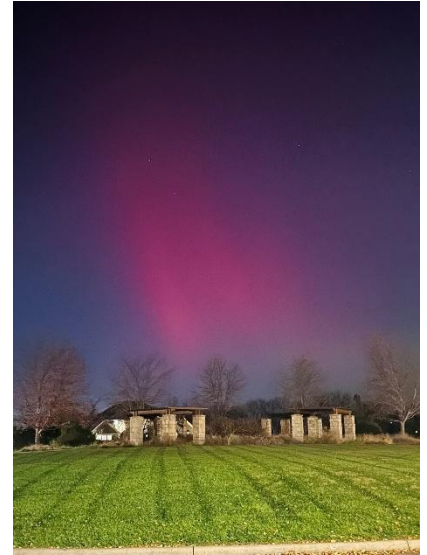


The Sunday Brief: Cable's Reality

Greetings from Iowa and Missouri, where we are enjoying the Northern Lights through our smartphones. Thanks to our neighbor for this great view. If you are specifically interested in the answer to the question "Why does my smartphone capture more vivid Northern Light hues?" [here's a terrific 2024 article](#) from Modern Science.

Our primary focus this week is on Comcast and Charter, and, to a lesser extent, the entire cable industry. We will also have a full market commentary. Thanks for all of the feedback on our last [Brief](#) – Verizon made headlines this week when the [Wall Street Journal](#) [announced](#) that Big Red would be eliminating 15% of its workforce starting in November. Fierce Network, an industry publication, [indicated](#) that a quarter of the 5G Acceleration Team would be impacted. While that has not been confirmed, we would not be surprised to see Verizon Business (and the network organization, including the 2026 capital budget) disproportionately impacted by the cuts. It will be a dramatic week for those impacted.



Editor's note: We will not be publishing a full [Brief](#) on Thanksgiving weekend, but will have an interim post with market commentary. Also, it looks like we will have an iPhone backlog/ availability post next weekend – more in this afternoon's post.

The Fortnight That Was

FAB FIVE	Shares outstanding (end of yr unless noted)					Stock Price (last trading day of year)			Equity Value (\$B)			2025 YTD PERFORMANCE			Current market cap				
	Stock Name	Ticker Symbol	Dec-24	Jun-25	Sep-25	Dec-22	Dec-23	Dec-24	Dec-22	Dec-23	Dec-24	14-Nov	% change	Value Gained/Lost (\$B)	31-Oct	7-Nov	1-wk change	2-wk change	
Apple	AAPL	15,022.1	14,840.4	14,776.4	\$ 129.93	\$ 192.53	\$ 250.42	\$ 2,056	\$ 2,994	\$ 3,785	\$ 272.41	9%	\$ 240	\$ 4,025	\$ 300	\$ 182	\$ 58	\$ (60)	
Alphabet (Google)	GOOG	12,190.0	12,094.0	12,067.0	\$ 88.73	\$ 140.93	\$ 190.44	\$ 1,136	\$ 1,764	\$ 2,331	\$ 276.98	45%	\$ 1,011	\$ 3,342	\$ 1,114	\$ 1,044	\$ (33)	\$ (103)	
Microsoft	MSFT	7,434.0	7,433.2	7,432.4	\$ 239.82	\$ 376.04	\$ 421.50	\$ 1,785	\$ 2,795	\$ 3,134	\$ 510.18	21%	\$ 658	\$ 3,792	\$ 716	\$ 559	\$ 99	\$ (58)	
Amazon	AMZN	10,597.7	10,664.9	10,690.2	\$ 84.00	\$ 151.94	\$ 219.39	\$ 861	\$ 1,570	\$ 2,307	\$ 234.69	7%	\$ 202	\$ 2,509	\$ 263	\$ 306	\$ (104)	\$ (61)	
Facebook/ Meta	FB	2,533.7	2,512.6	2,520.5	\$ 120.34	\$ 353.96	\$ 585.51	\$ 312	\$ 910	\$ 1,478	\$ 609.46	4%	\$ 58	\$ 1,536	\$ 159	\$ 89	\$ (31)	\$ (101)	
					<i>Totals</i>			\$ 6,150	\$ 10,033	\$ 13,035			\$ 2,169	\$ 15,204	\$ 2,552	\$ 2,179	\$ (10)	\$ (383)	
					<i>Change</i>			\$ (3,809)	\$ 3,883	\$ 3,002									
					<i>Cumulative Change</i>			\$ 2,817	\$ 6,700	\$ 9,703									

