August 7, 2026

DJIA: 53,885

MARKET NOTE . . .

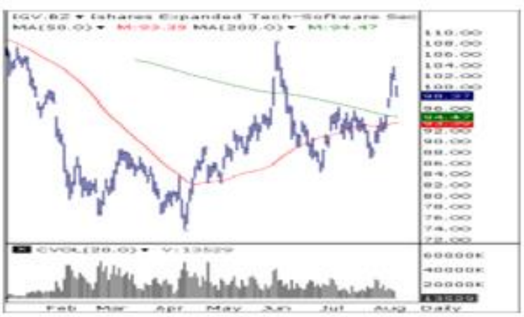
TECHNICAL PERSPECTIVE

Those Software stocks… they're kickin. So said the friendly homeless man as we walked to the Wellington Shields limo, sometimes referred to as the Lexington Avenue subway. While some time ago, we recall that moment and our deer-in-the-headlights reaction, now that Software has begun to kick again. You might think this is on the back of the positive MSFT (500) numbers, but the improvement had been in place for a while. Somewhat ironically, most of the Software names were down on the day of the report, almost as though MSFT buying had drawn money from the rest. The software renaissance also represents a dramatic flip in the markets love/hate feelings when it comes to Software versus the Semis. The Software ETF, IGV (100) recently bottomed June 25, and the Semiconductor ETF, SMH (572) peaked June 22. More of the market's obsession with rotation, though the net leaves the overall backdrop still healthy.

Sell on the news is a familiar Wall Street adage. It happens and it can be a very short-term phenomenon, or can be a sign things are as good as it gets. We suspect some of the latter is at play in the case of the Semis, a real worry if you know the double and triple ordering history here. It certainly wasn't at play in the case of Microsoft and more recently Palantir (PLTR - 156), both of which had underperformed going into their news. They say earnings drive stock prices, and over the long run good companies, good being those that grow earnings, do outperform. In lesser time frames, however, it's not about earnings per se, it's the surprise in earnings that drives prices, as per Microsoft and Palantir. In the stock market, what we all know pretty much isn't worth knowing. Meanwhile, GLD (390) is above the 50-Day.

Frank D. Gretz

ISHARES TECH-SOFTWARE ETF (IGV– 100)



VANECK SEMICONDUCTOR ETF (SMH – 572)

MICROSOFT (MSFT – 500)

PALANTIR (PLTR – 156)

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