



June 8, 2026

## Strong Jobs Data Leads To Higher Interest Rates Which Leads To Equity Correction

**From their lows in March 2026, the S&P 500 has rallied 20% and the Nasdaq 100 has rallied 35% -- which has created a very overbought market.**

We have been warning readers that a correction could be coming, noting: *"Sell In May But Come Back."* Well, here we are. Last Friday, the May jobs report came in with much stronger job growth and significant upward revisions, reinforcing the view that the labor market remains more resilient than expected. This prompted investors to price in higher interest rates amid concerns that the Federal Reserve (Fed) may need to raise rates later this year. The specter of higher rates spooked the market and caused a sharp correction - the S&P 500 dropped nearly 3% and the Nasdaq 100 was down 4%. Investors should brace for more volatility with Technology leading the correction. This could lead to a 10%-15% pullback, which should position equities for a rally through the summer months.

## S&P 500 With Fibonacci Levels And Moving Averages



Source: Bloomberg. Annotations by Sanctuary Wealth, June 7, 2026

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## Nasdaq 100 With Fibonacci Levels and Moving Averages

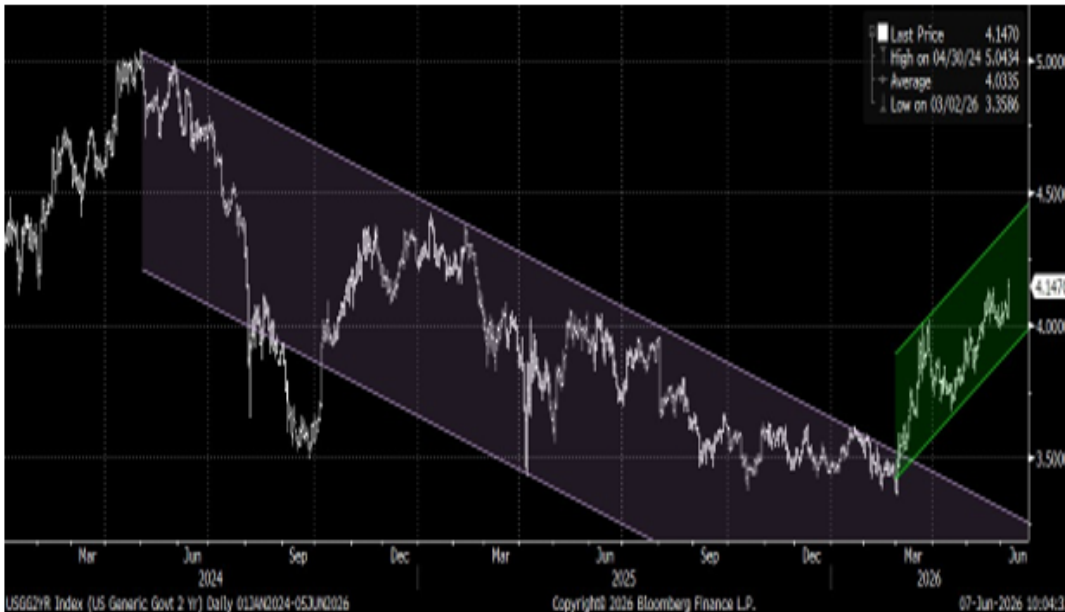


Source: Bloomberg, Annotations by Sanctuary Wealth, June 7, 2026

## Strong Jobs Data Raises Concern That Fed May Raise Interest Rates

The strong jobs data raised concerns that the Fed may need to raise interest rates as the economy remains resilient and the labor market is showing signs of renewed strength. The May jobs numbers were much better than expected, with April payrolls revised sharply higher. In response, Treasury yields moved higher across the curve, though the 2-year Treasury yield is often viewed as the market's best indicator of the expected path of Fed policy. Meanwhile, persistently higher oil prices continue to add to inflation concerns, providing little relief for the rates market.

