

MORAN WEALTH MANAGEMENT®

# MID-YEAR OUTLOOK

INSIGHTS  
ON MARKETS,  
WEALTH, AND LIFE  
ALONG THE GULF.





## Monthly Digest

JUNE 2026

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**THOMAS M. MORAN, AIF®**  
CHAIRMAN | CEO | CIO

## Mid-Year Outlook: Higher, and Narrower

Halfway through 2026, the headline is reassuring. U.S. equities recovered from a spring pullback that, at its worst, took the S&P 500 down approximately 9% from its high into the late-March low, and have since climbed back to around record levels, leaving the index higher for the year. Volatility has drained away, the spring's conflict-driven anxiety already reads like a footnote, and by at least one widely watched measure of sentiment, investors are about as giddy as they have been since 2021.

That is the headline. As usual, the more useful story is the one underneath it – and this year, the gap between the two is unusually wide.

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## **THE RECOVERY — AND THE GIDDINESS**

Start with what went right, because a great deal did. By late May, according to UBS, the S&P 500 had recovered past its pre-conflict levels entirely and returned to record territory. The path there was textbook for this decade. Bespoke Investment Group notes that 2026 has been one of the strongest years for “buying the dip” since at least 1993, and that the VIX recently closed near 15, its lowest since early January. The economy underneath cooperated: the May employment report came in well ahead of expectations — roughly 172,000 jobs against a forecast near 88,000, with sizable upward revisions to prior months.

What is harder to wave away is the mood. Barron’s recently highlighted Citigroup’s Panic/Euphoria model, which on June 5 hit 0.93 — its highest reading since the post-Covid rally of 2021, and well into what the bank defines as euphoria. As Citi’s Scott Chronert told Barron’s, when the gauge has been this elevated, the S&P 500’s median decline over the following year has historically been around 13%. His own caveat is the honest one: markets can stay euphoric until they are handed a concrete reason to fall, which makes the timing of all this genuinely difficult. Sentiment is not a sell signal. It is a reason to check what you own.

Because the strength is real, the right question is not whether to participate. It is what — and who — is actually doing the climbing.

## **A NARROWER CLIMB**

The answer does not show up in the index level. The rally off the late-March low has been almost entirely a Technology event. From that low through early June, Bespoke reports the S&P 500 rose about 19.6% — less than half the 42.5% gain in the Technology sector over the same stretch. Of the eleven sectors, only Communication Services kept pace. By Bespoke’s count, 41 of the 50 best-performing stocks in the entire index this year come from Technology, including 23 of the top 25 and all of the top ten. Semiconductors alone account for roughly 7 of the index’s 10.8 percentage points of gain.

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The weight has followed the returns. The Technology sector now makes up just under 40% of the S&P 500, having passed the 34.88% peak it set in March 2000. A Barron's analysis pushes the point further: once you add back the large platform companies that index providers file under other labels, information technology accounts for more than half of the S&P 500 – around 52% – while health care has shrunk to roughly 8.3% from 14.2% in 2020. As Barron's noted, just six stocks, led by Nvidia, make up about 35% of the market.

There is a telling detail in the leaderboard. Several of this year's very best performers, as Barron's pointed out, are veterans of the 1990s technology boom – names like Sandisk, Intel, Seagate, Western Digital, and Micron – stocks that ran hard a quarter-century ago and then crashed just as hard. Their return to the top of the list is not, by itself, a warning. But it rhymes. So does the fact that, per Barron's, the equity risk premium – the cushion stocks offer over the 10-year Treasury – has fallen to roughly nil, a level last seen just after the dot-com bubble burst, even as hedge-fund short positions sit at a 10-year high.

This is the distinction worth holding onto. A market up ten percent looks healthy. A market in which forty-one of the fifty best stocks come from one sector, and one sector is half the index, is something narrower than healthy – it is concentrated. For the investor who simply owns the index, that is a large, undiversified bet on a single theme, made by default rather than by choice.

