

WEEKLY MARKET COMMENTS – JUNE 22, 2026 – EXTERNAL

So far, earnings for the S&P have been very supportive, with the gains higher by 28.8% in the first quarter. Analysts are now predicting 22% earnings gain for the second quarter and growth of 23.3% for the entire year.

We will receive some this week as MU reports on Wednesday, while KBH, FDX and CCL report on Tuesday.

Despite a large selloff on Wednesday, the Dow gained 0.7% for the week, the S&P was ahead by 0.9% while the Nasdaq advanced by 2.4%.

The new Fed Chair, Kevin Warsh, said that “The F.O.M.C. will deliver price stability”, and investors are now assuming that rate hikes, not cuts, will be the new mantra, which is against what the President wishes for.

This assumes that the rate of inflation remains high, and the new of the war could result in the rate of increase to decline as fast as it rose. The U.S. benchmark dropped by 10.6%, to \$75.85 a barrel, its lowest since March 4th while the price in the U.S. fell below \$3.99 a gallon, which was its lowest since late March.

While the core P.C.E. price index, to be released on Thursday, is expected to have gained 0.37% monthly since May, up from 0.2% in April, inflation appears to be fading while the economy continues to hold up despite the inflationary pressures.

The final revision of first-quarter G.D.P. is expected to show a gain of 1.6% while the Atlanta Fed Index for 2Q is pointing to growth of 3% during Q2.

Watching SpaceX stock trade in its infancy as a public company has been like viewing a successful rocket launch. The ascendance of the company's shares has been pure spectacle.

The superlatives are still piling up: SpaceX had the largest IPO in history, making its founder, Elon Musk, the world's first trillionaire. Its total market value stood at about \$2.4 trillion last Thursday. At one point during the week, it trailed only Nvidia, Alphabet (Google) and Apple in market capitalization. Despite two rough days, it remains among the top 10 stocks. That's an elite and impressive club.

But does SpaceX really belong there? Are its shares worth that much?

The New York Times has its doubts

Mr. Musk is a visionary, with real achievements at both Tesla and SpaceX, and his unique abilities justify high share prices in the minds of his legions of fans. Nonetheless, the current price of SpaceX is difficult to justify by traditional measures. The company is losing money, but that's the least of it.

Perhaps most troubling is that an investment in SpaceX is an extravagant bet on a sci-fi dream. The company's prospectus says clearly that SpaceX is dedicated to the "establishment of a permanent human colony on Mars with at least one million inhabitants "

This isn't mere whimsy. Mr. Musk has said repeatedly, and in great detail, that he is wholly dedicated to "making humans an interplanetary species."

This quest could siphon off any profits SpaceX will ever make. Even if the company is fabulously successful in every other respect, the Mars project could bankrupt it.

Would Mr. Musk blink before that happened? He is famous for persevering when others would falter — he has done so at TSLA - and he has set up SpaceX so he can't be easily deposed. He controls more than 80% of its voting shares.

If he wants to pour all of SpaceX's future cash flow into the mission to Mars, he may be able to do so. That could lead to fantastic riches one day, but it's not likely to do so soon. In the meantime, the financial drain could be devastating.

As a publicly traded stock, SpaceX shares have plenty of financial virtues

The company plays a dominant role in the U.S. space program. It is a military contractor, too. This side of its work is less well known and, potentially, highly lucrative. Its high-speed Starlink satellite internet system is a proven geopolitical force — helping Ukraine withstand Russia's assault — as well as an expanding profit center.

The rapid cadence and large payloads of SpaceX launches, made with reusable rockets, give Starlink cost advantages, and enable it to regularly improve its network. If A.I. is deployed widely in cars, robots and roaming devices, that might enlarge the market for constant, high-quality, mobile connectivity, which Starlink could provide.