## 2-Year Treasury Yield Spikes Higher On Jobs Data



Source: Bloomberg, Annotations by Sanctuary Wealth, May 29, 2026

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## 5-Year Breakeven: Inflation Expectations Falling



Source: Bloomberg. Annotations by Sanctuary Wealth, June 7, 2026

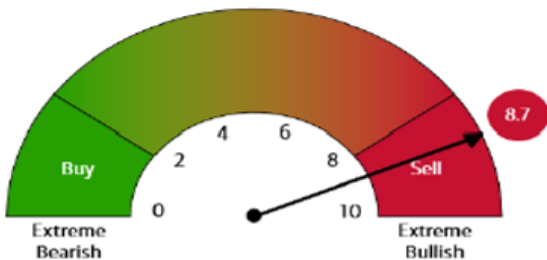
## Tactical Sell Signal

Last week we highlighted that the Bank of America Bull & Bear Indicator was in the sell zone, signaling the equity market was at risk of a correction. We are now into the correction, which is likely to last a few weeks. It's possible the market bottom comes as the SpaceX initial public offering (IPO) is launched. Read the June edition of our monthly report, Sanctuary Corner, to learn more about this record-breaking IPO.

## BofA Bull & Bear Indicator Deeper Into Tactical Sell Signal

### Chart 1: BofA Bull & Bear Indicator

Up to 8.7 from 8.5



**Source:** BofA Global Investment Strategy. The indicator identified above as the BofA Bull & Bear Indicator is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark.

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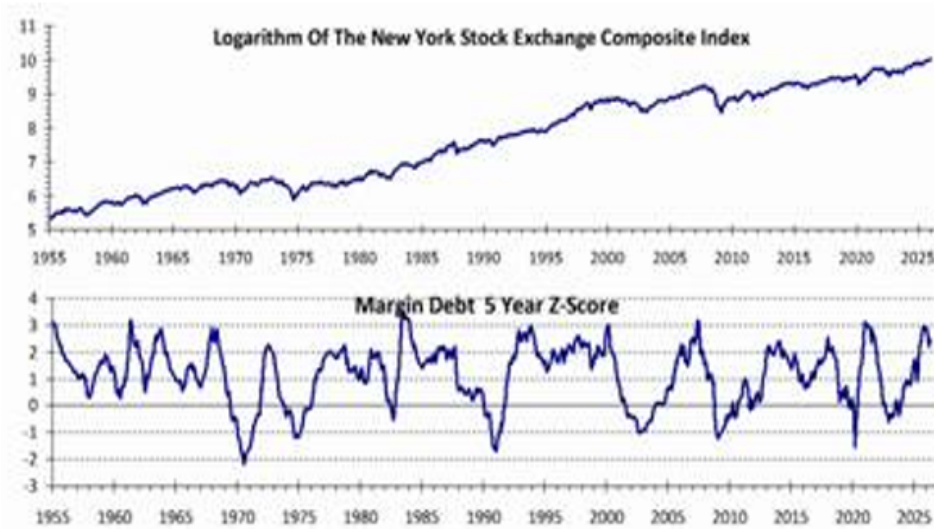
Source: Bank of America, June 5, 2026

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## NYSE Margin Debt Elevated & Deleveraging Likely Underway

Margin debt tends to increase alongside rising equity markets and is currently at elevated levels. When debt levels are high, market pullbacks can become more severe as investors are forced to reduce or sell positions to meet margin requirements. This dynamic may have contributed to last Friday's sharp selloff. Remember, equity markets often behave like roller coasters—they tend to climb gradually but can fall quickly and abruptly.

## NYSE Margin Debt At Elevated Levels Exacerbating Downside



Source: Bloomberg, Annotations by Sanctuary Wealth, May 29, 2026

## Semiconductors Lead The Correction

What goes up the most generally comes down the most. Semiconductors (semis) have been the leading industry group of this bull market and have rallied 270% since the low in April 2025 (during the tariff tantrum) and 80% since the March low. These returns are extraordinary and have created a very overbought market condition. Semis are now in a correction, and it can be sharp given how much the group has rallied. Investors should be positioned for at least a 20%-30% pullback. We remain buyers of semis and maintain they are the leader of this secular bull market.

