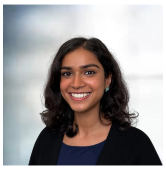
First to Market July 10, 2026

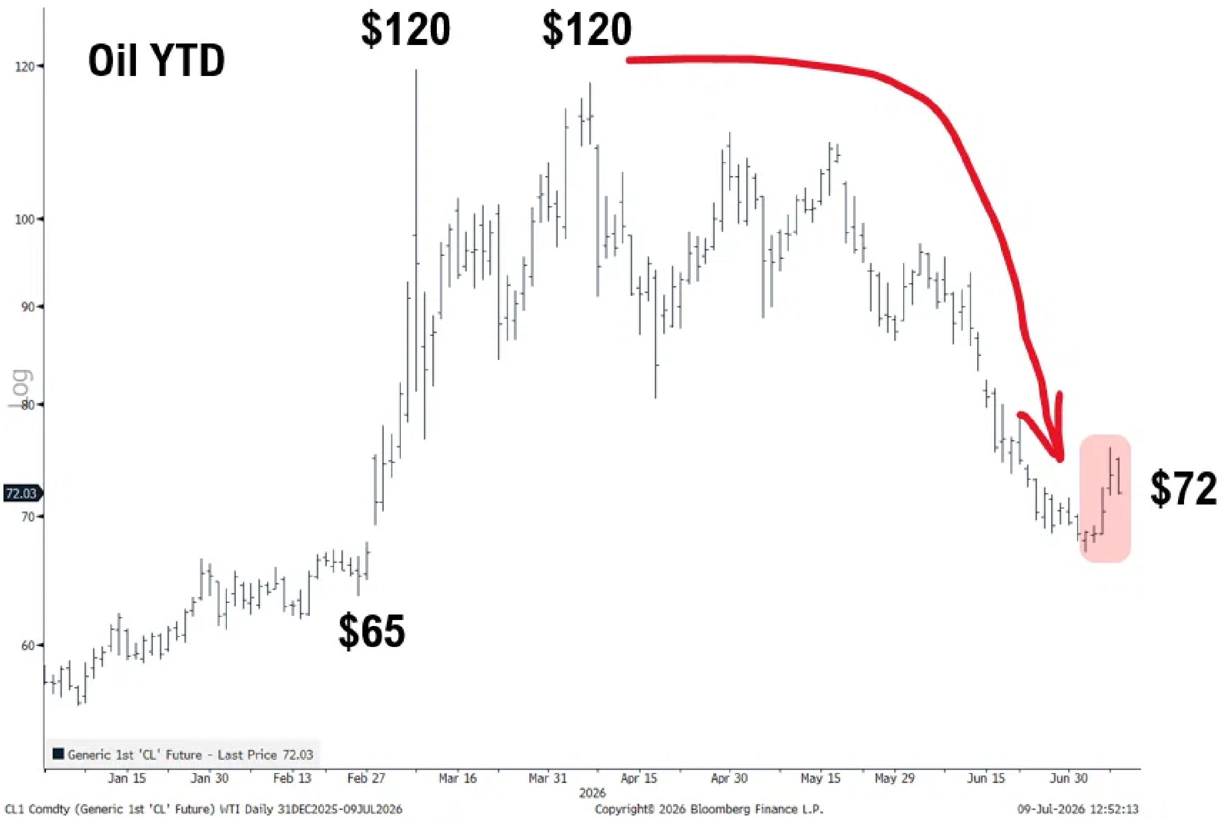
STOCKS ARE GOING BERSERK BUT THE STOCK MARKET ISN'T



Hardika Singh
ECONOMIC STRATEGIST, MARKET INTELLIGENCE

Chart of the Day

INFLATION: Oil hardly reacting to renewed attacks



fundstrat

Good morning!

For all the chaos going on in the stock market, the overall index appears rather calm. While that has historically been a bad mix for forward returns, it doesn’t seem to be the case this time around.

Since memory and storage stocks peaked on June 22, the S&P 500 has gained close to 1%. But moves within single stocks have been much more volatile. Micron $$MU shares are down 18% over that period, Sandisk $$SNDK has fallen 18%, and Intel $$INTC has tumbled 20%. Concerns that Big Tech has overbuilt AI infrastructure have dragged down highflying semiconductor stocks.

