

IBM, and Buying the Wrong Side of the Calendar on Purpose

NYSE: IBM · Enterprise technology · Hybrid cloud and AI · Large capitalization

SHORT INTEREST	SHORT SHARES	DAYS TO COVER
2.34% of float	22.02M	4.5

Short interest as of the 31 August 2026 settlement. FINRA publishes short interest twice a month, about seven business days after each settlement date, so this figure is not a daily number.

TRADE NOTE · NOT A FRAMEWORK STANCE

Horizon to 16 October 2026. A defined-risk options position on drift and sector read-across in a name still repairing a 25% single-day break, entered with the knowledge that it expires five days before the company reports.

Published 13 Sep 2026. Position opened 9 September 2026 and **closed 15–16 September 2026**, before expiry. We hold no position in IBM. This was a short-dated trade and it was never a framework stance on the company.

POSITION DISCLOSURE · CLOSED

No current position. · closed 15–16 September 2026

We no longer hold this position, and we never held IBM shares. The majority was sold on 15 September. The remainder was held with a stop at the entry price, and that stop was hit the following session.

INSTRUMENT 16 October 2026 \$260 calls OPENED 9 September 2026

PREMIUM PAID \$4.60 per contract BREAKEVEN AT EXPIRY \$264.60

CLOSED 15–16 September 2026

IBM closed at \$239.94 on the day we opened this, so the contracts were 8.4% out of the money at entry. The position was opened on 9 September, four days before this note published on 13 September, and was open at publication. It was closed in two parts the following week and never ran to expiry.

These terms stay published because we held the position while this note was live. A closed trade is not a track record and a single result proves nothing about the process that produced it. If we re-enter IBM it will be disclosed here as a dated update. See how we trade what we cover.

Since publication

1 update. The note below is unchanged from the day it published.

POSITION CHANGE - 20 SEP 2026

We are out of the IBM calls. The exit rule did the work, and the thesis was never tested.

We are flat IBM. No shares, no options, no other exposure. This note exists to describe a position, so here is precisely how it ended.

What we did. We sold the majority of the 16 October \$260 calls on **Tuesday 15 September**, against the \$4.60 per contract paid on 9 September. We left runners on with a stop at the entry price, and that stop was hit the following session. The trade closed in two parts and never ran to expiry.

We are not publishing what the trade returned, and that is a standing rule from today rather than a decision about this one. The dates are above, the premium we paid is on the disclosure block, and the closing prices are below, so anyone who wants the arithmetic has everything they need to do it. What we will not do is hand you a percentage. We do not publish position sizes, we have no aggregate record to set it against, and this is the first position we have closed since the site started disclosing at all, which makes a single figure the most misleading shape the information could take. A number on one trade is not disclosure. It is marketing. The policy is now written into how we trade what we cover, and it will apply to the losses on the same terms.

What the underlying did. IBM closed at \$239.94 on the day we opened. It ran to \$249.09 on Tuesday 15 September, up 2.38% on a day the Nasdaq Composite fell 0.6%, trading as high as \$251.37 intraday on about 6.8 million shares. That is the session we sold into. On Wednesday 16 September it handed the move back and more, closing at \$237.49, down 4.38%, after management trimmed full-year constant-currency revenue growth guidance to 4–5% from more than 5%, announced alongside a \$1 billion CHIPS Act research award to its Anderton subsidiary. That is the session the runners stopped out. It kept going from there: \$237.75 on Thursday, then \$229.55 on Friday 18 September, down another 3.2%, with the sell side visibly splitting on the name. HSBC now carries a Reduce at \$191, against Oppenheimer at \$350 and Morgan Stanley at \$293. That is a \$159 spread on one company.

The honest accounting: whatever the position did, it did not do it for the reason we wrote down. Section 05 listed the four things this trade rested on. The Accenture read-across on 1 October, which we called the clearest in-window catalyst, never arrived while we held the position. A target raise of the kind we speculated about has since landed, with Oppenheimer moving to \$350 from \$320, and the stock is lower now than when we wrote that section. IBM never traded within \$8 of our \$260 strike. What the calls did between 9 and 16 September came from delta on a nine-dollar move in the underlying, not from the argument in this note being

validated. **The exit rule produced the outcome, not the analysis.** That distinction is the only part of this worth reporting, and it is the part a percentage would have buried.

