

RESEARCH NOTE · SEPTEMBER 30, 2026

Cummins Inc. (CMI) — Investor Deep Dive

Cummins builds the engines and backup power the economy runs on. The stock has washed out 29% from its high while the data-center business keeps setting records.

✨ **Verified flow. Zero hype.**

THE CALL

ACCUMULATE

Staged entry: starter at \$505–520, add on a reclaim of \$561.55.

CLOSE

\$516.57

30 Sep 2026 · –0.92%
day

3-MONTH

\$600–640

Scenario target
+16% to +24%

INVALIDATION

\$500

Weekly close below the
shelf

Every number sourced. Every chart checked.

Research and education only. Not investment advice.

01 / THE DECISION

Buy the weakness, not the downtrend.

Cummins is a high-quality industrial trading like a distressed one. The tape is washed out; the business just raised guidance. The right posture is staged accumulation, not a chase.

3-MONTH BASE CASE

\$600–640

A reclaim of the 20-day high (\$561.55) plus Q3 proof can carry the stock toward the recent analyst cuts and the 50-day average.

6-MONTH BASE CASE

\$700–740

Requires data-center demand to keep compounding and the truck cycle to stop deteriorating. Lands near Street consensus and the independent DCF.

THESIS WRONG BELOW

\$500

A weekly close under \$500 breaks the 20-day/60-day closing-low shelf and says the washout has further to run.

WHY ACCUMULATE

- **Record Q2 revenue of \$9.46B** (+9.4% YoY) beat consensus, and management **raised FY2026 guidance** to +10–13% revenue with 18.0–18.5% EBITDA margins.
- **Power Systems is 18% of sales but 31% of EBITDA**, with 15–25% power-generation growth guided and large-generator orders booked into H2 2028.
- **Forward P/E of 18.43** with +16.36% expected EPS growth (PEG 1.52) is a fair price for this earnings path, not a premium.
- **RSI(14) of 30.7** sits near oversold, with the stock resting exactly on its 20-day/60-day closing-low shelf.
- **Street consensus of \$736.59** implies +42.6% upside; even the recent bearish cuts sit at \$600, +16% above the close.

HOW TO BUILD A POSITION

\$505–520 shelf		35%
>\$561.55 reclaim		35%
Q3 proof		30%

Illustrative staging within an intended CMI allocation, not a portfolio-allocation recommendation. The first tranche buys the shelf; the second buys confirmation; the third buys proof.

The upside is real; the entry has to be staged. The stock becomes more attractive if the \$561.57 shelf holds, or if a reclaim of \$561.55 confirms the turn.

02 / THE COMPANY

Engines pay the bills. Data-center power writes the growth story.

Cummins has made power equipment since 1919. Four segments share the brand, but one of them is quietly becoming the growth engine.

01 · DISTRIBUTION

Service

**30% /
34%**

Sales and service network: aftermarket parts, repair, and power-gen systems through ~**640 distributor locations**.

% OF SALES / % OF EBITDA

02 · ENGINE

Diesel +
gas**26% /
26%**

Diesel, natural gas, and gasoline engines from 2.8L to 15L for **heavy/medium-duty trucks, buses, and pickups** (Stellantis Ram).

% OF SALES / % OF EBITDA

03 · COMPONENTS

Systems

**25% /
26%**

Aftertreatment, turbochargers, fuel systems, drivetrain and brakes, plus automated transmissions through the **Eaton joint venture**.

% OF SALES / % OF EBITDA

04 · POWER
SYSTEMS

Generators

**18% /
31%**

Generators from 2 kW to 3.5 MW. **Data-center standby power** is the growth engine: 15–25% growth guided, orders into H2 2028.

% OF SALES / % OF EBITDA

THE FLYWHEEL

● SCALE

13,000+ dealers in ~190 countries

The distribution network turns every installed engine into decades of parts and service revenue.

● DEMAND

Data centers need backup power

A multiyear hyperscaler agreement covers several gigawatts of future backup-power demand, plus a Texas HPC natural-gas/microgrid project.

● TRANSITION

2027 engine lineup with regulatory flexibility

The phased X15/X10 rollout benefits from proposed EPA flexibility that eases the engine transition.

