Few changes in the broad narrative which is the economy and the market being led by AI and AI infrastructure buildout. That part of the market rose for the first time in three weeks using PHLX Semiconductor (SOX, +2.7%) and the VanEck Semiconductor ETF (SMH, +3.2%) as proxies. The U.S. 10-year Treasury yield rose another 7-bps last week to 4.56%. The Nasdaq gained 1.7% w/w, the S&P 500 added 1.23% w/w and reached a new closing high, while the Dow Jones Industrial Average slipped 0.50% and the Russell 2000 fell 0.53%.

The week ahead includes CPI data, retail sales, Fed Chair Warsh testimony, Q2 earnings starting (banks and investment banks). Iran tensions on the docket with Trump saying Iran wants talks even as the cease fire has been declared over by him. Iran parliamentary speaker Ghalibaf said Iran would respond if the US violates the MOU. Markets are now pricing in one to 1 ½ rate hikes before year end. Also concerns on equity over supply after capital raises from SpaceX (~$80B), Google (~$80B), SK Hynix (~$26.5B). High earnings bar ahead of Q2 as EPS estimates rose +3.4% during the Q bucking the trend of decreases of -2% to -4% looking at 5-, 10-, and 20-year averages.

The NASDAQ climbed back above the 50dma (now +0.9% vs blow the last three weeks. from -1.9% the prior week) relieving some of the pressure on the power trend. The Nasdaq closed back above the 10dma and 21ema putting the market more towards power trend proper positioning. The 10dma needs to climb above the 21ema.The S&P500 appears to have put itself back into power trend proper positioning. Recall that most of stock market gains occur during power trends.

The Magnificent 7 (MAGS, +4.0%) rose for the 2nd consecutive week. A report on META (CNBC) said that it is looking to add a staggering 14GW of compute by 2027 and CEO Zuckerberg said it needs all the compute it can get thoroughly debunking the narrative that its leasing of compute had anything to do with excess. He clarified that customers were offering more for the capacity than the savings he was getting from using it internally.

Notable names rebounding this past week included Sandisk (SNDK) popping +9.8%, Advanced Micro Devices (AMD, +7.7%), Credo Technology (CRDO, +6.6%), NVIDIA (NVDA, +8.3%), Broadcom (AVGO, 11.0%0, Meta Platforms (META, +14.8%), Ciena (CIEN, +9.1%), Lumentum (LITE, +10.1%). But Bloom Energy (BE, -9.7%) took a beating.

Near-Term Outlook

From a technical point of view, the moving averages have largely moved back into positions regarding power trend conditions. The equal weighted version of the indices such as the RSP look great.

Source: MARKETSURGE BY INVESTOR'S BUSINESS DAILY

Bullish talking points:

- Meta CEO Zuckerberg pushed back against the notion that selling access to compute indicated excess as the company plans to add 14GW of compute and needs all the compute capacity it can get.
- Flare ups in the Middle East resulting in limited oil price increases.
- Nivida rallied on a report that Beijing will permit limited buying of its H200 chips to top Chinese AI firms.
- Delta Airlines signaled robust travel demand lies ahead on its Q2 results and Q3 guide and said there was a solid set up heading into the December quarter.
- M&A remains busy even after a +50% surge in the 1H as Solstice announced its intent to acquire Element Solutions in a $14.5B stock and cash deal. Vertex Pharma to acquire Crinetics Pharma in a $10B deal. Genuine Parts is in play for a potential $10B deal. Qiagen attracting interest from private equity in what be a $10B deal.
- ISM Services pushed back into growth mode as the employment piece expanding for the first time in 4 months. Prices paid fell back below 70 for the first time since February. AI cap ex is a big tailwind.
- Upcoming Q2 earnings season expected to deliver 2nd consecutive straight Q of 20%+ growth.

Bearish talking points:

- US-Iran ceasefire MOU stained to say the least. Iran attacked multiple commercial ships in the Strait of Hormuz and the US retaliated by attacking a wide range of drone, missile, and air defense facilities.
- Strait of Hormuz becoming a key issue for Iran now saying its more important than its demand for a nuclear weapon. The problem for markets is the SoH is the issue that investors care about the most.
- High bar heading into Q2 earnings season as earnings estimates rose +3.4% during the when the usual dynamic is for earnings estimates to fall going back 20 years. Moreover, Samsung posted a 19-fold increase in operating profit yet its stock sill fell nearly -7%.
- Momentum trade especially with semiconductors still very sensitive to any potential slowing in AI demand and/or capex narrative. Latest iteration of this concern is scrutiny over adoption of open-source models, frontier models pricing, compute capacity excess, memory supply capacity expansion, et.
- AI disruption in software back in the headlines. Bloomberg reported that Microsoft and IBM lagged Thursday because Starbucks is leveraging AI to develop in-house tools that could displace software currently purchased from Microsoft and IBM.
- Interest rates remain elevated. Investors reacting to FOMC minutes as hawkish, oil price increases getting some blame as well, corporate paper issuance along with Treasury paper issuance.

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 affirmed for the 2025-2030 time frame as shown below and depending on prompting could be pushed another $0.5T higher but am holding for now.

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: Grok as of 7/10/2026

Decisive odds of rate cut remain well out in the future with Dec 8 meeting at ~0%. Now showing ~50% probability of a Fed rate hike FedWatch - CME Group) in September though as noted earlier the weak labor participation rate makes a rate hike much harder to justify.

Stock Market Today/Week: July 10, 2026

Index	**Level**	**Day change**	**Week Change**
S&P 500	7,575.39	+0.42%	+1.23%
Nasdaq Composite	26,281.61	+0.29%	+1.74%
Dow Jones Industrial Avg.	52,637.01	+0.29%	-0.50%
US 10 year	4.56%		+7bps

Source: Factset

Key events/headlines for the week ahead:

Key events this week are CPI and PPI for July, big bank earnings especially Bank of America, Citi, JP Morgan, Goldman Sachs all due Tuesday. Morgan Stanley and ASML due out Wednesday. Taiwan Semiconductor, Alcoa, Seagate Technology Thursday.

7/13/2026

7/14/2026 ADP Weekly employment for w/e 6/27: 21,000 prior week. June CPI ex food and energy: +0.22% m/m expected and Headline CPI NSA y/y +3.8%. Final hourly earnings for June up +3.5%. Earnings due out: BAC WFC C JPM GS

7/15/2026 PPI ex food and Energy for July M/M: +0.4%. Headline PPI for July y/y: +6.2%. Earnings: MS BNY JBHT ASML

7/16/2026 Philly Fed Index for July: 7.0 expected vs 10.3 for June. Retail sales for July m/m ex autos: Flat expected vs +0.8% m/m in June. Earnings: AA STX PLD TSM AAL CNS

7/17/2026 Earnings: XIFR

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 7/10/2026 a rally confirmation in place, and all the power trend conditions are in place for both the Nasdaq and the S&P500.

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