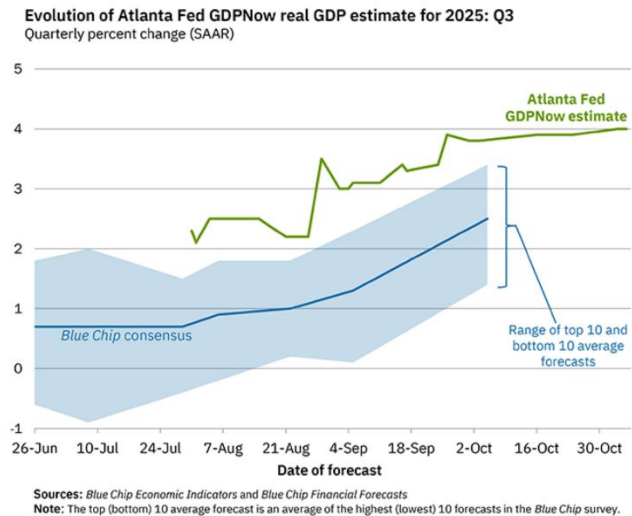
TELCO TOP FIVE	Shares outstanding (end of yr unless noted)					Stock Price (last trading day of year)			Equity Value (\$B)			2025 YTD PERFORMANCE			Current market cap				
	Stock Name	Ticker Symbol	Dec-24	Jun-25	Sep-25	Dec-22	Dec-23	Dec-24	Dec-22	Dec-23	Dec-24	14-Nov	% change	Value Gained/Lost (\$B)	31-Oct	7-Nov	1-wk change	2-wk change	
AT&T	T	7,178.2	7,150.4	7,089.4	\$ 18.41	\$ 16.78	\$ 22.77	\$ 131	\$ 120	\$ 163	\$ 25.59	12%	\$ 18	\$ 181	\$ 14	\$ 13	\$ 5	\$ 4	
Verizon	VZ	4,209.7	4,216.3	4,216.4	\$ 39.40	\$ 37.70	\$ 39.99	\$ 165	\$ 158	\$ 168	\$ 41.06	3%	\$ 5	\$ 173	\$ (1)	\$ 13	\$ 4	\$ 6	
T-Mobile	TMUS	1,141.7	1,125.4	1,118.5	\$ 140.00	\$ 160.33	\$ 220.73	\$ 171	\$ 185	\$ 256	\$ 216.08	-2%	\$ (14)	\$ 242	\$ (12)	\$ (25)	\$ 10	\$ (2)	
Comcast	CMCSA	3,781.0	3,692.2	3,643.9	\$ 34.97	\$ 43.85	\$ 37.53	\$ 147	\$ 176	\$ 144	\$ 27.51	-27%	\$ (43)	\$ 100	\$ (37)	\$ (44)	\$ 1	\$ (7)	
Charter	CHTR	141.9	136.6	129.4	\$ 339.10	\$ 388.68	\$ 342.77	\$ 52	\$ 57	\$ 49	\$ 203.10	-41%	\$ (22)	\$ 26	\$ (15)	\$ (20)	\$ (2)	\$ (7)	
					<i>Totals</i>			\$ 667	\$ 698	\$ 780			\$ (57)	\$ 723	\$ (51)	\$ (76)	\$ 18	\$ (6)	
					<i>Change</i>			\$ (212)	\$ 31	\$ 82									
					<i>Cumulative Change since 1/1/2019</i>			\$ (16)	\$ 15	\$ 98									

Relative Market Capitalization 9.23 14.38 16.71 21.04

This has been a relatively uneventful couple of weeks from a market cap change perspective. The Fab Five have lost \$383 billion in value over the last fortnight (2.5%) and the losses for the Telco Top Five are relatively unchanged (< 1% market cap loss for the Telco Top Five). As we discussed in last week's [interim Brief](#), the theme for October of "sideways to down" seems to be holding as investors become more concerned about the magnitude of AI investments and the impact to the broader economy.

On the macroeconomic front, it appears that, thanks in large part to AI, we should see ~4.0% real GDP growth for the third quarter according to the Atlanta Fed's [GDP Now website](#) (see nearby chart). This would match the 2Q 2025 growth rate and eliminate most of the stagflation chatter.

