



June 29, 2026

Happy 250th Birthday America: Let The Fireworks Begin

This is a holiday week with the markets closed on Friday in observance of the Fourth of July.

Equity markets are biased to rally into a long holiday weekend. As we enter July, the Dow Jones Industrial Average (DJIA) and the Russell 2000 small cap index both reached record highs last week. The S&P 500 and Nasdaq 100 have been consolidating and approaching oversold readings. Historically, the S&P 500 has tended to rally into July before entering a more volatile period. August is often choppy, while September and early October have historically been among the market's weakest months. Those seasonal pullbacks have frequently created attractive buying opportunities ahead of a year-end rally. The S&P 500 has struggled recently in the 7,500-7,600 range and is currently trading at 7,354. We believe the market will attempt to rally to test the recent highs. We have maintained our year-end target of 7,500 as we do believe we can have a deep correction into the fall months. We maintain our longer-term secular bull market target range for the S&P 500 of 10,000-13,000.

Warsh, Bessent, And The Bond Market's Vote Of Confidence On Inflation

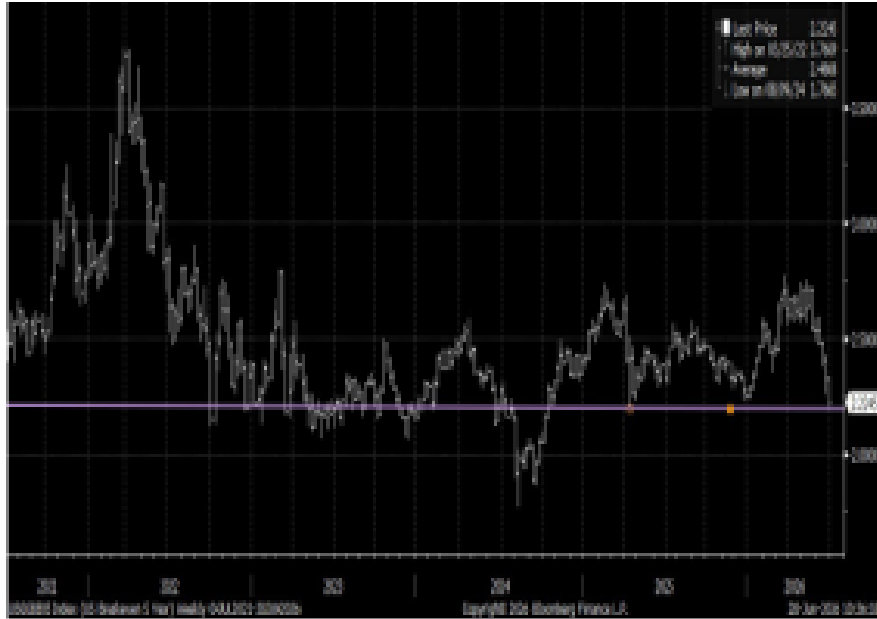
Federal Reserve (Fed) Chair Kevin Warsh and Treasury Secretary Scott Bessent delivered closely coordinated messages last week on the importance of stabilizing inflation. Bessent publicly expressed confidence that Warsh will "optimize the path for both inflation and economic growth," while praising the Fed's decision to reduce forward guidance. Professional investors noted this alignment between monetary and fiscal leadership as a positive development for market stability.

Five-year Treasury breakeven yields— a market-based measure of expected inflation over the next five years — have collapsed to 2.22%, signaling the market believes inflation should fall in the future toward 2%. This move indicates that bond investors are not overly concerned about inflation reaccelerating.



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5-Year Breakeven Yields Collapse, Signaling Inflation Expectations Falling



Source: Bloomberg, Annotation by Sanctuary Wealth, June 28, 2026

Secretary Bessent has previously highlighted Truflation, an alternative, real-time inflation gauge that draws on a broad range of consumer price data. The Truflation index currently sits at 1.9% year-over-year, reinforcing the market's view that inflation pressures are easing. We also anticipate that Fed Chair Kevin Warsh may place greater emphasis on a broader range of inflation measures rather than relying primarily on the Core Personal Consumption Expenditures (PCE) Price Index.

The market is currently expecting the Fed to begin raising interest rates by the end of the year. We believe the surprise this year could be that sharply lower oil prices – combined with a shift in how inflation is measured – lead to the Fed cutting interest rates by year-end.

