

EQUITIES PERSPECTIVE

June 26, 2026
DJIA: 51,921

What's new... not much. To look at stocks above their 200-day moving average, a good definition of an uptrend, the number is little more than 50-50, and has been for most of the year. Yet, the averages themselves dance around their highs. The divide, however, isn't exactly one between good and evil. Rather, the weak seem pretty much able to hold their own — no big expansion in 52-week lows and even the advance/decline index is near its highs. There is the idea of a market divided being a bad thing, a theme we're always ready to beat to death. In this case, however, the lack of real weakness makes this backdrop tolerable. As for the good half, with recent help from Financials it has stayed rotationally healthy. The problem such as it is, the good may have gotten too good — that gravity thing.

Aside from the stretched position of most of Tech, Software has become disconcerting — again. It's the again that's particularly bothersome in that the seeming improvement of three or four weeks ago has completely failed. Better to have loved and lost doesn't exactly work when it comes to the charts. These "false breakouts" are not a good sign whatever the reason. With the story here not altogether clear and certainly not great, it's possible the group has become a source of funds for the upcoming IPOs. When it comes to the market, we never think of it in terms of finite funds. Somehow when they want to go up, the money always seems to be there, and when they want to go down it's not. The reason behind the weakness in Software doesn't really matter, the fact that it is weak is what matters.

AI and the related stocks are all the rage, though not that long ago it was all about FANGs and MAG 7. To varying degrees these have since parted ways. AI stocks like the Semis are the sellers, the METAs are the buyers. Who would you rather be? Sure, in the long run yada, yada, but these days who has time for the long run? So, in a way it makes sense even within Tech things seem a bit out of line — the Semis at an extreme. Meanwhile, there is a world outside of Tech and in some ways it's getting better. The down-so-long-anything-looks-like-up Biotechs show a breakout, particularly in the Equal Weight XBI ETF (152). More important would seem the change in Financials, and to make the point, it is a change. By their numbers the Financials left the A/Ds barely negative on a day like Tuesday, a technical positive.

There's more to the charts than just those simple little lines. Indeed, we contend the charts often tell a story. The story now is that for investment purposes, the war is over. Oil is back to \$70 per barrel, something that seemed inconceivable. Did Musk tunnel around the Strait of Hormuz? As for the stocks, that's why God made stops. If you need more reason to get short war, or is it the other way around, look at those Lockheed (LMT - 505) and Northrop (NOC - 500) charts — do it before you have your lunch. The stock market is often hard to understand, given the handicap of human nature and the logic that comes with it. For example, when it comes to the market, what we all know isn't worth knowing — it's already priced in. Not long ago when Netflix (NFLX - 71) was cut loose from its deal, the stock seemed likely to resume what had been respectable uptrend. While their business seems likely to go the way of cable, the collapse is a surprise. That said, the downtrend did start with a price gap back in April, and it broke the 50-day 20 points ago.

Is it a bubble, was it a bubble, what is a bubble? Bubble talk is back, and spoiler alert, rightly so. Was it a bubble is a reference to those FANG stocks, the MAG7 and even Nvidia (NVDA - 196) when everyone was crying bubble. Those were not bubbles, they were stocks on a garden-variety tear, a bit extreme but not exactly bubbles. Bubbles really are not about individual stocks as much as they are about phenomena, game-changing phenomena. And, of course, bubbles aren't about the phenomenon, rather the stocks associated with the phenomenon. Last we looked, the Internet was still around though few of the dotcoms remain. You might look at Jeremy Grantham's piece on Bloomberg comparing AI to the railroads. Again, the latter are still around, though Amtrak makes you wonder. It has been said it's difficult to know a bubble when you're in one. It's also not the demonic thing it's made out to be if you're along for the ride in stocks like the Semis.

Frank D. Gretz

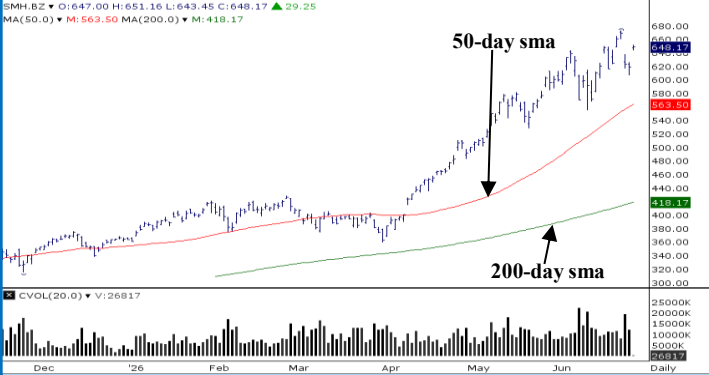
S&P 500 (SPX - 7358) - DAILY



NASDAQ 100 (NDX - 29440) - DAILY



VANECK SEMICONDUCTOR ETF (SMH - 637) - DAILY



ROUNDHILL MEMORY ETF (DRAM - 77) - DAILY



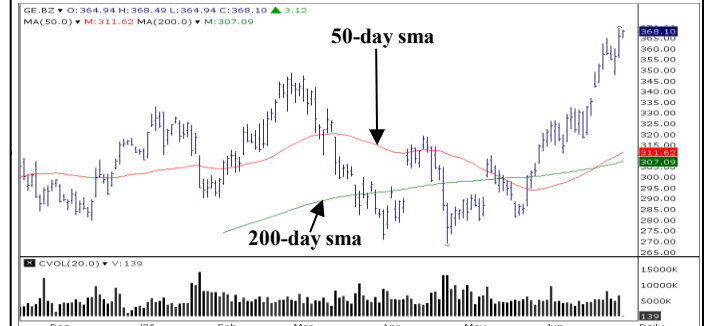
ISHARES TECH-SOFTWARE ETF (IGV - 85) - DAILY



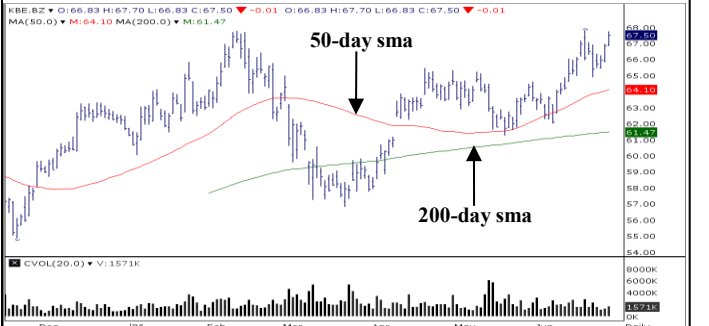
ROUNDHILL MAG SEVEN ETF (MAGS - 61) - DAILY



GE AEROSPACE (GE - 371) - DAILY



STATE STREET S&P BANK ETF (KBE - 68) - DAILY



STATE STREET BIOTECH ETF (XBI - 152) - DAILY



NETFLIX (NFLX - 71) - DAILY

