Stock futures are lower Sunday night as US-Iran peace talks paused over fighting between Hezbollah and Israel and President Trump warned that the US could strike Iran over support for Hezbollah. Futures on major averages are down between -0.2% to -0.5%. Crude oil was up +2.0%.

The main event for this week is earnings due from Micron (MU) June 24 after markets close with FDX on June 23 the other name having broader market significance.

Stocks rebounded strongly last week. The major averages surged on the announced peace MOU last week. The NASDAQ rose +2.4%, the S&P500 advanced +0.9%, and the Dow Jones Industrial Average climbed +0.7%. The Russell 2000 (IWM) fell -0.8%. Importantly, major market averages rebounded to recapture the 10dma on the Nasdaq and on the S&P500 the price is now above the 21EMA with the 10dma poised to overtake the 21EMA. But the rally was narrow as the S&P500 equal-weighted index (RSP) was lower on the week, falling -0.80%. The Nasdaq 100 equal weighted index (QQEW) was up +1.95%, indicating widespread strength in technology. Bullishly for broad markets, WTI crude oil fell -10.6%.

Another important take away in the rally last week is that stocks rallied despite the changing of the guard at the Fed and the shift that is taking place. As my colleague CJ Brott observes, he calls this the "most consequential change in Fed leadership in over a generation." He points out the new Fed Chair Warsh is much more focused on money supply rather than the level of interest rates as the source of inflation. As such, he is a return to the Milton Friedman school of economics in which the argument that inflation everywhere is a money supply issue. Given that viewpoint, CJ points out that the expectation is for Warsh to manage the Fed balance sheet and growth in money supply much more aggressively than the Fed under Jerome Powell.

The SpaceX IPO from the prior week closed its first full week of trading up +14.9% and kept it well above $2.4 trillion in market value.

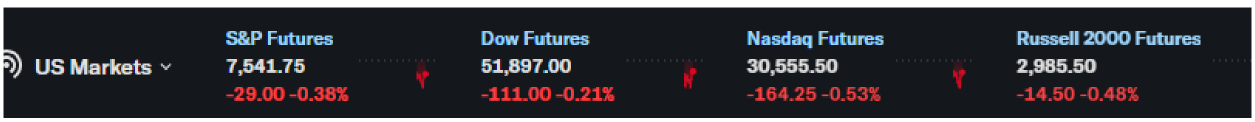
Market sectors closed mixed last week. Semiconductors (SMH, +6.4%) on top of the +8.8% the prior week. (XRT, +6.2%). Technology (XLK, +3.6% w/w) and Utilities (UTES, +4.26%) led while not surprisingly, Energy (XLE, -6.6%) lagged. Risk on was in vogue as risk proxy, Ark Innovation (ARKK, +6.0%) jumped. Mag 7 stocks (MAGS, +0.8%) rose modestly . Software (IGV, -1.5%) behind the -5.4% clocking it took the prior week. Key movers last week include Credo Technology Group (CRDO, +8.4%) after +21.2% the prior week, Sandisk (SNDK, +10.3%) surged again following the +27% prior week, Micron Technology (MU) rocketed +15.5% w/w and Bloom Energy (BE) jumped +26.4%. GE Vernova (GEV, +18.0%) jumped and Caterpillar (+8.3%) leaped taking its YTD gains to +72%. Datacenter thermal cooling play, Vertiv (VRT) leaped 10.0%. Weaker plays were in the optical plays as Lumentum (LITE) dropped -7.8% and Ciena (CIEN) fell -4.0%. AI bellwether, Nvidia (NVDA) was up +2.7%.

Near term outlook

The next most important earnings report on the horizon is Micron Technology (MU, +15.5% w/w) on top of over +13% the prior week due out June 24.   Sunday night futures showing MU shares up +0.8%.

