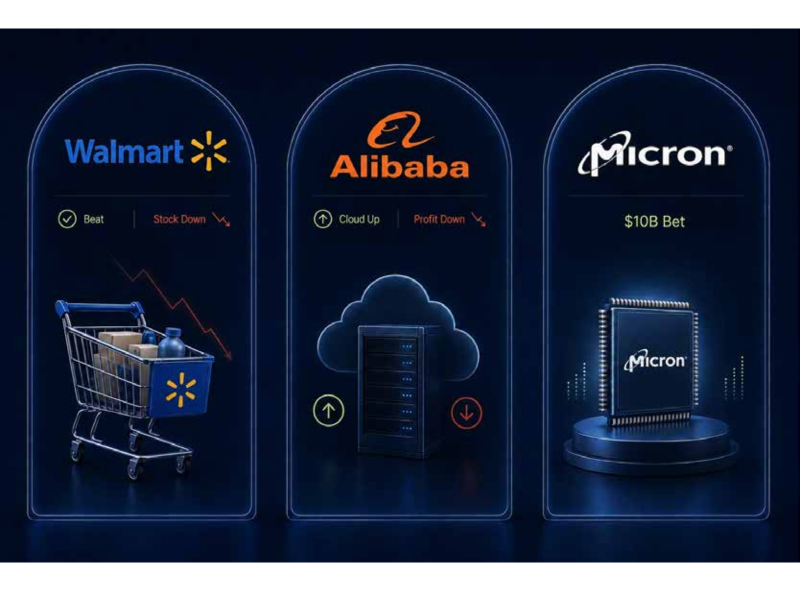
Global Investing Update



Welcome back to a new edition.

This week's edition is about money going into things that pay off much later, and memory chips are one of them.

Now, coming to this week's stories. Three companies spent a fortune and only one got a pat on the back for it.

On Thursday, Alibaba's CEO Eddie Wu spent part of his earnings call explaining why the company's profit had collapsed. He did it in one sentence, and that sentence happens to cover most of what else happened this week.

Eddie Wu, CEO of Alibaba, said on the Aug 20th earnings call -

"In order to be able to capture that future growth, we first need to make these capex investments to build out the necessary compute capacity."

What Wu is describing is the oldest argument in business, which is that you have to spend the money before you make it.

Investors will tell you they understand this perfectly well. Three large companies gave them a chance to prove it this week.

Walmart spent its money making things cheaper for shoppers.

Alibaba spent its money on data centres.

Micron put its money into research on chips that nobody has built yet.

The reactions to the three were nothing alike, and what separated them had you look beyond the numbers.

We will get to the interesting bits.

Coming back to the week's updates, let's start with how the global markets fared this week.

The World in a Week: How Major Markets Moved

Yields on long-term US Treasuries rose to their highest in almost twenty years, which means the government has to pay more to borrow. The Treasury then said it would buy back more of its own bonds, and yields eased. Stocks still ended lower.

The S&P 500 and Nasdaq both fell for the week, with tech hit hardest, since higher rates make expensive shares harder to justify. Japan's Nikkei was the weakest of the lot, down 3.93%, and India and China slipped slightly too. Britain's FTSE 100 was the only index to finish higher.

Money moved elsewhere. Gold ended the week up 5.41%, oil climbed close to $94 a barrel as US-Iran tensions worsened, and bitcoin gained 22%, its best run in more than two years, helped by traders who had bet against it being forced to buy back in.

Vested — Week ending Fri, 21 Aug 2026

Index/Asset	Closing value	Weekly change
S&P 500	7,674.37	▼ 1.42 %
Nasdaq	26,180.46	▼ 2.05 %
FTSE 100	10,816.56	▲ 0.62 %
Nifty 50	24,252.00	▼ 0.47 %
SSEC	3,905.20	▼ 0.56 %
Nikkei 225	66,016.36	▼ 3.93 %
Gold (USD/Oz)	4,616.80	▲ 5.41 %

News Stories

Walmart beat forecasts, still had its worst day since 2022

Walmart (WMT) is the largest retailer on earth. More than 150 million people walk into its stores or open its website every week. When Walmart describes the American shopper, people listen, because Walmart is not guessing.

On Thursday it reported the quarter ending July 31. Revenue came in at $187.94 billion, up 5.9% and ahead of the $186.77 billion analysts expected. Net income was $6.37 billion, adjusted earnings 81 cents a share, and global e-commerce sales grew about 23%.

On most of those lines it was a decent quarter. Investors did not spend much time on any of them, because there was another number further down the release.

US comparable sales grew 2.6%.

