

THE WORLD CUP AND U.S. INNOVATION



Kent Fung

VICE PRESIDENT, MARKET INTELLIGENCE

"People who never compete in a sport — I feel they've missed out on one of the best parts of life. Teamwork, competition, drilling, and so forth aren't everything in life, but they reach the deepest parts of you." — Vince Lombardi

Chart of the Day

PRESSER: 5 takeaways from FOMC Rate decision

- 1. Warsh likes SEP, but not forward guidance:**
Warsh referred to the SEP several times.
- 2. 5 task forces to reform agenda:**
Warsh wants to modernize analysis and process
- 3. Get to inflation credibility, then rethink 2%:**
He wants to get towards 2% first
- 4. Communications still key for Fed:**
He cares about speaking to the public and investors
- 5. Warsh not hawkish, but navigating dynamically**

For Exclusive Use of Fundstrat Clients Only

fundstrat

Good morning!

Last Wednesday, the soccer team fielded by the Democratic Republic of Congo battled the perennial powerhouse Portugal to a 1-1 tie. That would be quite the accomplishment for any team facing the Portuguese squad led by the legendary Cristiano Ronaldo (even though Ronaldo did not play particularly well that day), but it's even more impressive when you consider that the DRC has long been one of the most troubled, most impoverished countries in the world, having struggled for the better part of a century against civil wars, natural disasters, violence, exploitation, plagues – you name it.

It's also impressive when you consider that China, one of the wealthiest countries in the world and with one of the largest populations from which to find soccer talent,

didn't even qualify to participate.

There's a lesson to be learned there, and the U.S. could stand to take a class on it.

For 15 years, Xi Jinping has outlined three soccer-related goals for China: to qualify for the World Cup, to host a World Cup, and to win it. It's 0 for 3, and that's despite the country having invested an estimated \$15 billion to \$20 billion on the effort. That money has gone to establishing a homegrown Chinese Super League, building a national network of soccer schools, constructing lavish world-class stadiums to host matches, and luring some of the most acclaimed soccer talent in the world to coach and play for Chinese teams.

For example, former Chelsea midfielder Oscar (aka Oscar dos Santos Emboaba Júnior) was paid \$25-29 million a year to play for Shanghai SIPG, while Brazilian superstar Alex Teixeira earned roughly \$12 million annually after he signed with Jiangsu Suning. Coaches and managers like Marcello Lippi and Fabio Capello pulled in eight-figure paydays to coach in China, as well. Homegrown talent enjoyed some nice paydays as well: for some years, Wu Lei cleared \$3 million to \$4 million a year to play in Shanghai, and he's not the only Chinese-born player to pull in seven-figure paydays. .

In stories like Wu Lei's, we start to see where the problem lies. Wu Lei has spent the bulk of his career at home. He did briefly play at RCD Espanyol, part of Spain's La Liga, but he took a significant pay cut to do so and ultimately returned home to a more lucrative contract. Some of his cohorts never even went that far: At the first rumor of interest from a foreign club, Chinese clubs rushed to offer golden handcuffs to keep them at home – successfully.

That means that many of China's most promising talents never got the chance to play alongside and against the very best the world has to offer. It is not literally true that "steel sharpens steel" (you need a whetstone), but when it comes to achieving human excellence, there's a definite truth to that old saying. Particularly in an endeavor in which creativity, spontaneity, and optimal decision-making are key to success (rather than rote repetition that dominates training in sports like track and field or weightlifting), this is a non-negotiable requirement for greatness.

Since the early 1900s, the U.S. has achieved outsized success in science, technology, and business because America's best have constantly been exposed to the brightest from around the world – in our universities, in our labs, and in our companies. For a century or more, the U.S. has made it easy for the brightest kids born in the U.S. to compete against the best in the world – to learn from them and get smarter without needing to leave the country.

Since the past decade or so, that's become significantly less true. A declining interest from the world's brainiest in coming to the U.S. to study, learn, and work is being seen in a variety of statistics, among them a declining U.S. share of global international student enrollment and surveys showing that a whopping 61% of international STEM faculty are considering or actively planning to depart the U.S. and work in other countries. That could be disastrous even if we decide to pump up our funding for scientific research, which by the way, we also aren't.

If soccer analogies aren't your thing, it's worth remembering that once upon a time, Germany was the undisputed, dominating world leader in most scientific and technology fields, including physics, chemistry, and electrical engineering. Then a new regime alienated an estimated 15% to 20% of Germany's brightest, including then-unknown scientists like Albert Einstein, Fritz Lipmann, and Erwin Schrodinger. The result? Germany handed the U.S. a scientific lead that it has never regained.

Share your thoughts

Does declining interest of foreign scientists studying and working in the U.S. concern you? Click [here](#) to send us your response.

Here's what a reader commented

Q: When do you think crude prices will return to prewar levels?

A: I believe oil prices will meaningfully decline this year, within months. I believe that because the economy is slowing fast, not strengthening. Evidence is the weak, not

strong, labor market.

Catch up with Fundstrat

We discuss our five takeaways from today's FOMC presser. While many view Warsh as hawkish, our careful review of the presser suggests he is not a hawk or a dove, but rather dynamically navigating.

Technical

Semiconductors have stormed right back to new all-time highs, and despite frighteningly high overbought conditions, the near-term trend remains constructive.

Crypto

In terms of looking for bullish takeaways amidst what was unequivocally a hawkish output from the yesterday's Fed meeting, I think it is that right now, the 2Y yield is rising while 2Y inflation swaps are moderating alongside a commodity complex that is showing signs of relief. This suggests that the rise in yields is being driven by real growth rather than inflation.

