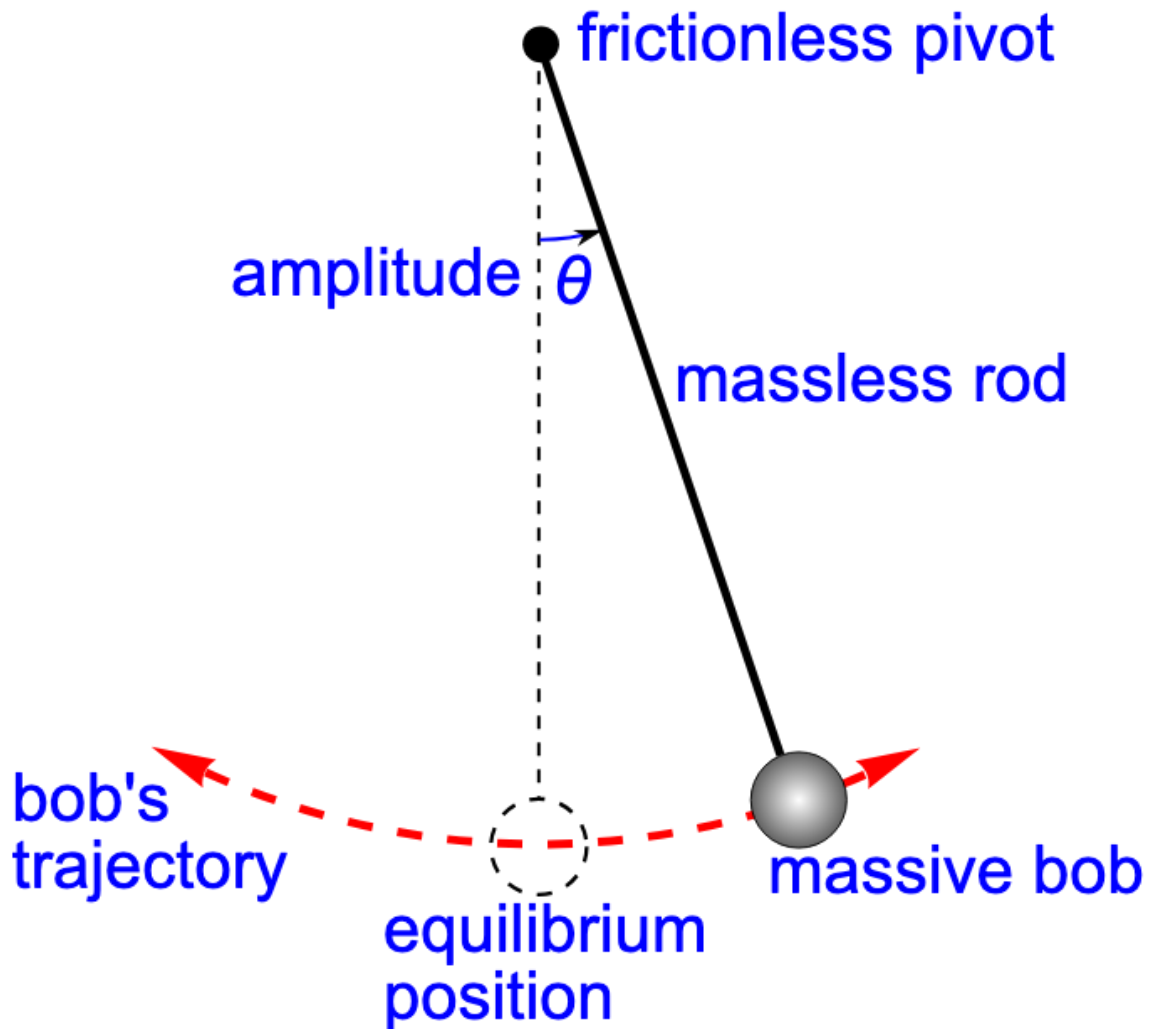


Remember, the market always overshoots in both directions. Think of a pendulum. It oscillates from side to side (from extreme to extreme), spending very little time at the midpoint.