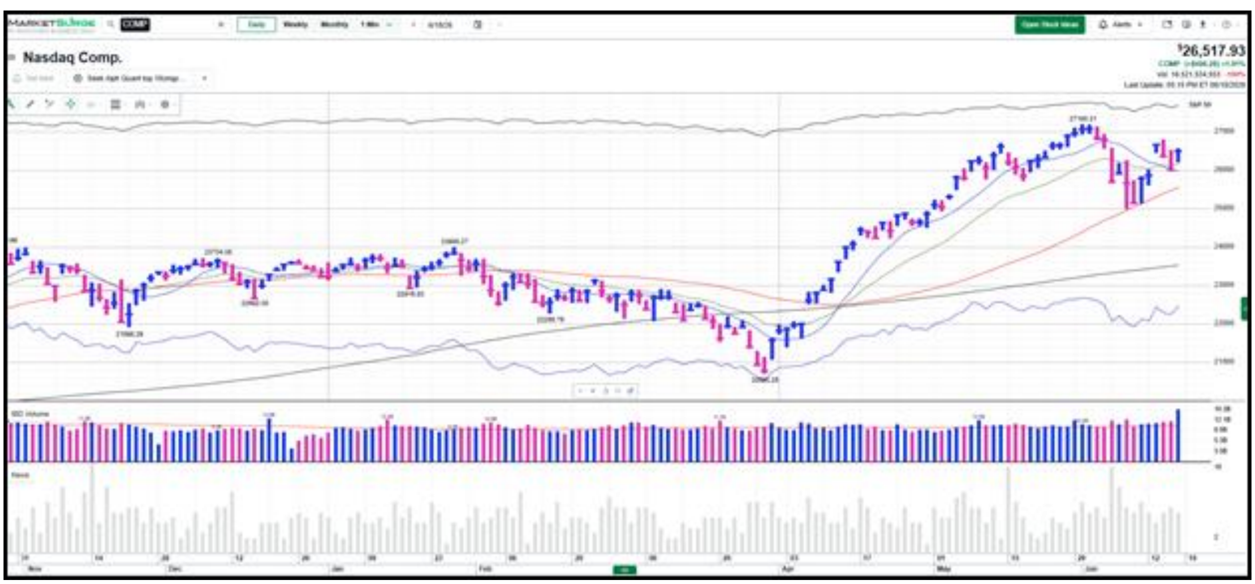
From a technical point of view, the moving averages are close to being stacked in the proper order with the 21ema just slightly above the 10dma. Still the current power trend continues to stay intact, as a decisive break to the power trend would require the 21day to cross below the 50day. The announced end of US-Iran hostilities provided a boost to equities but now peace talks are on pause, which is likely to introduce volatility.

Sunday night stock futures are solidly lower though above overnight lows.



Source: YahooFinance

Technicals recovered last week, as the S&P500 and Nasdaq both climbed further above the 21-day exponential moving averages and left the 10dam just slightly below the 21ema. The power trend remains intact.



Source: MARKETSURGE BY INVESTOR'S BUSINESS DAILY

Bullish talking points:

- Crude oil fell -10% w/w, to mid $70s/bbl and down approximately -30% in the last month.
- AI demand narrative still finding support as Morgan Stanley raised price targets on Hard Disc Drive names calling out potential for pricing increases.
- Retail sales strength in May, rising +0.9% vs +0.5% consensus estimates.
- South Korea memory stocks rallied despite Apple CEO Tim Cook suggesting the company would be willing to fund memory capacity expansion.
- Positioning in equities shifted to moderately underweight per Deutsche Bank (34th percentile).
- Strategists raising YE S&P500 price target: Wells Fargo boosted to 7950 from 7300 on stronger corporate EPS (increased +8% in 2026 and +7% in 2027).

Bearish talking points:

- Hawkish Fed: 9 of 18 FOMC members now looking for at least one rate hike in 2026. Warsh focus on price stability and overhaul of communications, balance sheet, data sources, productivity and jobs and inflation frameworks rather than policy and economy.
- AI political/geopolitical containment and China open source competition concerns after Anthropic ordered to suspend all access by foreign national to its most advanced models.
- Broadening cyclical trade lost some momentum despite oil sell off citing transports as laggards and consumer discretionary lagging.
- Trade headlines leaning negative as Trump said the US would do better without the US-Mex-Can trade agreement and he would prefer to not have a new one.
- Future depreciation expense from the AI cap ex surge could be a headwind in future.

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 6/21/2026

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 -1bp to 4.45%.

Stock Market Today/Week: June 12, 2026

Index	**Level**	**Day change**	**Week Change**
S&P 500	7,500.58	+1.08%	+0.93%
Nasdaq Composite	26,517.93	+1.91%	+2.43%
Dow Jones Industrial Avg.	51,564.70	+0.14%	+0.71%
US 10 year	4.45%		-1bp

Source: Factset

Key events/headlines for the week ahead: Key events this week are earnings from Micron Technology (MU) especially guidance and pricing in view of recent comments from Apple CEO Tim Cook on helping to fund capacity in Korea.

6/23/2026 earnings from FDX KBH CCL KFY S&P Global PMI Mfr for June: 54.2 expected vs 55.1 April.

6/24/2026 earnings from MU PAYX JEF WS, new home sales SAAR for May: 655k expected vs 622k April.

6/25/2026 GDP SAAR Price for Q1 (final): +3.5% expected. Initial jobless claims for w/e 6/20: 228k expected. Core PCE deflator for May: +0.37% m/m and +3.3% y/y expected. Personal income for May: +0.5% m/m expected.

Source: Factset

What to do now: Waiting to see some signs of consolidation and/or selectively adding names that have 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 6/19/2026 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.

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