MONTHLY MARKET UPDATE · JUNE 2026

# Rally Holds. AI IPO Wave Builds. Rate Cuts Pushed Out.

Key themes shaping portfolios through mid-2026

Prepared June 2026

For Informational Purposes Only

## Market Snapshot

**S&P 500 - May**
**+5.00 %**
*+11.3% YTD – 11 all-time highs*

**S&P MidCap 400**
**+2.00 %**
*Lagging large caps on yield sensitivity*

**S&P SmallCap 600**
**+1.00 %**
*Most Exposed to rising rates*

**10 Year Treasury**
**-4.45 %**
*Near Multi-Month high*

**2-Year Treasury**
**-4.05 %**
*Market pricing hike in early 2027*

**Info tech Sector - May**
**+16.00 %**
*-40% of S&P 500 – only outperformer*

**Record Streak** If the S&P 500 closes higher in the first week of June, it will have gained 10 consecutive weeks — a win streak not seen since 1985. Source: Bloomberg

## What's Driving Markets

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|---|---|
| - AI exuberance dominated in May: | Strong tech earnings beat expectations. Information Technology (+16%) was the only sector to outperform the S&P 500 – the index's gain was essentially a tech story. |
| - Rate-cut expectations evaporated: | Persistent inflation and a Fed (now under Warsh) unlikely to cut in 2026. Markets have begun pricing a potential rate hike in early 2027, pressuring smaller-cap balance sheets. rate hike in early |
| - IPO pipeline fueling enthusiasm: | SpaceX (~$2T target), OpenAI ($875B), and Anthropic ($900B) are preparing historical public offerings, stroking private-market optimism that has bled into public tech valuations. |

## Spotlight Insight – The AI IPO Wave

SpaceX, OpenAI, and Anthropic are targeting IPOs at valuations that would place them among the largest companies ever listed — in record time. SpaceX has been private for 24 years; by contrast, the Magnificent Seven went public within their first seven years on average. What's different now: index providers have adjusted inclusion rules to fast-track these names into the Nasdaq 100 and S&P 500 almost immediately after listing. Most diversified index investors will own all three whether they act or not.

**Key takeaway:** You don't need to buy the IPO. If you own S&P 500 or Nasdaq 100 ETFs, you are already in line to own these companies — without paying day-one premium

## What it means for investors

### Don't Chase the IPO

Fast-track index inclusion means S&P 500 and Nasdaq ETF holders gain exposure post-IPO without paying IPO-day premiums. Patience is the position.

### Mind the Divergence

Mid- and small-cap indices lag when yields stay elevated. Balance sheet quality matters more in a higher-for-longer rate environment. Concentration risk is real

### Mind the Divergence

Strong YTD performance creates allocation drift. Q2 close is the natural opportunity to revisit targets, cash flows, and schedules for a first-half review