

## Stocks Take Breather Ahead of Big IPOs

Are we back into a “bad news is good news” regime – and conversely, a “**good news is bad news**” regime? It would certainly seem that way **based on the market’s reaction to Friday’s non-farm payroll report**. After choppy but roughly flat trading for most of the week, the S&P 500 and Nasdaq Composite both sank after the NFP numbers came out, ending the day down 2.64% and 4.18% respectively.

Headline NFP came in at 172,000 jobs created, **more than double expectations** of 85,000. The casual consumer of news might interpret this as good news for the U.S., but investors saw this as further reinforcing the already dim outlook for any upcoming rate cuts by the Federal Open Market Committee for the rest of the year. In fact, **odds of at least one rate hike by the December FOMC meeting**, which were at 50.4% on Thursday, **jumped to 72.8%** on Friday afternoon (as implied by Fed funds futures trading).

Head of Research Tom Lee had already anticipated the possibility of healthy jobs numbers, but he had **a more positive interpretation**, viewing them as “confirming the **positive fundamental signal** of the strong earnings season.” First-quarter earnings season ended on Thursday, and Lee views it as having been “**one of the strongest earnings seasons** in several years.” The numbers support this interpretation: With first-quarter earnings season having concluded, 87% of companies beat expectations, with an overall beat of 16%. Taken as a whole, the S&P 500 showed 1Q2026 EPS growth of 29% and revenue growth of 12%.

In the short term, however, negative reaction to the strong jobs numbers led to the S&P 500 and Nasdaq Composite finishing the week in negative territory, with the S&P 500 **snapping a nine-week win streak**. It's certainly not pleasant to see a winning streak end, but after the significant gains of late – roughly 20% over the past nine and a half weeks, Fundstrat Head of Technical Strategy Mark Newton reminded us that **this was never going to be a sustainable pace**. “We have another 30 weeks left in the year,” he reminded us at our weekly research huddle, “and I always doubted that the market was going to be up 60% this year.”

Tech arguably led the charge down on Friday, with the tech-heavy \$QQQ declining 4.8%. Despite any short-term discomfort, Head of Technical Strategy Mark Newton does not necessarily think that's a bad thing. “I think tech has gotten a bit over its skis and would **certainly benefit from some consolidation**,” he told us at our weekly research huddle.

► LIVE WEBINAR WITH Q&A

## Crypto Market Update

  
Mark Newton, CMT  
Head of Technical Strategy

  
Sean Farrell  
Head of Digital Assets

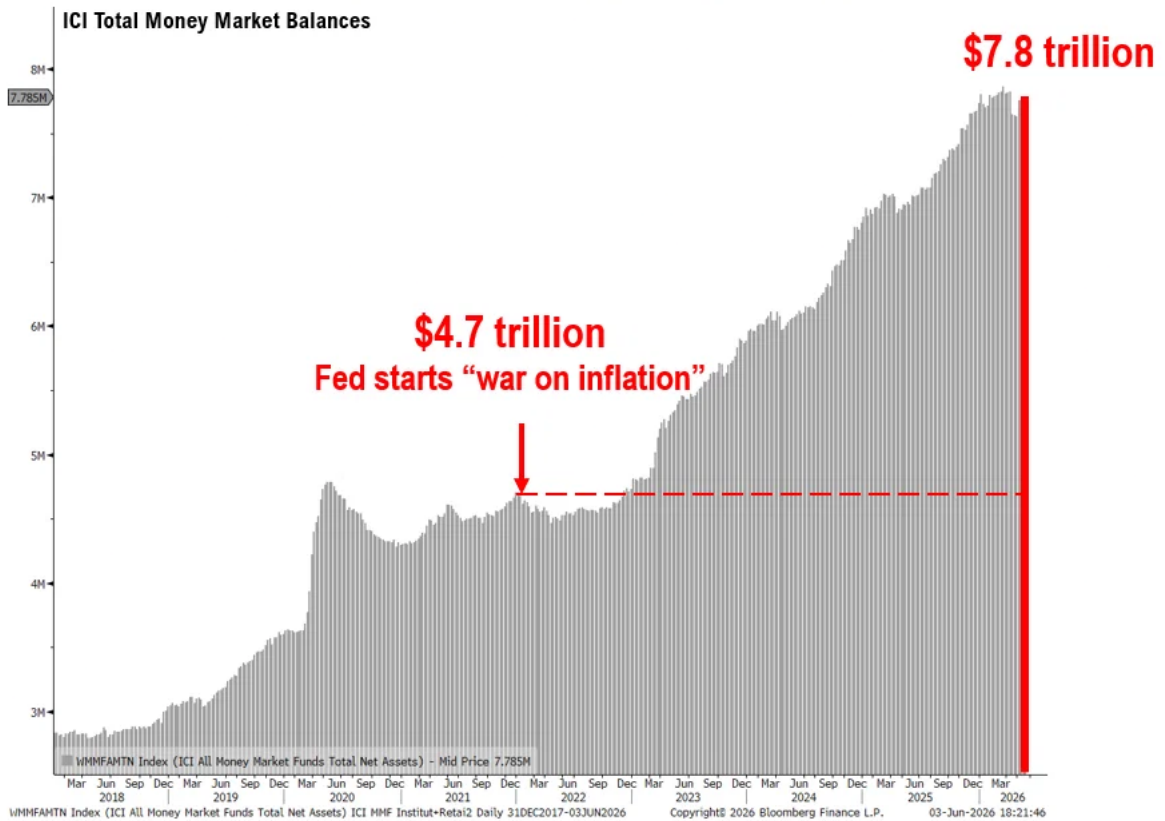
The graphic features a dark blue background with a network of white circles and lines, some containing Bitcoin symbols. The text is white and purple. The speakers' names and titles are listed below their respective circular portraits.