The reason why the index hasn't been hurt by that is that those big declines have been canceled out by even bigger gains from other sectors of the market like financials, industrials, and healthcare. For example, Moderna's stock is up 29%, while Axon Enterprise has added 42% since June 22.

But even if it doesn't appear on the surface, investors are realizing that the underlying volatility isn't going away anytime soon, and this week was the best reminder for that. A ceasefire is no longer on the table, fighting has renewed, and oil prices have started inching higher.

The Cboe's S&P 500 dispersion index—a measure of how much volatility exists at the individual stock level versus the index level—hit its highest level since March 2020. When individual stocks move because of idiosyncratic factors, rather than broad-based moves, that tends to be an active stock picker's heaven, but periods of elevated dispersion in the past have sometimes been followed by steep selloffs, such as the dot-com bubble.

I don't believe we're about to see a repeat of that terrible period because of the following reasons, with the first three highlighted by Fundstrat Head of Technical Strategy Mark Newton in our weekly huddle.

#1 Breadth still hasn't rolled over. Eight of the S&P 500's 11 sectors are still in the green for the week, with the industrials and healthcare sector hitting all-time highs over this time period. Financials are off 1.4% from records. So for now, it seems like it's just tech names that are in the doldrums, not the rest of the market.

#2 Defensive names like staples, utilities, telecoms and REITs have all been hit hard since mid-May. If investors were truly preparing for the worst, these are the sectors they'd be hiding out in.

#3 Sentiment hasn't really turned bullish yet, with the the American Association of Individual Investors survey showing that bullish sentiment for the week ending July 8 hit 36.3%, well below the 1-year high of 53.3%.

#4 Analysts surveyed by FactSet have increased their earnings estimates by 3.4% from the end of March to the end of June, marking the largest increase since the second quarter of 2021. That increase is highly unusual because analysts usually reduce earnings estimates during the quarter.

#5 The economy remains on strong footing. The job market isn't growing in just the healthcare and social-assistance sectors anymore, while there are signs that inflation has likely peaked. And, as I wrote yesterday, the upper part of the K-shaped economy can still extend its spending prowess.

Economic data summary: Existing home sales fell 2.4% in June to an annual rate of 4.09 million units. This result missed the expectations of 4.2 million and reversed May's strong readings. Sales were still up 2.8% from a year ago. The median home price hit a record of $440,600, up about 2% from last year. Mortgage rates averaged 6.49% in June, down from 6.2% last year. First time buyers made up 33% of sales, up from 30% a year ago. NAR's chief economist said buyers remain sensitive to rate swings, but steady job growth is helping. Going forward, more housing supply is still needed to keep affordability gains consistent. Without more houses coming into the market, prices would keep accelerating.

Existing home sales are a relevant metric of the economy because they roughly account for 90% of the residential market. There is a high correlation between these sales and broader consumer spending, as buyers furnish their homes and establish a family. *-Kieran McBride*

Share your thoughts

What do you make of the single-stock volatility? Click here to send us your response.

✍Here's what a reader commented ✍

Q: What do you make of the K-shaped economy?

A: The K economy chugs along because of massive government spending and related deficits. The 1% buys long-term assets not bread and butter items. The rest of us buy bread and butter items or borrow on credit for long-term assets. That is the underpinning of the K. Under these conditions interest rates will remain high and stocks will remain volatile until something breaks.

Catch up with Fundstrat

We are constructive near term as this pullback in semis, memory and tech and momentum seems to have created a good risk/reward. And in the near-term we remain constructive. Next week is a heavier week for macro data. And Kevin Warsh will testify to Congress.

Technical

Thursday's Semiconductor snapback looks likely to extend, though buying and holding this group could still prove tricky given the recent deterioration in daily momentum.

Crypto

I still get the impression that Robinhood’s growing prediction-market business is underappreciated. The company’s own monthly disclosures show event contract activity rising materially over the past year, suggesting the product was gaining traction even before the World Cup.