Truflation, Bessent's Alternative Inflation Measure, Indicates Little Inflation Pressure



Source: Bloomberg, June 28, 2026



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Market Breadth Reaches Record High, Confirming Bull Trend

Last week, despite the volatility, particularly in Technology, the Bloomberg cumulative advance-decline (A-D) line reached an all-time high. The S&P 500 A-D line also hit a record high. This confirms the equity market remains in a bull market with new highs achievable.

Bloomberg Cumulative Advance-Dcline Line Posts Record High



Source: Bloomberg, June 28, 2026

Small Caps Hit All-Time High

The Russell 2000 small cap index hit an all-time high and is outperforming the large cap stocks so far this year. The S&P 500 is up 7% with the Russell 2000 up 21%. The relative price has made an important bottom, in our view, similar to the low in 1999. We believe small caps are in the early phases of entering a secular trend of outperforming. We would continue to diversify portfolios toward smaller cap stocks.

The Dow Jones Industrial Average (DJIA) also hit an all-time high last week. Today (Monday), Google parent company Alphabet (GOOGL) will be added to the DJIA, replacing Verizon (VZ). Alphabet will be the Dow's fifth Magnificent 7 member.

Russell 2000 Small Cap Index At Record High



Source: Bloomberg, June 28, 2026



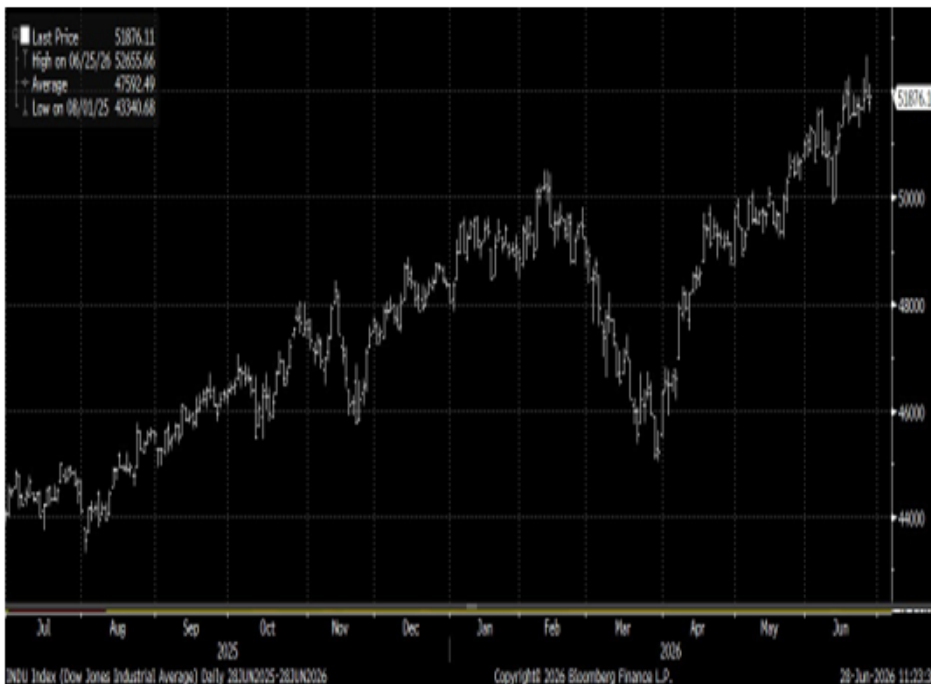
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Russell 2000 Relative To S&P 500: Small Caps In Early Cycle Of Outperforming



Source: Bloomberg, Annotation by Sanctuary Wealth, June 28, 2026

Dow Jones Industrial Average Hits Record High



Source: Bloomberg, June 26, 2026



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Nasdaq 100 With 14-Day Stochastic Correcting



Source: Bloomberg, Annotation by Sanctuary Wealth, June 28, 2026

Debasement Trade Not Here

Many investors have been calling for the demise of the U.S. dollar, but last week the U.S. dollar began a rally as the market is expecting the Fed to begin raising interest rates. Should the dollar index break above 102, investors should expect a stronger rally in the dollar, in our view.