## VanEck Semiconductor ETF With Fibonacci Levels



Source: Bloomberg, Annotations by Sanctuary Wealth, June 7, 2026

## Earnings Support Leadership In Technology & Semis

Earnings continue to support leadership within the Technology sector, with semiconductor stocks delivering the strongest growth rates. As a result, we view the recent weakness as a normal correction following a significant rally rather than the beginning of a more prolonged downturn.

**Figure 1 S&P 500 SECTORS: ANNUAL EARNING GROWTH FORECAST**



**Figure 9 S&P 500 INFORMATION TECHNOLOGY SECTOR & INDUSTRIES: ANNUAL EARNING GROWTH FORECAST**

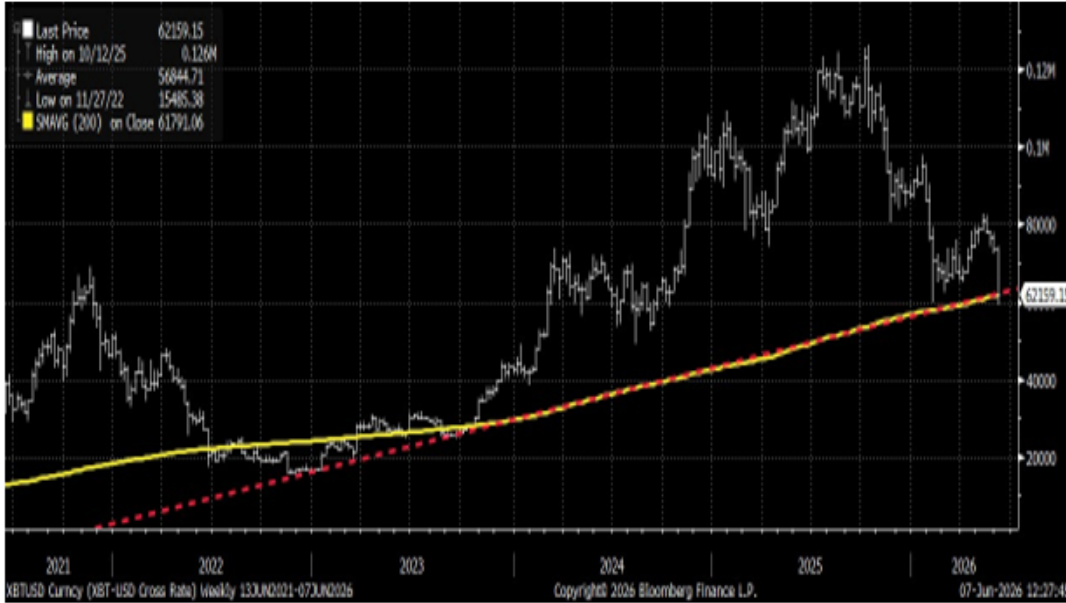


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## Bitcoin Continues To Remain In A Bear Correction

Bitcoin (BTC) is testing critical support at the 200-day moving average and its uptrend line near \$61,791. Failure to hold support indicates another leg down in the correction approaching the \$40,000 level.

### Bitcoin Testing 200-Day Moving Average & Trendline



## SpaceX IPO and Nasdaq Index Mechanics

SpaceX is positioned to complete the largest IPO in history, with pricing expected on June 11 and trading to begin June 12. The company aims to raise around \$75 billion at a roughly \$1.75 trillion valuation, surpassing Saudi Aramco's 2019 record of nearly \$30 billion.

At launch, only about 555.6 million new shares will be available to the public. That represents roughly 3%-5% of SpaceX's total shares outstanding (approximately 12.9 billion). (In comparison, Saudi Aramco floated 1.5% of its shares.)