### *Chart of the Week*



Macro Research

## CASH ON SIDELINES: Continues to grow = firepower



Source: Fundstrat, Bloomberg

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For some weeks, forward-looking investors had been focused on the upcoming IPOs of SpaceX, OpenAI, and Anthropic. This week, Alphabet surprised the market with an announcement that it is also planning multiple new share offerings totaling \$85 billion. All told, the various offerings could result in roughly \$385 billion in new equity supply heading into the market. Though Fundstrat’s Tom Lee has some longer-term concerns about market “indigestion” after the lockup periods on those offerings expire, making the shares tradeable on the open market, he pointed that that the massive amounts of cash on the sidelines – \$7.8 trillion based on the latest data (seen on our Chart of the Week above) – means that the market likely has the firepower to absorb this new supply.

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*Recent  $\searrow$  Flash Insights*

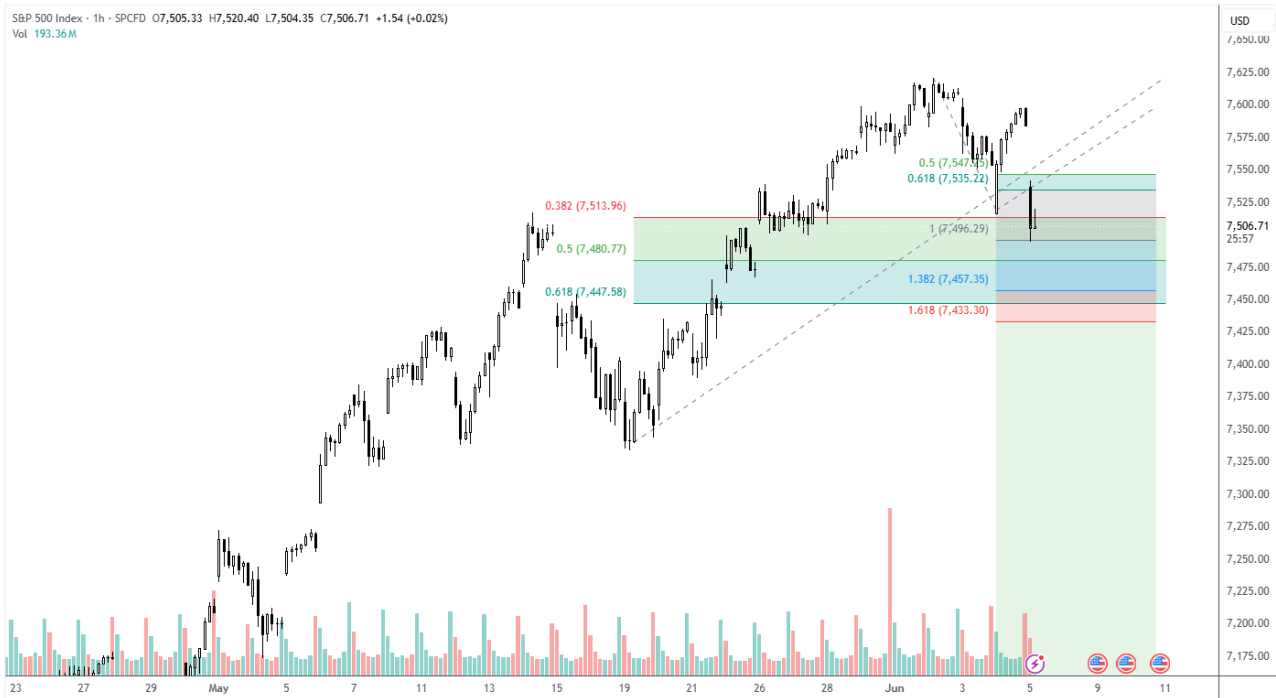
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**Mark L. Newton, CMT, AC**Head of Technical Strategy**^SPX**