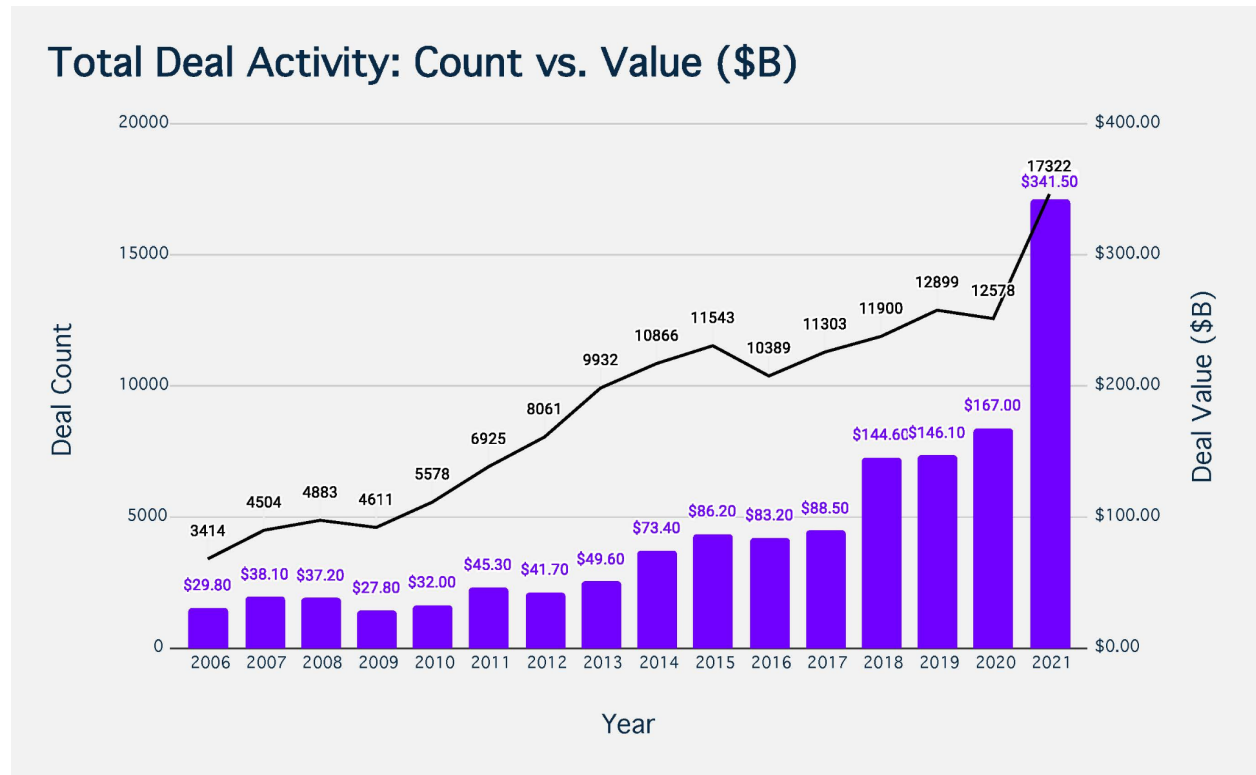


With the optimism surrounding AI and how transformative the Tech will be in the next 5+ years, the ONLY way this ends, in my opinion, is with a massive asset bubble.

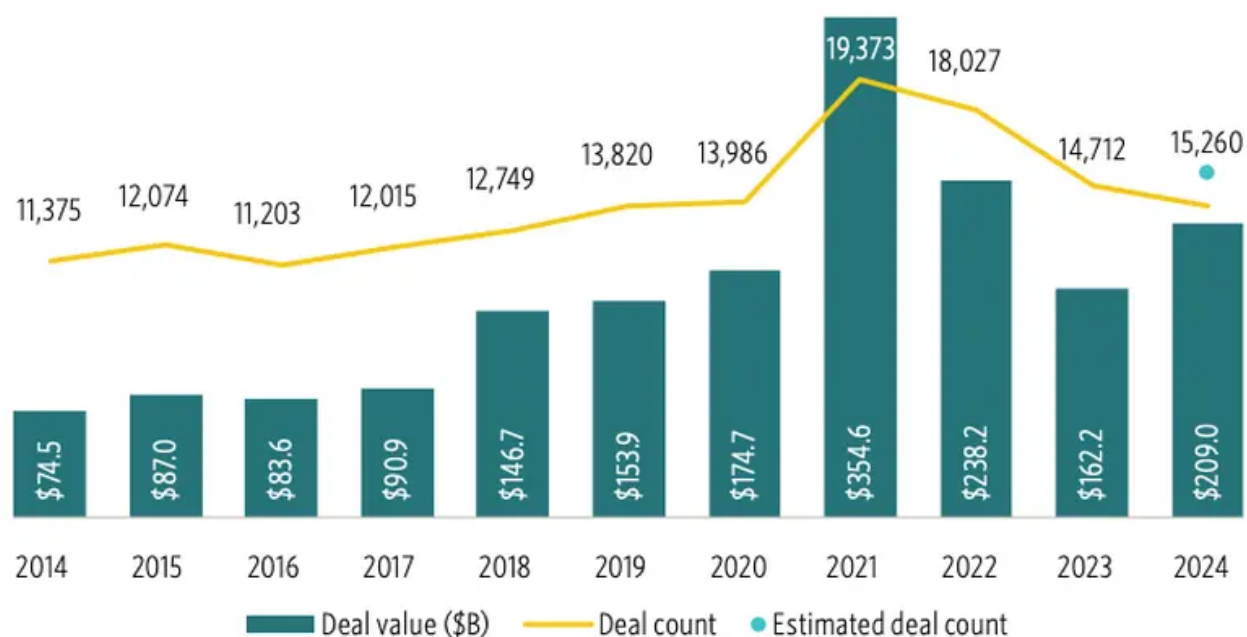
In times of great optimism and exuberance, Bubbles will form. Then, at some point, for some reason, a switch will flip, and the Bubble will burst (the bust phase). Are we in one today? Absolutely not. But, there will be a day where the investment dollars (hundreds of billions and trillions) exceed the net present value of those investments — forming a bubble.