### **IS IT A BUBBLE?**

The word is now everywhere – Barron's put it on a recent cover – and it deserves a serious hearing on both sides. In the bear column, investment strategist Jeremy Grantham and historian Edward Chancellor concluded in a widely read piece that we are in a U.S. stock and AI bubble, and Mohamed El-Erian has argued the technology sector specifically has run into bubble territory, which is precisely why he urges investors to own non-tech as well. The dot-com rhyme is hard to miss; Barron's revived Scott McNealy's famous 2002 lament about the absurdity of paying ten times revenue for a stock – a quaint figure next to some of today's valuations.

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History offers the same lesson in both directions. Bespoke's overlay of the market since ChatGPT's release against the market after the 1994 Netscape launch has now nearly converged – the same roughly 145% Nasdaq gain at the same point – placing us, on that analogue, somewhere around the middle of 1998. The cautionary half of that story is that breadth tends to thin before a top: Bespoke notes the advance-decline line topped in April 1998, while the index itself did not peak until March 2000. The optimistic half is that the 1990s build-out ran years beyond the point at which it first looked stretched.

And the bull case is not hollow. Earnings are genuinely strong. UBS forecasts roughly 20% S&P 500 earnings growth this year, has raised its year-end index target to 7,900, and Citigroup lifted its own target to 8,100 – both on the view that the AI spending cycle is still in its middle stages rather than its end. Federated Hermes sits squarely in that constructive camp, and the more useful part of its case is the economy beneath the market: no recession in sight, with growth it pegs around 2.5% this year and 3% next. On that footing, Federated looks for S&P 500 earnings to climb from roughly \$274 last year toward \$340 in 2026 and \$390 in 2027, which carries its own index targets of about 8,000 this year and 9,000 next. Those figures are Federated's projections, not ours – but the throughline across all of these houses is the same: if this rally is to continue, earnings will have to carry it. For now, as Allspring frames it, this is an inflation scare, not a growth scare.

My own conclusion is that “bubble or not” is the wrong question on which to stake a financial plan. The label may or may not fit, and no one rings a bell. What does not depend on the answer is the discipline: do not let one theme quietly become the entire portfolio, and do not confuse a rising index with a diversified one.

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### THE IPO QUESTION

If there is a single emblem of late-cycle enthusiasm, it is the IPO window swinging open at the very top end. SpaceX came public in June, and the numbers are worth sitting with. As Barron's reported, the shares priced at \$135, opened at \$150, and finished the first day near \$161 — a gain of about 19% — with more than 500 million shares changing hands. By the close, the company carried a valuation around \$2.1 trillion: roughly 60 times estimated 2026 sales, and, on one Barron's columnist's arithmetic, a price-to-sales ratio near 94 against last year's revenue. For perspective, Barron's pegs the S&P 500's price-to-sales ratio at about 3.4 — and that is with the index already at record highs.

It was, notably, the first artificial-intelligence company to reach the public market, ahead of OpenAI and Anthropic — and yet, as Barron's put it, its debut could not answer the one question investors keep asking: is AI a bubble? OpenAI has since filed to go public, and the much-discussed "Magnificent Seven" appears headed toward becoming a Mag 10. There is a supply signal in all of this worth respecting. Large equity raises tend to cluster near market tops, when companies can command the best prices for their shares; in a matter of weeks, SpaceX raised roughly \$75 billion and Alphabet about \$85 billion.

The May Digest made this point when the pipeline was still theoretical, and it holds now that it is real: each of these offerings asks public investors to extend an already-stretched set of valuations a little further. That is an invitation to be discerning, not a reason to chase.

### THE RATE PICTURE GOT HARDER

The most consequential change since January is not in the stock market at all. It is that the interest-rate tailwind investors were counting on has not merely faded — the market is now bracing for the opposite. The Federal Reserve has a new chair: Kevin Warsh succeeded Jerome Powell and presides over his first policy meeting this month, with the central bank widely expected to hold its rate at 3.50% to

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3.75%. As recently as March, the Fed's own projections pointed to a quarter-point cut by year-end. According to Barron's, futures now lean the other way — pricing meaningful odds of a quarter-point hike — and a number of policymakers have signaled openness to raising rates if inflation holds near current levels.

