

Global Macro News & Various Views

- New Fed Boss Facing Pressure to Tighten.** An early test for the new FOMC chair, Kevin Warsh, awaits this summer and fall amid rising cost pressures and political pressure from President Trump to cut interest rates. Warsh is likely to hold rates steady at his first FOMC June 16-17 meeting. But increasingly, the pressure is building to hike the Federal Funds rate; one key barometer measuring short-term funding costs is the Fed Funds rate versus the 2-year Treasury note. The latter yields 4.14% or about 39 basis points above the top end of the Fed Funds target, suggesting the Fed needs to tighten. Since the beginning of the year, the two-year has seen its yield ratchet higher from 3.48% to 4.14% – its highest yield since February 2025;
- Tech Stock Mania Approaching 2000 Bubble Peak.** *Bank of America* turned cautious this week – the first among the major U.S. banking groups. The latest signs to turn red are the spread between the best and worst performers in the S&P’s technology sector and growth expectations for the index as a whole rising significantly above its five-year average. The gap in the tech sector between the best and worst performing quintiles’ median stock is a whopping 120 percentage points, the highest since February 2000, the peak of the internet boom. The tech spread “rivals the dotcom bubble,” according to BoA’s Savita Subramanian, noting that the gap reached 130 points just before the market peak of March 24, 2000. The increasing concentration of gains has concerned many analysts on Wall Street in recent weeks and been reflected in a variety of measures;
- Semiconductor stocks now coined the ‘Parabolic Seven.’** The PHLX Semiconductor Index or SOXQ (see below) has been on a tear since the March 31 market low, up 95% and soaring 150% over the last 12 months. The Parabolic Seven include **Micron, AMD, Dell, Intel, Marvell, Broadcom** and **Sandisk**. *ENR Comment:* Unlike the late 1990s tech mania, the chip stocks are booking massive revenues and minting money. That’s the bullish case. But the sector has attracted a swath of speculative investors – a classic sign of a bubble. For aggressive risk speculators looking to bet against chip stocks, I like **ProShares UltraShort Semiconductors ETF (NYSE-SSG)**, using two times leverage. Remember, the market can remain far more irrational than you can remain solvent. Use a pre-determined stop-loss, especially betting against a bubble;



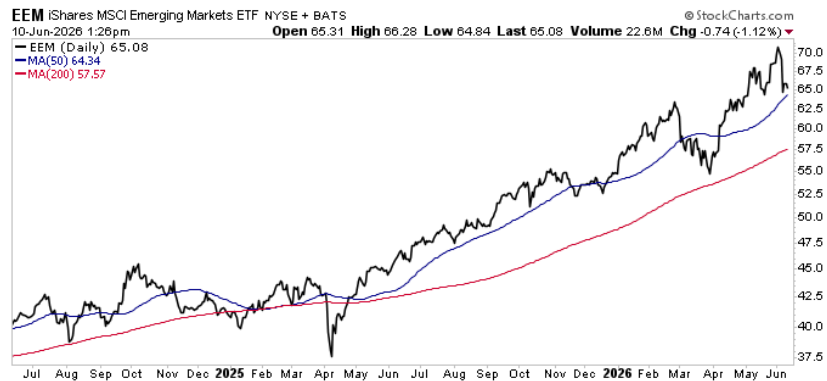
- According to David Rosenberg of the excellent daily *Rosenberg Research* in Toronto, *The coming AI-related issuance wave suggests the market is becoming attractive for issuers, not just investors. After years when scarcity and buybacks supported mega-cap Tech valuations, giant IPOs and equity-linked financings could shift the market regime from a rally supported by scarcity premium and buybacks to one increasingly shaped by chasing scarce capital to fund a ballooning capex bill.* Another sign of a market top might be **SpaceX’s** IPO this

week and upcoming monster new issues from AI super companies **Anthropic** and **OpenAI**. SpaceX is asking investors to pay about 93 times sales – a valuation way out there near Pluto! A pullback in spending by the giant hyperscalers like **Alphabet**, **Amazon** or **Meta**, the release of AI models that require less computing power than what is being built or a growing public backlash against rising inflation tied to AI energy usage could all have a damping effect on stock prices;

