

WEEKLY MARKET COMMENTS – JUNE 8, 2026 – EXTERNAL

After nine straight weeks of gains by all of the major averages which got them all to best ever levels, things took a major negative ending to the week that was historic in some senses.

The S&P ended lower by 2.6%, its worst showing since May 2025, the Nasdaq was off by 4.7% for its worst showing since April 2025 while the recently strong Dow finished lower by 0.3%.

The VIX rose to 21.5, higher by 40% for the week, but still near its five-year average.

There was a strong jobs report, which showed a gain of 172,000 in May and numbers for the previous month were adjusted higher as well. This has forced the probabilities of an interest rate hike by the Fed October meeting, something of which new Chair Kevin Warsh and the President are not in favor of, with their insistence of wanting rates to come lower, which is not probable at the present time.

Not helping were negative reports to earnings from BRCM and CRWD.

This coming week sees the following earnings reports from: Wednesday – ORCL, CHWY; Thursday – ADBE.

Economic reports will see: Tuesday – April trade deficit; Wednesday – MAY CPI which is supposed to show gains of 4.2%, which is up by 40% from the prior month and the core rate up to 2.9%, higher than the prior month as well.

The SpaceX initial public offering is one of a kind; the investment opportunity is not. With a roughly \$1.8 trillion valuation, the stock may be too big to reach escape velocity.

[SpaceX's IPO](#) is arguably the biggest capital-markets event ever. There is the sheer size—a record \$75 billion raise is targeted, excluding overallotment options for bankers to buy an additional 83.3 million shares; the offering price isn't a range, but a specific price of \$135; and the ultimate value of the company could hit \$1.8 trillion. SpaceX's singularity will continue when it starts trading, with the company

added to the Nasdaq 100 just 15 trading days after the offering, requiring passive buying of 10% to 15% of the shares outstanding, and a massive amount of retail participation in the IPO.

Yet despite the superlatives, SpaceX is just a company. Yes, it's the world's dominant space company, having leveraged lower costs from reusable rockets to build Starlink, a space-based broadband product with more than 10 million customers. But it's also the world's most valuable money-losing company, competing with the likes of OpenAI and Anthropic, and one of the most expensive, trading at 40 times estimated 2026 sales and 175 times earnings before interest, taxes, depreciation, and amortization, or Ebitda. For investors considering buying the IPO, it is worth waiting for the stock to trade closer to fair value, which likely sits nearer \$1 trillion than \$2 trillion. SpaceX, despite its name, isn't just a space company—far from it. Its launch segment is a solid business that was profitable before suffering an operating loss of \$657 million in 2025. That deficit was the result of SpaceX's spending on its huge, fully

reusable [Starship](#) rocket, which set the company back some \$15 billion over time. But Starship is also the key to SpaceX's future: It is expected to lower costs to reach orbit by 90% compared with its Falcon 9 rocket, which had already slashed costs to reach space by 95% compared with the Space Shuttle.

SpaceX's most profitable unit is its Starlink space-based broadband business, built on satellites launched by the company. It generated earnings before interest, taxes, depreciation, and amortization, or Ebitda, of \$7.2 billion in 2025, up about 90% year over year. Ebitda profit margins are north of 60%, better than the 38% generated by telecom companies, including AT&T, T-Mobile US, and Verizon Communications. Revenue and Ebitda should grow rapidly in the coming years as SpaceX targets global broadband and mobile markets worth \$1.6 trillion.

Not everything is pretty. Consider SpaceX's artificial-intelligence business, grafted onto the company when it purchased xAI for \$250 billion in February. It generated an operating loss of \$6.4 billion in 2025 and a first-quarter loss of \$2.5 billion. xAI, which has

been dissolved as a corporate entity, spent \$12.7 billion in 2025, while AI spending hit \$7.7 billion in the first quarter. Losses should be mitigated by selling computing power to Anthropic and Google for \$1.25 billion and \$920 million a month, respectively. Others seeking computing power could turn to SpaceX as well.

Placing a valuation on all of this isn't easy. Morningstar recently valued SpaceX for about \$780 billion, which includes just \$170 billion for AI. Open AI and Anthropic, by comparison, will seek trillion-dollar valuations in coming IPOs.) New York University professor and valuation maven [Aswath Damodaran](#) values SpaceX at about \$1.3 trillion, or \$99 a share. To get there, he assumes \$420 billion in 2036 revenue, including \$40 billion from space, \$120 billion from Starlink—a number on par with AT&T today—\$160 billion from AI and \$100 billion from “other” opportunities that low-cost launch enables but aren't evident yet. (SpaceX will have a defense business.) Margins in the launch and Starlink businesses are similar to what SpaceX is producing.

AI and “other” operating margins look like OK software margins today. Bottom line, that yields \$160 billion in 2036 operating profit. That is just shy of what Alphabet will generate in 2026.

The Alphabet comparison is a good one. What began as a search company has become so much more. Alphabet is expected to generate about \$231 billion of Ebitda in 2026 from search, YouTube, Waymo, Android, cloud services, and Gemini. For SpaceX to grow into its valuation, it will need to develop profitable AI applications or a cloud-based computing franchise that generates hundreds of billions in profits. In the long run, SpaceX is targeting gross profit margins of 70% and net income margins of 45%, about 10 percentage points better than Alphabet on both metrics.

Expecting Alphabet-like returns from the SpaceX IPO is asking too much. Google was a less mature company—it had been in business for six years to SpaceX’s 24—when it went public in 2004. Google’s IPO price was \$85 a share, or \$2.125 after accounting for stock splits, and left the company with a market capitalization of about \$23 billion. Alphabet stock

has gained 17,000% since then. To generate that kind of return will require SpaceX to earn a market valuation of \$300 trillion.

That is a lot, even for a company run by Elon Musk. The Tesla CEO and SpaceX founder is an innovator whose most important gift might be getting people to believe in the seemingly impossible—like \$20,000 robots doing all humanity's hard labor. His fans are devoted, and with good reason—Tesla stock has earned investors a 370-fold return from its split-adjusted IPO price of \$1.133. But the bigger Tesla has gotten, the harder it has been to generate returns. The company hasn't grown profits since 2022, and now trades at roughly 200 times expected earnings over the next 12 months. The stock has barely budged since the end of 2024.

None of that is likely to keep investors away from SpaceX. Retail investors love Musk's companies, and will likely be able to buy a heap of stock at the offering price of \$135. Barron's would recommend waiting for a better price, something closer to \$90 a share.

From there, the stock could really take off—with far less chance of a blowup.

This article is a summary of how Barron's is considering their investment analysis.

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