Nasdaq is adding SpaceX (SPCX) at an extraordinarily swift pace. The exchange altered its rules effective May 1, 2026, shortening the waiting period for large new listings to join the Nasdaq-100 Index (NDX) from several months to just 15 trading days. It also removed the old 10% minimum free-float requirement. Nasdaq plans to apply a special 3x float multiplier for low-float stocks, like SpaceX, when calculating its index weight.

This thin float relative to the \$1.75 trillion valuation is one reason for the special Nasdaq rule changes and the anticipated high volatility. By contrast, S&P Dow Jones Indices is not bending its standard 12-month seasoning rules before considering inclusion into its index. It will make a decision on S&P 500 inclusion at a later date.



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## Sector Readings: Information Technology Remains Strongest, Followed By Energy And Industrials; Financials Remain Weakest, Followed By Utilities

Information Technology is still in first place, followed by Energy and Industrials. Likewise, Financials are still in last place, followed by Utilities. Energy has been among the top three sectors for 26 weeks, half a year, while Financials have been one of the two weakest sectors for 17 weeks, more than a quarter.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1 to 11, with 1 being the strongest and 11 the weakest.

### Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Jun 5	May 29	May 22	May 15	May 8	May 1	Apr 24	Apr 17
Consumer Discretionary	9	6	5	7	6	9	9	8
Consumer Staples	8	8	8	6	8	8	8	9
Energy	2	2	1	1	3	1	1	1
Financials	11	11	10	11	11	11	11	11
Healthcare	7	9	11	9	10	10	10	10
Industrials	3	4	4	4	5	5	5	3
Information Technology	1	1	2	2	2	3	4	5
Materials	5	5	7	5	4	4	3	4
Communication Services	4	3	3	3	1	2	2	2
Utilities	10	10	9	10	9	6	6	7
Real Estate	6	7	6	8	7	7	7	6

Source: Bloomberg, Sanctuary Wealth, June 5, 2026

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**OBOS List: Information Technology Remains Overbought; Consumer Staples, Utilities, Industrials, Healthcare, Consumer Discretionary, and Materials Are Oversold; Financials, Energy, and Real Estate Are Near Oversold.**

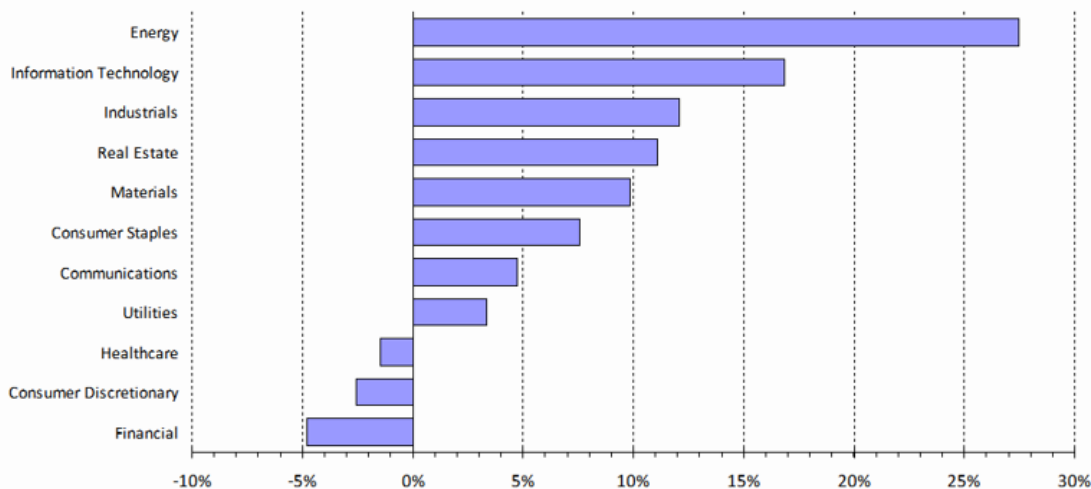
Despite last Friday's sharp correction, Information Technology is still overbought. Consumer Staples, Utilities, Industrials, Healthcare, Consumer Discretionary, and Materials are all oversold, while Financials, Energy, and Real Estate are near oversold. There still remains an extreme overbought and oversold reading among the rankings of the sectors. This most likely can cause continued volatility, especially coming from the Technology sector as it corrects from being so overbought. This also most likely sets up a major sector rotation. Our tactical model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this over 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 5 June 2026		
rank	S&P Sector	normalized Oscillator
1	Information Technology	1.8171 <i>Overbought</i>
2	Communication Services	-0.2979 <i>Neutral</i>
3	Real Estate	-0.6231 <i>Near Oversold</i>
4	Energy	-0.7994
5	Financials	-0.8678
6	Materials	-1.2532 <i>Oversold</i>
7	Consumer Discretionary	-1.3063
8	Healthcare	-1.4912
9	Industrials	-1.6274
10	Utilities	-1.7638
11	Consumer Staples	-1.8127

