

Investors decide (correctly as it appears) to ignore the noise and buy the dip as US-Iran deal is announced.

Sunday night stock futures surging as both the US and Iran announced Sunday that they have a peace deal. Still, the peace deal won't be signed until Friday according to President Trump and Pakistani mediators.

Stocks rebounded modestly last week but are rising strongly in the Sunday night futures market on a joint announcement from US and Iran that they have reached a deal. The major averages all rose approximately +0.7% but it was a rocky, volatile week. Importantly, major market averages rebounded to recapture the 21ema on the S&P500 and near the 21ema on the Nasdaq. The rally also broadened out as the S&P500 equal weighted index (RSP) set and closed at a record high and the Nasdaq 100 equal weighted index (QQEW) closed above the 21ema. Assuming the Nasdaq Composite rallies on the peace deal the pieces are falling into place for the power trend to resume. Why that matters is that market studies show that most of the gains are made during power trend conditions.

The SpaceX IPO made history as it closed above \$2trillion in market value on its first day of trading and made Elon Musk the first \$trillionaire in human history.

Sectors closed mostly higher led by sub-sectors, Semiconductors (SMH, +8.8%) and Retail (XRT, +6.2%). Technology (XLK, +2.5% w/w) and Materials (XLB, +3.1%) led on the upside and with risk proxy ARK Innovation ETF (ARKK, +5.65%) surging to recover more than half of the ground it lost the prior week. Mag 7 stocks (MAGS, -2.4%) was weak and Software (IGV, -5.4%) on a disappointing guide from Oracle (ORCL, -13.8%). Other key movers last week include Credo Technology Group (CRDO, +21.2%), Sandisk (SNDK, +27.0%), Advanced Micro Devices (AMD, +9.7%), Applied Materials (AMAT, +25.2%), ASML, +13.5%, Lumentum (LITE, +6.7%), Viavi (VIAV, +12.4%). Nvidia (NVDA) and Broadcom (AVGO) were essentially flat.

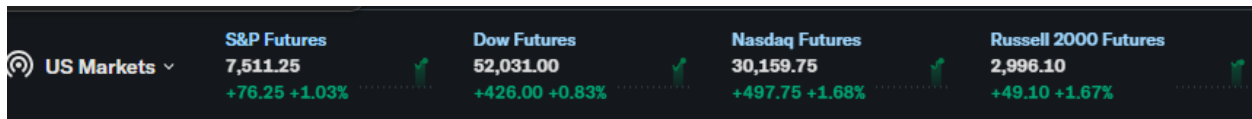
Near term outlook

The next most important earnings report on the horizon is Micron Technology (MU, +13.6% w/w) due out June 24. Sunday night futures showing MU shares up +0.8%.

As discussed last week, the pull back was necessary given the length and duration of the rally. The main risk issue is whether the size of the pullback could be indicating a change in character in the market as both the Nasdaq and the S&P 500 plunged right though both the 10-day moving average and the 21-day exponential moving average. From a technical point of view, the moving averages are still stacked in the proper order, the current power trend

continues to stay intact, as a decisive break to the power trend would require the 21day to cross below the 50day. But instead the S&P500 rallied back above the 21ema and the Nasdaq rallied back just shy of the 21ema. The announced end of US-Iran hostilities should provide a boost to equities. Still near-term volatility likely from a macro perspective. The next logical stopping point would be down another 2.5% to the 7248 level, which is the 50day moving average on the S&P500. For the Nasdaq the next natural downside stopping point would be -2.7% to the ~25,200 level. We received good news in the form of mirroring more of what happened in the dot-com era which was a rebound and now the macro news is a solid set up for potentially another leg up. A consolidation period over the next days and weeks would also be welcome.

Sunday night stock futures are solidly higher.



Source: YahooFinance

Technicals are under pressure, as the S&P500 and Nasdaq both broke below the 21-day exponential moving averages. The moving averages are stacked up in the proper order but for the power trend to continue will need to see some rebound in the next couple of weeks.



MARKET SURGE
BY INVESTOR'S BUSINESS DAILY

Source: _____

Bullish talking points:

- Announced peace deal from both US and Iran.
- Core inflation figures supporting case that energy price shock has yet to be felt more broadly in the economy as core CPI came in below forecasts.
- Huge enthusiasm on SpaceX IPO.
- Open AI filed confidentially for its IPO. Valuations could be up to \$1T.
- Intel boosted by hyperscalers as a back up to TSM.
- Equity market resilient on strong earnings growth.