The risk we flagged loudest was never tested. Section 04 exists because these contracts expired on 16 October, five days before IBM reports on 21 October, and we published that as the central flaw in our own position. It never came due, because we were out five weeks early. Whether the calendar would have cost us is now unanswerable, and we are not claiming credit for avoiding something we never reached. There is one detail worth recording: the only scheduled event the note put inside our window for that week was the 15 to 16 September FOMC meeting, and the position did in fact resolve across exactly those two sessions. What closed it was company-specific, not the Fed. We had the dates right and the mechanism wrong.

Where the position would stand today. IBM closed Friday at \$229.55. That is \$30.45 below the \$260 strike and \$35.05 below the \$264.60 breakeven, with under four weeks left. The underlying would need to rise 13.3% to reach the strike and 15.3% to return anything at expiry, inside a window that still ends before the print. Held, this would now be running the losing path described in Section 06. That is not hindsight vindication of the exit. It is the same arithmetic we published on day one, applied to a worse starting price.

What this does to the note. Nothing below this line changes, as always. A trade note carries no framework stance, so there is no stance to move: we have never published a view on whether to own IBM shares, and closing a call position does not create one. We may re-enter. If we do, it publishes here as a dated entry before it is discussed anywhere else on the site.

One result is not a record. A single closed trade tells a reader nothing about a process, and we would be writing this same paragraph if this one had gone the other way. We publish the exits for the same reason we publish the entries, which is so there is no version of this site where only the good ones are visible.

Position closed. A trade note carries no framework stance on IBM, and closing the trade does not create one.

KEY DATA			
SHARE PRICE, 11 SEP CLOSE	\$243.29	OUR STRIKE	\$260
MARKET CAPITALIZATION	\$229.2B	MOVE TO STRIKE	+6.9%
PRICE / EARNINGS, FORWARD	19.0	MOVE TO BREAKEVEN	+8.8%
FREE CASH FLOW, TRAILING	\$13.79B	DAYS TO EXPIRY	33
DIVIDEND YIELD	2.78%	SHORT INTEREST, % FLOAT	2.34%

52 WEEK RANGE

\$199.19 to \$332.46

Q3 EARNINGS DATE

21 Oct, after expiry

Sources: IBM Q2 2026 results and investor relations calendar, market data as of the 11 September 2026 close. Short interest is the 31 August 2026 settlement. Consensus targets differ materially by vendor between \$245 and \$255, with a published range of \$174 to \$350, and one aggregator carrying a stale \$272; we quote the range rather than a point. The Q3 earnings date is listed by IBM as preliminary and is not yet confirmed by press release. Breakeven is the strike plus the premium we paid and excludes commissions.

01 The Trade

This is a trade note and not an initiation. We have not done the full four-stage process on IBM, we are not publishing a framework stance, and nothing here should be read as a structural view on the company. We are long a small, defined-risk options position that expires on 16 October 2026, and we are publishing it because we hold it.

The position is October 16 \$260 calls bought on 9 September 2026 at \$4.60, when the stock closed at \$239.94. That put the contracts 8.4% out of the money on day one. IBM has since closed at \$243.29, so the stock needs a further 6.9% to reach the strike and 8.8% to clear our breakeven of \$264.60. Below that, the position is worth nothing on expiry and we lose the premium. That is the whole risk and it is capped at what we paid.

The reasoning is narrow and we will state it narrowly. IBM broke 25% in a single session in July, bottomed at \$199.19, and has ground back to \$243.29 on a steady run of enterprise AI announcements. Implied volatility sat in the lower third of its own twelve-month range when we bought, so the optionality was cheap in its own terms. Two sector events fall inside the window and IBM has demonstrated sensitivity to both. We are paying a small premium for a short window of upside in a name in recovery, with the loss bounded.