If I'm a company and I believe in the future of a technology and I go out and spend billions, hundreds of billions, and cumulatively as a society trillions of dollars to invest into the succes of

that technology as defined as future revenue and profits for my business AKA return on invested capital — there becomes a specific limit where the formula breaks. The dollars invested do not make sense. We saw this with venture capital in 2021 and 2022.



VC deal activity



PitchBook-NVCA Venture Monitor • As of December 31, 2024

This is the nature of Market Cycles, which have been occurring since the Dutch Tulip Mania of 1634 (the first widely recognized asset bubble). Almost 400 years later, nothing has changed. In the last 30 years, we've seen multiple huge bubbles and busts (the Dot Com Bubble & Bust, the Housing Bubble & Bust, the Covid-QE Bubble & Bust). Now, we are entering the AI Bubble. How long does it last? Who knows. Will it become a bubble? Of course, everything always does! We're emotional human beings always looking for the next thing.



Bitcoin miners like APLD, IREN, etc. are being re-rated as AI Infrastructure plays.

Their high-performance computing capabilities and data center assets are being repurposed to support AI workloads, aligning with the surging demand for AI processing power.

APLD recently announced a partnership deal with CoreWeave.

Stocks like LEU, OKLO, and SMR are being re-rated higher due to major US government investments in Nuclear Energy.

As the push for clean/reliable energy to support AI data centers intensifies, these companies are being viewed as the leaders in Nuclear Energy.

The Pentagon recently ordered the removal of any policies slowing the development and deployment of drones. This has triggered an upwards re-rating in Drone stocks like AVAV, RCAT, etc., as they are being recognized for their military applications.

The US Department of Defense just announced that it is taking a 15% stake in Rare Earth company MP Materials and committing to spending billions investing in the company. Shortly after, Apple announced a \$500M investment in MP. Talk about a massive catalyst for a stock re-rating.

Big picture, my target for the SPX remains \$7300. This is a GREAT time to be a stock picker/trader, as I anticipate that AI stocks will continue to lead this Bull Market. Many will give

outsized/life-changing gains, and when the Bull cycle ends, the same ones will likely decline 50-80% or more.

The hardest part of a bull market isn't being right. It's staying bullish and invested while everyone around you sounds "smarter", being cautious and bearish.

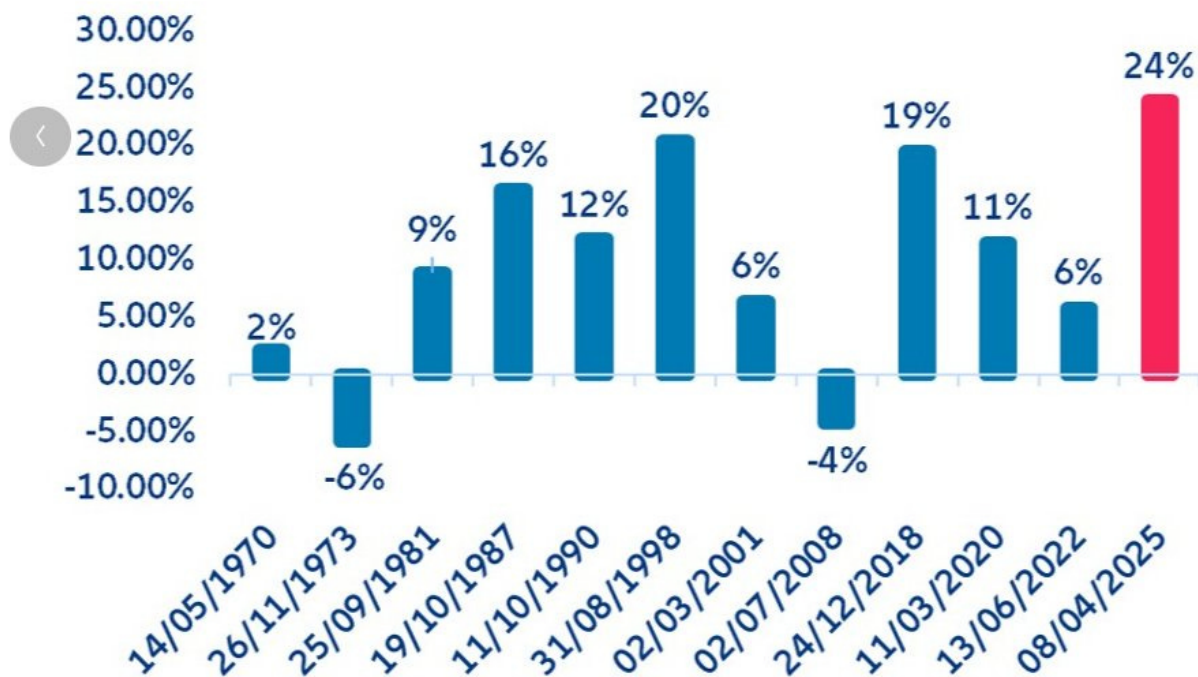
Right now, we're coming off one of the best quarters ever for the S&P 500—up 25%. Since 1950, there have only been five quarters like that. And in the previous four instances, the next 12 months produced an average gain of +31.7%:

S&P PERFORMANCE AFTER A 25% ADVANCE IN LESS THAN A QUARTER											
<i>waynewhaley.twitterlester@gmail.com July 5, 2025</i>											
#	DATE	# OF DAYS	FORWARD S&P PERFORMANCE								MAX DRDN
			WK	4WKS	2MTS	4MTS	6MTS	8MTS	10MTS	12MTS	
1	19750214	68	1.4	2.7	5.9	11.1	6.0	9.5	8.1	22.3	2.4
2	19821007	56	4.5	10.1	10.8	13.5	17.8	26.4	25.6	32.6	0.0
3	19981221	74	1.9	3.4	3.0	11.1	12.2	11.1	6.7	19.2	0.0
4	20090409	31	1.0	5.9	10.0	18.0	25.1	27.9	23.4	39.4	2.8
5	20200414	22	-3.8	0.8	6.9	18.5	22.6	28.2	38.3	44.9	3.8
6	20250703	86									
#UP-DWN =			4-1	5-0	5-0	5-0	5-0	5-0	5-0	5-0	
AVG%CHG =			1.0	4.6	7.3	14.4	16.7	20.6	20.4	31.7	
MED%CHG =			1.4	3.4	6.9	13.5	17.8	26.4	23.4	32.6	

Not to mention: the S&P just had the best bear market recovery in history—up 24% in just 80 days. That's not weak price action. That's rocket fuel.

This year's rebound in risk markets has been the fastest in more than 50 years

80-day performance of S&P500 after reaching bear market*, %



Sources: Bloomberg, LSEG Datastream, Allianz Research

Notes: The dates on the x-axis mark the date of the S&P500 reaching a bear-market (-20% from previous all-time-high) and the subsequent performance in the next 80 days (until 26 June 2025 in the last observation). *Since on 8 April 2025 we were only close to a bear market (-19%) we included all previous -19% occurrences as well.

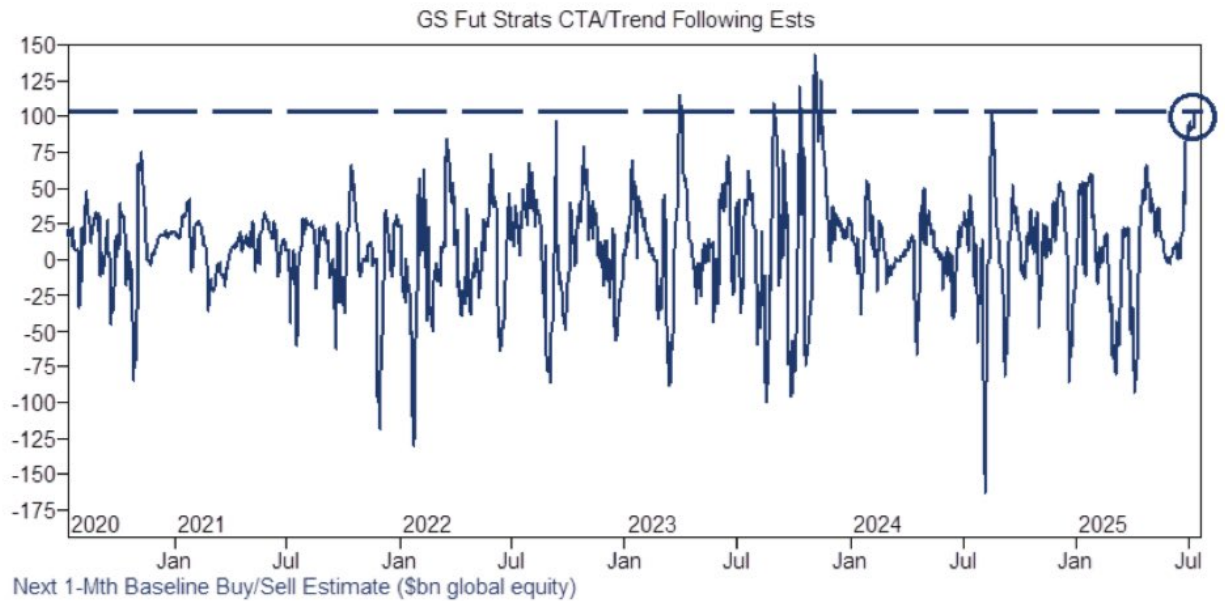
Commodity trading advisors aka the smart money are about to double their equity exposure over the coming weeks (we experienced that last week and are now again this week).