The reason is on the tape: May CPI ran around 4.2%, the hottest in three years per Barron's, as the spring's energy spike worked through the data, and core measures remain above target — UBS puts core CPI at 2.8% and core PCE at 3.3%. There is a genuine debate underneath the headline. The new chair, a student of monetarism, leans on “trimmed-mean” inflation gauges that strip out outliers; Barron's notes the Dallas Fed's trimmed-mean measure has been running closer to 2.3%, well below the headline. On that reading, underlying inflation is much nearer the Fed's 2% goal — an argument that could eventually reopen the door to easing. Skeptics, also quoted in Barron's, counter that changing the preferred yardstick while inflation is elevated risks the Fed's hard-won credibility. UBS, for its part, still expects cuts eventually, toward a roughly 3% policy rate, once goods inflation peaks and tariff effects prove to be one-off.

The long end of the market is the larger story. Barron's reports the 30-year Treasury yield reached 5.20% in May, its highest since 2007, with the 10-year holding above 4.50%. Higher long rates do two things at once: they offer real competition to stocks, and they press hardest on exactly the richly valued growth names now leading the index. And the pressure looks structural rather than passing — federal debt has moved above 100% of GDP, and the Congressional Budget Office projects deficits averaging around 6% of GDP through 2036, well above the long-run norm. More borrowing tends to mean higher yields.

The portfolio implication is straightforward. When the discount rate is rising rather than falling, valuation discipline stops being optional — it becomes the whole game.

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### **A HISTORICALLY CHOPPIER STRETCH**

There is one more piece of context worth adding, and it is a matter of the calendar rather than the candidates. Federated Hermes points out that markets have a long-documented habit of turning choppy in the second year of a presidential term, and choppy still when that year coincides with a change of leadership at the Federal Reserve – both of which describe 2026. By Federated's count, those two patterns have lined up together only a handful of times over the past nine decades, and in those years the market tended to take its lumps early: a first-half pullback averaging in the mid-teens, followed by an average second-half rebound of roughly 19%. Looked at on its own, the second-year-of-the-term pattern has historically produced a peak-to-trough decline of about 19% before giving way, on average, to a rally near 31% over the year that follows.

The spring's near-9% drawdown and the swift recovery to new highs fit that template closely. I would not lean on any of it as a forecast – these seasonal averages are built from a small number of dissimilar years, and the sample is far too thin to bank on. But the historical lesson rhymes with everything else in this letter: the volatility that tends to surface in a year like this one has, far more often than not, rewarded the investor who stayed the course over the one who stepped aside.

### **WHERE THE SECOND HALF MAY BROADEN**

None of this argues for the sidelines. It argues for a wider net – and, encouragingly, the opportunity set is widening on its own. After years of offering very little, high-quality bonds are doing real work again. UBS favors the belly of the Treasury curve and quality sectors such as agency mortgages and municipals. And in a world where inflation has run above the Fed's target for several years, inflation-protected and real-asset approaches have re-earned their place: Barron's notes that 10-year Treasury inflation-protected securities now offer a real yield above 2%, with 30-year real yields near a three-decade high around 3%. Strategies that blend inflation-linked bonds with commodities, gold, and real estate – assets that tend to rise with prices – held up markedly better than either stocks or nominal bonds through the spring's drawdowns, according to Barron's.

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Equities are broadening as well, and value has quietly led. The Russell 1000 Value index is up roughly 14% this year against about 5% for its growth counterpart, helped by strength in energy. Barron's flags an important caveat – that today's "value" indexes hold far more technology than they once did; one major value ETF is now about 31% growth, up from 3% two decades ago – so the label alone no longer guarantees the exposure an investor expects. But the deeper history is the part I keep returning to: after the dot-com peak, value beat growth every single year from 2000 through 2006. An investor does not need to call the top to want exposure that does not depend on the same handful of names.

