

Weekend Alpha

Stocks on Solid Ground as SpaceX Lifts Off



Thomas Lee, CFA^{AC}
HEAD OF RESEARCH

- We continue to see a three-phase market in 2026. In our view, we are still in this rising phase.
- Even though we are above our original aspirational target of 7,300, we are not yet cautious, as we still see impressive market resilience – this week being an example.
- While oil and rates are near highs, equities are still managing to show resilience.

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Mark L. Newton, CMT^{AC}

HEAD OF TECHNICAL STRATEGY

- Near-term U.S. equity trends could be starting to give way to upside progress if Thursday's reversal shows some follow-through.
- The combination of Treasury yields, the U.S. dollar, and WTI crude oil all showing technical evidence of breaking down tilts the near-term risk back to the upside and makes a negative stance increasingly difficult to justify.
- While I had expected a bit more weakness into next week at a minimum, it's important to pay attention to what multiple asset classes all seem to be suggesting. Friday's close for QQQ and SPX, in which each eclipsed 717.50 and 7,430, respectively, provides some confidence that this consolidation might have run its course.
- I'm encouraged about the possibility of an imminent resolution, but even on a completed Iran deal, I feel it is still right to give sectors like healthcare, financials, and the consumer sectors some consideration. I also harbor skepticism that it's right to push back right away into technology, despite expecting that this sector should outperform in the months ahead.

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Sean Farrell^{AC}

HEAD OF DIGITAL ASSET STRATEGY

- The acute tailspin risk surrounding Strategy appears lower than it did several days ago, but that does not necessarily imply a constructive setup for the broader crypto market in the immediate term.
- Strategy-related demand has weakened, growth leadership is beginning to roll over, and Clarity timelines appear increasingly compressed.
- At the same time, the broader macro backdrop appears incrementally less supportive than it did several weeks ago.
- I continue to think patience remains the appropriate posture.

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L. Thomas Block

WASHINGTON POLICY STRATEGIST

- The Federal Open Market Committee will hold its first meeting next week with Kevin Warsh as Federal Reserve Chair.
- President Trump reported progress in peace talks between the U.S. and Iran, and there seems to be movement towards official talks between the two sides.
- Primary season continues, and both parties see potential to flip seats in various races around the U.S.

[Read the Latest US Policy.](#)

STOCKS ON SOLID GROUND AS SPACEX LIFTS OFF



Kent Fung

"I think it would be great to be born on Earth and to die on Mars. Just hopefully not at the point of impact." – Elon Musk

Good evening,

For SpaceX and Elon Musk devotees, today was a long-awaited day, as SpaceX shares finally went public. Musk is almost certainly pleased to now be the world's first trillionaire, but for stock investors in general, the leadup to the IPO has arguably been more of an annoyance. Fundstrat Head of Research Tom Lee suggested that efforts to raise funds to acquire the new shares were part of the reason for the downward trends we saw this week – and to an extent, last week as well.

"Keep in mind, SPCX shares are not 'marginable' [for the time being]," Lee reminded us, "so retail investors needed to have cash available to buy." In other words, unless they had fresh money to put into play, retail investors hoping to take part in the IPO needed to sell existing holdings to raise cash.

The new offering also likely put selling pressure on institutional investors. SpaceX is slated to join the Nasdaq 100 index and an array of MSCI indices 15 and 10 trading days from now, respectively, so many asset managers tracking these indices also needed to raise cash to buy \$SPCX shares. (It should be noted that SPCX will not be fast-tracked into the S&P 500 and will need to trade publicly for at least 12 months before it is added to the index.)

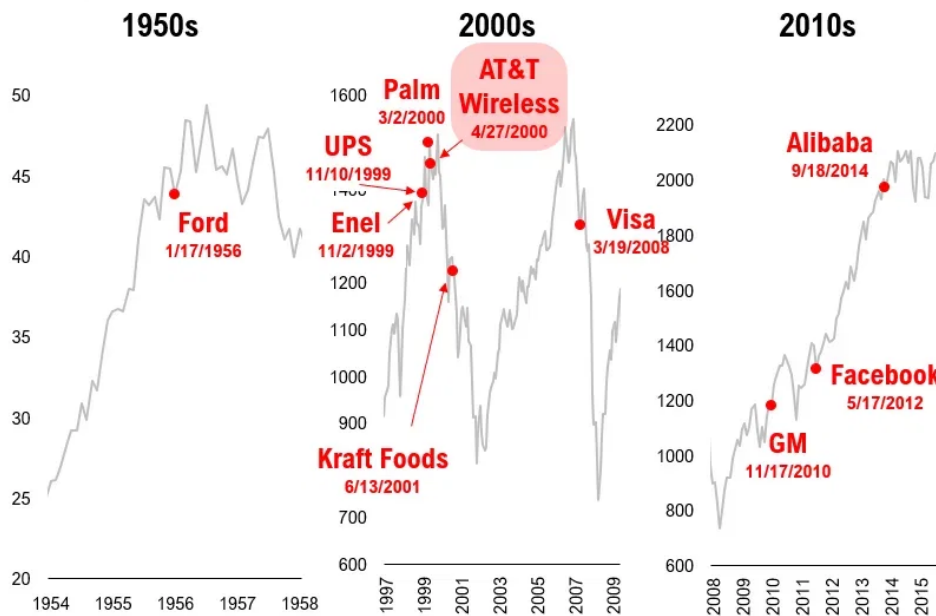
The S&P 500 is down 1.96% for the month of June so far, and the Nasdaq Composite is down 4.02% over the same timeframe. Yet looking at prior large U.S. IPOs, historical precedent suggests that despite the size of the offering, today's SpaceX offering is unlikely to mark a top for the market. Since the 1950s, only one out of the last 10 large U.S. IPOs marked a top – the debut of AT&T Wireless in 2000. We see this in our Chart of the Week:



Macro Research

IPO: S&P 500 performance around largest IPOs

S&P 500 and the Largest IPOs on US Stock Exchanges Since 1950



Source: Fundstrat, Bloomberg

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Lee suggested that ultimately, "[SpaceX] will likely be widely owned by public investors," either directly or indirectly. And to him, that's a good thing. "SPCX and other companies raising capital in public markets allows public investors to have direct exposure to some of the most important companies in the world," he wrote. Furthermore, "as these companies raise additional capital, this fuels further funding for the AI ecosystem. So, we view the IPO of SPCX as a positive for markets near-term."

For those individual investors who wanted to buy SPCX today but didn't get in before the stock popped 19% (as of market close Friday), Head of Technical Strategy Mark Newton suggested that they need not feel too disappointed. "I think there will be a chance to buy it between now and October. I suspect any initial hoopla is probably going to prove short-lived." Explaining his reasoning, he stressed that this was not a call on SpaceX as a company. "I just don't see SpaceX going up as most of tech and industrials are falling," he explained.

On an equal-weighted basis, tech \$RSPT is down over 7% from its June 2 peak, and this week, Newton saw continued evidence of "a pretty solid rotation into healthcare right now, which is seasonally the best time of the year normally to buy healthcare – June and July." That's been accompanied by a similar pickup in financial stocks." The whole month of June has seen financials have a little bit of a bounce," he observed.

With tech maintaining such a heavy weighting in closely watched indices, the sector's decline has weighed on sentiment. Indeed, the AAI (American Association of Individual Investors) weekly sentiment survey showed 47.7% of respondents holding a bearish view. "That's hugely negative," Newton noted, but "conversely, from a contrarian perspective, it's quite bullish for the equity markets in the bigger scheme of things." His own work suggests that "the broader market is actually in pretty good shape."

Elsewhere

Apple revealed its latest AI plans at its annual Worldwide Developers Conference (WWDC), including a raft of improvement throughout its ecosystem. Notably, Apple also announced the development of its Apple Foundation Model Cloud Pro in partnership with Google and Nvidia. The iPhone maker announced that the model will run in the cloud on Nvidia chips, though configured to purportedly offer more privacy.

The European Central Bank (ECB) raised its key rate from 2% to 2.25%, the first major central bank to raise interest rates after inflation ticked up as a result of the U.S.-Iran war. ECB President Christine Lagarde

said the bank had chosen to hike rates in order to address an inflation that she described as "broadening throughout the economy." Notably, however, the ECB's newly hiked rates remain lower than the Fed funds rate.

A federal judge rejected the Trump administration's attempt to imposed a \$100,000 fee for H-1B visas, which allows U.S. businesses to hire highly skilled, non-immigrant foreign workers to fill critical roles. Judge Leo Sorokin ruled that the fee amounts to a tax, which the Constitution mandates can only be levied through an act of Congress. Previously, H-1B visa fees ranged from \$2,000 to \$5,000 per application. Administration officials indicate they intend to appeal the ruling.

KPMG pulled a report on the business benefits of AI after it was found to contain AI hallucinations that falsely described benefits realized by the likes of UBS, the UK's National Health Service, and Swiss Federal Railways. The report had claimed that UBS "integrates AI agents across investment advisory, risk management and compliance monitoring," but the bank described this depiction as "factually incorrect." The NHS and SFR issued similar refutations.

Thai Princess Bajrakitiyabha died at age 47 after spending the past three years in a coma. The princess collapsed due to a severely irregular heartbeat linked to a cardiac infection. An attorney and alumnus of Cornell University, she had held a number of substantive positions in the Thai government. She was the king's eldest child and had been widely seen as likely heir apparent after a 1974 law made it possible for women to ascend the throne.

And finally: NASA named the crew of its Artemis III mission, set to take place in late 2027. NASA's Randy Bresnik will command a crew that includes NASA mission specialists Andre Douglas and Frank Rubio, and pilot Luca Parmitano of the European Space Agency. The crew will try to pilot an Orion spacecraft and dock with both a Blue Origin lander and a SpaceX lander while in orbit. Unlike Artemis II, Artemis III will take place in low-earth orbit rather than heading to the moon, but it will be an important

proving ground for NASA's plan to land on the moon and eventually send humans to Mars.

Important Events

NAHB Housing Market Index, June

Mon, Jun 15 10:00 AM ET

Est.: 36 Prev.: 37

Retail Sales Ex-Auto and Gas MoM, May

Wed, Jun 17 8:30 AM ET

Est.: 0.3% Prev.: 0.5%

FOMC Decision, June 17

Wed, Jun 17 2:00 PM ET

Est.: 3.50%-3.75% Prev.: 3.50%-3.75%

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