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ABSTRACT

Today in AI: (1) Epoch re-releases FrontierMath as v2 after auditing errors in 42% of problems — Fable 5 tops it at 88% on Tier 4; (2) Moonshot ships Kimi K2.7 Code, a 1T-param open-weight MoE that beats Opus 4.8 on tool-use while cutting reasoning tokens ~30%; (3) DeepSeek's manifold-constrained hyper-connections tame the >3000x signal blow-ups that broke deep residual variants, at ~7% fixed compute overhead; (4) Oracle prints a record quarter and a \$638B backlog yet falls 10% on a \$70B capex guide; (5) Neura Robotics raises up to \$1.4B from NVIDIA, Amazon, Qualcomm and Tether at a ~\$7B valuation; (6) Anthropic's confidential S-1 lands on a \$965B mark with revenue annualizing near \$47B; (7) Gemini 3.5 Pro (2M context, Deep Think) enters its final GA countdown. Tape: Oracle -10% after-hours June 10 on a doubling of its FY27 capex and a \$40B equity raise — the AI-infrastructure "who pays for it" question now sets the bid.

Keywords: FrontierMath, Kimi K2.7, Moonshot, DeepSeek mHC, Oracle, OCI, Neura Robotics, Anthropic IPO, Gemini 3.5 Pro, MoE, hyper-connections, humanoid robots, AI capex

Today in AI

1. **FrontierMath v2** — Epoch re-benchmarks after fixing 42% of problems; Fable 5 leads at 88% (Tier 4).
2. **Kimi K2.7 Code** — Moonshot's 1T-param open-weight MoE beats Opus 4.8 on MCPMark, cuts reasoning tokens ~30%.
3. **DeepSeek mHC** — manifold-constrained hyper-connections fix deep-residual instability at ~7% fixed overhead.
4. **Oracle Q4 FY26** — record \$19.2B revenue and a \$638B backlog, but the stock falls 10% on capex.
5. **Neura Robotics** — up to \$1.4B Series C from NVIDIA, Amazon, Qualcomm, Tether at a ~\$7B valuation.
6. **Anthropic IPO** — confidential S-1 at a \$965B valuation; revenue annualizing ~\$47B.
7. **Gemini 3.5 Pro** — 2M-token context and Deep Think enter the final GA countdown.

Tape. Oracle fell ~10% after-hours June 10 despite a record quarter — a \$70B FY27 capex guide and a \$40B equity raise turned the AI buildout's financing into the day's dominant question [16][18].

1. Epoch rebuilds FrontierMath as "v2" — and the ceiling jumps again

What happened. On June 12, Epoch AI released FrontierMath v2, a corrected edition of its expert-authored math benchmark after an audit found "small but critical" errors in 42% of the original problems; the cleaned set now totals 338 problems across Tiers 1–4 [1][2]. On the refreshed leaderboard, Anthropic's Claude Fable 5 takes the top spot at 87% on Tiers 1–3 and 88% on Tier 4 [2].

The technical read. FrontierMath is deliberately adversarial to memorization: original, unpublished problems spanning number theory, real analysis, algebraic geometry and category theory, each requiring hours-to-days of expert effort, graded against private answer sets to resist contamination [1]. Tier 4 is the "research-grade" band that stood near single digits a year ago — GPT-5.5 Pro was cited leading the original Tier 4 at 39.6% earlier this spring [3]. An 88% v2 Tier 4 result is therefore a step-change, though the audit itself is a confounder: Epoch notes rankings held but "scores are higher across the board" after error removal, so part of the jump is measurement, not capability [1][2].

Why it matters. When 42% of a flagship benchmark's items needed correction, every prior FrontierMath number in circulation carries a quiet asterisk — model cards, marketing decks and procurement scorecards alike [1]. Benchmarks are now infrastructure, and their maintenance burden is becoming a first-class research cost.

PARAMETER VIEW:

The headline is not "Fable 5 hit 88%" — it is that the world's hardest public math benchmark needed a 42% repair in under a year of heavy use. Saturation pressure is forcing eval turnover faster than labs can re-baseline, and a model that "leads" on v2 may be partly cashing in the ~5–10 points the cleanup added rather than new reasoning (Parameter estimate, from Epoch's "higher across the board" note). Buyers should demand the *edition* with every FrontierMath claim; a score without "v1/v2" is now uninterpretable.

