where that pressure is landing. The interest rate-sensitive sectors are now the most oversold they have been in five years.

To measure it, I built an equal-weight composite of Financials (XLF), Staples (XLP), Utilities (XLU), and Real Estate (XLRE). As of Wednesday's close, the composite sits 6.5% below its 50-day moving average and 5% below its 200-day. Its 14-day RSI fell to 20, the lowest reading in five years. The index closed below its lower 2-standard-deviation band five times in September alone. Since August 31, each of the four sectors has dropped between 5% and 7.5%, while the S&P 500 barely moved.

RATE-SENSITIVE SECTOR COMPOSITE: 20-DAY BOLLINGER BANDS

Equal-weight XLF, XLP, XLU, XLRE (daily rebalanced) with 2 and 3 standard deviation bands, 50/200-day MAs, 14-day RSI

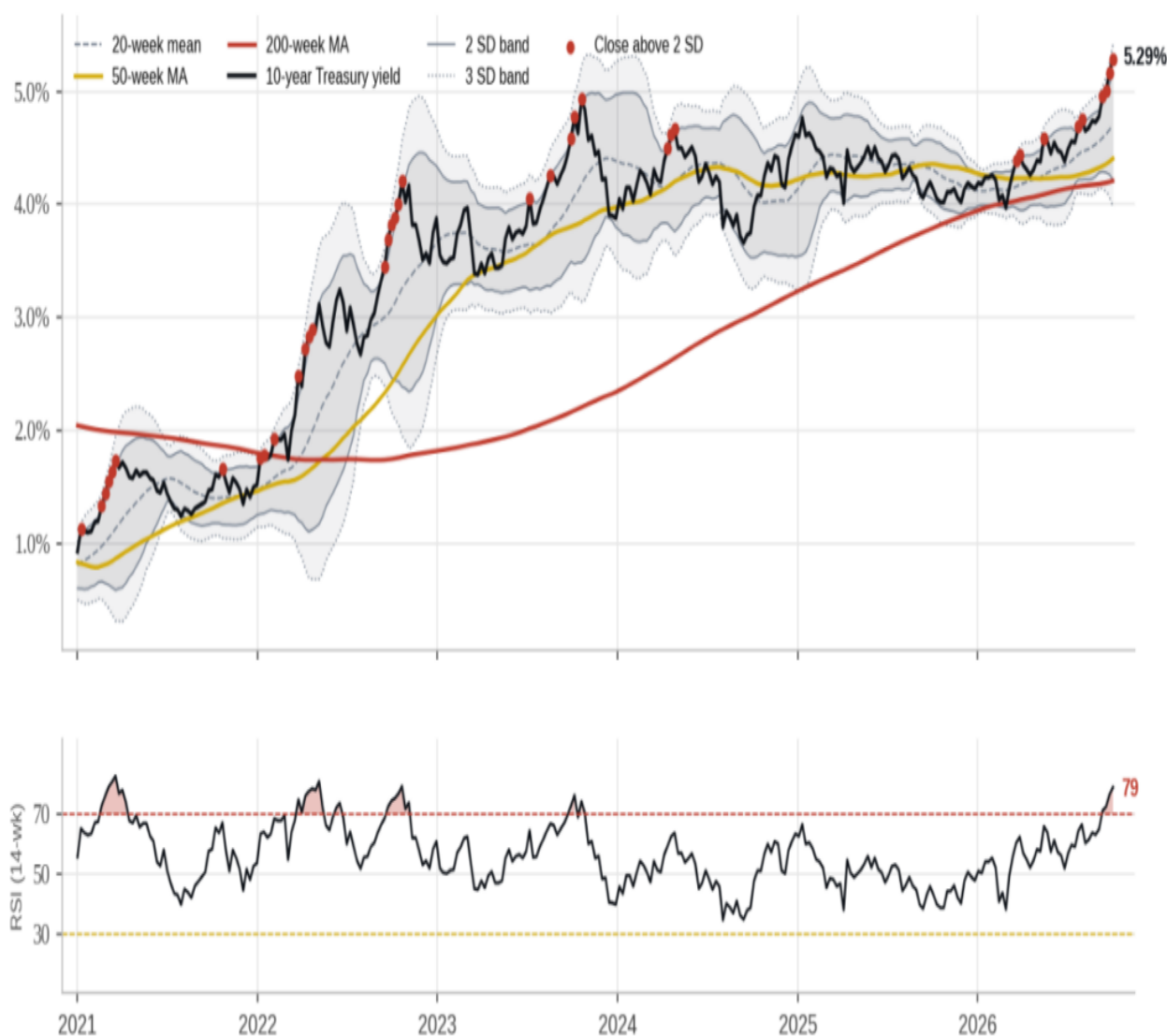


Source: RIA Advisors. Data: Yahoo Finance daily closes, cross-checked vs CNBC. As of Sept. 30, 2026 close.