THE FRICTION

- On-highway **truck demand was soft in 2025**, and demand tracks construction, mining, and industrial cycles.
- Accelera, the zero-emissions arm, is being **wound down after \$458M of 2025 charges** - electrolyzer goodwill fully impaired.
- **Tariffs and China exposure** are called out as principal risks in the 10-K, with retaliatory-tariff and export-control risk.
- The **\$2.0B EPA settlement** is paid, but the filing warns of additional claims and collateral litigation.

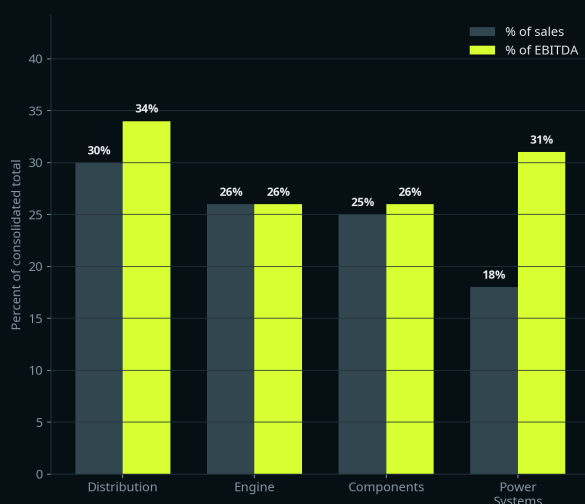
Investor lens. Power Systems earns 31% of EBITDA from 18% of sales. The market still prices Cummins as a truck-cycle stock; the re-rating case is that data-center power becomes the dominant earnings driver by 2028–2030.

03 / THE NUMBERS

Record revenue, raised guidance - and three years of one-time noise.

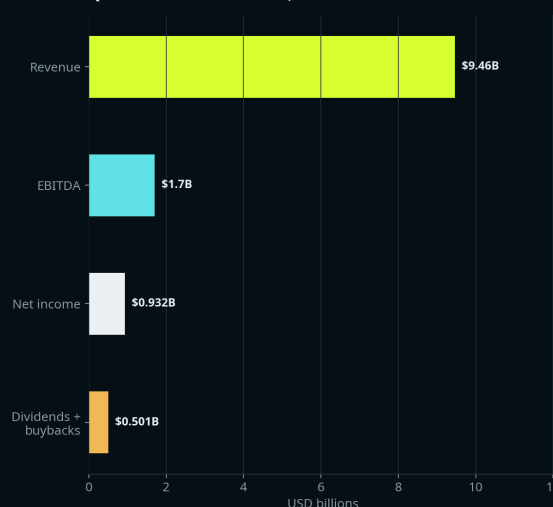
Q2 2026 set a revenue record and management lifted the full-year outlook. The GAAP history needs normalizing before it can be annualized.

2025 SEGMENT MIX: POWER SYSTEMS PUNCHES ABOVE ITS WEIGHT



Segment mix per 10-K Item 1 (FY2025, before eliminations), Q2 2026 reported 4 Aug 2026.

Q2 2026: RECORD REVENUE, RAISED GUIDE



OPERATING SNAPSHOT

METRIC	PERIOD	VALUE
Net sales	FY2025	\$33,670M
Net income	FY2025	\$2,843M
Diluted EPS	FY2025	\$20.50
Revenue	Q2 2026	\$9.46B (+9.4%)
Diluted EPS	Q2 2026	\$6.73 (miss)
EBITDA margin	Q2 2026	17.5%
FY2026 guide	Raised Aug 2026	+10-13% / 18.0-18.5%

THE VALUATION GAP

FORWARD EARNINGS MULTIPLE

18.43×

Forward P/E on MarketBeat consensus EPS, with +16.36% expected EPS growth (PEG 1.52). Trailing P/E is 28.32 on TTM EPS of \$19.57.