As for where the broadening may surface, the research we follow points in consistent directions. Allspring highlights small- and mid-cap industrials sitting at the intersection of data-center build-out and supply-chain reshuffling. UBS makes a parallel case for the wider AI value chain – industrials, automation, and the suppliers to the theme rather than the few names that have come to define it. And both view emerging-market equities as structurally under-owned, supported by stronger earnings growth. Federated Hermes reads the map much the same way, carrying a modest overweight to equities and tilting it toward emerging markets, toward both value and growth across large-, mid-, and small-cap, and toward cyclical, asset-heavy corners of the market – financials, industrials, materials, and health care – rather than the asset-light leaders that already dominate the index. That three independent research houses arrive at the same short list is itself worth noting. The common thread is the one this letter has carried all year: when the index is this narrow, the opportunity lives in what the index leaves out, and that is where deliberate selection and real diversification earn their keep.

### **THE DISCIPLINE OF STAYING INVESTED**

It bears repeating, because narrow markets tempt investors toward cash. UBS's long-horizon work is the corrective: missing only a handful of the market's best days has historically devastated long-run returns; markets have tended to recover from drawdowns far faster than the headlines of the moment suggest; and bull markets across history have been both larger and longer-lasting than the bears that interrupt them.

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UBS also points out that stocks and bonds have posted negative returns in the same year only about 2% of the time – the entire case for a diversified portfolio in a single statistic. Federated Hermes makes the same point from the other end of the telescope: across more than half a century of genuine shocks – the Arab oil embargo, the 1987 crash, the dot-com collapse, the 2008 financial crisis, the pandemic – the S&P 500 has recovered from every one, compounding at close to 10% a year since 1970. The events that feel unsurvivable in the moment have, with time, become entries on a list.

Allspring titled its mid-year outlook “Play Short, Think Long,” and the posture is right. The mistake to avoid in the back half of 2026 is not staying invested; it is trying to time the market’s narrowness, or the bubble label, from the safety of the exit. The answer to concentration was never the sidelines. It is a portfolio built on purpose.

### **LOOKING TO THE SECOND HALF**

We enter the back half of the year with a market that is, by its own headline, in fine shape – at new highs, with strong earnings and a giddy mood – and, by its internals, more dependent on a few companies, and more exposed to a less friendly rate backdrop, than at any point since the dot-com era. Those facts are not in conflict. They have traveled together before, and we have a reasonable map of how that journey tends to go.

Our work does not change with the headline. It is to own quality broadly, to let earnings rather than momentum set the terms, to lean into the parts of the market – value, real assets, the broader AI chain, the wider world – that the index has forgotten, to keep diversification real rather than nominal, and to stay invested through the noise. The market will keep making its case for the few. We will keep making ours for the many.

If the second half raises questions about your own plan, we welcome the conversation – it is the most valuable thing we do.

Sources: Market data, forecasts, and commentary referenced in this letter are drawn from research and reporting published in May and June 2026 by Bespoke Investment Group, the UBS Chief Investment Office, Allspring Global Investments, Federated Hermes, and Barron’s. Figures are paraphrased from those sources. Index levels and returns are sourced from S&P Dow Jones Indices and Bloomberg as of the date of publication; such figures are approximate and subject to change. Index returns are price-return and do not reflect the deduction of advisory fees or other expenses, and you cannot invest directly in an index. Past performance is not a guarantee of future results.



# **CLIENT UPDATES**



## CLIENT UPDATES

# Address Changes for Seasonal Residents

As the seasons change, we're here to help with any updates to your mailing address.

For clients who maintain multiple residences, a signed Pershing dual change of address form is required for the first time a seasonal address is established. Any updates to your address or the addition of a new residence will also require a new form.

If you've already completed this form and your addresses have not changed, no additional paperwork is needed.

To update your mailing address, simply contact our office to provide verbal authorization.

**Clients using USPS mail forwarding do not need to notify our office.**

For assistance, please call 239.920.4440 or email [support@moranwm.com](mailto:support@moranwm.com).



## CLIENT UPDATES

# Upcoming Office Closures

As a friendly reminder, our office will be closed in observance of Independence Day on Friday, July 3. We wish you and your family a safe and enjoyable holiday.

CLIENT UPDATES

## A Timely Reminder: Cybercriminals Are Getting Smarter— Beware of Scams

Cyber criminals continue to find new ways to target individuals, often by pretending to represent trusted companies, financial institutions, or technology providers. These scams can feel convincing in the moment, which is why it is so important to pause before taking action.

