

Hamilton-Bates Market Update

**“To The Moon Alice!”
SpaceX IPO is Coming**

June 10, 2026

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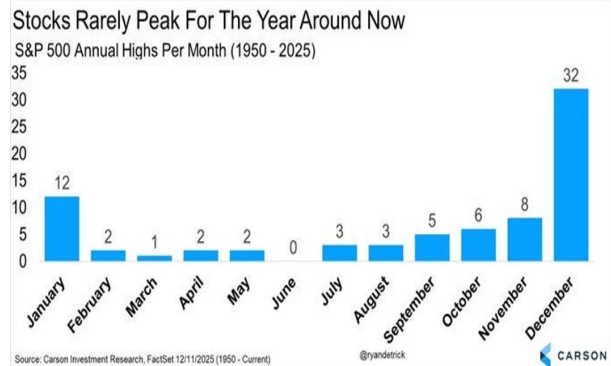
The market is clearly pricing a positive outlook from here. Even without a concrete deal with Iran and a still closed Strait of Hormuz— the financial markets seem to be discounting an ‘all-clear’. Since the Iran ceasefire we have seen significant relief across asset classes, suggesting the market has more than fully unwound the negative growth downgrade that started getting priced in earlier in the year. This week the much talked about SpaceX IPO comes public on Friday, which adds to a very busy news week.

Earnings, Economy, Energy and Interest Rates

The economy remains strong, with GDP likely to be around 4% this year, maybe even more. The labor market remains solid, with the latest report showing 175K jobs created in May, well above expectations. Inflation remains stubbornly elevated thanks to fuel costs and the add on input costs to food and energy that entails. But oil has been relatively tame considering the strait is supposedly closed. Oil is well-off its crisis peak. What this means to us is that oil must be getting to market somehow—Iran could be getting some ships through and we are aware that smaller ships are sneaking through the strait near the coast of Oman. So maybe the closure isn’t lock tight closed. These conditions combine to suggest that the Fed won’t be cutting rates this year, and may in fact end up hiking around year-end. That’s Ok for us, we don’t want a market goosed by lower rates. Its earnings growth that we really want—and the market is delivering that in spades. Earnings on the S&P 500 are now expected to grow by 26% this year! That is a tremendous figure and well above the 10% at the start of the year. This is not an air bubble like 1999 when stocks rallied that had no earnings. AI is driving the bus on earnings, and as long as AI spend is coming those earnings are likely to stay solid. A break-down in AI spend might be in the future, but its not 2026. AI spend is onward and upward.

Tops, Bottoms, and Long-Term Trends

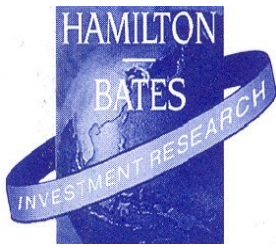
The NASDAQ fell over 4% last Friday on weak Broadcom earnings, which spilled over to the chip stocks and tech sector, dragging the market down. But don’t rush in to buy the dip, markets don’t bottom on Fridays. Of the last 21 Friday drops of 4% or more, 19 broke those Fridays lows in the next week. The market could be sagging as investors sell other tech stocks to lineup and buy SpaceX. That is very possible. Also, did you know stocks don’t make an annual peak in June. The chart below shows the months where there has been a peak in annual prices. January and December. But it has never happened in June. So don’t sweat this month’s volatility!



Stock Market Outlook and Portfolio Strategy

This week’s decline looks to us like its position adjustments ahead of the SpaceX IPO. Investors are likely selling other tech shares to raise cash for the IPO. That makes a lot of sense. It could also be that the market has simply come a long-way without a pullback. Either way some two-way market action is healthy. We’ll buy these dips when and where they offer us opportunity. Interestingly as the market has struggled the past few days dividend paying stocks have done well.

We think the SpaceX IPO will do well, but most IPO’s eventually pull back in the open market. We think that would give those who want to own it but didn’t get the IPO, a chance to get in.