Figure 1: CTAs are about to double their equity exposure over the next two weeks



Source: UBS, Bloomberg

Goldman Sachs is seeing the same thing — hitting multi-year highs from an exposure perspective.



Source: Goldman Sachs FICC and Equities, Futures Strats Group as of Jul-2025

Meanwhile, a record-breaking \$7.4 trillion is still sitting in Money Market Funds. That's cash on the sidelines. As confidence returns, that money will rotate back into risk assets—and stocks are the primary beneficiary.

Total Money Market Funds (TOTALMMF.RP)

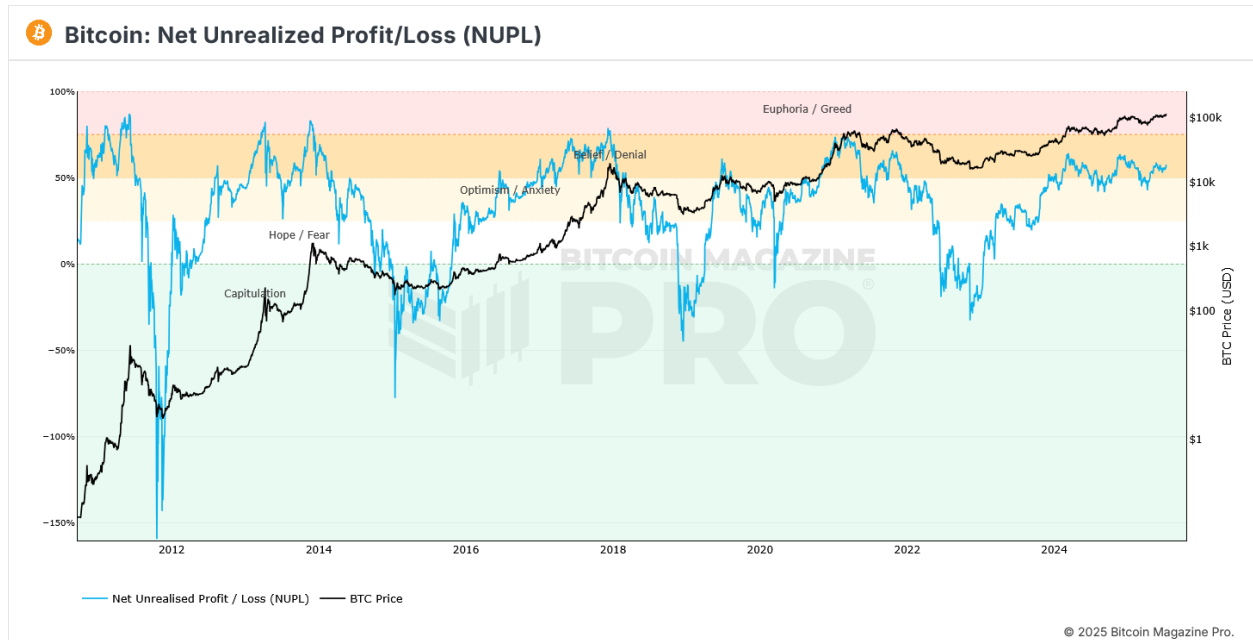
7,397,905 +154,725 (+2.14%) 03/31/25 [ECONOMY]

CHART PANEL for Mon, Mar 31st, 2025



And unless something breaks, I think stocks are headed much, much higher over the next 6–12 months.

Bitcoin is still in a strong Stage 2 uptrend. The NUPL (Net Unrealized Profit/Loss) is at 54%—far from the 75% levels we typically see at cycle peaks. That tells me we’re not at the euphoric “end of cycle” blow-off top yet.