Source: Bloomberg, Sanctuary Wealth, June 5, 2026

**Year-To-Date Performance Of The S&P 500 Sectors**



Source: Bloomberg, Sanctuary Wealth, June 5, 2026



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## Market Performance: Energy Remains Best Performing Asset Year-To-Date; Bitcoin Is Still Weakest Year-To-Date

	Last 6/5/2026	Month End 5/29/2026	Month to Date	Quarter End 3/31/2026	Quarter to Date	Year End 12/31/2025	Year to Date	Year Ago 6/5/2025	Year To Year
S&P 500	7383.74	7580.06	-2.6%	6528.52	13.1%	6845.50	7.9%	5939.30	24.3%
NASDAQ Composite	25709.43	26972.62	-4.7%	21590.63	19.1%	23241.99	10.6%	19298.45	33.2%
NASDAQ 100	705.06	738.31	-4.5%	577.18	22.2%	614.31	14.8%	524.79	34.4%
Russell 2000	2833.50	2919.34	-2.9%	2496.37	13.5%	2481.91	14.2%	2097.35	35.1%
S&P Consumer Discretionary Sector	1878.85	2002.94	-6.2%	1748.22	7.5%	1928.43	-2.6%	1678.89	11.9%
S&P Consumer Staples Sector	930.22	921.47	0.9%	925.56	0.5%	864.89	7.6%	901.34	3.2%
S&P Energy Sector	875.98	854.93	2.5%	943.30	-7.1%	687.34	27.4%	620.45	41.2%
S&P Financial Sector	867.91	856.67	1.3%	822.22	5.6%	911.60	-4.8%	841.15	3.2%
S&P Healthcare Sector	1779.88	1739.78	2.3%	1710.39	4.1%	1805.89	-1.4%	1548.48	14.9%
S&P Industrials Sector	1471.96	1463.53	0.6%	1369.67	7.5%	1313.14	12.1%	1213.56	21.3%
S&P Information Technology Sector	6641.54	7021.77	-5.4%	5158.06	28.8%	5684.00	16.8%	4624.32	43.6%
S&P Materials Sector	631.03	638.95	-1.2%	627.82	0.5%	574.41	9.9%	551.38	14.4%
S&P Real Estate Sector	283.30	279.06	1.5%	259.98	9.0%	255.03	11.1%	261.43	8.4%
S&P Communications Sector	473.88	493.15	-3.9%	420.28	12.8%	452.39	4.8%	357.13	32.7%
S&P Utilities Sector	448.31	449.71	-0.3%	466.42	-3.9%	433.81	3.3%	408.43	9.8%
S&P 500 Total Return	16503.96	16935.35	-2.5%	14560.75	13.3%	15220.46	8.4%	13113.48	25.9%
3 month Treasury Bill Price	99.07	99.08	0.0%	99.08	0.0%	99.09	0.0%	98.92	0.2%
3 month Treasury Bill Total Return	272.24	272.05	0.1%	270.38	0.7%	268.01	1.6%	261.68	4.0%
10 Year Treasury Bond Future	109.08	109.83	-0.7%	111.05	-1.8%	112.44	-3.0%	110.80	-1.6%
10 Year Treasury Note Total Return	312.89	314.82	-0.6%	315.71	-0.9%	316.61	-1.2%	304.82	2.6%
iShares 20+ Year Treasury Bond ETF	85.06	85.76	-0.8%	86.69	-1.9%	87.16	-2.4%	86.45	-1.6%
S&P Municipal Bond Total Return	294.24	293.82	0.1%	289.48	1.6%	290.00	1.5%	275.80	6.7%
iShares S&P National Municipal Bond NAV	106.89	106.99	-0.1%	106.04	0.8%	106.85	0.0%	103.61	3.2%
S&P 500 Investment Grade Corporate Bond Total Return	500.89	503.58	-0.5%	496.96	0.8%	499.46	0.3%	476.57	5.1%
S&P Investment Grade Corporate Bond	91.28	91.77	-0.5%	91.32	-0.1%	92.75	-1.6%	90.78	0.5%
S&P Investment Grade Corporate Bond Total Return	534.95	537.57	-0.5%	530.81	0.8%	532.99	0.4%	508.39	5.2%
SPDR Bloomberg High Yield Bond ETF	95.73	96.77	-1.1%	95.72	0.0%	97.21	-1.5%	95.61	0.1%
iShares iBoxx High Yield Corporate Bond ETF	79.43	80.31	-1.1%	79.56	-0.2%	80.63	-1.5%	79.31	0.2%
Gold	4328.45	4540.26	-4.7%	4668.06	-7.3%	4319.37	0.2%	3352.65	29.1%
Bitcoin	61625.13	73581.98	-16.2%	68193.95	-9.6%	87647.54	-29.7%	100503.81	-38.7%
Silver	67.83	75.30	-9.9%	75.17	-9.8%	71.66	-5.3%	35.65	90.3%

