

Thinking Out Loud



The Waiting Is The Hardest Part

5/29/2026

As this week closes, investors remain captive to further updates on the Iran War, as well as the much-anticipated SpaceX IPO (mid-June). Indices notched fresh record highs as US–Iran deal optimism drove WTI down more than 9% on the week. Bonds posted a strong week as energy-driven inflation fears eased. The 10-year Treasury yield fell 12 basis points to 4.4% and the 2-year dropped 11 basis points to 4.0%. Leadership broadened beyond megacap tech, as the Russell 2000 led major indexes higher, at +3.3%, followed by the NASDAQ +3.0%, while the Dow lagged at +0.8%. Overall, this week's data still pointed to a low-grade stagflationary backdrop as April core PCE firmed to 3.3% year-over-year, Q1 GDP was revised down to 1.6%, and Fed speakers tilted further hawkish even as markets priced only ~16 basis points of hikes through year-end, down from almost 25 basis points a week ago. April's income/spending data showed households dipping further into savings to keep spending, with retail sales surprising to the upside despite flat income, a lower saving rate, and a third straight decline in real disposable income, suggesting consumers remain active but increasingly selective.

The AI capex narrative remained intact, fueled by Dell's blowout earnings print and Anthropic's \$65 billion Series H funding, which lifted the company's private valuation to nearly \$1 trillion. The canary in the coal mine for markets overall, remains private credit, as redemptions continue. In addition, some market observers fear that momentum positioning into large-cap technology names remains a late-cycle warning sign.

On the geopolitical front, a US–Iran framework dominated the headlines. Negotiators most recently reported a preliminary 60-day memorandum of understanding extending the ceasefire, opening nuclear talks, and lifting all constraints on Strait of Hormuz shipping; however, President Trump has yet to give final approval and continues to offer mixed signals. Sticking points remain material, including roughly \$24 billion in frozen Iranian assets, Strait control, and a report that Iran is seeking to transfer enriched uranium to China. Elsewhere, Russia struck an apartment building in Romania (drawing NATO condemnation), Israel's prime minister directed the military to expand control of Gaza to 70% versus the 53% under the US-brokered truce, and China warned the EU ahead of talks on potential semiconductor export curbs.

SpaceX's IPO is shaping up to be one of the defining market events of the coming weeks. The offering combines the potential for a record-breaking valuation, significant passive-index demand, and a potentially transformational AI infrastructure narrative, balanced against the strategic importance — and still-unproven commercial scalability — of the Starship platform. The opportunity is enormous, but so are the funding requirements and execution risks. Based on the company's S-1 filings, SpaceX could trade at a price-to-sales ratio approaching 100x at the most recently reported \$1.8 trillion valuation, well above most public AI and software peers, which generally trade in the high-single-digit to mid-double-digit P/S range. For investors, the central question is whether SpaceX is going public at the beginning of a new AI-and-space infrastructure supercycle — or whether the IPO is asking public-market investors to fund a highly capital-intensive vision at a valuation that leaves little margin for error.

We'd love to hear your thoughts.

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