MILLER TABAK + CO., LLC

June 28, 2026

1) From this writer's perspective, the most bullish development of the week for equities was the performance of the 10 year government bond. After Kevin Walsh's first press conference following the FOMC meeting, equity bears smelled blood in anticipation of the yield on the 10 year rising above the 4.55% level , notably impacting equity valuations based on any discounted cash flow model. There was even talk of a move over 4.6%. Remarkably, the yield on the 10 year instead proceeded in reverse with the yield on Friday at 4.38% down 6 bps on the week. The reasons for the benign reaction in the government market are myriad with the most important one probably being overblown concerns about inflation. Supporting this view would be the Atlanta Fed's survey of business year-ahead inflation expectations which dropped from 2.4% to 2.3% in June, the first decline since energy prices surged in March.

2) Continuing with the theme of the impact of the fixed income market on equities, Paul Shea, the Miller Tabak Economist, published a piece on Thursday (your inbox late Thursday evening USA/early Friday morning UK-EU) entitled "Inflation Concerns Will Fall Away by October." His theme remains that inflation concerns are badly overrated and that core inflation will show a clear downward trend by October. His reasoning is elaborated in the report. "There is no need for the Fed to raise rates. It simply needs to just wait until inflation comes down." However, he is concerned that Warsh is likely to "drive term premiums higher" by significantly reducing long-term Treasury holdings in his move to reduce the size of the Fed's balance sheet. As a result, Shea is raising his target for the yield on the 10 year Treasury to 3.5% from 3.4% by Christmas '27, still the lowest forecast on the Street and widely different from consensus. Given Shea's track record (available upon request), this out-of-consensus view cannot be easily dismissed.

3) As regular readers are aware, this writer's most important indicator for equities is HYG which dovetails with the theme in points #1 and #2. The action this week in HYG can be characterized at best as neutral. The etf traded in a rather tight range. However, the high tick for the week was below the previous week's close and the Index closed this week below its 50 day and 200 day moving averages which are now both downward sloping. For this indicator to escape neutrality, we would need to see trading above last week's close and above the 50 day moving

average. To be true fodder for the bulls, a close above the 200 would be necessary.

4) This writer wishes to continue with the 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. I have recited in recent past Sundays the names and groups in which this has occurred and it was witnessed again this week Examine the vicious declines experienced over the last two weeks in a number of Mag 7 names which certainly fit into the 18% correction mode, with several significantly exceeding that figure from the highs earlier in the year. If we are going to see an 18%+ correction in the major indices, I suspect it will reveal itself in the action of the VIX, which has been eerily quiet y/t/d.

5) The pounding of the private equity firms continues with the recurring articles, particularly in the Financial Times, as well as other media outlets, about redemptions and gating. The irony is that if the RIAs that put investors into these funds had bothered to read the prospectuses, these investors would have been aware that the prospectuses are plastered on multiple pages about the right of managements to impose such restrictions. Instead, these managers were completely mesmerized by potential yield returns, The marquee event this week was the redemption requests in Apollo's flagship retail private credit fund, also known as a business development company, (BDA) of 17% of the fund's assets. APO's stock subsequently closed down 16% from its mid-June highs. According to the FT, there has been $15BB of withdrawal requests from the nine major funds in the 2nd quarter. The bulls on the group are arguing that the stocks have suffered enough from these recurring stories, with only a small segment of the assets in true distress. The bears, who are clearly in command, affirm that the Medallia situation from earlier this month as well as the First Brands collapse will be repeated by other such disasters as the year progresses.

6) Small cap investors should be delighted by the action in the Russell 2000 which has been the strongest of the major indices. Technically the Index recently had a positive MACD crossover and closed above its uptrend line from the March lows. The fundamentals of traditional valuation metrics vs what is occurring in the tech heavy S+P have also favored this Index.

7) Physical gold : Despite seemingly always positive quarterly reports from the World Gold Council about central bank buying, GLD has performed miserably from its spectacular 1st quarter run. The pounding that occurred this week was directly related to the surging US$ as the DXY closed at its high for the year at 101.36 with the high tick at 101.80. The market appears to have been surprised that there was no intervention by the BoJ as the yen traded as low as 161.94

before closing at 161.69. The Euro also weakened noticeably closing at its lowest level y/t/d. As an aside, the weaker Euro also puts pressure on European equity investors in the US due to the currency risk. GLD investors need to be convinced that this recent surge in the US$ will halt. The decline in the 10 year yield (#1 above) may foster that.

8) Digital gold: The calamity caused by Michael Saylor's (CEO of MSTR and crypto's biggest corporate cheerleader) "strategic" move to sell a modest amount of bitcoin continues unabated. Bitcoin is once again testing the $60,000 level which it has held twice earlier in the year. The bulls will argue that all of the institutional involvement including that by the custody providers remain intact and the Senate will somehow pass the Clarity Act or a similar type of regulatory bill in the 3rd quarter. The bears will assert that the marginal investor has left the crypto world for the more elevated action and price performance n the AI space. Bitcoin as of this writing is down 32% y/t/d.

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 loss.