What we are not doing is pretending this catches the catalyst. IBM reports third quarter results on 21 October. Our contracts expire on 16 October. We knew that when we opened the position and we are saying so here, because a reader deserves to know that the most obvious bullish argument for IBM right now, that the mainframe deferral converts and the quarter proves it, is an argument our own instrument cannot collect on.

02 What Broke in July

On 14 July 2026, eight days before its scheduled report, IBM published a letter from Arvind Krishna to investors disclosing preliminary second quarter results. The stock fell 25.2% to \$217.07 in a single session. It was the worst day in the company's history, worse than Black Monday in 1987, and it removed roughly \$68B of market value.

The formal print on 22 July confirmed it. Revenue of \$17.2B grew 1%, missing consensus by about \$660M. Inside Infrastructure the split was violent: **IBM Z mainframe revenue fell 42%**

while distributed infrastructure grew 37%. Full year revenue growth guidance was cut from more than 5% to 4 to 5% constant currency, and software growth guidance was cut from 10% or better down to 6 to 8%.

IBM QUARTERLY REVENUE, 2026

QUARTER	REVENUE	GROWTH	NOTE
Q1 2026	\$15.9B	+9.5%	Beat. Infrastructure +15.3%, software +11.3%
Q2 2026	\$17.2B	+1.0%	Missed by roughly \$660M. IBM Z down 42%

The distance between those two lines is the entire story of IBM in 2026, and it is why the third quarter is a genuinely binary print.

Management's position is that this was deferral and not destruction. Krishna said on the call that the majority of what did not happen was large capital deals, and that one third of them had already closed in the first three weeks of the new quarter. Whether that is right is the question the company answers on 21 October. Multiple securities fraud investigations have been announced by plaintiff firms over the Z shortfall and the July disclosure, which is a headline risk rather than a financial one at this stage.

03 Where It Trades Now

IBM closed at \$243.29 on 11 September, up 3.96% on the day and at a one month high. The month before that was a range between roughly \$229 and \$239. The stock is 26.8% below its all time high of \$332.46, set on 2 June during a quantum-driven melt-up that added 44% in the month of May alone, and 22.1% above the \$199.19 low that followed the July break.

Valuation is not the argument here in either direction. Forward earnings of about 19 times against a historical average near 20, trailing free cash flow of \$13.79B, a 2.78% dividend covered at roughly 46% of that cash flow, and net debt of \$57.14B. It is a reasonably priced large capitalization technology company with a repaired multiple and a damaged forecasting record.

Two things in the positioning data are worth stating. Short interest is 2.34% of float on the 31 August settlement and has been flat across two settlements, so there is no squeeze dynamic and no crowded short to punish. And there has been **no insider buying since February 2026**, including none during or after a July collapse that left the stock more than 30% below where a director bought in January. The only insider transaction after the break is a \$5.76M sale on 26 August. Insiders have not stepped in.

Analyst targets sit in a wide band. Different vendors publish averages between roughly \$245 and \$255 against a range of \$174 to \$350. Our \$260 strike is above every current average we

can find. Our \$264.60 breakeven is above all of them.

04 The Calendar Problem

We are stating this in its own section because it is the single most important fact about the position and because burying it would be dishonest.

THE WINDOW

DATE	EVENT	INSIDE OUR WINDOW
9 Sep 2026	Position opened. IBM closes \$239.94	Entry
15 to 16 Sep	FOMC meeting	Yes
1 Oct	Accenture Q4 and FY2026 results	Yes
14 Oct	Accenture investor day	Yes, two days before expiry
16 Oct	Our contracts expire	End
21 Oct	IBM Q3 2026 earnings	No, five days too late
25 to 29 Oct	IBM TechXchange	No
11 to 13 Nov	IBM Quantum Developer Conference	No

IBM lists 21 October as preliminary and has not confirmed it by press release. Based on prior years the confirmation should arrive around 7 to 8 October, while our position is still alive.