The cause isn't a mystery. The 10-year Treasury yield closed Wednesday at 5.29%, the highest since 2007. On a weekly basis, that's roughly 2.5 standard deviations above its 20-week mean of 4.70%, with the 3-standard-deviation band near 5.41%. Yields have jumped 51 basis points in four weeks, and the weekly RSI sits at 79.

10-YEAR TREASURY YIELD: WEEKLY BOLLINGER BANDS (2 AND 3 SD)

20-week mean with 2 and 3 standard deviation bands, 50/200-week MAs, 14-week RSI



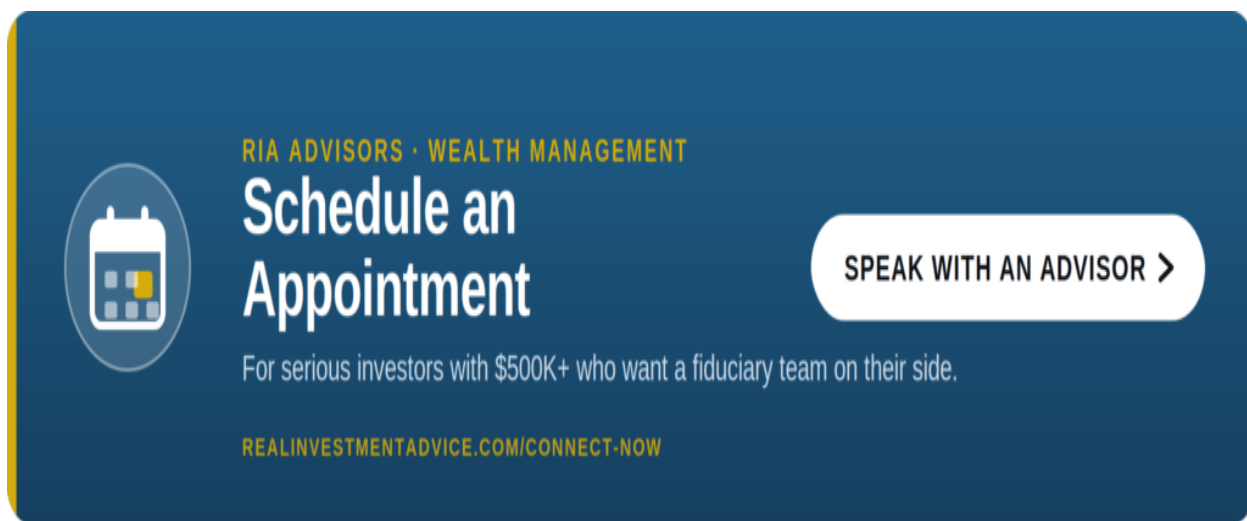
Source: RIA Advisors. Data: FRED DGS10 weekly closes; latest week uses CNBC Sept. 30 close of 5.29%. As of Sept. 30, 2026.

Bob Farrell's Rule #1 says markets return to the mean over time. Yields at these extremes tend to correct themselves because borrowing costs this high eventually choke off the demand that pushed them up. Housing, credit, and capex all reprice at 5% or more. Lacy Hunt has long argued that heavily indebted economies can't carry high rates for long. **When demand cracks, yields fall, and the sectors punished most by rising rates usually lead the rebound.**

The skeptic in the room will ask the obvious question. **Can't oversold, just get more oversold??** It can. I ran the history. Since 1990, the 10-year yield has broken above its upper weekly band in 27 separate episodes. Yields were lower six months later in 17 of them, but the median decline was only 13 basis points. In 2022, yields rose to a band higher for most of the year. **A deviation tells you the move is stretched, NOT that it's over.**

The reversal also won't be even. Utilities and REITs benefit most directly from falling yields. Financials are trickier. A rally driven by *demand destruction* brings credit losses along for the ride, and we recently discussed **CMBS losses reaching the AAA tranche**.

