



Our Point

After 9 straight up weeks in a row, the markets took the week off. For the week, the S&P, absent a rally this afternoon, looks to close down around 1%. The Nasdaq composite also looks to close down – shedding 2.5%. We are seeing some rotation out of tech stocks and into other areas of the market. This is healthy market action. Considering the rally since late March, the little bit of weakness is not unexpected nor especially concerning. The S&P is hitting a level of support today. However, we wouldn't view this support as particularly strong. A break below current levels would set the stage for a deeper correction back to the 7350 levels (2% from current levels). Some level of sideways to down markets would not be unexpected and would be healthy for the market as it would set the stage for the next leg up. As we enter the summer months, some weakness is anticipated and the explosive rally we have seen for April and May is not sustainable. However, we remain firmly in the bullish camp. This morning we got the May jobs report, and the number was much stronger than expected. Additionally, we got positive revisions to prior months. While the strong job numbers are good for the economy, the market was looking for something a little weaker to put Fed rate cuts back in play. The stronger than expected numbers pushed the odds of a rate cut further out into the future and puts the odds of rate hike later this year into focus. We'll get both the CPI and PPI inflation reports next week. Both will be closely watched. Surprises in either direction could lead to sharp market moves. Additionally, Oracle and Adobe both report earnings next week. Oracle will be very interesting as the software sector of the market was hit much harder than the rest of the market earlier this year and has yet to fully recover. Finally, we will see the much hyped and anticipated IPO of SpaceX next Friday. In fact, some of the weakness this week might be attributed to investors selling to create proceeds to participate in the first day of trading – the excitement is palpable. I am reminded a bit of the Meta (then Facebook) IPO 14 years ago. There was almost as much hype and anticipation and the stock barely moved on that first day. What followed was 3 months of declines that resulted in the stock trading at half the IPO price. We'll see if SpaceX follows the same playbook. These are different times and the AI hype is real so we may not see a repeat. That said, we believe investors wanting a piece of SpaceX would be wise to wait and let the stock settle in at least a few days before jumping in. We did a little bit of shuffling in our holdings this week as we embark on a new trading strategy but remain nearly fully invested. The big news for the NashBills family this week is a new house. After living in Nashville for the last 8 years, we are moving back to the suburbs of Brentwood. While we love our current house, it was time for Kelly and I to get a new configuration of our house. Hopefully, this is our last move and sets us up for years to come! And, by the way, anyone interested in a charming 1928 Tudor in Green Hills – please give me a call! Having 2 houses in the same city 5 miles apart is not our idea of a sustainable vacation home... Enjoy your weekend wherever it finds you.