We will have a steady stream of reports for the next four weeks detailing economic conditions in September and October as the Bureau of Labor Statistics catches up due to the government shutdown. According to the BLS site ([here](#)), the September jobs report should be released this coming Thursday and figures on real income should be out on Friday. We anticipate additional detailed reports on inflation prior to the Thanksgiving holiday.



We anticipate that the net impact of these reports will be:

- 1) Inflation (CPI) will remain well above the Fed's 2% target, but will come down thanks to stabilizing rent rate increases (good article on the lag effect published last month from the National Bureau of Economic Research [here](#))
- 2) Capital spending, thanks to AI and bonus depreciation, will continue to be elevated (data [here](#))
- 3) The government deficit is lower in 2025 than it was at this point last year (report will be posted [here](#))
- 4) The unemployment rate is below 4.5% but slowly creeping higher thanks to uneven post-COVID economic recovery (we talked about this in a September [Brief here](#)).

Speaking of business investment, Google announced on Friday that they will spend \$40 billion by 2027 developing two data center complexes in Texas (Armstrong and Haskell Counties). A summary of the announcement from Bloomberg is [here](#). For reference, Meta's Louisiana data center is estimated to cost \$50 billion. Google's announcement is important for two reasons: 1) it's in Texas - not California, Colorado, Arizona, or Nevada (or Europe or Asia), and 2) it's entirely funded in cash by Google. They join Meta, Anthropic, and Stargate announcements to spend tens of billions (each) in the Lone Star State.

As we discussed in the last full [Brief](#), Google has \$77 billion more cash and marketable securities than debt as of 3Q 2025 – their balance sheet is very strong. They are not buying back shares at an accelerated pace (Q3 2025 share count was only 1% lower than it was at the end of 2023). Google is investing in infrastructure – energy, fiber, computing, and real estate – with a disproportionate focus (at least today) on America. They have added 43% to their market capitalization so far in 2025 and are solidly a member of the \$3 trillion club. This is not a speculative start-up or highly-leveraged fly-by-night entity. There may be others who are, but Google, Microsoft, Amazon and Meta are very different, and the ramifications of their current spending will reshape the global economy for decades.

One last note on Google – since the last full [Brief](#), Bloomberg announced that Apple will be licensing Google's AI technology (which has 1.2 trillion parameters) to power Siri. The terms on the deal were light, but it appears that Apple will pay Google \$1 billion annually for their AI models. More on this from Marc Gurman's Bloomberg article [here](#).

Cable's Reality

We have listened to and fully digested both Comcast's and Charter's earnings calls and walk away convinced that they are not fully prepared for the threat that AT&T (and Verizon + Frontier by the end of 2026) will bring. Cable's plans are more compelling and valuable if customers are bringing their own devices but are less compelling under current device financing promotions.

Cable faces the reality headwinds of pricing trust, service consistency, and wireless value proposition (especially as customers are upgrading to new devices). They are close to reaching the tipping point, but need to demonstrate clearly that they are and will be a better value for converged wireless and broadband services.

Here is a comparison from Dallas, Texas (75244). First up: Spectrum

Fiber-Powered Internet

Start with fast, reliable Fiber-Powered Internet. Bundle with Mobile or TV for monthly savings and a multi-year price guarantee. [Compare Internet plans.](#)

All of the above tiers include a free unlimited mobile line for new customers for a year. In this part of Dallas, Spectrum appears to have already upgraded their coax plant, allowing them to offer a 2 Gbps service over coax. Note: After the 12-month promotional period ends, the Internet Premier \$40/ mo. rate doubles to \$80/ mo. and the wireless rate becomes \$30-40/ mo.

AT&T's plans for the same address are as follows:

AT&T takes the discount out of the broadband monthly service price. AT&T's 1 Gbps speed + one line of wireless comes to \$103/ mo. (\$37/ mo. for Gig and \$66 for one wireless line). After the promo year, the total costs favor AT&T for broadband + one line. For two and three-line family plans, Spectrum is favored, and at the fourth line, AT&T regains the lead:

Service Provider	Annual Costs
Spectrum (year 1):	\$480/ yr (\$0 wireless + the \$40/ mo. above)
Spectrum (year 2 on):	\$1,320/ yr + \$360/ wireless line/ yr

AT&T (year 1): \$1,236/ yr (\$63/ mo. more than Spectrum)
 AT&T (year 2 on): \$1,236/ yr + ~\$650-700/ wireless line/ yr (\$7/ mo. less than Spectrum)