2. Moonshot ships Kimi K2.7 Code — a 1T-parameter open model that out-tools Opus on agents

What happened. Moonshot AI released Kimi K2.7 Code on Hugging Face on June 12 — a coding-and-agents-focused refresh of its trillion-parameter open-weight line, under a Modified MIT license permitting commercial use with attribution [4][5].

The technical read. K2.7 Code keeps the 1T-parameter Mixture-of-Experts backbone with ~32B active parameters per token and a 256K context window, and ships with native INT4 quantization for serving on vLLM, SGLang or KTransformers [4][5]. Its standout result is MCPMark Verified — a tool-use suite run against live Notion, GitHub, filesystem, Postgres and Playwright servers — where it scores 81.1 and beats Anthropic's Claude Opus 4.8 at 76.4 [4][5]. On MLS Bench Lite it posts 35.1, within a point of GPT-5.5's 35.5, while cutting reasoning-token usage roughly 30% versus the prior K2.6 generation — a direct hit to inference cost on long agentic traces [4][5]. The weights are large (~340GB at the shipped quant), so "open" here means lab- and enterprise-deployable, not laptop-friendly [6].

Why it matters. An open-weight model that wins a real-environment tool-use benchmark against a frontier closed model — and does it ~30% cheaper per trace — narrows the gap exactly where agents are being commercialized: multi-step tasks against real services, not chat [4][5].

PARAMETER VIEW:

The competitive front has moved from "who writes the best code" to "who completes the longest task chain per dollar," and that axis structurally favors open weights, because token-efficiency compounds with self-hosting. A 30% reasoning-token cut on a 32B-active MoE is worth more to an agent operator than two points of pass@1: at scale it is roughly a 30% line-item cut on the dominant cost of agentic inference (Parameter estimate). Expect closed labs to answer with token-budget controls, not just bigger scores.

3. DeepSeek's manifold-constrained hyper-connections fix the instability that broke deep residuals

What happened. DeepSeek's mHC paper — Manifold-Constrained Hyper-Connections, co-authored by founder Liang Wenfeng — has become the most-discussed scaling-architecture result of the year, with analysts framing it as a path to training bigger models for less [7][8][9]. It rethinks the residual connection, the load-bearing primitive of every modern Transformer.

The technical read. Plain residuals add a layer's output back to its input through one stream. Hyper-connections generalize this to multiple parallel streams with learned mixing — more expressive, but unstable: in a 27B-parameter model, unconstrained hyper-connections produced signal gains exceeding 3000x, causing catastrophic divergence [7][9]. mHC constrains the mixing to a manifold that *redistributes* information across streams while holding the total signal energy constant, so depth no longer amplifies [7]. Tested at 3B, 9B and 27B parameters, it trains smoothly where the unconstrained variant blows up, and the compute overhead is small and roughly constant with scale — about 6.7%, i.e. a 1,000 H100-hour job becomes ~1,067 H100-hours [7][9].

Why it matters. The expensive failure mode in frontier pre-training is the run that diverges after weeks of GPU time. A primitive that keeps deep, wide networks numerically stable for a fixed ~7% tax attacks training *cost variance*, not just the loss curve — and it is architecture-agnostic enough to drop into other labs' stacks [8][9].

PARAMETER VIEW:

The quiet tell is that the overhead is *constant* across 3B->27B. If that flatness holds to the hundred-billion-parameter range, mHC is less a tweak than a depth-scaling unlock — the residual-stream analog of what normalization did for trainability a decade ago. Watch for Western labs to quietly adopt manifold-style constraints in their next pre-training run; "training bigger for less" is a margin story before it is a capability story, and DeepSeek just published the recipe.

4. Oracle prints a record quarter and a \$638B backlog — and falls 10%

What happened. Oracle reported fiscal Q4 2026 on June 10: record total revenue of \$19.2B (up 21%), with adjusted EPS of \$2.03 against a \$1.96 estimate [16][17]. The stock fell ~10% after hours [16].

The technical read. The demand signal was extraordinary — remaining performance obligations (RPO, the contracted backlog) hit \$638B, up 363% year over year and \$85B sequentially, and OCI (cloud infrastructure) revenue reached \$5.8B, up 93% [16][17]. The market sold the financing, not the demand: Oracle guided FY2027 capex to ~\$70B, said it would raise ~\$40B in equity — double the prior ~\$20B expectation — and disclosed FY2026 free cash flow of *negative* \$23.7B as the AI buildout outran cash generation [16]. Q1 FY27 EPS guidance of \$1.72–\$1.76 sat below the \$1.80–\$1.90 consensus, with cloud costs up 56% against cloud revenue up 47% — i.e. near-term margin compression [16].