pullback has undercut prior lows which at current levels would finally serve to break the string of weekly gains following nine straight, but would also serve to create a bearish engulfing pattern on a weekly basis. This morning's lows hit initial support near 7496 but could be undercut by a small amount into next week. I feel like 7481 has importance and then 7457 which both represent important technical ratios of the prior low to high swing from mid-May. It's important to reiterate that rotation is clearly underway, with meaningful strength into Healthcare yet again today (higher by +0.76%) while Utilities and Consumer Staples are higher by 1%. However, eight sectors out of 11 are positive today, but yet the "Tech wreck" of this sector being down -3.5% is causing market breadth to still register nearly 3/1 negative. Bottom line, this pullback has the potential to extend a bit more into next week, but i am not expecting mid-May lows to be broken. Given the bearishness of Crude oil and TNX's wave patterns in the last week, my expectation is that there might be some evidence of progress on negotiations in the Persian Gulf which arrive next week. For now, it's tough thinking lows are in given Tech's consolidation from its overbought state. However, barring a move under mid-May lows, the broader momentum is still strong enough on this rally to likely cause this initial selloff to potentially prove short-lived.

MarkNewtonCMT created with TradingView.com, Jun 05, 2026 11:04 UTC-4

SBP 500 Index · 1h · SPCFD O7,505.33 H7,520.40 L7,504.35 C7,506.71 +1.54 (+0.02%)  
Vol 193.36M



TradingView

Jun 5 • 11:49 AM



**Mark L. Newton, CMT<sub>AC</sub>**

Head of Technical Strategy

This chart of **^TNX** has two conclusions. 1) The five-wave decline should now result in a three-wave bounce which means yields likely push higher and this is happening today and i expect this continues as WTI Crude also makes another 2-5 day bounce up to 99-101 before both reverse. Yields likely reach 4.554% or a max of 4.585% before starting to turn lower 2) A five-wave decline from 5/19-5/29 will ultimately need to work a bit lower which i think happens potentially within 1-2 weeks after this bounce in yields plays out. This gives reason for optimism about the likelihood of a mid-June deal being reached which i suspect would cause a temporary decline in rates. This US 10\_Year yield index overall could have a 3-5 day bounce, but then turn down sharply as yields decline. This might allow for a temporary pullback to 4.30%, or a

maximum move to 4.21% which should be a strong floor for yields before the start of a push back higher gets underway.