U.S. Dollar Rallying On Higher Rate Expectations



Source: Bloomberg, Annotation by Sanctuary Wealth, June 28, 2026



Higher interest rates, growing expectations that the Fed could resume raising rates, and a stronger U.S. dollar have put pressure on precious metals. Gold has been correcting since a peak of \$5,586. It is traditional for a strong rally to correct one-third to one-half of a move. Gold has support near the 50% retracement level at \$3,945. Amid elevated uncertainty, we expect Gold to remain in a choppy trading range, with good support near \$4,000. Should this level not hold, the risk is a 61.8% correction near \$3557. We maintain the long-term projection for Gold is \$10,000.

■ Last Price 4560.50
 ▴ High on 01/30/26 5586.20
 ~ Average 1500.66
 ▾ Low on 06/30/06 555.00

6148 (5586.20)
 570.61 (4811.24)
 386.70 (4737.68)
 50.08 (3944.55)
 61.88 (3657.11)
 76.41 (3267.76)
 138.75 (2702.49)
 123.67 (1518.04)
 138.75 (1448.66)
 351.05 (961.75)
 361.05 (777.82)

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026

UCL Comdy (Generic 1st '0C' Future) Monthly 26JUN006-26JUN026
 Copyright 2026 Bloomberg Finance L.P.
 26-Jan-2026 14:00

■ Last Price 59.149
 ■ High on 01/30/26 121.654
 + Average 22.9632
 ■ Low on 10/31/08 8.4600

XAG Currency (Silver Spot \$/oz) Monthly 2010-2006-2026
 Copyright 2026 Bloomberg Finance L.P. 28-Jun-2026 14:10

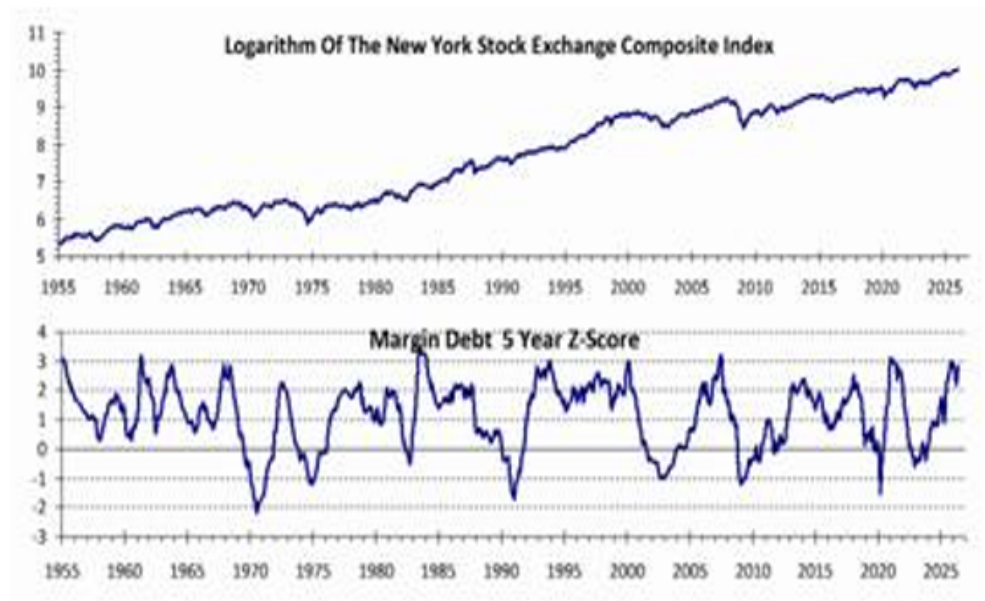


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What Are The Risks?

Risk 1: Leverage Is High In Margin Debt & Leveraged ETFs

There are always risks in the market. Today, the greatest concern we see is the buildup of leverage and margin debt, particularly within the Technology sector. Leverage has risen sharply relative to total market capitalization, as measured by the Wilshire 5000 Index. If we do get a correction in the fall months, it may be a deeper correction of 10%-15% as investors would be forced to deleverage positions. We expect this to cause volatility but not end the bull market rally.