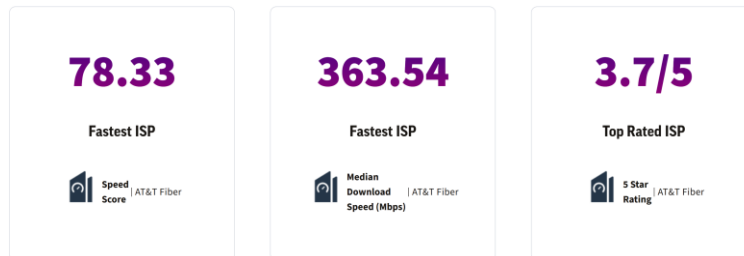
While conventional wisdom states that AT&T wins with family plans, we don't think that's the case until the fourth line (most one-line customers are going to remember the \$750 savings from the first year). However, AT&T is currently marketing 1 Gbps service to their existing wireless customers for \$37/ mo. as long as they keep their wireless plan (with higher pricing) with the company. Whoever gets their offer to their base first, the free line from cable or the discounted fiber rate from Ma Bell, will win the race. Currently, AT&T is winning.

While our analysis is limited to one address, we think the logic holds because of the price differential between AT&T and Verizon's basic plans and Spectrum/ Xfinity mobile pricing (which amounts to a \$30-40/ mo. gap for the first two lines). The third line is basically a wash, and with the fourth line, cable is at a slight advantage.

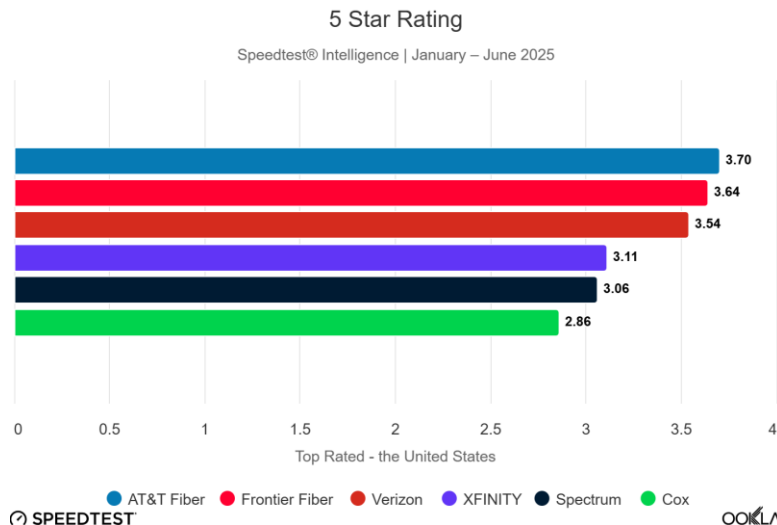
If the previously described economics hold between cable and fiber, why is cable at such low mobile household penetration after many years in the market (see nearby chart of the previous 13 quarters of net add growth)? They have had the product for several years at a \$30/ mo. unlimited price point. The answer is simple: No one trusts cable's legacy (video, broadband) pricing models. Conventional wisdom is that today's price will be hiked tomorrow. Comcast's five-year price lock requires a lengthy contract, and both Spectrum and Comcast have a history of meaningfully raising prices after contract periods end.

As we explored in a previous [Brief \(here\)](#), cable is battling the newness of fiber. AT&T Fiber can tout "top rated" and "fastest" fixed broadband service thanks to Ookla (report [here](#)):

Mobile Net Additions (000s) By Quarter				
Period	Comcast	Charter	Altice	Total
3Q 2022	333	396	5	734
4Q 2022	365	615	4	984
1Q 2023	355	686	8	1,049
2Q 2023	316	648	16	980
3Q 2023	294	594	24	912
4Q 2023	310	546	34	890
1Q 2024	289	486	29	804
2Q 2024	322	557	33	912
3Q 2024	319	545	36	900
4Q 2024	307	529	40	876
1Q 2025	323	514	49	886
2Q 2025	378	500	38	916
3Q 2025	414	493	38	945
TOTAL (000s)	8,941	11,390	585	20,917



That highlights another cable reality: Cable broadband quality is not as consistent as fiber. This chart says a lot:



Cable may win the value equation, but if service is inconsistent (and memories are long), many customers will justify paying \$10-20/ mo. more because of perceived reliability differences.