Why it matters. Oracle is the cleanest public proxy for "neocloud" AI infrastructure economics. A 363% backlog with negative free cash flow and a doubling equity raise is the whole AI-capex thesis in one print: the orders are real, but so is the bill, and who funds it is now the swing variable [16][17].

PARAMETER VIEW:

A \$638B backlog against -\$23.7B free cash flow means Oracle is effectively pre-selling compute it must borrow and dilute to build — a leveraged bet that GPU depreciation schedules stay behind contract revenue. The selloff is the market repricing duration risk, not demand. If even backlog-rich names must raise equity into the buildout, the marginal AI dollar is getting more expensive — bullish for the chip suppliers paid up front, more cautious on the buildout middlemen carrying the balance-sheet risk.

5. Neura Robotics raises up to \$1.4B — and NVIDIA, Amazon and Tether all show up

What happened. German humanoid-robotics firm Neura Robotics closed a Series C of up to \$1.4B on June 10, at a valuation of roughly \$7B, with NVIDIA, Amazon, Qualcomm, Tether, Bosch, Schaeffler and the European Investment Bank participating [10][11].

The technical read. The round sits inside a record year for the category: robotics startups have raised more than \$23B in 2026, already approaching the full-year 2025 total, with humanoids drawing the bulk [11]. The investor list is the signal — NVIDIA (compute and the physical-AI stack), Amazon (logistics deployment), Qualcomm (edge inference silicon) and two German industrial primes (Bosch, Schaeffler) — pairing a frontier-AI supply chain with concrete industrial demand [10]. It lands against Figure AI's reported ~\$39B valuation, marking how steeply embodied-AI multiples have re-rated [11].

Why it matters. Capital is flowing to the layer where AI meets the physical world, and it is increasingly *strategic* rather than purely financial — chipmakers and industrials buying optionality on humanoid labor [10][11].

PARAMETER VIEW:

When a company's GPU vendor, its cloud-logistics customer and its edge-silicon supplier all sit on one cap table, the round is a supply-chain alliance dressed as equity. Humanoids are now a way for NVIDIA and Qualcomm to seed downstream demand for inference silicon at the edge — the economic logic that made data-center AI compounding, exported to the factory floor. The risk is a 2021-style funding peak: \$23B into a largely pre-revenue category is a bet on deployment timelines that have slipped before.

6. Anthropic's confidential S-1 lands at a \$965B valuation with revenue annualizing near \$47B

What happened. Anthropic confidentially filed for an IPO on June 1, following a \$65B Series H that set its valuation at \$965B; bankers expect a public debut above \$1T, with an October 2026 window widely discussed [12][13].

The technical read. Independent estimates put Anthropic's annualized revenue at roughly \$47B as of May 2026, up from about \$9B at the end of 2025 — a ~5x run-rate expansion in five months — with the company telling investors it expects to cross a \$50B annualized rate and report its first profitable quarter in this June quarter [13][14]. Total capital raised to date is on the order of \$125B, much of it earmarked for compute [13]. The operating structure is distinctive: Anthropic *buys* compute from suppliers rather than owning data centers, the inverse of OpenAI's proprietary-infrastructure approach [14].

Why it matters. A near-\$1T private valuation on ~\$47B annualized revenue — roughly 20x run-rate revenue — is the public market's first true referendum on frontier-lab economics, and the compute-light operating model will be scrutinized line by line in the prospectus [12][13].

PARAMETER VIEW:

The "buy, don't build" compute strategy is the most important disclosure in the filing. It converts capex into opex and keeps the balance sheet light — the mirror image of Oracle's leveraged buildout (Item 4) — but it hands pricing power to suppliers and caps gross margin at whatever the cloud and chip vendors allow. Anthropic's path to a \$1T listing runs straight through NVIDIA's and its cloud partners' price lists; the IPO is, in part, a bet that frontier-model demand outruns compute-cost inflation. First profitable quarter or not, that is the spread the market will price.

7. Gemini 3.5 Pro enters its GA countdown — 2M-token context and "Deep Think"

What happened. Google's Gemini 3.5 Pro, unveiled at I/O on May 19, is in the final stretch toward general availability, with reporting pointing to a launch before June 30 after an extended Vertex preview [15][19].