Jun 3 • 12:13 PM

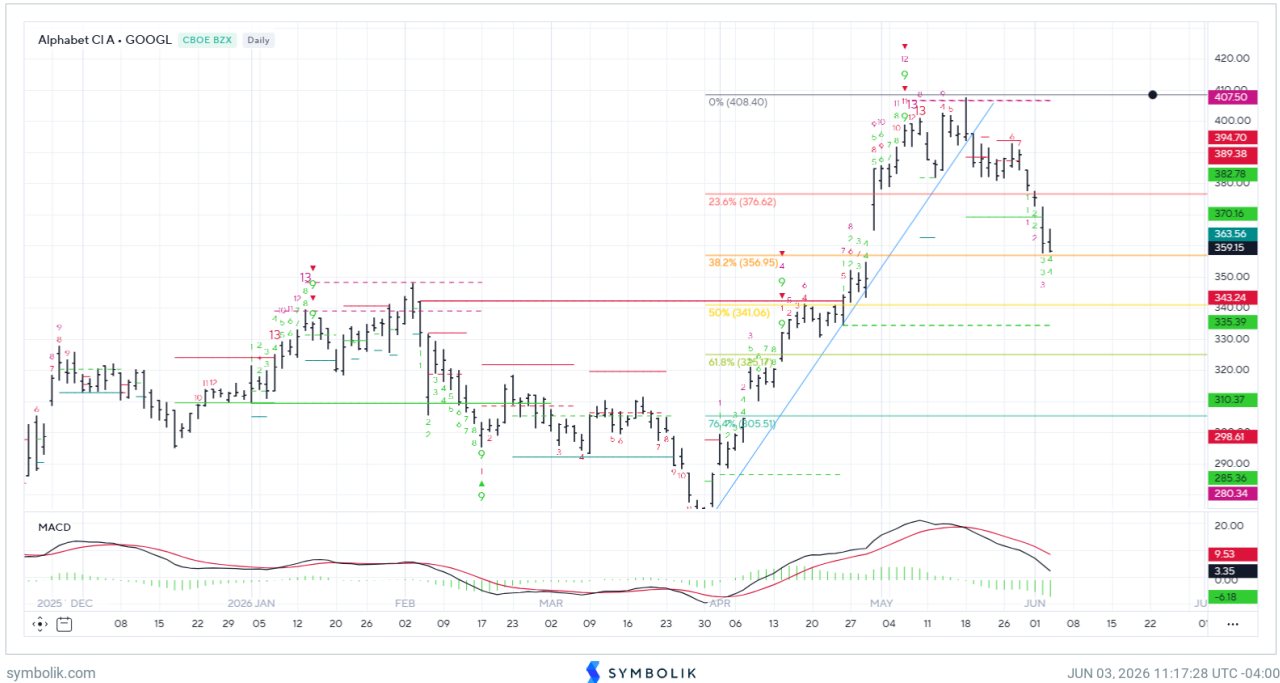


**Mark L. Newton, CMT<sub>AC</sub>**  
Head of Technical Strategy

**GOOGL ▼ -1.35%**

\$80 billion capital raise is extraordinary considering the amount of cash it already has on the balance sheet. Given its vertical integration and LLM, I see this as an advantage for this company at a time they very well could lift their Cap-ex spend to north of \$250 billion next year to \$300 billion up from \$190 billion this year, as they have their own infrastructure. The stock has fallen understandably given this issuance news, but is considered quite attractive technically on weakness, with an area of support extending from \$341 up to \$350 which makes sense as support on weakness over the next week. Given GOOGL ~7% weighting in QQQ, this very

well could have a temporary negative effect on dragging down QQQ in the short run, but my expectation is that this should prove to be a temporary negative only and not too negative.



Jun 3 • 12:11 PM

*FS Insight Video: Weekly Highlight*



### *Key incoming data*

- ~~6/1 9:45 AM ET: May F S&P Global Manufacturing PMI~~ **Tame**
- ~~6/1 10:00 AM ET: May ISM Manufacturing PMI~~ **Tame**
- ~~6/2 10:00 AM ET: Apr JOLTS Job Openings~~ **Tame**
- ~~6/3 9:45 AM ET: May F S&P Global Services PMI~~ **Tame**
- ~~6/3 10:00 AM ET: Apr F Durable Goods Orders~~ **Tame**
- ~~6/3 10:00 AM ET: May ISM Services PMI~~ **Tame**
- ~~6/3 2:00 PM ET: Fed Releases Beige Book~~ **Mixed**
- ~~6/4 8:30 AM ET: 1Q F Unit Labor Costs~~ **Tame**
- ~~6/4 8:30 AM ET: 1Q F Non-Farm Productivity~~ **Tame**
- ~~6/5 8:30 AM ET: May Non-Farm Payrolls~~ **Hot**
- 6/8 11:00 AM ET: May NY Fed 1yr Inf Exp

- 6/9 6:00 AM ET: May Small Business Optimism Survey
- 6/9 8:30 AM ET: Apr Trade Balance
- 6/9 10:00 AM ET: May Existing Home Sales
- 6/10 8:30 AM ET: May CPI
- 6/11 8:30 AM ET: May PPI
- 6/12 10:00 AM ET: Jun P U. Mich. Sentiment and Inflation Expectation