Bearish talking points:

- Consumer caution showing up in surveys with higher fears of losing one's job.
- Elevated inflation has eroded wage gains through May.
- NFIB small business index came in at lowest optimism level since October 2024.

Longer Term Outlook: Tailwind remains AI spending

Looking at the longer term, I continue to believe that the AI infrastructure-driven rally has strength, which is why I post, week after week what the forecast capital spending is on the AI buildout. Also any Fed rate cuts for 2026 are essentially just not going to happen. The economy is too strong, inflation too elevated, not to mention a war with Iran and elevated oil prices that are going to be filtering through the economy.

Key tailwind for 2026 remains the buildout in AI and AI infrastructure. Note the latest estimates in the buildout of AI and AI infrastructure with the top 4 at \$700B to \$725B:

- Meta to \$125-\$145B, +\$10B both ends
- Alphabet (Google) raised 2026 cap ex to \$180B-\$190B, +\$5B both ends
- Microsoft: \$190B for CY2026
- Amazon confirmed \$200B
- Nvidia confirmed \$1Trillion market for Blackwell + Rubin chips for CY2025-2027.

AI infrastructure investments estimated as \$7.8T to \$10.8T over the 2025-2030 time frame as shown in the latest table below.

Updated AI & Data Center Infrastructure Capex Projections (\$ Trillions)

Year	Base Annual (\$T)	Base Cumulative (\$T)	Accelerated Annual (\$T)	Accelerated Cumulative (\$T)
2025	0.50	0.50	0.50	0.50
2026	0.98	1.48	1.25	1.75
2027	1.18	2.66	1.56	3.31
2028	1.42	4.08	1.95	5.26
2029	1.70	5.78	2.44	7.70
2030	2.04	7.82	3.05	10.75

Key Changes vs. Previous Table

- **2026** increased modestly (Base: 0.95 → 0.98T | Accelerated: 1.20 → 1.25T) to reflect the latest upward revisions.
- Cumulatives now sit at **~\$7.8T base / ~\$10.8T accelerated** through 2030.

Source: xAI's AI Buildout Funding and Plans - Grok as of 5/31/2026

Decisive odds of rate cut remain well out in the future with Dec 8 meeting at ~0% and now showing ~75% probability of a Fed rate hike (FedWatch - CME Group). The odds of a rate cut at better than 50/50 do not show up at all for over a year and looking out to July 2027 are only 1.1%.

The US 10-year interest rate fell -6bps to 4.48%.

Stock Market Today/Week: June 12, 2026

Index	Level	Day change	Week Change
S&P 500	7,431.46	+0.50%	+0.65%
Nasdaq Composite	25,888.84	+0.31%	+0.70%
Dow Jones Industrial Avg.	51,202.26	+0.70%	+0.66%
US 10 year	4.48%		-6bps

Source: Factset

Key events/headlines for the week ahead: Key events this week are FOMC Meeting with Fed Funds target rate and 1st meeting for new Fed Chair, Kevin Warsh, Retail sales.

6/15/2026 Empire state index for June: 12.5 cons vs 19.6 prior month.

6/16/2026 ADP weekly employment change for w/e 5/30. Housing starts for May: 1445k expected vs 1465 in April.

6/17/2026 FOMC meeting, fed funds target upper bound, Fed economic projections. No change expected. Retail sales m/m for May: +0.50% expected. Pending home sales for May: +0.90% M/M expected vs +1.4% in April.

6/18/2026 Initial jobless claims for w/e 6/13. Philadelphia Fed Index with 7.5 expected vs - 0.4 prior month. Leading indicators for May: +0.20% m/m expected.

Source: Factset

What to do now: Waiting to see some signs of consolidation and/or selectively adding names that pulled back.

Appendix:

What kind of positive technical confirmations for a power trend per IBD (“Webby’s rules”):

1. Follow through day (FTD)
2. Subsequent FTDs.
3. Close above 21-day exponential moving average (EMA).
4. Low above 21EMA.
5. 3 consecutive days with low above 21EMA.
6. Close above 50-day moving average (DMA).
7. Low above 50dma.
8. 3 consecutive days with low above 50dma.
9. Close above 200dma.
10. Low above 200dma.
11. 3 consecutive days low above 200dma.
12. 21ema moves above 50dma.
13. 21ema moves above 200dma.
14. 50dma moves above 200dma.

As of 6/12/2026 a rally confirmation in place, and all the power trend conditions are in place rules in place for both the Nasdaq and the S&P500.

John D. Edwards, CFA

Sr. Portfolio Manager – Infrastructure PLUS Equity Strategy

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