The technical read. Pro targets a 2-million-token context window — the largest of any production frontier model — plus a "Deep Think" extended-reasoning mode and frontier multimodal understanding across text, images and other formats [15]. Google has been deliberately tight-lipped: no public model card, API pricing or official benchmark suite as of mid-June, though the earlier Gemini 3.5 Flash already beat Gemini 3.1 Pro on coding and agentic tasks while regressing on hard reasoning — precisely the gap Pro is meant to close [15][19]. Expected pricing has been floated around \$15/\$60 per million input/output tokens, well above the prior Pro tier [19].

Why it matters. A 2M-token, Deep-Think Pro tier is Google's answer to the reasoning-and-context

arms race headlined by GPT-5.5 and Claude Fable 5; with Gemini increasingly the default model behind Search and Workspace, GA is a distribution event as much as a capability one [15][19].

PARAMETER VIEW:

The signal to watch on launch day is not the top-line benchmark — it is whether 2M context comes with usable latency and a price that does not tax it into irrelevance. A long window that costs \$60/M output and answers slowly is a spec-sheet trophy; one that stays cheap and fast at length is a genuine moat for document- and codebase-scale agents. Google's silence on pricing this close to GA suggests the cost-of-context problem is still being negotiated internally (Parameter estimate).

Market Movers

The dominant move was Oracle's ~10% after-hours drop on June 10: a record quarter and a \$638B backlog were overwhelmed by a doubling of FY27 capex to ~\$70B, a planned ~\$40B equity raise and -\$23.7B FY26 free cash flow — the market repricing how the AI buildout gets financed [16][18]. It extended a fragile fortnight that began June 3–4, when Broadcom's refusal to raise its AI-chip outlook dragged the whole semiconductor complex lower before a partial recovery the following week [20][21].

Name (Ticker)	Move	Driver — why it moved
Oracle (ORCL)	Down ~10% (Jun 10, after-hours)	Record Q4 (rev \$19.2B, RPO \$638B +363%) overshadowed by ~\$70B FY27 capex guide, ~\$40B equity raise (2x prior) and -\$23.7B FY26 FCF; soft Q1 EPS guide [16][18]
Broadcom (AVGO)	Down ~13% (Jun 4)	Posted record revenue but declined to raise its 2026 AI-chip outlook; biggest drop since early 2025 [20][21]
Philadelphia Semi Index (SOX)	Down ~2% close, -6.3% intraday (Jun 4)	Sector-wide reaction to Broadcom's guidance before a partial rebound [20]
Alphabet (GOOGL)	Up (early Jun)	Rallied on an ~\$85B capacity/expansion commitment as Google leaned into AI infrastructure and coding tools [21]
Semis (NVDA, AMD et al.)	Up (week of Jun 8)	Nasdaq Composite recovered ~0.9% June 8 as chip names reclaimed Friday's losses — read as a technical correction, not a demand reassessment [21]

Key metrics. SOX finished June 4 down ~2% after falling as much as 6.3% intraday, its worst session since early 2025, led by Broadcom's ~13% drop [20]. On the private side, Anthropic's \$965B Series H valuation and Neura Robotics' ~\$7B round mark fresh milestones, with robotics startups passing \$23B raised in 2026 [11][12]. Oracle's record \$638B RPO is among the largest contracted backlogs ever disclosed by an enterprise-software vendor — set against negative \$23.7B free cash flow [16].

Positioning

Company (Ticker)	Read	Conviction	Horizon	Thesis (one line)
NVIDIA (NVDA)	Add	High	6–18 mo	Paid up front across every storyline today — Oracle/Anthropic compute, Neura's cap table, the chip-tape rebound; the supplier captures margin buyers must finance [16][10].

Oracle (ORCL)	Hold	Medium	6–18 mo	Backlog is real (\$638B), but -\$23.7B FCF and a \$40B raise put balance-sheet risk ahead of the demand story until capex/cash inflect [16][18].
Alphabet (GOOGL)	Add	Medium	3–12 mo	Gemini 3.5 Pro GA + ~\$85B capacity bet pairs frontier capability with unmatched distribution via Search/Workspace [15][21].
Broadcom (AVGO)	Hold	Medium	3–9 mo	Record revenue but a guidance air-pocket; custom-silicon demand intact, sentiment reset until the AI outlook is raised [20][21].
Anthropic (private)	Watch	Medium	6–12 mo	~\$47B annualized and a possible first profit quarter, but a ~20x run-rate \$965B mark and compute-light margins face the IPO's first real test [12][13].
Moonshot / open-weights (private)	Watch	Low	6–18 mo	K2.7 Code's tool-use win + ~30% token cut pressures closed-model pricing; the structural threat is to API margins, not capability leadership [4][5].

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