MILLER TABAK + CO., LLC

June 21, 2026

1) This writer wishes to continue his theme that the historic 18% correction which has been the average drawdown during the mid-term Election years in the US is reflecting itself in a different manner. Instead of getting that correction in the overall market, which has occurred in 18 of the 20 post World War II mid-term years, we are witnessing that correction group by group or even name by name. Last Sunday, I listed names and industries in which this correction has occurred, ranging from JPM to WMT to the XOP etf and from the private equity group to high-end retailers. A further examination notes this correction happened even in the marquee memory chip stocks. The point needs to be reiterated that these rolling none-correlated corrections have indeed masked the S+P or any other the other major indices from showing a true 18% correction. The correction in the S+P 500 from year-end 2025 to the low in March was 8% and in the NDX about 10%. A quantitative analysis of the VIX adds credence to this view. Much to the chagrin of the macro bears, the VIX has remain stubbornly low all year, especially in view of the Iran conflict. The explanation is that the VIX is a measurement of only the overall S+P and not industry segmentation. Thus my conclusion stated last week, which continues to be reinforced, is that given the performance of the indices, a portfolio manager can keep the overall risk level the same with stock picking and timing of paramount importance.

2) Examining the performance of my most important indicator for equities, HYG, the action this week was a steadying force for the bulls. While it is obviously preferable for this index to be a leading rather than a coincident indictor, the relative calm this week should be perceived as a positive.
The Index closed virtually at its upsloping 50 day moving average and did not violate the lows of the past 2 weeks. However, HYG remains notably below its downward sloping 200 day moving average and considerably below the late April highs. A close below the mid-May lows would indicate substantial problems for equities. Regular readers are aware of why I consider this to be such a major indicator.

3) Continuing with the theme of the impact of the fixed income market on equities, it is most significant to note that despite what was perceived as hawkish rhetoric

by Warsh, the government market took it in stride. Indeed the 10 year, to the delight of the equity bulls, closed down 4 bps on the week as did the 2 year; the 30 year fell by 2. The fear of the equity bulls was that we were going to exceed 4.5% on the way to 4.6%, an ominous move for equities on any discounted cash flow model. Provocatively, this dovetails with the analysis of the Miller Tabak Economist, Paul Shea, in his piece this week entitled "Warsh's First Move is a Blunder." (Your inbox last Wednesday US/early Thursday UK-EU). He unequivocally states that "Warsh is badly overstating inflation concerns." Shea's numbers reveal that core-CPI, ex-shelter, have averaged just 1.8% since March, making Warsh's inflation expectations far too pessimistic. Shea was harshly critical of the Fed, correctly so, in 2022 for keeping rates far too low for too long. The problem then was that the Fed misread the data leading to needlessly high inflation. "Warsh is now repeating this mistake, but by overstating inflation. "Given Shea's outstanding track record since 2022 (available upon request), his analysis needs to be heeded. Certainly, the action in the 10 year this week underscores his thematic approach.

4) The almost violent rhetoric between the bulls and the bears on the private equity stocks this year has been fascinating. Scott Kleinman, President of Apollo Asset Management and a key lieutenant of CEO Rowan, commented on Wednesday at the SuperReturn (what a name!) conference in Berlin that there will be a "price to pay" for the private equity exuberance between 2017 and 2022 when cheap debut fuelled a deal-making frenzy. While maintaining that his firm had stayed "very disciplined on valuation," he stated that "creative capital solutions" as an alternative to traditional exits doesn't solve the problem but rather "ameliorates it and kicks the can for a later date." The Medallia situation only added to the drama this week as Thoma Bravo handed the company to its creditors writing off the $5BB equity investment. As the Finl Times, pithily stated "what was once private credit is now private equity." The FT continued that " it seems certain that more Medallias will occur." Contrariwise, APO-BX raised a $35BB private credit deal to help finance Anthropic's growth, Ares Management raised $8.5BB of institutional money for investing in esoteric credit and a KKR-led group is ploughing $10BB into a new data center group helmed by former AMZN cloud chief, Adam Swlopsky. The market now seems to be favoring the bull case as APO rallied smartly this week, and is now up a shade under 40% from the March lows and the 200 day moving average turned upward sloping at week's end.

5) This writer has commented extensively on the retail sector, including apparel and restaurants, and the Census Bureau figure released on Wednesday deserves mentioning. Overall retail sales rose 0.9% in May from the previous month and were up 6.9% y/y beating forecasts. Obviously, the rise in gas prices led to a 3.4% increase in pump sales, but the underlying core figure was solid. There is also the impact of the tax refunds created by the Trump legislation, which are averaging more than $3,500 per return, above expectations, creating enthusiasm

among shoppers. Moreover, after peaking at just over $4.50 a gallon at the pump, gas prices have fallen to $4.05 by the end of last week and GasBuddy, a daily tracking app, is estimating a drop below $4 this weekend. The higher-end retail chains have been the biggest beneficiary of these numbers with RL and WSM hitting all-time highs this week with the former up 30% from the March lows and the latter up 37%. The bears will instead focus on the apparent slowdown in spending by the GenZers, terrified as to what AI will do to their job prospects. The poster child for this viewpoint is SHAK with dreadful price performance.

6) Physical gold: The close in GLD this week would be indicative of a bear market as the number exceeds 20% from the highs earlier in the year. (This dovetails beautifully with the point made in #1 above). The renewed strength in the US$, with the DXY closing over 100 for the first time y/t/d does not portend well for GLD as the price movement has been so closely aligned with the movement in the dollar. The DXY closed Thursday at 100.85, up from the year-end close at 98.28 but still markedly below the Liberation Day close of 103.81.

7) Digital gold/crude oil futures: This writer commented extensively for the last two Sundays on what is now clearly a ridiculous strategic move by Michael Saylor (CEO of MSTR and crypto's biggest corporate cheerleader) to sell 32 bitcoin. His move totally backfired as the perp preferreds in his capital structure actually declined markedly this week which were supposed to be the beneficiaries of the sale. This decline in the perps cascaded over into bitcoin itself producing a sell-off this week from which there has been a modest recovery. Speaking of perps, the fight that erupted into full force this week with the CME group actually suing the CFTC is fascinating with meaningful implications not just for crypto about "perp futures" vs. traditional futures but for crude oil futures markets as well. The battleground is between prediction markets such as Kalshi and traditional exchanges such as CME.

Jeff

Have a productive week

Jeffrey Tabak

Miller Tabak + Co.,LLC

(212) 348-5101 office

(917) 208-3317 mobile

Although the information contained in this report (not including disclosures contained herein) has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. This report is for informational purposes only and under no circumstances is it to be construed as an offer to sell, or a solicitation to buy, any security. Any recommendation contained in this report may not be appropriate for all investors. Trading options is not suitable for all investors and may involve risk of lo