WEEKLY MARKET COMMENTS – JULY 13, 2026 – EXTERNAL

Crude oil prices went between small gains and losses on Friday, which was calm considering that military strikes around the Persian Gulf threatened to upend a fragile peace between the U.S. and Iran.

This has disrupted traffic in the Gulf with Iran insisting that ships must obtain its permission, which carries one fifth of world oil supplies while this country insists that ships be allowed to travel this route freely.

The turmoil has pushed the price of crude up to $76 a barrel on Friday, higher than $72, which was its pre-war price. This is down from $120 a barrel during the worst of the fighting.

World oil demand is projected to decline this year for the first time since 2020, a one million barrels a day drop. Just 22 ships a day passed through which is quite a comedown from the 130 ships that used to pass through the Straights of Hormuz. The national price of gasoline

reached $3.88 per gallon which was 30% higher from before the war.

It was a split week for the indices, with the Dow declining by its worst numbers since the end of March at 0.5% lower, and the Russell 2000 declined as well by 0.6%.

Meanwhile, both the S&P and the Nasdaq gained for the fourth time out of the past five weeks, with advances of 1.3% and 1.7%. Some tech stocks did really well, such as META, NVDA with a late upward spurt and AAPL, which matched its high for the year.

This week sees the start of second-quarter earnings, with banks the main leaders and this is the lineup: today – FAST; Tuesday – Dow components – JPM, GS and JNJ, and UAL, BAC, C, WFC; Wednesday – MS, BNY; Thursday – SST, USB, NFLX and Dow component UNH; Friday – Dow component TRV.

Economic reports will see: Tuesday – June CPI; Wednesday – June PPI; Thursday - June retail sales; Friday – June housing starts, U. of Michigan Consumer Sentiment Survey.

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 initial public offering in history, making its founder, Elon Musk, the world's first trillionaire. Its total market value stood at less than $2 trillion on Friday's close. 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?

Some people have their doubts.

Mr. Musk is a visionary, with real achievements at both TSLA and SPCX 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 Tesla — 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. From this perspective, SpaceX, as a company, could be worth absolutely nothing.

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. Google 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, Google 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 Tesla 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.

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, he said. A better approach would be to make earthbound data centers more energy efficient, he added.

Its price to 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.

Nvidia 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 I've seen little evidence of it. Without wild cards like those, however, the company looks grossly overvalued, according to an analysis by the New York Times, the summary of which is quoted here.

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.

It therefore was no surprise that Mr. Musk abruptly cancelled his interview with CNBC on Friday just as the stock plunged to a new low around $145 with a market value of less than $2 trillion.

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 – July 13, 2026 – External –

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