No reputable institution will call and ask for remote access to your computer, your account credentials, or a one-time passcode. If you receive a suspicious call, hang up.

If a pop-up appears on your computer asking you to call a phone number, do not call it. Real security alerts will not ask you to contact a number displayed in a pop-up.

### PROTECT YOURSELF

To help protect yourself, avoid clicking suspicious links or attachments, never share passwords or passcodes, and work only with companies you know and trust when seeking technical support. If you believe you may have been targeted by fraud, contact your financial institutions and report the scam to the Federal Trade Commission (1-877-382-4357).

As a reminder, Digital Privacy & Protection is available exclusively to Moran Wealth clients and is designed to help strengthen your cybersecurity and online privacy. Services include cyber education, property registration to help prevent fraud, opt-out services for pre-approved credit and insurance offers, and ongoing dark web monitoring.

Subscriptions start at \$35 per month and include coverage for up to three devices.

[If you'd like to learn whether this service may be a fit for you, please complete the contact form here.](#)

CLIENT UPDATES

# Achievements Worth Sharing

Congratulations to our Chief Compliance Officer, Tim O'Leary, on being named one of Comply's inaugural Top CCOs to Watch.

This recognition highlights leaders who are helping shape the future of compliance through regulatory expertise, strategic leadership, and a commitment to strong governance.

For our clients, it reinforces something we believe is essential: exceptional wealth management requires more than investment expertise. It requires a culture of accountability, transparency, and oversight designed to put clients' interests first.

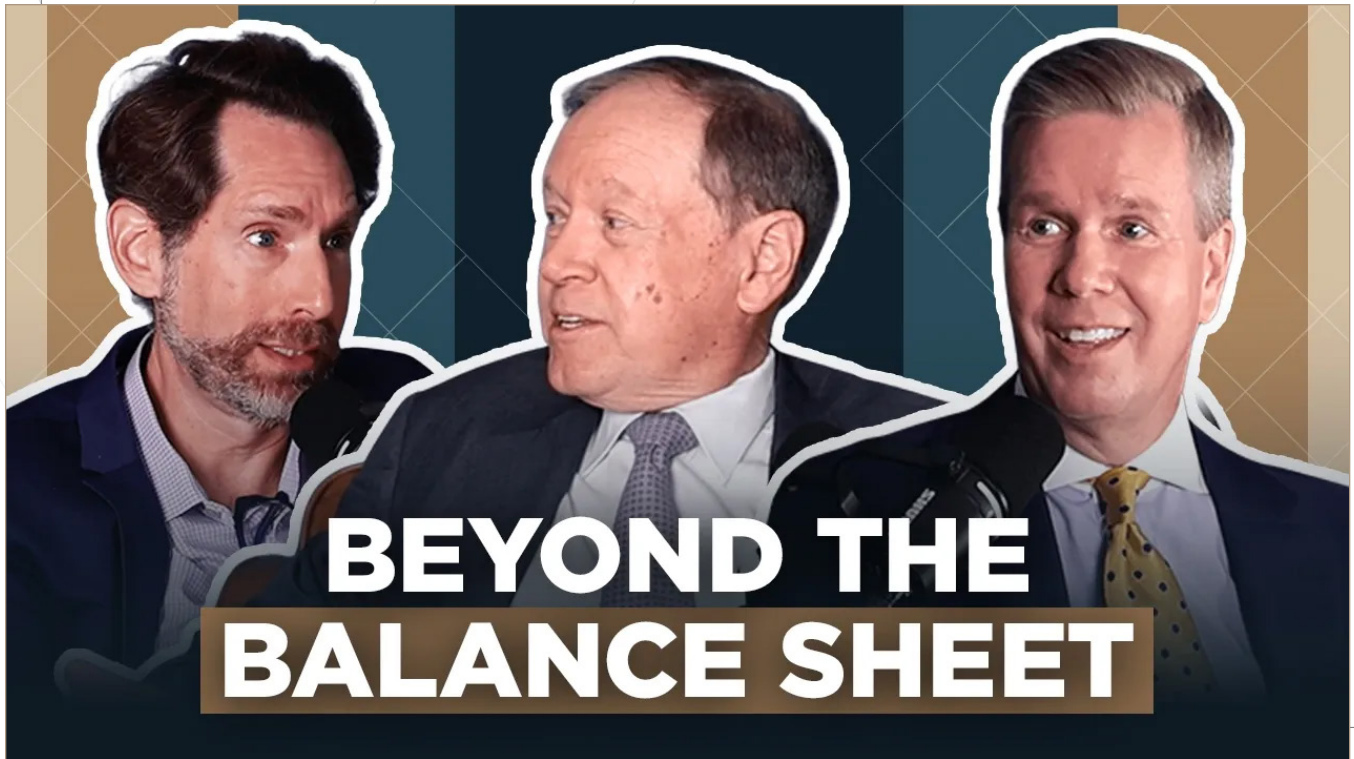
We're proud to have Tim leading that effort at Moran Wealth Management® and grateful for the impact he continues to make across our organization.