News We're Following

Breaking News

- Meet SK Hynix, the trillion-dollar South Korean chipmaker debuting on U.S. markets CNBC

Markets and economy

- How Charles Schwab Turbocharged Trump’s Stock-Trading Frenzy WSJ

- World oil demand set for first annual decline since 2020, IEA says CNBC
- New Fed task force members share Chairman Kevin Warsh's embrace of AI CNBC
- Meet the new group of stocks powering the S&P 500 higher MW

Business

- OpenAI's No. 2 Executive to Step Down in Latest Leadership Shake-Up WSJ
- Stablecoin issuer Circle just got the greenlight to operate as a bank. The shares are up 12% CNBC
- Delta absorbs highest fuel costs in its history, but also books record revenue MW

Politics/U.S.

- New Air Force One Lacks Defensive Countermeasures of Previous Model, Officials Say **NYT**

Overseas

- U.S. Biotechs Are Keeping More Secrets to Beat Copycats in China WSJ
- OpenAI and Google sell AI models to blacklisted China groups FT
- Mediators Trying to Pull U.S. and Iran Back From Brink, Officials Say NYT

Of Interest

- This Nation Breaks Every Rule of U.S. Youth Sports—and Built a World Cup Monster WSJ
- New 'Ex-Elon' ETFs let you avoid SpaceX and Tesla — but are they just a gimmick? MW

Overnight	
S&P Futures	-7 ▼ point(s) (-0.10% ▼)
overnight range:	-20 ▼ to +3 ▲ point(s)

APAC	
Nikkei	+1.20% ▲
Topix	+0.39% ▲
China SHCOMP	-1.00% ▼
Hang Seng	+0.60% ▲

Hang Seng	[illegible] ▲
Korea	+2.52% ▲
Singapore	+0.65% ▲
Australia	+0.50% ▲
India	+0.98% ▲
Taiwan	-0.83% ▼

Europe

Stoxx	50 -0.24% ▼
Stoxx	600 0.00%
FTSE	100 0.00%
DAX	-0.18% ▼
CAC	40 +0.01% ▲
Italy	+0.44% ▲
IBEX	+0.37% ▲

FX

Dollar Index (DXY)	-0.05% ▼ to 100.86
EUR/USD flat at	1.1430
GBP/USD	+0.04% ▲ to 1.3414
USD/JPY	+0.35% ▲ to 161.81
USD/CNY	+0.23% ▲ to 6.7767
USD/CNH	+0.26% ▲ to 6.7784
USD/CHF	+0.05% ▲ to 0.8066
USD/CAD flat at	1.4168
AUD/USD	+0.07% ▲ to 0.6946

USD HY OaS	

UST Term Structure	
2Y-3M Spread narrowed	-1.9bps ▼ to 38.0bps
10Y-2Y Spread narrowed	-0.5bps ▼ to 36.5bps
30Y-10Y Spread widened	0.6bps to 51.6bps

USD HY OaS	
All Sectors	+0.5bps ▲ to 295bps
All Sectors ex-Energy	+0.5bps ▲ 288bps
Cons Disc	+1.6bps ▲ to 433bps
Indu	+1.1bps ▲ to 224bps
Tech	+1.8bps ▲ to 219bps
Comm Srvcs	-1.0bps ▼ to 284bps
Materials	+0.8bps ▲ to 260bps
Energy	+1.6bps ▲ to 268bps
Fin Snr	-0.3bps ▼ to 194bps
Fin Sub	+1.0bps ▲ to 303bps
Cons Staples	-1.6bps ▼ to 448bps
Healthcare	+0.7bps ▲ to 302bps
Utes	+0.4bps ▲ to 203bps *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
7/14	6:00 AM	Jun Small Biz Optimisum	95.5	95.3
7/14	8:30 AM	Jun CPI m/m	-0.1	0.5
7/14	8:30 AM	Jun Core CPI m/m	0.2	0.2
7/14	8:30 AM	Jun CPI y/y	3.8	4.2
7/14	8:30 AM	Jun Core CPI y/y	2.8	2.9
7/14	4:00 PM	May Net TIC Flows	n/a	26.08
7/15	8:30 AM	Jun PPI m/m	-0.1	1.1
7/15	8:30 AM	Jun Core PPI m/m	0.4	0.4
7/16	10:00 AM	Jul Homebuilder Sentiment	35	35

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.