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## Macro Update & Top Stock Ideas



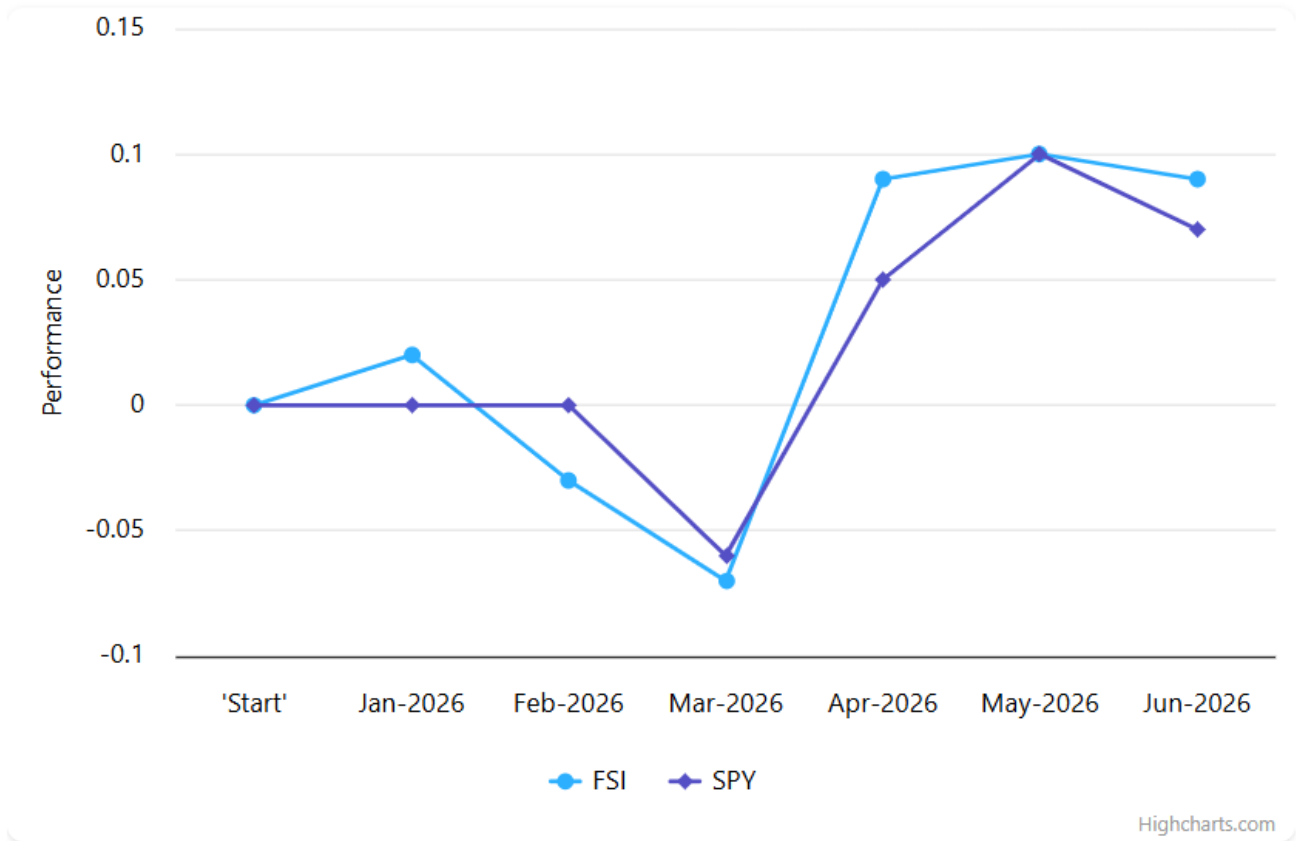
**Tom Lee, CFA**  
Head of Research



**Mark Newton, CMT**  
Head of Technical Strategy

### *Stock List Performance*

## Upticks vs SPY ( Year to Date )



Performance period: January 01, 2026 through June 05, 2026

### *In the News*

Robinhood stock surges after SEC removes limit on day trading activity

Apr 15, 2026

Defense stocks are the market's newest safe havens – and this ETF is a pure

play

Mar 11, 2026

**MarketWatch**

Tom Lee: Nvidia at 19x PE. Is the Market Getting It Wrong?

Feb 27, 2026



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