Comparable sales count only the stores that have been open at least a year, along with the online orders tied to them. Leaving new stores out is the fairer way to check whether the business Walmart already had is still growing. This 2.6% was its slowest reading in more than six years, and it landed below even the lowest estimate on Wall Street.

Two things pulled it down. New federal rules cut the prices of several expensive medicines for people on Medicare, which mechanically shrank Walmart's pharmacy sales. And petrol got expensive.

CFO John David Rainey was blunt about it -

"There's a psychological impact to that ... that there are choices that consumers are making."

Rainey added that Walmart expects just over $2 billion in extra costs this year from fuel alone, and that June was the month when customers visibly started making trade-offs.

The spending shows up here. Walmart received roughly $2.9 billion in tariff refunds and is putting that money straight into cutting prices, with the effect landing this quarter.

CEO John Furner framed it as a choice rather than a concession -

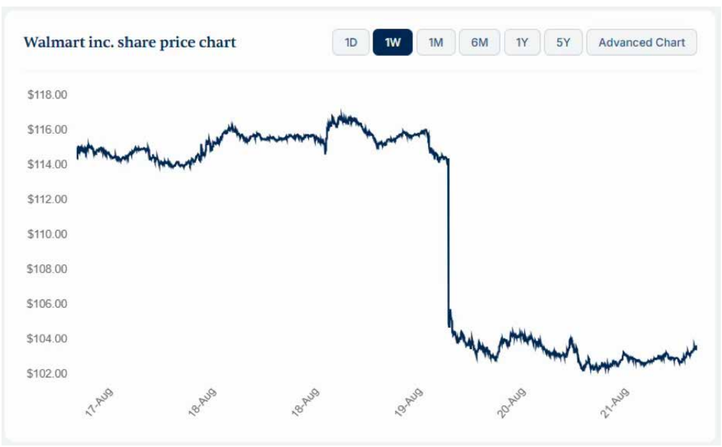
"Customers are feeling some pressure, so we're proud of our investments."

It is worth pausing on the word he picked. Furner is calling price cuts an investment, which is the same word Wu used about data centres, and he means it in much the same way.

Investors were not convinced.

Walmart raised its full-year sales and profit forecasts, and that got ignored too, because of what it said about the next three months. The company expects to earn 62 to 64 cents a share this quarter. Analysts had been expecting 68 cents.

The stock fell as much as 10% to a nine-month low of $102.85, which Reuters called its steepest one-day drop since May 2022. It closed down 9.15%.



Source: WMT on Vested

Walmart spent real money on its shoppers, told everyone it was doing so, and got marked down for it the same morning.

That is an odd thing to punish, and it says something about what investors are currently willing to wait for.

Alibaba's cloud grew 45%, profit fell 75%

Alibaba (BABA) reported the same day, and produced the widest gap between growth and profit of any large company this week.

Revenue rose 9% to 269 billion yuan, roughly $39.6 billion, in line with what analysts had modelled.

Net profit fell 75% to 10.54 billion yuan, about $1.5 billion.

The gap comes down to a single line in the accounts. Capital expenditure, meaning the money a company spends on physical assets like buildings and machines, jumped 75% to 67.68 billion yuan, close to $10 billion in one quarter.

Bloomberg Intelligence pointed out that this was 2.6 times what Alibaba spent the previous quarter.

Free cash flow, the cash left over once all that spending is done, swung to an outflow of about $6.6 billion.

The money is going into chips and data centres, and going by the revenue line, it is doing what it was meant to. Alibaba's AI cloud and compute revenue grew 45% to 48.44 billion yuan.

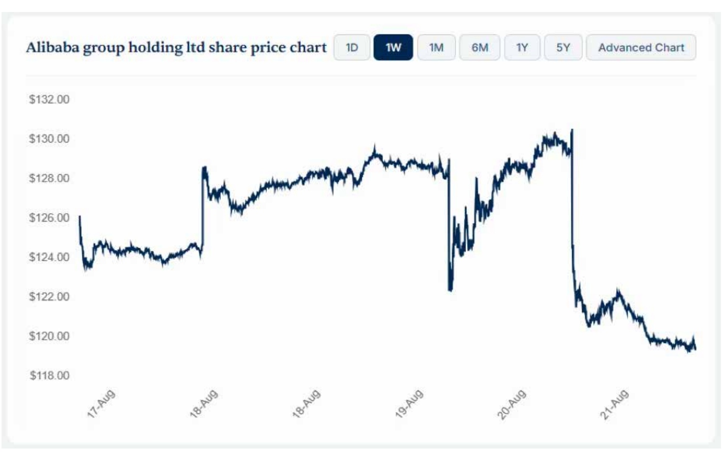
The trouble is on the other side of the business.

