JUNE 2026
MARKET COMMENTARY

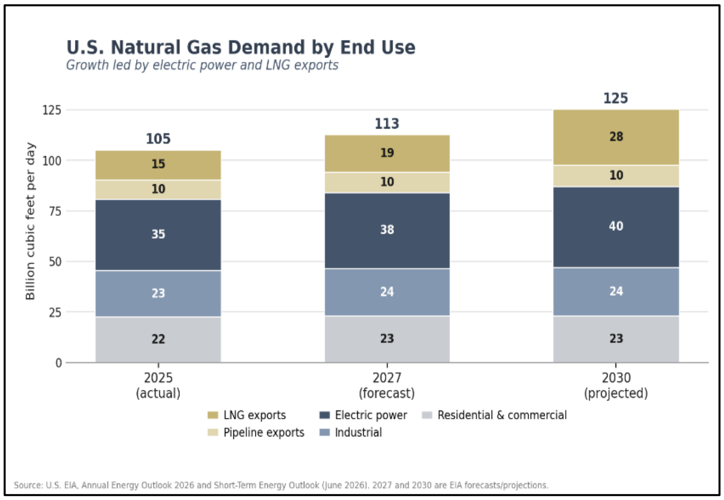
EQUITY & FIXED INCOME MARKETS

June was a volatile month for equity markets, with the optimism coming from a de-escalation of the Iran conflict tempered by a more hawkish tone from the Federal Reserve and emerging cracks in the Artificial Intelligence (AI) narrative that has been driving markets this year. For the month, the S&P 500 Index fell -1.0% and the Nasdaq Composite dropped -2.8%, while the Dow Jones Industrial Average was up 2.7%. Mid- and small-cap stocks performed well, with the S&P 400 Mid-Cap Index up 3.6% and the S&P 600 Small-Cap Index up 7.3%. International markets were mixed, with developed markets ex-U.S. unchanged and emerging markets down -1.7%.

JUNE SWOON

Last month, we cautioned that the looming initial public offerings (IPOs) of SpaceX, OpenAI, and Anthropic could ignite a “Fear of Missing Out” (FOMO) frenzy in the back half of the year, and that corporate governance issues within each company warranted a careful eye. June delivered the first act. On June 12th, SpaceX completed the largest IPO in history, raising roughly $75 billion at a $135 share price for a valuation near $1.75 trillion, eclipsing Saudi Aramco's prior IPO record. The deal also reserved roughly 30% of shares for retail investors, far above the typical 5-10%. True to the old “June swoon” adage, the initial enthusiasm did not last. The stock priced at $135, surged toward $225 within days, and then surrendered most of that gain as the euphoria cooled.

We read that round trip as a reminder that even strong companies can run ahead of its fundamentals, and that public investors can reprice a richly valued story in a hurry. Meanwhile, the two leading AI companies took their own first steps towards an IPO. Anthropic filed confidentially on June 1st at roughly $965 billion and is reportedly targeting an October listing, while OpenAI followed on June 8th at around $852 billion, though it has since signaled its own offering may slip into 2027. OpenAI’s delay confirms our overall cautious stance in the current market environment.



Stepping back, we would encourage clients to resist grouping space, artificial intelligence, and energy under three separate themes, because they are increasingly one story. For much of this cycle, the bottleneck for AI was hardware, first the Graphics Processing Units (GPUs) themselves and then the high-bandwidth memory that feeds them. The constraint now shifting into view is electricity, and in the United States the marginal fuel for that electricity is natural gas. After roughly fifteen years of flat power consumption, U.S. power demand is rising again. The Department of Energy estimates that data centers alone consumed about 4% of U.S. electricity in 2023 and could double or triple that share by 2028, while the EIA expects liquefied natural gas exports to nearly double, from about 15 billion cubic feet (bcf) per day in 2025 toward 28 bcf by 2030. As the chart to the left shows, the growth is concentrated in power generation and LNG exports. We have laid out our research and conclusions on how the midstream energy sector can benefit in the primer accompanying this commentary, which can also be found on our website, here: www.goodmanfinancial.com/GFCmidstreamPrimer.pdf.

For the broader rally to extend through the second half of the year, we believe the market needs to see participation widen beyond a handful of mega-cap technology names, deflationary pressure on food and energy prices, and a tempering of the valuations across the technology complex. Until then, we are content to maintain our defensive posture and will favor the less crowded corners of the market where cash flows are predictable, and valuations remain reasonable.

As always, please reach out if you have any questions.
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- **S&P 500® Index** – a market-cap weighted index composed of the common stock of 500 leading companies in leading industries of the U.S. economy.
- **S&P 500® Equal Weight Index** (EWI) – the equal-weight version of the S&P 500® Index. The index includes the same constituents as the capitalization-weighted S&P 500® Index, but each company in the S&P 500 EWI is allocated a fixed weight – or 0.2% – of the index total at each quarterly rebalance.
- **S&P Mid Cap 400® Index** – a market-cap weighted index composed of the common stock of 400 mid-sized companies reflecting the distinctive risk and return characteristics of the U.S. mid-cap equities sector.
- **S&P SmallCap 600® Index** – a market-cap weighted index composed of the common stock of 600 small-sized companies reflecting the distinctive risk and return characteristics of the U.S. small-cap equities sector.
- **Blended Equity Benchmark** – a customized index comprised of a blend of a 50% weight to the S&P 500® Index, 30% to the S&P MidCap 400® Index and 20% to the S&P SmallCap 600® index.
- **Dow Jones Industrial Average® (The Dow®)** – a price-weighted index composed of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.
- **Nasdaq Composite Index** – an index that measures all Nasdaq domestic and international based stocks listed on the Nasdaq Stock Market.
- **Bloomberg Intermediate US Govt/Credit TR Index Value Unhedged** – the index includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities with a maturity greater than 1 year but less than 10 years.