So don't try to catch the bottom. Build the watch list now, favor Utilities and Real Estate over Financials, and add in tranches only when the composite reclaims its 20-day mean near 124 or yields close back inside the upper band near 5.18%. Size positions so that being early doesn't hurt. Such is the price of buying what everyone else is selling.

A blue banner with a yellow vertical bar on the left. On the left is a white calendar icon with a yellow square. To its right, the text "RIA ADVISORS · WEALTH MANAGEMENT" is in yellow. Below that, "Schedule an Appointment" is in large white font. To the right of this is a white button with the text "SPEAK WITH AN ADVISOR >". Below the main text, it says "For serious investors with \$500K+ who want a fiduciary team on their side." in white. At the bottom, the URL "REALINVESTMENTADVICE.COM/CONNECT-NOW" is in yellow.

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Mortgage Rates Make Buying Homes Even Harder

If many people's ability to buy a home was limited six months ago, it has gotten even worse. Bankrate's daily mortgage rate quotes are running between 7.33% and 7.50%, a full percentage point higher than they were six months ago.

To show the financial impacts, let's take a \$400,000 loan. At 6.38%, principal and interest run \$2,497 a month. At 7.50%, the same loan costs \$2,797 a month. That's about \$300 more every month, \$3,600 a year, and between \$91,000 and \$108,000 in additional interest over the life of the loan.

The more useful framing bases the analysis on a constant payment rate, because most buyers think in terms of what payment they can afford. A household that budgeted at \$2,497 a month could borrow \$400,000 in March. At 7.50%, that same monthly payment supports a house value of \$357,085. A 1% higher mortgage rate erased \$43,000, or over 10% of purchasing power.

The graph below shows how mortgage rates and housing affordability have changed since the February low.