IBM's own investor relations calendar contains **nothing at all** between 9 September, the day we bought, and 21 October. No product launch, no investor day, no scheduled quantum milestone, no ex-dividend date. The quantum advantage claim the company has targeted for the end of 2026 is staged for the November developer conference. The next generation processor disclosed in August carries no announced availability date.

So the position does not hold into an earnings event, and it will not benefit from the implied volatility build that normally precedes one. That build concentrates in the expiry that contains the print, which is the next cycle, not ours. If anything, volatility in our window decays.

05 What Could Move It

Knowing the above, the trade rests on four things, none of which is an IBM event.

- 01

Accenture read-across, 1 October. The clearest in-window catalyst. When Accenture cut guidance on 18 June, IBM fell about 5.5% in sympathy. The sensitivity is demonstrated and it runs both ways. A strong print and a confident investor day on 14 October would repair the consulting narrative that has been the drag on IBM's own multiple.
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- 02

The AI partnership cadence continuing. August brought a \$240M multi-year Together AI agreement and elite-tier partner status with OpenAI, including a dedicated practice inside IBM Consulting. Neither carries disclosed near-term revenue and the Together AI capacity is a 2027 story, but the flow of announcements has been what carried the stock off the lows, and it has not stopped.
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- 03

An analyst re-rating. Barclays initiated at Overweight with a \$350 target on 1 June and the stock moved double digits that month. Nothing prevents another such note. Targets currently range to \$350 at the top, so the raw material exists.
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- 04

Drift and the Fed. The stock has recovered 22% off the low on no single catalyst. The 15 to 16 September FOMC sits inside the window and IBM showed multiple sensitivity to rate signalling in June.
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That is the honest list. It is a bet on continuation and sector sentiment in a cheap-volatility window, not a bet on the company proving anything.

06

How This Loses

RISK	SEVERITY	ASSESSMENT
Nothing happens	HIGH	The base case for any short-dated out of the money call with no scheduled catalyst. IBM drifts between \$235 and \$250 for five weeks, the contracts expire worthless, and we lose the full premium. This is the most likely single outcome and it should be treated as such.
Time decay before any move	HIGH	With 33 days left and no earnings inside the window, decay works against us daily and accelerates into expiry. A move that arrives on 20 October is worth nothing to this position.
A second pre-announcement	TAIL	IBM pre-announced on 14 July, eight days before its scheduled print. The equivalent timing before a 21 October report is around 13 October, inside our window. The precedent is a 25% single-day decline. For a long call the loss is still capped at the premium, but it removes any chance of recovery.

RISK	SEVERITY	ASSESSMENT
Strike above every target	MEDIUM	Our \$260 strike and \$264.60 breakeven sit above published consensus averages of roughly \$245 to \$255. We are not positioned where the sell side thinks fair value is. That is the trade, and it is also the reason to size it as premium we can lose.
Accenture disappoints	MEDIUM	The main in-window catalyst is someone else's earnings report and it cuts both ways. June demonstrated roughly 5.5% downside sensitivity to an Accenture guidance cut.
Litigation headlines	MEDIUM	Plaintiff firms have announced investigations over the Z shortfall and the July disclosure. A formal class action filing could land at any time. These rarely move large capitalizations much, but the headlines are unhelpful in a five week window.

We would rather publish the way this loses than the way it wins, because on a short-dated out of the money option the losing paths are the likely ones.

§ **References and Disclosures**

IBM second quarter 2026 results, 22 July 2026

Arvind Krishna's letter to IBM investors, 14 July 2026

IBM first quarter 2026 results, 22 April 2026

IBM investor relations events calendar and third quarter 2026 earnings page

IBM and Together AI multi-year agreement, 11 August 2026

IBM and OpenAI enterprise partnership, 13 August 2026

IBM next generation dual-architecture processor, Hot Chips 2026, 24 August 2026

Accenture investor events calendar, fourth quarter results and investor day

IBM market data, short interest and analyst coverage, September 2026

FINRA equity short interest reporting

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