CAPITAL RETURNS

\$501M

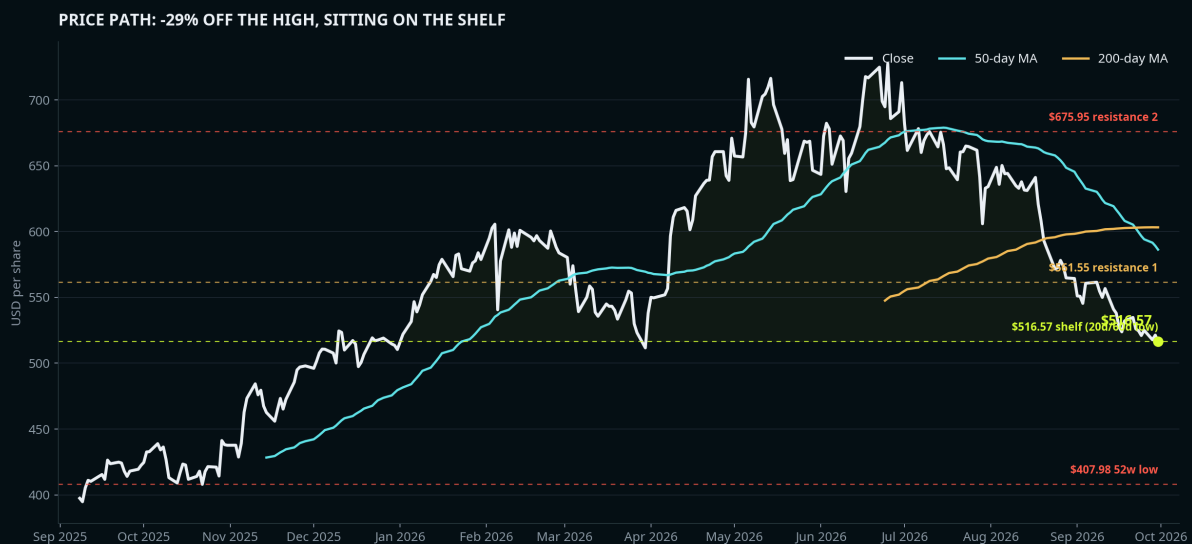
Returned to shareholders in Q2 2026 via dividends and buybacks. Dividend yield 1.56%; quarterly dividend paid Sep 3, 2026.

Normalize the history. FY2025 carries \$458M of Accelera exit charges; FY2024 carries a \$1.3B non-taxable Atmus divestiture gain; FY2023 carries the \$2.0B EPA settlement charge. The Q2 2026 EPS miss included \$0.21/share of unfavorable discrete tax items (adjusted EPS \$6.94 vs \$7.33 consensus).

04 / THE CHART

Washed out, sitting on the shelf - below every moving average that matters.

CMI is 29% below its 52-week closing high, under both the 50-day and 200-day averages, with RSI flirting with oversold. The close sits exactly on the 20-day/60-day closing low.



Daily closes, 8 Sep 2025 to 30 Sep 2026. Moving averages and levels computed from the plotted series.

RESISTANCE 2
\$675.95

RESISTANCE 1
\$561.55

SHELF
\$516.57

52W LOW
\$407.98

MOMENTUM

30.7

RSI(14). Near oversold; the washout is technically stretched.

TREND

\$586.34

50-day MA; 200-day is \$603.25. Price sits below both - the downtrend is intact until proven otherwise.

52-WEEK RANGE

**\$407.98–
727.59**

Close-based. The stock is 29.0% below the high and 26.6% above the low.

BULL CONFIRMATION

- \$561.55 (20-day closing high) reclaims and holds.
- Q3 earnings validate the raised FY2026 guidance.
- The \$516.57 shelf survives a retest with volume.

BEAR CONFIRMATION

- A weekly close below \$500 breaks the shelf.
- \$407.98 (52-week closing low) fails, opening the 2025 lows.
- Truck-cycle data or tariff headlines worsen.

Support and resistance use closing price extremes from the 268-session history (heuristic, not exchange levels). Decision zones are not precise barriers.

05 / THE DEBATE

The market sold the cycle. The business is selling the future.

CATALYST TAPE

4 AUG 2026

Record Q2, raised full-year guide

Revenue \$9.46B beat consensus; FY2026 revenue guide raised to +10–13% and EBITDA to 18.0–18.5%. CEO Jennifer Rumsey: demand for data-center power generation remains robust.

EARLY NOV 2026

Q3 earnings (date not confirmed)

MarketBeat estimates Nov 5 before open; TipRanks projects Oct 29. Q3 EPS forecast is \$8.20 vs \$5.59 a year ago.

THROUGH H2 2028

Data-center order book extends

95-liter platform demand runs into the second half of 2028; data-center revenue is projected to grow from \$5B in 2026 to \$9B by 2030.

2027

X15/X10 engine rollout

Phased rollout of the 2027 engine lineup, with proposed EPA flexibility easing the transition for truck customers.