Source: Bloomberg, Sanctuary Wealth, June 2026



Source: Bloomberg, Sanctuary Wealth, June 2026



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Top ETFs With Leverage

Ticker	Name	AUM (\$MM)	\$ Volume (1m)	\$ Volume (6m)	3yr St. Deviation
TQQQ	ProShares UltraPro QQQ	\$39,738	\$5,963	\$5,035	55.4
SOXL	Direxion Daily Semiconductor Bull 3X ETF	\$33,553	\$13,322	\$6,906	129.6
QLD	ProShares Ultra QQQ	\$14,594	\$497	\$400	35.6
SSO	ProShares Ultra S&P 500	\$8,025	\$259	\$259	27.1
SPXL	Direxion Daily S&P 500 Bull 3X ETF	\$6,844	\$634	\$632	41.6
MUU	Direxion Daily MU Bull 2X ETF	\$7,723	\$2,882	\$923	-
TECL	Direxion Daily Technology Bull 3X ETF	\$6,940	\$308	\$184	75.0
UPRO	ProShares UltraPro S&P500	\$5,359	\$409	\$463	41.5
TSLX	Direxion Daily TSLA Bull 2X ETF	\$4,467	\$956	\$1,184	99.5
SNXX	Tradr 2X Long SNDK Daily ETF	\$5,231	\$1,124	-	-
NVDL	GraniteShares 2x Long NVDA Daily ETF	\$4,487	\$856	\$838	76.7
BULZ	MicroSectors Solactive FANG & Innovation 3X Leveraged ETN	\$3,673	\$52	\$54	84.9
USD	ProShares Ultra Semiconductors	\$3,277	\$112	\$65	68.1
TMF	Direxion Daily 20+ Year Treasury Bull 3X ETF	\$2,510	\$114	\$185	41.3
FAS	Direxion Daily Financial Bull 3X ETF	\$2,173	\$104	\$110	45.6
FNGU	MicroSectors FANG+ 3 Leveraged ETNs	\$2,351	\$183	\$144	70.7
KORU	Direxion Daily MSCI South Korea Bull 3X ETF	\$2,593	\$833	\$395	131.4
SQQQ	ProShares UltraPro Short QQQ	\$1,826	\$3,017	\$3,443	46.2
SOXS	Direxion Daily Semiconductor Bear 3X ETF	\$1,375	\$3,554	\$2,092	76.6
AGQ	ProShares Ultra Silver	\$1,458	\$322	\$1,082	59.9
TNA	Direxion Daily Small Cap Bull 3X ETF	\$1,526	\$486	\$522	62.7
AMDL	GraniteShares 2x Long AMD Daily ETF	\$1,497	\$353	\$267	-
ROM	ProShares Ultra Technology	\$1,354	\$14	\$6	47.3
MULL	GraniteShares 2x Long MU Daily ETF	\$1,473	\$304	\$119	-
GGLL	Direxion Daily GOOGL Bull 2X ETF	\$1,267	\$202	\$156	64.6
SCO	ProShares UltraShort Bloomberg Crude Oil	\$1,163	\$315	\$243	45.0
SH	ProShares Short S&P500	\$1,086	\$362	\$379	12.7

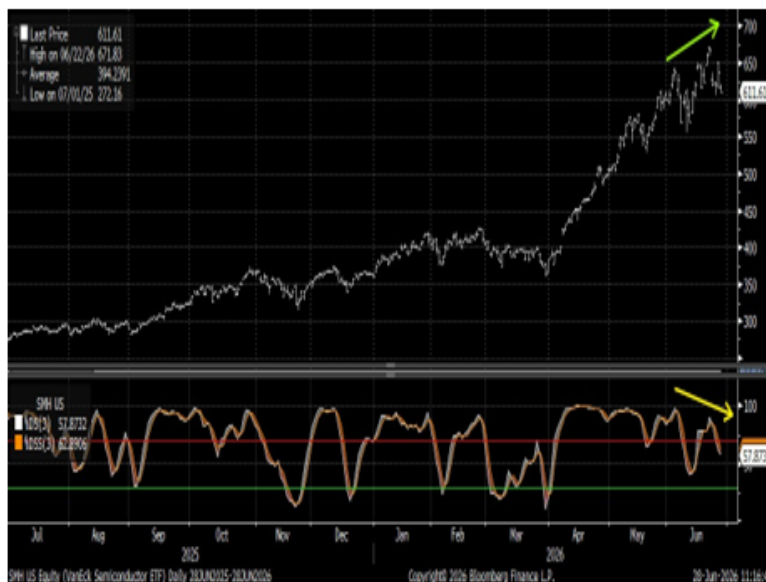
Source: Strategas, Bloomberg, ETF Action, 6/22/26

Green highlights here denote single stock levered ETPs.