News We're Following

Breaking News

- Iran-US talks: 'Major progress' achieved in all-night discussions in Switzerland
BBG

Markets and economy

- Treasury yields rise ahead of key inflation data and traders weigh U.S.-Iran negotiations CNBC
- China slaps restrictions on dozens of U.S. companies WSJ

Business

- AbbVie strikes \$10.9 billion deal for Apogee Therapeutics REU
- Chevron to fuel massive Microsoft data center in Texas with natural gas CNBC
- SK Hynix overtakes Samsung to become South Korea's most valuable company REU

Politics/U.S.

- Poll: Americans draw a new line in the betting bonanza sweeping over Wall Street — politics POL
- Trump vents growing frustrations with reflecting-pool problems WSJ
- Judge in Charlie Kirk killing case to decide if prosecutors could be punished for comments in media AP

Overseas

- Keir Starmer resigns, as Andy Burnham confirms he will run to replace him as Labour leader and PM BBC
- Temperatures to exceed 104F in European heatwave as three die in France REU
- Explosion as Qatar restarts gas export terminal hurts 54 and leaves 18 missing AP

Of Interest

- Alan Greenspan, former chairman of the Fed, dies at age 100 CNBC

Overnight

S&P Futures	-13 ▼ point(s) (-0.17% ▼)
overnight range:	-58 ▼ to +9 ▲ point(s)

APAC

Nikkei	+1.55% ▲
Topix	+1.24% ▲
China SHCOMP	+1.78% ▲
Hang Seng	-0.65% ▼

Korea	+0.69% ▲
Singapore	+0.22% ▲
Australia	-0.14% ▼
India	+0.42% ▲
Taiwan	+2.75% ▲

Europe

Stoxx	50	0.00%
Stoxx	600	-0.13% ▼
FTSE	100	-0.04% ▼
DAX		-0.17% ▼
CAC	40	-0.47% ▼
Italy		-0.53% ▼
IBEX		+0.25% ▲
Canada		-0.32% ▼
Mexico		-0.82% ▼
Brazil		+0.03% ▲

FX

Dollar Index (DXY)	+0.03% ▲ to 100.88
EUR/USD	-0.09% ▼ to 1.1461
GBP/USD flat at	1.3232
USD/JPY	-0.27% ▼ to 161.73
USD/CNY	-0.09% ▼ to 6.7746
USD/CNH	+0.10% ▲ to 6.7769
USD/CHF	-0.01% ▼ to 0.9072

USD/CHF	-0.0170 ▼ to 0.8072
USD/CAD	-0.11% ▼ to 1.4168
AUD/USD	-0.14% ▼ to 0.7002

UST Term Structure

2Y-3M Spread widened	4.5bps to 46.5bps
10Y-2Y Spread narrowed	-0.3bps ▼ to 26.8bps
30Y-10Y Spread narrowed	-0.5bps ▼ to 43.5bps

USD HY OaS

All Sectors	-1.6bps ▼ to 292bps
All Sectors ex-Energy	-0.5bps ▼ 289bps
Cons Disc	+0.1bps ▲ to 464bps
Indu	+0.4bps ▲ to 239bps
Tech	+1.2bps ▲ to 220bps
Comm Svcs	-1.9bps ▼ to 284bps
Materials	-1.0bps ▼ to 245bps
Energy	+0.1bps ▲ to 276bps
Fin Snr	-0.8bps ▼ to 193bps
Fin Sub	-0.4bps ▼ to 293bps
Cons Staples	-0.6bps ▼ to 442bps
Healthcare	-0.5bps ▼ to 307bps
Utes	-0.5bps ▼ to 199bps *

DATE

TIME DESCRIPTION ESTIMATE LAST

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
6/23	9:45 AM	Jun P S&P Srvcs PMI	51	50.7
6/23	9:45 AM	Jun P S&P Manu PMI	54.5	55.1
6/24	10:00 AM	May New Home Sales	639.89	622
6/24	10:00 AM	May New Home Sales m/m	3.7	-6.2
6/25	8:30 AM	May PCE m/m	0.5	0.4
6/25	8:30 AM	May Core PCE m/m	0.3	0.24
6/25	8:30 AM	May PCE y/y	4.1	3.8
6/25	8:30 AM	May Core PCE y/y	3.4	3.2892
6/25	8:30 AM	1Q F GDP QoQ	1.6	1.6
6/25	8:30 AM	May P Durable Gds Orders	-4.9	8
6/26	10:00 AM	Jun F UMich 1yr Inf Exp	4.8	4.6
6/26	10:00 AM	Jun F UMich Sentiment	50	48.9

Disclosures

This research is for the clients of Fundstrat Global Advisors only. For additional information, please contact your sales representative or Fundstrat Global Advisors at 150 East 52nd Street, New York, NY, 10022 USA.

Conflicts of Interest

This research contains the views, opinions and recommendations of Fundstrat. At the time of publication of this report, Fundstrat does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

Fundstrat Global Advisors is an independent research company and is not a registered investment advisor and is not acting as a broker-dealer under any federal or state securities laws.

Fundstrat Global Advisors is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of Fundstrat (i.e., Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by Fundstrat clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of Fundstrat, which is available to select institutional clients that have engaged Fundstrat.

As registered representatives of IRC Securities, our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

Fundstrat does not have the same conflicts that traditional sell-side research organizations have because Fundstrat (1) does not conduct any investment banking activities, (2) does not manage any investment funds, and (3) our clients are only institutional investors.

This research is for the clients of Fundstrat Global Advisors only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but Fundstrat Global Advisors does not warrant its completeness or accuracy except with respect to any disclosures relative to Fundstrat and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client

circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies.

The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein.

Except in circumstances where Fundstrat expressly agrees otherwise in writing, Fundstrat is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fundstrat.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.

Copyright 2026 Fundstrat Global Advisors LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of Fundstrat Global Advisors LLC.