WHAT MUST GO RIGHT

- Data-center backup demand compounds through 2028 as guided.
- The truck cycle stabilizes instead of rolling over further.
- Raised FY2026 guidance converts into reported quarters.
- Tariff and emissions headlines stay contained.

STREET POSITIONING

TARGET AGGREGATE

\$736.59

Average 12-month target from 18 firms (MarketBeat, Sep 26, 2026); Moderate Buy. The spread between the cuts (\$600) and the bulls (\$894 high) is the debate.

PROVIDER
SNAPSHOT

DISTRIBUTION

MarketBeat (18 firms)

13 buy / 5 hold

Finnhub

5 strong buy / 14 buy / 9 hold / 0 sell

JPMorgan · 25 Sep

Cut to \$600 / neutral (was \$690)

Bank of America · 24 Sep

Cut to \$600 (was \$731)

Snapshots observed Sep 2026. FMP price-target consensus is paywalled on the free tier - a data gap, not a signal. Provider methodologies differ; disagreement is itself information.

WHAT CAN BREAK THE THESIS

- Emissions litigation expands beyond the settled \$2.0B.
- Tariffs or China export controls hit production costs and demand.
- Deregulation weakens the case for R&D already spent (the Accelera lesson).
- A weekly close below \$500 says the washout is not done.

Options signal. The tape is quiet: no unusual prints in the 7–45 DTE scan, net gamma –\$4.2M per 1% (short gamma, choppy). Call wall \$540, put wall \$530, max pain \$540. Positioning is neutral-to-choppy with the magnet zone just overhead.

06 / SOURCE MAP

The filings are audited. The Q3 date is not confirmed.

The 10-K gives a clean audited baseline; the latest operating view is the unaudited Q2 Form 10-Q. Consensus figures come from dated third-party snapshots.

FILINGS AND COMPANY RECORD

Cummins 10-K for FY2025 · filed 10 Feb 2026

[Open source ↗](#)

Q2 2026 Form 10-Q · filed 4 Aug 2026

[Open source ↗](#)

Q2 2026 earnings-call takeaways

[Open source ↗](#)

Q2 results and data-center demand

[Open source ↗](#)

MARKET AND THIRD-PARTY CHECKS

MarketBeat CMI consensus (\$736.59) · 26 Sep 2026

[Open source ↗](#)

JPMorgan cut to \$600 · 25 Sep 2026

[Open source ↗](#)

Bank of America cut to \$600 · 26 Sep 2026

[Open source ↗](#)

Seeking Alpha: data-center outlook · 15 Sep 2026

[Open source ↗](#)

Simply Wall St: cash flow and DCF · Sep 2026

[Open source ↗](#)

Method. Targets are scenario ranges synthesized from the price structure, catalyst timing, valuation, and Street distribution. They are not company guidance or statistical forecasts.

Known gaps. Q3 2026 earnings date is not confirmed (Nov 5 est. vs Oct 29 proj.). Consensus targets disagree across providers (\$736.59 / \$764.54 / \$776.22) on different analyst sets and dates. FMP price-target consensus is paywalled. Per-share dividend amount is unverified.

Bottom line: accumulate in stages, do not chase a full position. Starter at \$505–520, add on a reclaim of \$561.55 or Q3 proof, and exit the thesis on a weekly close below \$500.

Prepared 30 Sep 2026 from data observed through the 30 Sep 2026 close. AI-assisted research. For informational purposes only; not personalized financial, tax, or legal advice.

Purpose. This is the earnings-based framework behind the Sep 30 deep dive: **\$600-\$640** at three months, **\$700-\$740** at six months, staged entry at **\$505-\$520** or on a reclaim of **\$561.55**, and invalidation on a weekly close below **\$500**. The method anchors reported earnings, maps the consensus EPS path, divides target prices by each year's EPS, then tests what multiple each target demands.

Source: Spike Sniper CMI Investor Deep Dive, Sep 30, 2026 close; MarketBeat consensus EPS. CMI is Cummins Inc., listed on the NYSE

EQUITY INTELLIGENCE / VALUATION BRIDGE 02

The earnings bridge behind the scenario targets.

Earnings growth, not multiple expansion, has to carry CMI from a washed-out \$516.57 into the \$600-740 scenario range.

ACCUMULATE · STAGED ENTRY ONLY

THE CALL

ACCUMU-LATE

Staged entry only. Full-size buying before confirmation lacks margin of safety.