Risk 2: Semiconductors Rallying But Price Momentum is Weakening

The VanEck Semiconductor ETF (SMH) is exhibiting a negative divergence, with prices continuing to advance while momentum has begun to weaken. This could be signaling a potential correction coming in semis. Since there is leverage built into this sector, it could be a significant correction of 30%. We expect semis to maintain leadership. We do not believe this is a bubble that is popping. Looking back to the 1990s, the semi stocks have had several bear market corrections (30%+) before peaking. *With AI infrastructure and data center development still in the early stages, we do not believe the semiconductor cycle has yet reached its peak or the point at which semiconductor demand becomes commoditized.*

VanEck Semiconductor ETF With Negative Price Momentum

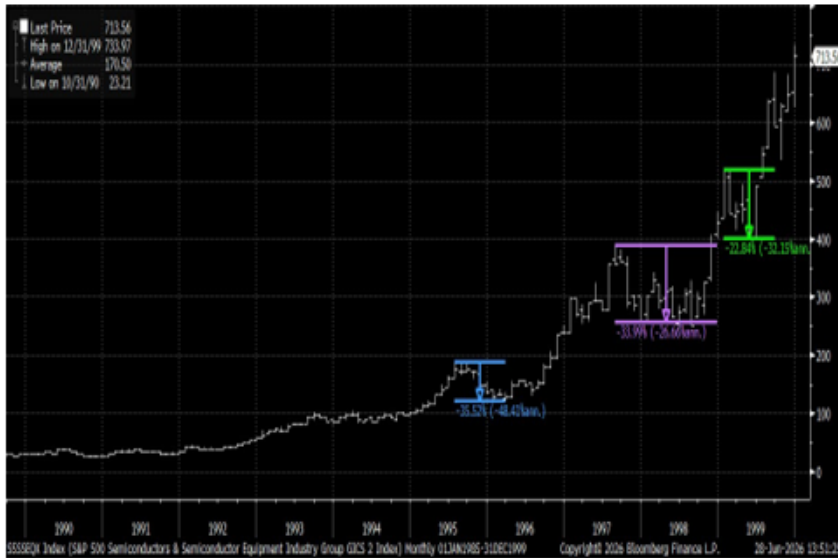


Source: Bloomberg, Annotation by Sanctuary Wealth, June 28, 2026



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S&P Semi Stocks During 1990s



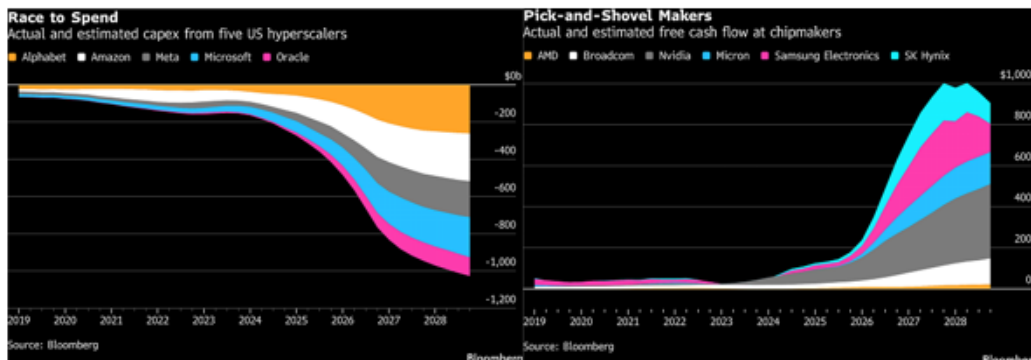
Source: Bloomberg, Annotation by Sanctuary Wealth, June 28, 2026

Semi Fundamentals Remain Positive Longer-Term

Strong Cash Flows, Rising Orders, And Tight Supply

Semiconductor companies are generating record free cash flow while investing heavily for future growth. Industry-wide projections show chip makers on track to produce roughly \$1.0 trillion in cumulative free cash flow by 2027. At the same time, the major hyperscalers (such as Microsoft, Amazon, Alphabet, and Meta, all building massive AI data centers) are expected to spend close to \$1.0 trillion on capital expenditures in 2027. The accompanying chart of hyperscaler spending versus chip-maker free cash flow shows nearly mirror-image ramps, a powerful visual of how supply and demand are aligned for strong multi-year growth in the AI infrastructure buildout. Because current production capacity still cannot meet surging demand, unfilled orders continue to rise, pushing prices for key memory chips higher.