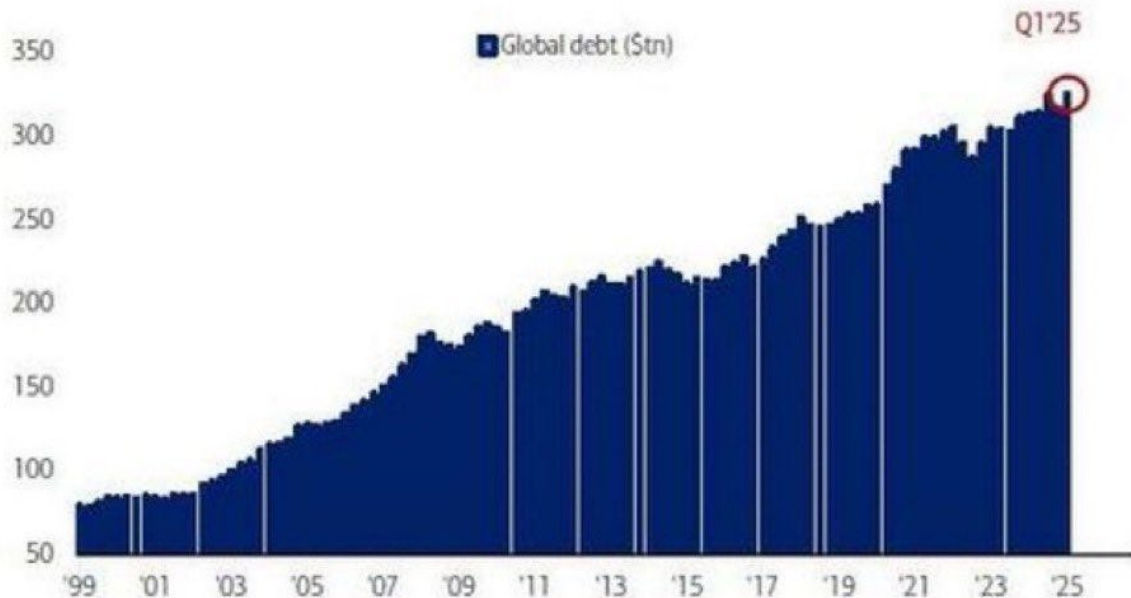
Search trends are still muted. Social media isn't full of laser eyes. And I haven't gotten a single text from a cousin asking what altcoin to buy. All signs we're not at the mania phase... yet.



But the macro backdrop is screaming “buy.” We’ve got a weaker dollar, rising debt, and fiscal dominance—a perfect setup for hard, scarce assets like Bitcoin.

Chart 8: Global debt reached record \$324tn in Q1

Global debt (\$tn)



Source: BofA Global Investment Strategy, Institute of International Finance

Note: sum of global household, non-financial corporate, government, and financial corporate debt

BoFA GLOBAL RESEARCH

While I'm not a Bitcoin maximalist, I do think BTC is the single best hedge against government overspending and currency debasement right now. I'm long, and think we see \$125-145K sooner than later.

Falling interest rates help small caps more than any other asset class. These companies are more sensitive to borrowing costs, real estate, and consumer behavior. If the soft landing continues—or we get any kind of economic re-acceleration—small caps are going to move.

But here's the catch: don't buy a small cap index or ETF.

Indexes like the Russell 2000 - and the ETFs that track them - are deeply flawed, as their structure requires they kick out their best-performing stocks. When a company grows too large for the index, it's removed—unlike the S&P 500 or Nasdaq where top-performing companies (like Nvidia) grow into larger weightings.

Instead, focus on select, high-quality small caps.

On Friday, Blaize Holdings announced a \$120M AI Infrastructure deal in Asia.

The agreement carries a minimum value of \$120M in revenue over the initial 18-month term and will initially focus on opportunities to deploy Blaize's hybrid AI solutions for smart city applications. For a <\$500M market cap company that reported \$2M in annual revenue last year, this is as significant as it gets.

Something we experienced today was a rotation OUT of the high-beta high flying names we've all known to love over the last several weeks and that money going INTO the value stocks — VTV (Vanguard's Value ETF) rose nearly +1% today. After nearly nonstop bleeding, Berkshire Hathaway seems to have finally begun to put in a bottom. Please make sure your portfolio INCLUDES value stocks, dividend stocks, and isn't JUST AI AI AI.



Over the last three months, investors have shown a relentless bid for stocks. You can think about it as trying to hold a beach ball underwater; every time stocks fell, the dips were quickly bought.

This is due to tax cuts, rate cut expectations, deregulation, and a weaker USD all being priced in at once.