SEP 30 CLOSE

\$516.57

Source: Nasdaq quote API
As of Sep 30, 2026

3-MONTH

\$600-\$640

Source: Sep 30 deep dive
As of Sep 30, 2026

INVALIDATION

\$500

Weekly-close rule
Source: Sep 30 deep dive

02 / THE ANCHOR

The earnings record needs normalizing before it can be used.

Reported EPS swings wildly because each year carries a different one-time item. The usable anchor is the forward path: \$30.13 of FY2026E EPS growing to \$35.06 of FY2027E EPS, per MarketBeat.

CONSOLIDATED FINANCIAL RECORD

PERIOD	NET SALES	DILUTED EPS	READ-THROUGH
FY2023	\$34,065M	\$5.15	\$2.0B EPA settlement charge
FY2024	\$34,102M	\$28.37	\$1.3B Atmus divestiture gain
FY2025	\$33,670M	\$20.50	\$458M Accelera exit charges
Q2 2026	\$9.46B	\$6.73	Record revenue; EPS missed on \$0.21/share tax items
TTM (MarketBeat)	~\$36.4B	\$19.57	Net margin 7.82%; ROE 25.29%

Source: Cummins 10-K filed Feb 10, 2026; Q2 2026 Form 10-Q filed Aug 4, 2026; TTM figures per MarketBeat, Sep 2026.

POWER SYSTEMS FY2025

31%

Of consolidated EBITDA from only **18% of sales**. The margin standout, and the segment riding data-center backup demand.

Source: 10-K Item 1 segment disclosure, FY2025, before intersegment eliminations.

ACCELERA FY2025

\$458M

Of exit and impairment charges. The zero-emissions arm is being wound down; **the drag is ending, not compounding**.

Source: 10-K filed Feb 10, 2026. Electrolyzer goodwill fully impaired in Q3 2025.

Trailing P/E

28.32x

On TTM EPS \$19.57

Forward P/E

18.43x

On consensus EPS path

PEG ratio

1.52

On +16.36% expected growth

Source: MarketBeat valuation snapshot, Sep 2026. Forward P/E uses the consensus forward EPS path (\$30.13 to \$35.06). Calculations as of Sep 30, 2026.

At 28.3x trailing earnings the stock looks expensive. At 18.4x forward earnings with 16%+ growth, it looks fairly priced for a buyer of weakness.

03 / THE STREET

The Street is bullish on the target, cautious on the timing.

Consensus sits at \$736.59, but the two most recent actions are cuts to \$600. The debate is not whether Cummins is worth more; it is when the turn arrives.

CONSENSUS AND THE RECENT CUTS

SOURCE	TARGET	IMPLIED UPSIDE	STANCE
MarketBeat consensus (18 firms)	\$736.59	+42.6%	Moderate Buy: 13 buy / 5 hold
Danelfin (28 analysts)	\$776.22	+50.3%	Average forecast, Sep 27
JPMorgan (Sep 25)	\$600.00	+16.2%	Cut to neutral (was \$690)
Bank of America (Sep 24)	\$600.00	+16.2%	Cut (was \$731)
Simply Wall St DCF	~\$725	+40.3%	2-stage FCFE, ~\$3.4B TTM free cash flow

Source: MarketBeat Sep 26, 2026; Danelfin Sep 27, 2026; ABMN Sep 25-26, 2026; Simply Wall St Sep 2026. FMP price-target consensus is paywalled on the free tier. Consensus figures disagree across providers and dates; that disagreement is disclosed, not averaged away.

RECOMMENDATION MIX

Finnhub strong buy	5
Finnhub buy	14
Finnhub hold	9
Finnhub sell / strong sell	0

Finnhub recommendation snapshot, period 2026-09-01, as of Oct 1, 2026. Zero sells in the mix.

WHAT THE CUTS ARE SAYING

\$600

Both JPMorgan and BofA landed on \$600 in late September, citing truck-cycle softness and the emissions overhang. That is also, roughly, the 3-month scenario target.

Source: ABMN, Sep 25-26, 2026. The cuts still imply +16% upside from the close.

The bulls and the bears agree the stock is worth more than \$516.57. They disagree on the path: the cuts price a slow turn; the consensus prices the data-center compounding.

04 / THE EARNINGS BRIDGE

The targets need 20-21x forward earnings. Nothing heroic.