CapEx By Hyperscalers Becomes Cash Flow For Chip Makers



Source: Bloomberg, June 28, 2026

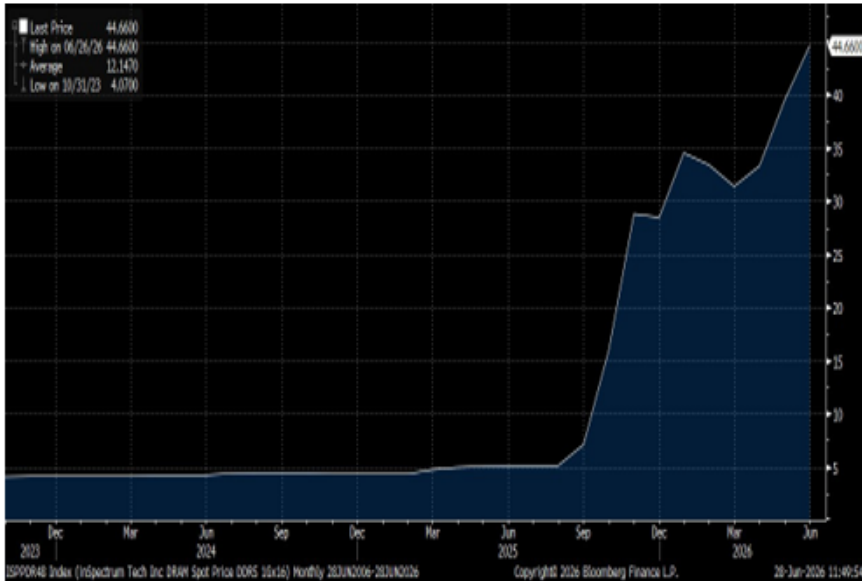


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Shortage Of Memory For Chips Has Caused DRAM Prices To Surge

Memory chip makers such as Micron (MU) have seen their stock rise sharply on the shortage of enough memory to meet demand. This has resulted in DRAM (Dynamic Random-Access Memory) prices skyrocketing. This has also caused some technology companies such as Apple (AAPL) and Microsoft (MSFT) to raise prices on their products.

DRAM Spot Pricing Has Skyrocketed On Shortages



Source: Bloomberg., June 28, 2026



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Sector Readings: Information Technology Remains In First Place, Followed By Industrials, Then Energy; Consumer Discretionary In Last Place, Followed By Communication Services

Information Technology is still strongest, followed by Industrials, then Energy. Consumer Discretionary is in last place, followed by Communication Services. Energy returned to the top three sectors, where except for last week, it has been for 30 weeks. The decline in Communication Services is dramatic.

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 26	Jun 19	Jun 12	Jun 5	May 29	May 22	May 15	May 8
Consumer Discretionary	11	8	10	9	6	5	7	6
Consumer Staples	8	7	7	8	8	8	6	8
Energy	3	5	2	2	2	1	1	3
Financials	9	9	11	11	11	10	11	11
Healthcare	5	10	8	7	9	11	9	10
Industrials	2	2	3	3	4	4	4	5
Information Technology	1	1	1	1	1	2	2	2
Materials	6	4	4	5	5	7	5	4
Communication Services	10	3	6	4	3	3	3	1
Utilities	7	11	9	10	10	9	10	9
Real Estate	4	6	5	6	7	6	8	7

Source: Bloomberg, SanctuaryWealth, June 26, 2026



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OBOS List: Information Technology Is Still Overbought; Energy, Consumer Staples, Utilities, Materials, And Consumer Discretionary Are Oversold; Communication Services Is Near Oversold.

Information Technology was still overbought last week. Energy is significantly oversold followed by Consumer Staples, Utilities, Materials, and Consumer Discretionary also being oversold; Communication Services was near oversold. The extreme overbought/oversold situation we saw two weeks ago has been somewhat relieved, but not completely. Conditions for a major sector rotation and its associated volatility remain.