Then there's artificial intelligence. The A.I. stock market frenzy has bolstered SpaceX shares. That's the case even though the company's chatbot, Grok, isn't in the same league as those from OpenAI or Anthropic, which are expected to have their own trillion-dollar I.P.O.s this year. GOOG and META as well as

Chinese companies like DeepSeek are formidable competitors, too

That said, SpaceX has used its richly valued shares to buy Cursor, a code-writing A.I. start-up, which could give SpaceX more weight in the scramble for business. For now, A.I. is a positive factor in the stock's valuation

So is SpaceX's manufacturing prowess. It is building big data centers in the United States, which already have excess capacity. Some of that computing power is being leased to two rivals, GOOG and Anthropic, which are paying more than \$2 billion a month, combined. In addition, SpaceX is constructing a gigantic factory to churn out silicon chips for its own use, and for TSLA and other companies as well.

Another well-known part of the company barely features in most stock valuations. That's X, the social media network formerly known as Twitter. It still makes headlines and retains heft in mass communications, but Mr. Musk's use of it as a political vehicle has hurt its revenues

Far more important, as a valuation issue, are Mr. Musk's visions for extracting commercial value from audacious operations in space. The engineering challenges of some of Mr. Musk's bigger space projects are so large as to veer toward impossibility.

He says he will place vast numbers of immense data centers into Earth orbit, where they will harvest virtually unlimited solar energy.

The fundamental difficulty of "cooling large things in space," as well as the radiation damage that would afflict the "high-end computational hardware" needed for data centers, made this idea a nonstarter

Placing a monetary value on ventures like this isn't straightforward. In a transparent assessment of SpaceX's value as a public company, grouped the orbital data centers with other more speculative projects as "the optimistic moonshot scenario" for SpaceX.

There is to be assigned a 43 percent probability to a future without the data centers, and gave a 50 percent probability to a "minimum viable product" outcome, in which some "commercially viable" orbiting data centers function.

The Morningstar analysis chose to disregard "a long list of other projects and ambitions, including actual moonshots and interplanetary colonization." "These would most probably absorb massive investment, could come with dilution to stockholders and have a wide range of possible payoffs, positive or negative."

SpaceX's target share price was already remarkably high before its I.P.O. As its price has risen, the valuation problem, using traditional metrics, has become more glaring.

Consider SpaceX's price-to-sales ratio: the relationship between its share price and annual sales. When that ratio becomes extremely high — above 40 to 1 — a stock is richly valued, and the odds of strong returns for investors drop sharply.

SpaceX's price-to-sales ratio has flown off the charts. On Thursday, it exceeded 130 to 1. That means that it would take 130 years of sales, at last year's revenue rate, to reach the company's current market value.

NVDA was trading at a price-to-sales ratio of about 20, according to FactSet. And that company churns out enormous profits. So far, at least, SpaceX does not. It lost \$4.9 billion on \$18.7 billion in revenue last year.

SpaceX bulls point out correctly that its revenue is already rising sharply, thanks to its rentals of terrestrial data center capacity. Starlink and many of its rocket launches are profitable, and revenues from both are growing. The company could easily generate large overall profits soon, if that were its main focus.

A.I. could eventually lead to SpaceX profits, too. Corporate America is investing hundreds of billions of dollars in A.I. infrastructure. SpaceX has joined that race. It might pay off.

But don't forget Mr. Musk's grandest hopes for SpaceX. If you believe the company can reach Mars, populate it and make money from it, then the stock might be worth vastly more than it costs now. Its classified military work could conceivably turn out to be a bonanza, too, though the Times has seen little evidence of it. Without wild cards like those, however, the company looks grossly overvalued.

Perhaps SpaceX shouldn't be thought of as a conventional investment at all. It's a hope and a dream.

The company excites and inspires many people. But if you buy a piece of it now, you are paying a lavish premium for Mr. Musk's leadership. You are also accepting the risk that he means just what he says: Whatever it takes, he intends to put gigantic data centers in orbit and, eventually, to reach and populate Mars.

If he succeeds, Mr. Musk and SpaceX will forever be legends. But at SpaceX's current share price, it's surely worth asking whether that money may have better uses on planet Earth.

**WEEKLY MARKET COMMENTS – JUNE 22,
2026 – EXTERNAL – DONALD M. SELKIN –
CHIEF MARKET STRATEGIST**