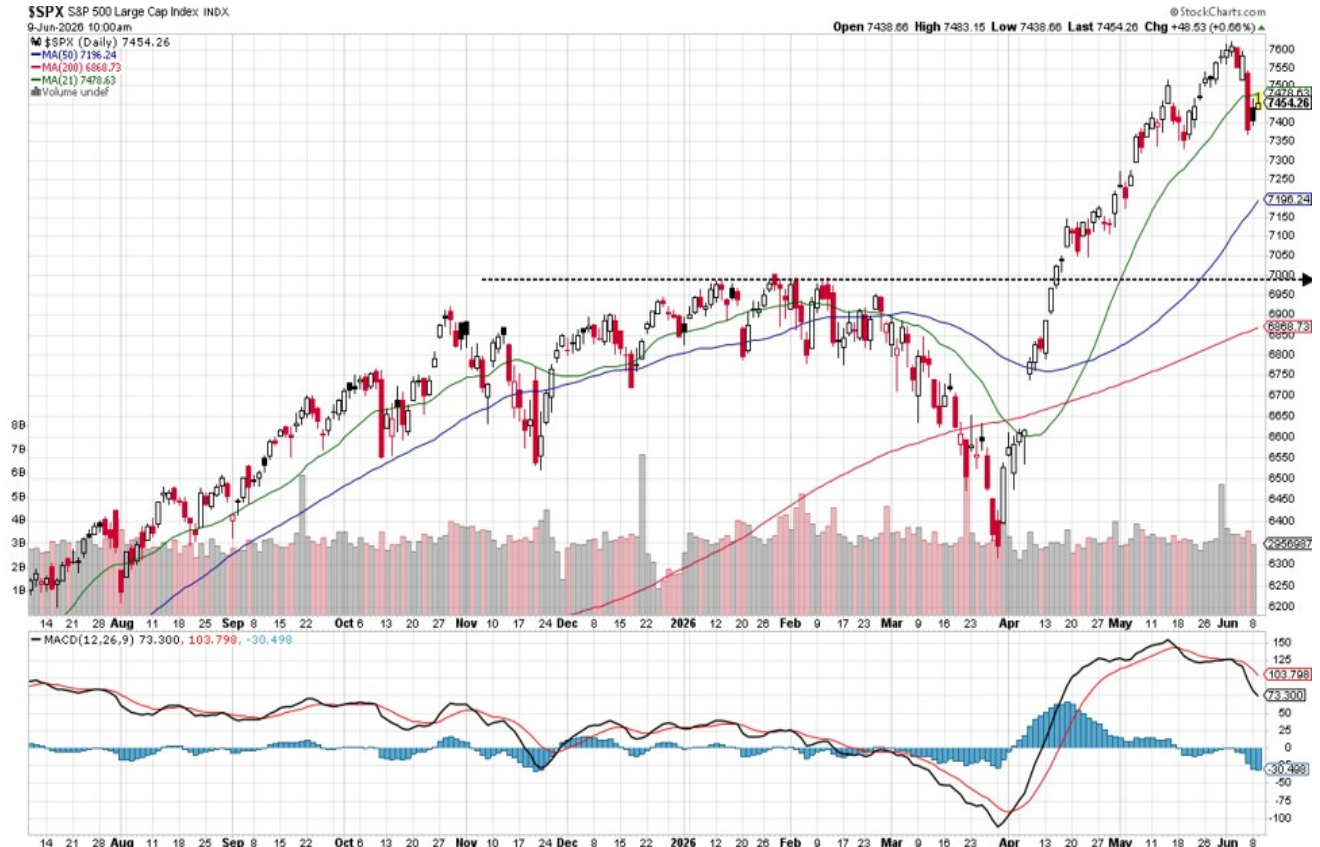
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**A Pullback Would Not
Be a Bad Thing**

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S&P 500 Market Chart



S&P 500 Chart—Bullish But Looking Tired

The market has come a good way from the late March low, and even from the breakout point above the old highs in mid-April. It's been a sustained move without much of a break or breather. The market is now technically overbought, well stretched above the long-term trend, and looking a bit tired. A pull-back really would not be a bad thing. The SPACEX IPO could add to the bullish upside or suck the oxygen from the market by taking so much liquidity away from the market by the IPO. It will be the biggest IPO in history.

Seasonally the market is favorable into July, but the August to early October period is historically weak. The plan is to hold positions, and add on a correction—we want to participate but not chase right here.