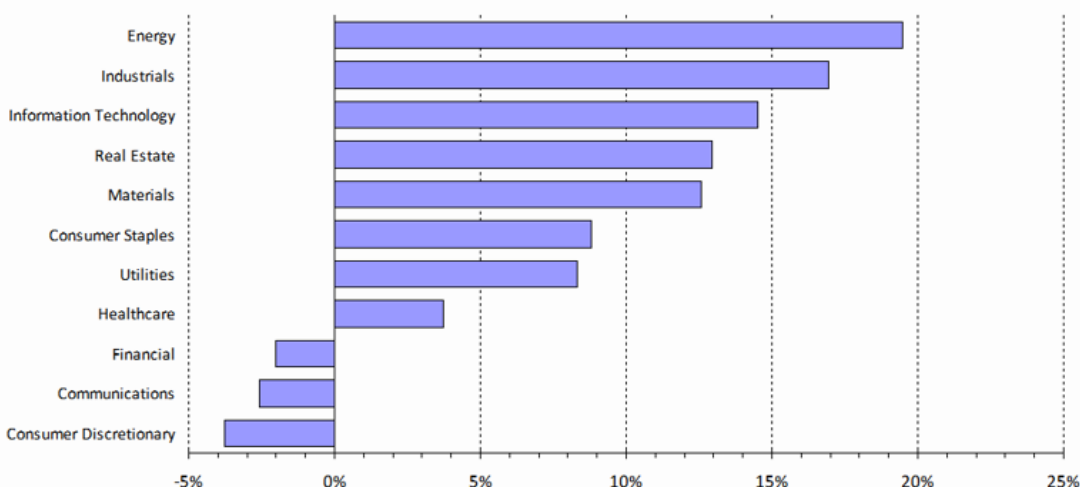
Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based 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 26 June 2026		
rank	S&P Sector	normalized Oscillator
1	Information Technology	1.6396 <i>Overbought</i>
2	Real Estate	-0.2412 <i>Neutral</i>
3	Industrials	-0.3375
4	Financials	-0.4357
5	Healthcare	-0.5443 <i>Neutral</i>
6	Communication Services	-0.6231 <i>Near Oversold</i>
7	Consumer Discretionary	-1.0575 <i>Oversold</i>
8	Materials	-1.3567
9	Utilities	-1.5997
10	Consumer Staples	-1.8793
11	Energy	-2.8257

Source: Bloomberg, Sanctuary Wealth, June 26, 2026

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



Source: Bloomberg, Sanctuary Wealth, June 26, 2026



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Market Performance: Russell 2000 Was The Best Performing Asset Year-To-Date, Followed By Energy; Bitcoin Is Weakest By Far

	Last 6/26/2026	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 6/26/2025	Year To Year
S&P 500	7354.02	7580.06	-3.0%	6528.52	12.6%	6845.50	7.4%	6141.02	19.8%
NASDAQ Composite	25297.62	26972.62	-6.2%	21590.63	17.2%	23241.99	8.8%	20167.91	25.4%
NASDAQ 100	706.52	738.31	-4.3%	577.18	22.4%	614.31	15.0%	546.22	29.3%
Russell 2000	3010.08	2919.34	3.1%	2496.37	20.6%	2481.91	21.3%	2172.11	38.6%
S&P Consumer Discretionary Sector	1855.95	2002.94	-7.3%	1748.22	6.2%	1928.43	-3.8%	1737.72	6.8%
S&P Consumer Staples Sector	941.09	921.47	2.1%	925.56	1.7%	864.89	8.8%	887.57	6.0%
S&P Energy Sector	821.19	854.93	-3.9%	943.30	-12.9%	687.34	19.5%	656.29	25.1%
S&P Financial Sector	893.10	856.67	4.3%	822.22	8.6%	911.60	-2.0%	861.71	3.6%
S&P Healthcare Sector	1873.49	1739.78	7.7%	1710.39	9.5%	1805.89	3.7%	1565.38	19.7%
S&P Industrials Sector	1535.36	1463.53	4.9%	1369.67	12.1%	1313.14	16.9%	1230.44	24.8%
S&P Information Technology Sector	6509.39	7021.77	-7.3%	5158.06	26.2%	5684.00	14.5%	4911.51	32.5%
S&P Materials Sector	646.63	638.95	1.2%	627.82	3.0%	574.41	12.6%	555.41	16.4%
S&P Real Estate Sector	288.07	279.06	3.2%	259.98	10.8%	255.03	13.0%	257.51	11.9%
S&P Communications Sector	440.67	493.15	-10.6%	420.28	4.9%	452.39	-2.6%	370.92	18.8%
S&P Utilities Sector	469.87	449.71	4.5%	466.42	0.7%	433.81	8.3%	412.10	14.0%
S&P 500 Total Return	16447.29	16935.35	-2.9%	14560.75	13.0%	15220.46	8.1%	13569.29	21.2%
3 month Treasury Bill Price	99.06	99.08	0.0%	99.08	0.0%	99.09	0.0%	98.92	0.1%
3 month Treasury Bill Total Return	272.81	272.05	0.3%	270.38	0.9%	268.01	1.8%	262.32	4.0%
10 Year Treasury Bond Future	110.27	109.83	0.4%	111.05	-0.7%	112.44	-1.9%	112.02	-1.6%
10 Year Treasury Note Total Return	316.97	314.82	0.7%	315.71	0.4%	316.61	0.1%	308.94	2.6%
iShares 20+ Year Treasury Bond ETF	87.36	85.76	1.9%	86.69	0.8%	87.16	0.2%	87.95	-0.7%
S&P Municipal Bond Total Return	295.53	293.82	0.6%	289.48	2.1%	290.00	1.9%	277.14	6.6%
iShares S&P National Municipal Bond NAV	107.33	106.99	0.3%	106.04	1.2%	106.85	0.4%	104.11	3.1%
S&P 500 Investment Grade Corporate Bond Total Return	505.74	503.58	0.4%	496.96	1.8%	499.46	1.3%	482.04	4.9%
S&P Investment Grade Corporate Bond	91.89	91.77	0.1%	91.32	0.6%	92.75	-0.9%	91.57	0.3%
S&P Investment Grade Corporate Bond Total Return	540.01	537.57	0.5%	530.81	1.7%	532.99	1.3%	514.19	5.0%
SPDR Bloomberg High Yield Bond ETF	96.22	96.77	-0.6%	95.72	0.5%	97.21	-1.0%	97.02	-0.8%
iShares iBoxx High Yield Corporate Bond ETF	79.83	80.31	-0.6%	79.56	0.3%	80.63	-1.0%	80.38	-0.7%
Gold	4088.74	4540.26	-9.9%	4668.06	-12.4%	4319.37	-5.3%	3327.92	22.9%
Bitcoin	59626.32	73581.98	-19.0%	68193.95	-12.6%	87647.54	-32.0%	107811.61	-44.7%
Silver	59.15	75.30	-21.4%	75.17	-21.3%	71.66	-17.5%	36.66	61.4%