Same budget, shrinking house

What a \$2,497 monthly payment finances at each mortgage rate

Real Investment Advice

Feb low, 5.98%

\$417,338

Late March, 6.38%

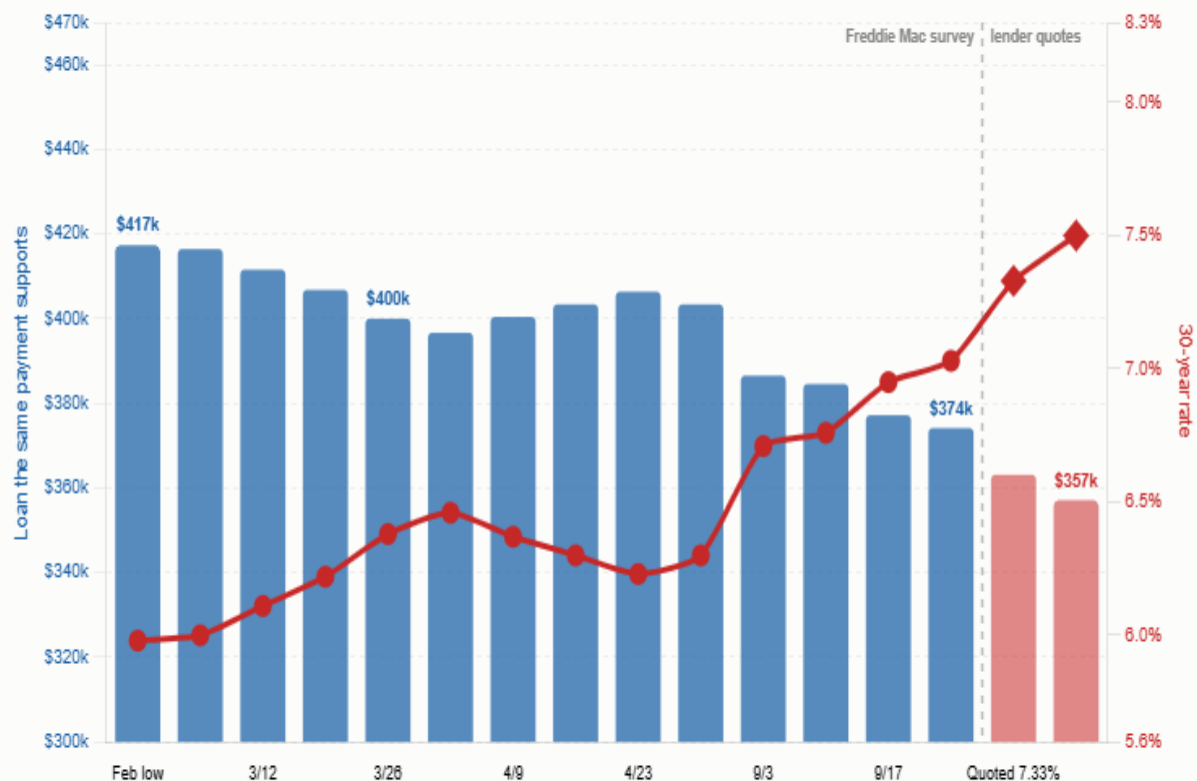
\$400,000

Survey today, 7.03%

\$374,152

Quoted today, 7.50%

\$357,085



From February's low to today's quoted rates, the same monthly payment finances **\$60,253 less** — a 14.4% cut in purchasing power with no change in home prices.

Sources: Freddie Mac Primary Mortgage Market Survey weekly averages through September 24, 2026, shown as the solid line. Quoted rates of 7.33% and 7.50% reflect daily lender quotes, which run above the weekly survey. Loan amounts are calculated on a standard 30-year fixed amortization at a constant \$2,497 monthly principal and interest payment, the payment on a \$400,000 loan at 6.38%. Taxes, insurance, and down payment are excluded.



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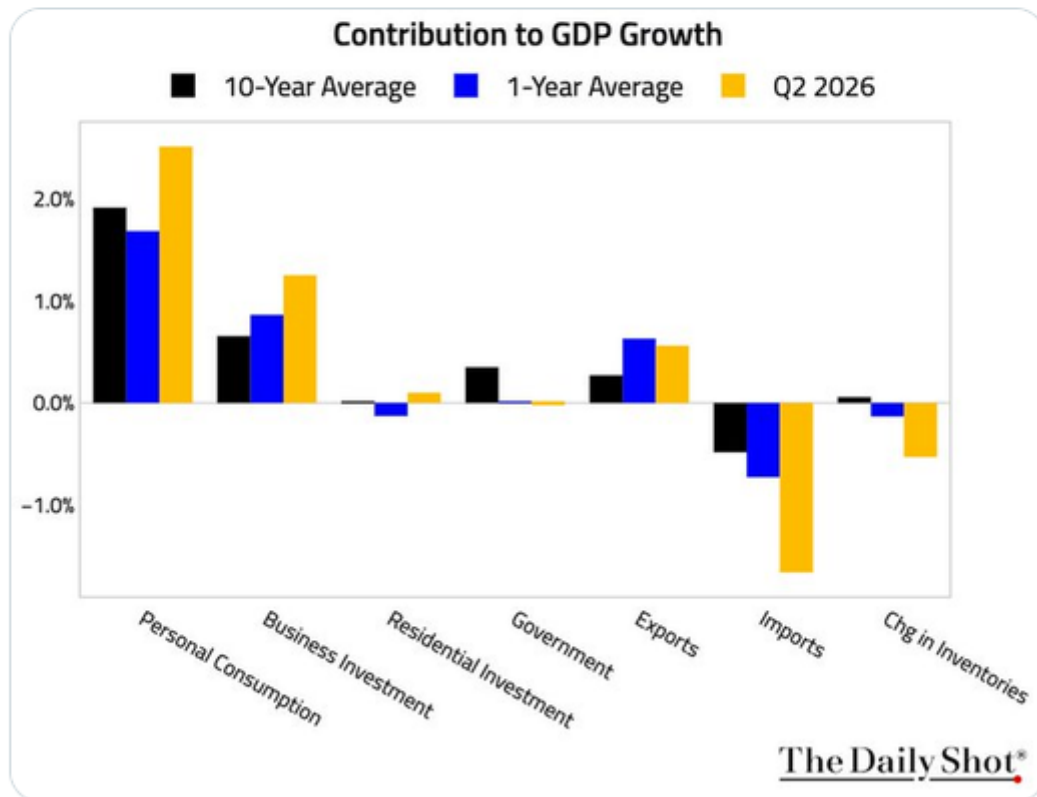
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I have been repeatedly asked how the market continues to defy higher rates. The reason is that earnings remain very strong, and economic growth is running well above 10-year averages, which supports markets. That growth is being driven by a strong consumer and a flood of capital into the economy from Capex (business investment).



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