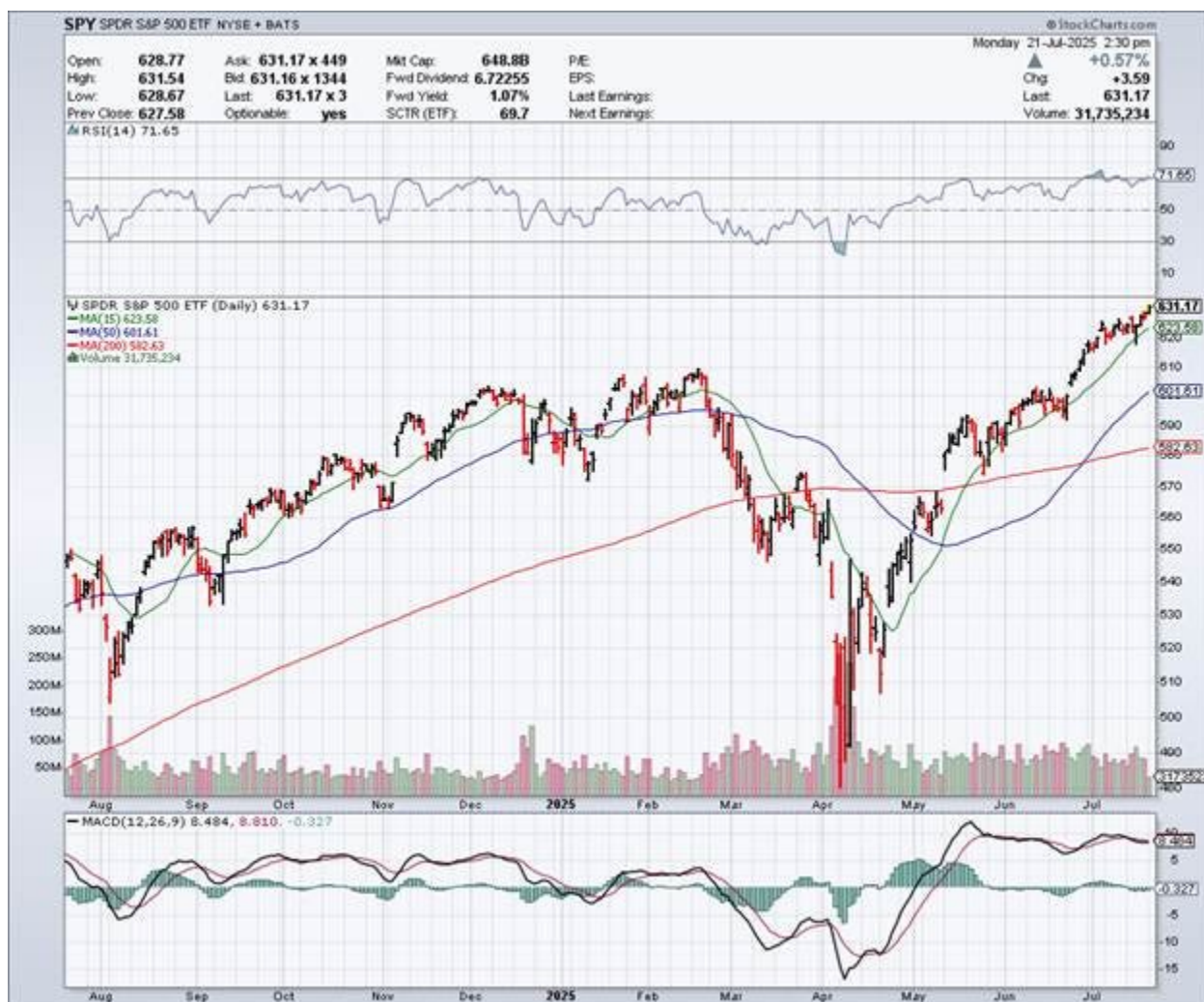
That said, the signs of euphoria are piling up.

- Meme stocks like \$OPEN, \$KSS and others are ripping

- Altcoins are beginning to experience a flurry of demand
- CNN Fear & Greed Index is at "Extreme Greed"
- \$SPX and \$NDX relative strength index (RSI) at their highest levels in over a year

And now, we're looking at a laundry list of market-moving events that could reset sentiment overnight. Nearly half of the S&P 500 reports earnings in the next 10 days—including big names like \$GOOGL, \$TSLA, \$AAPL, \$MSFT, \$AMZN, and \$META. Even if you don't own these names directly, their results will dictate the path for markets heading into fall. We also have a key FOMC meeting next week. And all of this is happening while the market is extremely extended to the upside.

On the technical side, the SPDR S&P 500 ETF (SPY) just closed above the 20-day MA for 60 days in a row, the longest streak since '98. As a result, it remains in overbought territory on the 14-day RSI where it's been since mid-June:



This has happened four other times since 1975 with an average one-year return of 21.7%, more than double the long-term S&P 500 return.