\$620 (3-MO MID)

20.6xOn FY2026E EPS \$30.13; 17.7x on
FY2027E \$35.06

\$720 (6-MO MID)

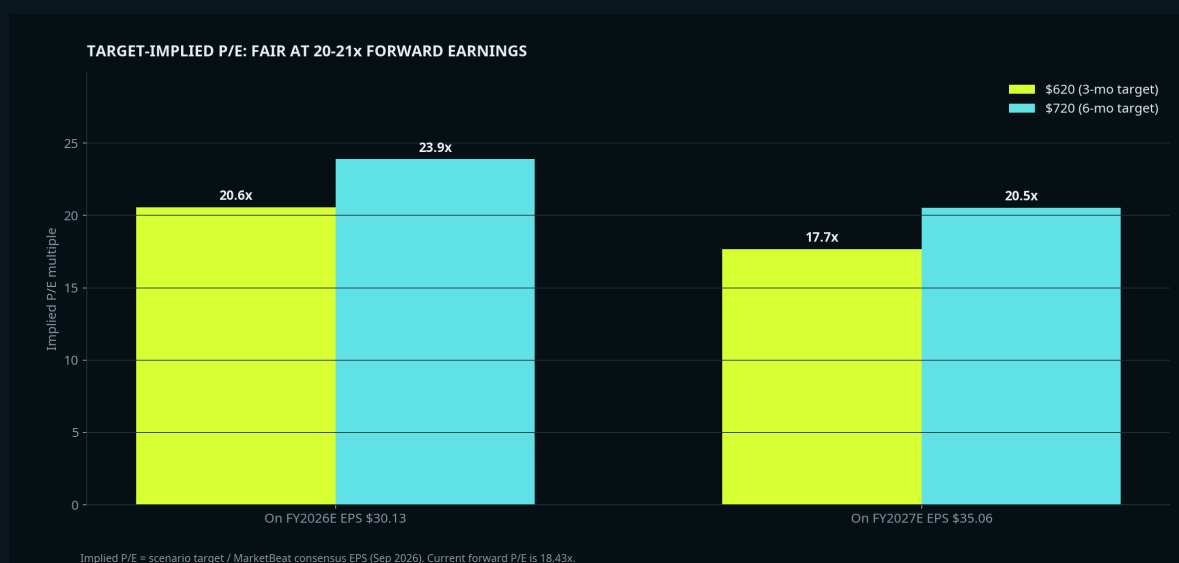
20.5xOn FY2027E EPS \$35.06; 23.9x on
FY2026E \$30.13

CURRENT FORWARD

18.43x

At \$516.57 on the consensus path

Source: MarketBeat consensus EPS (\$30.13 FY2026E, \$35.06 FY2027E), Sep 2026; Spike Sniper calculations, Sep 30, 2026.



Target-implied P/E. Source: MarketBeat consensus EPS and Spike Sniper calculations. As of Sep 30, 2026.

The \$600-640 target does not require multiple expansion at all: it is the current 18.4x forward multiple applied to FY2026E earnings. The \$700-740 target needs about 20-21x on FY2027E earnings, a normal industrial multiple for 16% growth.

WHAT THE CONSENSUS IMPLIES

\$736.59

On FY2027E EPS of \$35.06, the Street target implies **21.0x** forward earnings. That is the bull case multiple, and it is not stretched for a PEG-1.5 grower.

Source: MarketBeat, Sep 26, 2026; Spike Sniper calculation.

WHAT MUST BE TRUE

- Consensus EPS of **\$30.13 / \$35.06** survives the truck cycle; estimate cuts are the main risk to the bridge.
- Power Systems keeps its **15-25% growth** guide and the margin mix keeps improving.
- Accelera charges stop after 2025 so GAAP stops undershooting operating earnings.
- No new emissions or tariff shock resets the earnings path.

Source: 10-K risk factors, Q2 2026 guidance, MarketBeat. As of Sep 30, 2026.

05 / SNIPER OVERLAYS

A quiet tape on a stretched chart.

Spot	RSI(14)	Net GEX	IV30
\$516.57	30.7	-\$4.2M	33.6
Sep 30 close	Near oversold	Per 1% move, short gamma	CBOE delayed chain
Source: Nasdaq quote API and Spike Sniper desk data, CBOE delayed chain, Sep 30, 2026 about 8:24 PM ET.			