Source: Bloomberg, Sanctuary Wealth, June 5, 2026

## Inflation Data & SpaceX IPO To Grab Headlines This Week

**This week the SpaceX IPO will compete against the NBA Finals and the World Cup as the hottest ticket in town.**

This week brings important inflation data, with the May Consumer Price Index (CPI) due Wednesday and the Producer Price Index (PPI) due Thursday. These reports will be watched closely for signs of sticky price pressures amid recent oil volatility, as inflation remains the primary concern of Federal Reserve hawks. Earnings season continues with software and cloud companies, with Oracle (ORCL) and Adobe (ADBE) reporting midweek; investors will be looking for evidence that their AI investments are translating into business results. The SpaceX IPO roadshow and market debut will continue to attract massive attention. Meanwhile, geopolitical developments could reignite volatility in oil markets. The week also marks the Federal Reserve's communications blackout period ahead of the June 16-17 Federal Open Market Committee (FOMC) meeting, meaning there should be no public remarks from Federal Reserve officials. But outside of this quiet period for the Fed, we expect the markets to be noisy!



# Calendar

**Mon.**

None scheduled

**Tue.**

6:00 AM NFIB Index of Small Business Optimism  
10:00 AM Monthly Wholesale Trade  
10:00 AM Existing Home Sales

**Wed.**

8:30 AM CPI  
8:30 AM CPI, Y/Y%  
8:30 AM CPI Core, Y/Y%  
2:00 PM Monthly Treasury Balance

**Thu.**

8:30 AM Weekly Jobless Claims  
8:30 AM PPI  
8:30 AM Ex-Food & Energy PPI, M/M%  
8:30 AM Personal Consumption  
Earnings Oracle\*

**Fri.**

10:00 AM U. Michigan Prelim Consumer Survey  
Earnings Adobe\*

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