Source: Bloomberg, Sanctuary Wealth, June 26, 2026

Stars, Stripes, And Jobs

This week investors will look at jobs within our borders and geopolitics outside them.

As America prepares to celebrate its 250th birthday, investors will be closely watching this week's labor market data, including JOLTS job openings, the ADP employment report, and Thursday's June nonfarm payrolls report. The employment data will be scrutinized for signs of labor market strength, wage growth, and unemployment as investors assess whether Fed Chair Kevin Warsh is likely to maintain a higher-for-longer interest rate policy.

Markets will also monitor developments in the Strait of Hormuz to gauge whether the U.S.-Iran ceasefire can hold. Early in the week, attention will focus on housing data, including the S&P/Case-Shiller Home Price Index, along with Conference Board consumer confidence and manufacturing activity.

Trading hours will be shortened on Thursday, July 2 (equities close at 1:00 p.m. ET), with full market closure on Friday, July 3, for the Independence Day holiday. As a result, labor market conditions, consumer confidence, and geopolitical developments are likely to remain the dominant themes heading into the long holiday weekend.

Happy & Safe 4th to All.



Calendar

Mon.

No events scheduled

Tue.

9:00 AM S&P Cotality Case-Shiller Home Px Index

9:45 AM Chicago Business Barometer - ISM-Chicago Business Survey - Chicago PMI

10:00 AM Conference Bd - Consumer Confidence

10:00 AM Job Openings & Labor Turnover Survey

Earnings Nike*

Wed.

8:15 AM ADP National Employment Report

9:45 AM US Manufacturing PMI

10:00 AM ISM Report On Business Manufacturing PMI

10:00 AM Construction Spending

Earnings Micron Technology

Thu.

8:30 AM Weekly Jobless Claims

8:30 AM Employment Report

8:30 AM Unemployment Rate

8:30 AM Avg Hourly Earnings, M/M%

8:30 AM Avg Hourly Earnings, Y/Y%

10:00 AM Factory Orders

Fri.

No events scheduled

The stock and bond markets in the U.S. are closed on Friday, July 3, to observe the Fourth of July holiday.

* Earnings reflect highlights

Sources: MarketWatch/Kiplinger's

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