Yet Another Clue The Bulls Should Continue To Have Fun

S&P 500 Performance After 60 Days Above The 20-Day MA (Since 1950)

Date	Ultimate Days Above	S&P 500 Future Returns After 60 Days Above			
		1 Month	3 Months	6 Months	12 Months
3/3/1961	94	2.7%	4.9%	6.6%	9.1%
2/25/1964	101	1.7%	3.7%	5.4%	12.2%
10/22/1965	70	-0.2%	1.9%	0.1%	-15.0%
2/18/1971	61	3.5%	3.6%	1.1%	7.7%
3/21/1975	60	4.4%	11.1%	3.0%	20.6%
1/6/1986	61	1.0%	8.5%	15.9%	19.7%
7/16/1997	76	-1.3%	3.6%	2.3%	26.4%
4/22/1998	61	-1.4%	3.0%	-5.9%	20.2%
7/21/2025	?	?	?	?	?
Average	73	1.3%	5.0%	3.6%	12.6%
Median	66	1.3%	3.7%	2.6%	16.0%
% Higher		62.5%	100.0%	87.5%	87.5%
All Years Since 1950					
Average		0.7%	2.2%	4.5%	9.2%
Median		1.0%	2.6%	4.9%	10.4%
% Positive		60.7%	66.0%	70.1%	73.8%

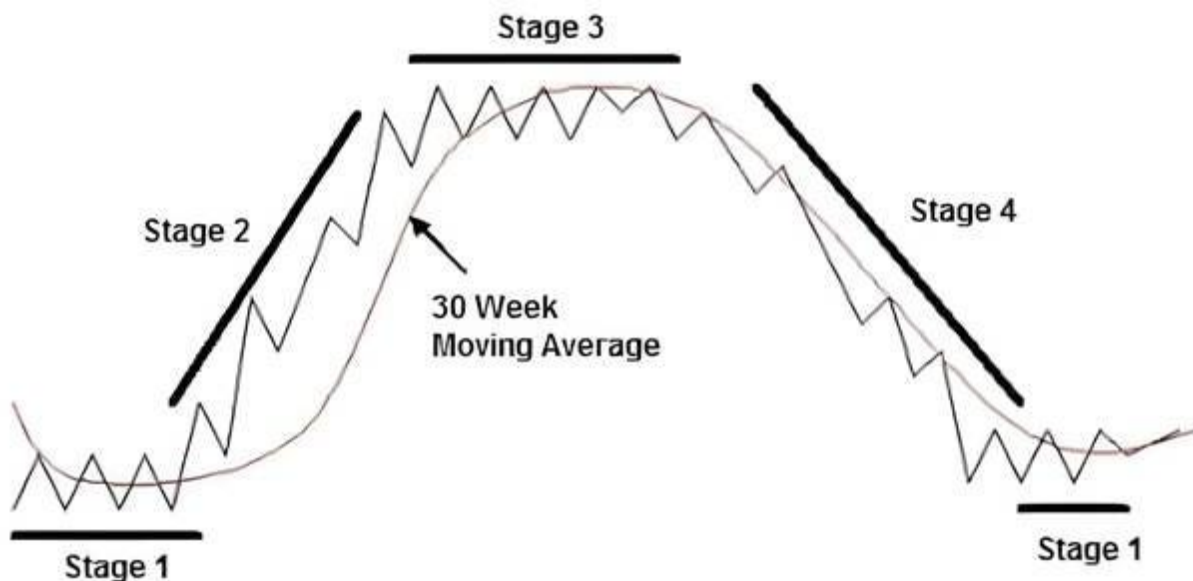
Source: Carson Investment Research, FactSet 07/21/2025
@ryandetrack



It's been a similar story for the Invesco QQQ Trust (QQQ), which has gone 61 consecutive days without closing below the 20-day moving average, the longest streak since 1999. And just like the S&P 500, it's at its more overbought level in years on the 14-day RSI:



Right now, the best looking stocks I see among Big Tech names are Nvidia (NVDA), Amazon (AMZN), Alphabet (GOOGL), and Meta Platforms (META) as all are in Stage 2 uptrends:



If you're looking for NEW places to add dollars, you can't go wrong with the S&P 500 assuming an investment horizon over 9-months right now. Berkshire Hathaway seems to be turning around in a "post-Buffett" world, something to consider, Silver remains a major winner and will likely continue to trend toward \$40, and Bitcoin and Ethereum are going higher. It's only a matter of time. As well as the Mag 7 names trending in that Stage 2, but I'd want to wait until after they report earnings.

In summary, the markets are overstretched in the short-term which is why we saw a rotation out of high beta names and into value. This rotation will likely continue, which isn't a bad thing in the short-term as things begin to cool down — especially if your portfolio has exposure to some of these value names.

Dow 44,502.44 179.37 (+0.40%) | **S&P 500** 6,309.62 4.02 (+0.06%) | **Nasdaq** 20,892.69 -81.49 (-0.39%)

M1 Finance - Individual ▾

👁 **\$163,183.40** ↗ +92.73 (0.06%)

You can see above, my portfolio was par for the course today with the S&P 500, while the Nasdaq sank due to high-beta names falling. Have a portfolio that can do both!