Alibaba's China e-commerce revenue fell 8% to 110.9 billion yuan. The division that historically paid for everything is shrinking while the division replacing it burns $10 billion a quarter.

CEO Wu told analysts Alibaba expects to break even on its AI spending within three years at current margins, and revealed that it has already spent half of this year's share of a 380 billion yuan programme running to 2029.

Bloomberg Intelligence was blunt about it, writing that AI will continue to depress rather than enhance returns at China's leading AI companies, and estimating that Alibaba's AI business will run cash losses for the next three years.

Alibaba's US-listed shares fell around 4% to 5%.



Source: BABA on Vested

Anyways, here is the part worth sitting with.

Alibaba is doing roughly what Microsoft and Amazon are doing, at a similar intensity relative to its size. The difference is that the American cloud companies have a profitable core business paying the bill while they build. Alibaba's core business is going backwards as the bill arrives.

The strategy is the same. What sits underneath it is not, and that tends to be the thing that decides how these stories proceed.

Micron's $10B bet is on memory that doesn't exist yet

On the same Thursday, Micron (MU) said it will spend $10 billion over the next decade on Micron Research Labs, a new research institution headquartered in Boise, Idaho.

This is not factory money, which is the part worth getting right.

Micron has separately committed more than $250 billion to American manufacturing and R&D through 2035.

The $10 billion sits upstream of all of it, funding the research that decides what those factories will eventually be asked to build. Micron calls it the first dedicated memory research hub of its kind in the United States.

Construction starts in 2027, with room for hundreds of researchers, connected to Micron's existing footprint across the US, Europe, Japan and India.

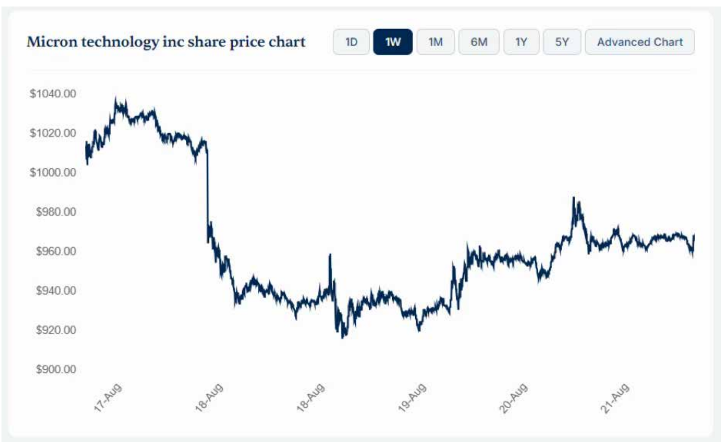
CEO Sanjay Mehrotra was clear about the timeframe -

"With a planned $10 billion investment in Micron Research Labs, we are looking around the corner to the memory and compute systems the future will demand, bringing together the best minds across academia, government, startups and industry."

Memory chips hold data while it is being used, as opposed to the processor that does the actual calculating. Memory spent years as the least glamorous part of the chip industry, sold in bulk at thin margins.

It has since become one of the tightest bottlenecks in the whole AI build-out, because high-bandwidth memory is what feeds data to AI accelerators fast enough to keep them working. Nvidia can make all the chips it likes, and they sit idle without memory quick enough to keep up.

Micron's shares had been sliding all week, from above $1,030 on Monday to under $930 by Wednesday. On Thursday, the day of the announcement, they closed up 3.97% at $974.33. 2021.



Source: MU on Vested

So Micron has committed to a decade of research with no product to show for it, no revenue attached and nothing on the calendar. Of the three cheques written this week, it asks investors to wait by far the longest, and it is the only one they cheered.

There was a fourth cheque this week that deserves a mention.

On August 19, Stripe said it has agreed to acquire OpenRouter, an AI gateway that decides in real time which of 400-plus AI models should handle each request a business sends, based on various factors.

Stripe did not disclose a price. Bloomberg reported over $7 billion. Back in May, OpenRouter raised money at a reported $1.3 billion valuation. Three months later, roughly six times the price, and not a flicker of market reaction, because Stripe is private and nobody got a vote.

The bottom line

All three companies asked investors for the same favour this week, which is time.

Walmart was voted down, Alibaba got a grudging half, and Micron got a yes that lasted a day. The cheques were roughly the same size, so their size decided nothing. Stripe wrote the steepest one of the lot and never went to a vote at all, which is the quiet advantage of staying private.

If patience depends on the story rather than the numbers, what happens to a company whose story goes quiet for a year or two? Nothing this week answered that.

That is a story for a future Vested Shorts. We will be here when it drops.

Thanks for reading!

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