Finally, there's an issue of timing. The Big Three wireless carriers historically spend a lot of money on advertising and handset promotions (including trade-ins) in the fourth quarter. Cable has a history (driven by budget cycles) of promoting their products in the first quarter, 90 days after customers have made their device and carrier choices. Here are the iPhone 17 Pro and iPhone 17 Pro Max offerings for Xfinity Mobile:

5G Device

APPLE

iPhone 17 Pro Max

Starting at \$15.41/mo ~~\$49.99/mo~~

For 24 months, 0% APR

Full price: \$1,199.99

Up to \$830 savings with trade in promotions

5G Device

APPLE

iPhone 17 Pro

Starting at \$11.25/mo ~~\$45.99/mo~~

For 24 months, 0% APR

Full price: \$1,099.99

Up to \$830 savings with trade in promotions

The difference between \$50/ month and the \$15.41 is the “up to \$830 savings” from a trade-in promotion. It's not a bad offer, but here's what Verizon is offering in the fourth quarter for the same devices (with no trade-in required):

iPhone 17 Pro – no trade in (but \$90 or 80/ mo. plan required for 1 or 2 lines):

Select a payment option

Monthly with Verizon

\$0.00/mo for 36 mos

- 0% APR
- Payments shown are for well-qualified customers
- Monthly payments appear on your Verizon mobile bill

Full retail price

\$1,099.99

You'll pay \$0.00/mo after a credit of \$30.55/mo on your billed price of \$30.55/mo per device for 36 mos. Full retail price \$1,099.99. Your total payments will be \$0.00.

One-time activation fee of \$40 per device

Device unlocking policy

iPhone 17 Pro Max – no trade-in:

Select a payment option

Monthly with Verizon

\$4.99/mo for 36 mos

- 0% APR
- Payments shown are for well-qualified customers
- Monthly payments appear on your Verizon mobile bill

Full retail price

\$1,199.99

You'll pay \$4.99/mo after a credit of \$28.34/mo on your billed price of \$33.33/mo per device for 36 mos. Full retail price \$1,199.99. Your total payments will be \$179.64.

One-time activation fee of \$40 per device

Device unlocking policy

If one does not have a trade in and has one line, the Xfinity Mobile plan, including device costs, is actually \$5/ mo. more than Verizon (and roughly breakeven). Verizon requires a 36-month commitment vs 24 for Xfinity, however. This brings us to the third reality: Currently, cable lacks a compelling reason for customers to switch wireless providers unless they are bringing their own device. Device payments matter, and with a simple movement to 36-month pricing, cable would be the lowest overall cost. Cable's strategy has been to "be close enough" when they should be making the decision a lot easier for consumers.

Here are several steps we think would move the needle in cable's favor:

1. Consolidate all mobile efforts into one company. Keep Spectrum Mobile and Xfinity Mobile brands but eliminate all offer differences
2. Continue with easy to understand pricing (even if it's \$40/ 50 for Xfinity vs. \$30/40 for Spectrum). Make the savings calculation a breeze
3. Move completely to everyday low pricing on broadband (2-3 plans max) with 2-year price locks on all new plans
4. Move to 36-month (or longer) Equipment Installment Plans
5. Publish all outages to restore confidence in broadband consistency

Previously, we have thought that it would be "nice to have" Comcast throw in Peacock Premium or some other content. AT&T has taught us over the last two years that wireless and broadband providers can grow market share without pulling that lever. This simplifies billing and focuses the company on competitive and comparable pricing.

Bottom line: Cable companies are setting the bar too low with convergence. As we have mentioned previously, wireless penetration pales compared to that of the triple-play (which at the time included home phone service). Being more bold in setting that objective (we think 30% of the current broadband households by 2027 is a great starting point, and 50% by 2030) will drive each company to take the steps outlined above (and more). If cable fails to take bolder steps, their market capitalization will continue to deteriorate (Comcast's market cap is down 46% and Charter's is down 54% since the end of 2023). They are close but need to take more decisive action on handset promotions and broadband service consistency to win the day.

In the next [Brief](#), we will wrap up our earnings discussion with some thoughts about AT&T. In the meantime, if you have friends who are interested in being notified each time we publish a [Brief](#), please have them sign up at www.sundaybrief.com.

Go [Chiefs](#) and [Davidson College Basketball](#)!

Important disclosure: *The opinions expressed in [The Sunday Brief](#) are those of Jim Patterson and Patterson Advisory Group, LLC, and do not reflect those of CellSite Solutions, LLC, or Fort Point Capital.*