POSITIONING MAP

- **\$540** is both the call wall and max pain (nearest expiry); the **\$530** put wall sits just above spot.
- Heaviest net-gamma strikes: **530 (-\$2.1M)**, 510 (-\$1.2M), 500 (-\$0.7M), 540 (-\$0.6M). Negative gamma means **choppy, two-way trade**, not pinning.
- Put/call OI ratio **0.89**: no defensive panic in the open interest.
- The magnet zone **\$530-\$540** sits just overhead, inside the 3-month target path.

Source: Spike Sniper desk data, CBOE delayed chain, Sep 30, 2026 about 8:24 PM ET.

FLOW AND SENTIMENT

- **No unusual prints** in the 7-45 DTE scan on Sep 30. Institutions are not leaning on this tape.
- RSI 30.7 with price on the **\$516.57 shelf**: technically stretched, but the downtrend (below MA50 \$586.34 and MA200 \$603.25) is intact until \$561.55 reclaims.
- The quiet flow is consistent with a **staged, patient entry**: there is no smart-money urgency to front-run.

Source: Spike Sniper desk alert log and technical calculations. As of Sep 30, 2026.

Technicals. 268 daily closes through Sep 30, 2026 (Stooq, Nasdaq fallback). RSI(14) 30.7; MA50 \$586.34; MA200 \$603.25; 52-week close range \$407.98-\$727.59. Support/resistance are 20-day/60-day closing extremes (heuristic).

06 / WHAT CHANGES THE CALL

Earnings delivery has to confirm the guidance raise.

CATALYSTS

- **Q3 earnings (Nov 5 est.):** \$8.20 forecast vs \$5.59 a year ago. A beat-and-raise confirms the FY2026 guide.
- **Data-center order flow:** 95-liter demand into H2 2028; hyperscaler multi-gigawatt agreement; \$5B to \$9B data-center revenue by 2030.
- **Truck-cycle turn:** on-highway demand was soft in 2025; stabilization removes the main bear argument.
- **2027 engine rollout:** X15/X10 with EPA flexibility as a product-cycle tailwind.

Source: Q2 2026 call, Zacks Aug 5, 2026; Seeking Alpha Sep 15, 2026; TipRanks. As of Sep 30, 2026.

RISKS

- Emissions litigation expands; the 10-K warns of additional claims beyond the settled \$2.0B.
- Tariffs and China export controls raise costs and threaten demand.
- Deregulation undercuts clean-energy R&D already spent.
- Consensus EPS gets cut, breaking the 20-21x earnings bridge.

Source: 10-K Item 1A risk factors, filed Feb 10, 2026. As of Sep 30, 2026.

TRACKING CHECKLIST

- Q3 revenue and EPS versus the **\$8.20** forecast and raised FY2026 guide.
- Power Systems order announcements and the hyperscaler agreement's scale.
- Resolution of the **\$530-\$540** gamma zone. A reclaim of **\$561.55** confirms the bull path.
- Any weekly close below **\$500** invalidates the staged entry.

Source: TipRanks, Spike Sniper desk data, and Sep 30 deep dive. Monitoring framework as of Sep 30, 2026.

Working view: the earnings bridge is fair at 18-21x forward earnings, but the stock must prove the turn. Shelf strength at \$505-520 is the entry; \$561.55 is confirmation; Q3 delivery is proof.

SELECTED SOURCE TRAIL

1. [SEC EDGAR: Cummins Inc. filings \(CIK 0000026172\)](#), 10-K filed Feb 10, 2026; 10-Q filed Aug 4, 2026.
2. [Zacks: Q2 earnings call, power demand and higher outlook](#), Aug 5, 2026.
3. [Motley Fool: Cummins sells the power solutions that keep data centers running](#), Sep 10, 2026.
4. [Seeking Alpha: data-center demand and truck recovery support a multi-year outlook](#), Sep 15, 2026.
5. [ABMN: JPMorgan and Bank of America cuts to \\$600](#), Sep 25-26, 2026.
6. [MarketBeat: consensus target price of \\$736.59](#), Sep 26, 2026.

Desk data note. Options, gamma, flow, technical, and quote overlays come from the Spike Sniper desk's Nasdaq quote API, CBOE delayed chain, alert log, and technical calculations at about 8:24 PM ET on Sep 30, 2026. Support/resistance are heuristic closing extremes, not exchange levels.