Join us in congratulating Tim on this outstanding achievement.





**FEATURED  
MEDIA**



FEATURED MEDIA

## Beyond the Balance Sheet: Collectibles with Jarred Kaplan | Quarter Over Quarter E022

For high net worth individuals, a balance sheet can tell only part of the story. Tucked alongside traditional assets, you might find a cellar of first growth wines, a vintage Ferrari, or a vault of rare jewels.

In this episode, Jarred Kaplan, founder and managing member of Provident Jewelers, joins Don Drury and Tom Moran to explore the world of passion assets and the tangible collectibles that sit at the intersection of financial value and personal meaning.

[WATCH THIS EPISODE ON YOUTUBE](#)



## FEATURED MEDIA

# How Much Money Do You Need for a Family Office?

There are now roughly 8,030 single-family offices around the world – up about 31% from an estimated 6,130 in 2019, and on pace to reach 10,720 by 2030, according to Deloitte Private’s Defining the Family Office Landscape, 2024. The phrase “family office” has gone mainstream, and somewhere along the way it became shorthand for having arrived.

But here is the part that rarely makes the headline: for many financially successful families, building a family office is not the right move – and the question that matters is not “Can I have one?” It’s “Do I need to build one, or can I access the same coordination another way?”

If you have wondered where the line actually sits, here is a clear-eyed look.

[CONTINUE READING ON OUR BLOG](#)



## FEATURED MEDIA

# Keeping It in the Family | Quarter Over Quarter E021

Building a family business often takes decades, and transferring it to the next generation can involve careful planning, thoughtful conversations, and coordination with experienced professionals. In this episode, Michael Mongin joins Don Drury and Tom Moran to discuss key considerations families may want to evaluate when planning for the transition of a closely held business.

The conversation explores topics such as annual business valuations, buy-sell agreements, and estate planning strategies, including GRATs and rolling GRAT approaches, as well as the potential trade-offs between estate tax and capital gains considerations. Listeners will gain insight into financial and structural elements that can play a role in succession planning.

[WATCH THIS EPISODE ON YOUTUBE](#)



# **HIGHLIGHTED STRATEGY**

# ROCI

## FEATURED STRATEGY

### Return on Capital Income (ROCI)

This strategy aims to generate elevated income while targeting tax efficiency where possible, with a focus on lower volatility and downside protection.

#### WHAT IS THE ROCI STRATEGY?

- Utilizes ETFs engineered to deliver high levels of income, including option-based strategies that may generate tax-efficient Return of Capital.
- Diversifies across multiple asset classes to help mitigate volatility and soften market drawdowns.
- Holdings are monitored to maintain attractive income generation under evolving market conditions.

[For more information on ROCI and other strategies, please visit our website.](#)

Your financial advisor will begin building your portfolio by first identifying your unique investment style based on a variety of factors, such as income, risk tolerance, diversification, investment and financial goals, and preferred market exposure. This will help us select a suitable strategy for you, allowing us to use a personalized approach designed to help pursue your short- and long-term financial goals.

# Where Strategy Begins

5801 Pelican Bay Boulevard, Suite 110  
Naples, FL 34108

Office: 239.920.4440

Fax: 239.431.5239

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