- **ECB Warns Trump’s Policies Might Trigger Financial Crisis.** The ECB recently issued a warning claiming President Trump’s erratic policies might trigger a financial crisis. The risk of geopolitical shock sparking a financial crisis is growing because of “increasingly stretched asset valuations and doubts about the sustainability of high government debt levels”, the ECB said in its bi-annual financial stability review. Tariff announcements, pauses and reversals have become a feature of the global environment. “Uncertainty surrounding the commitment of the U.S. administration to multilateral co-operation is also increasing the risk that policy shocks will disrupt the international order and spur geoeconomic and regulatory fragmentation around the globe,” stated the ECB on May 27;
- **Hong Kong Overtakes Switzerland as Wealth Hub.** The world’s biggest cross-border wealth hub passed onto Hong Kong in 2025, according to estimates from *Boston Consulting Group*. About 60% of the wealth increase in assets came from mainland Chinese investors. Driven by surging capital inflows from mainland China and a strong IPO market, Hong Kong’s offshore assets reached \$2.95 trillion, narrowly edging out Switzerland’s \$2.94 trillion, according to *The Edge for Economic Consultancy*. Rich clients moving money offshore had traditionally been motivated by tax planning or corporate structuring, according to *The Financial Times*. But since the Covid pandemic they had increasingly sought jurisdictional diversification – spreading assets across countries to dilute geopolitical and political risks. Although Switzerland is more heavily tied to mature western European fortunes and less exposed to the fast-growing Asian wealth flows reshaping the industry, bankers said that many wealthy Asian clients still wanted assets ultimately booked in Switzerland. *ENR Comment*: In my book, Switzerland remains the safest and best jurisdictional to park tax compliant wealth. No other offshore financial center has a stronger economy coupled with rigid banking laws and of course, the world’s strongest currency since Nixon closed the gold window in 1971. Swiss private banking was founded by **Rahn+Bodmer Co.** in 1750. It’s an easy choice to make: Switzerland vs. Hong Kong. It’s a no-brainer;
- **British Bank Lending Plunges to Lowest in 30 Years.** Bank lending in the UK to non-financial companies fell to 59% of GDP in Q3 of last year, a level last seen in 1998, according to *Boston Consulting Group*. Small and mid-sized businesses were adversely affected; Bank of England data show loans to these industry sizes halved over the past 15 years from 12% of GDP in 2011 to 6.5% this year. The remaining bank lending has shifted towards property, with real estate SMEs accounting for 51% of all loans to small businesses compared with 39% a decade ago;
- **Streaming Tops Television Advertising.** The times are changing. Streaming platforms are gobbling up a growing share of ad dollars as their audiences expand. According to *Madison and Wall*, a consulting firm, streaming ad spending is projected to approach \$20 billion by 2029, not far from the spending on linear TV ad spending. Ad-supported plans now represent almost 50% of all premium subscription video-on-demand sign-ups in the United States, up from 39% just two years ago, according to *Antenna*. Also, *The Wall Street Journal* reveals that older viewers are much more willing to watch ads to save money than younger viewers.

Global Equities

- With 487 companies having reported Q1 results through Wednesday, June 10, the Q1-2026 earnings season is now over 97% complete. On top of the strong beats reported so far, the latest readings also mark the strongest non-crisis year-over-year quarterly revenues and earnings growth in several decades;
- As of June 10, the S&P 500 rallied 8%. The MSCI World Index is up 7%. For the second year in a row, the MSCI Emerging Markets Index is the best performing broader index, up 16% (see chart). International major markets, as defined by MSCI EAFE, are up 5.4%;



- Through the end of May, the S&P 500 climbed more than 11%; when excluding AI-related stocks, some of which doubled or tripled in value in 2026, the gains are just 2.4%. Thus far, the chip stocks have been market leaders with mostly triple-digit gains. Some 43% of stocks in the S&P 500 rose in May, down from 64% in January, according to *Dow Jones Market Data*. And just 25% of stocks outpaced the benchmark last month, compared with 59% at the start of the year;
- Scarcity has been one of the hidden supports behind the buy-the-dip, and increasingly buy-the-high, stock market. The market is buoyed by sharp rallies in a narrow group of industries and stocks. It also triggers the meme-like swarming interest in certain names. The supply of public equities has been shrinking for years because of buybacks, the tendency of Big Tech to absorb many of the green shoots in the economy before they mature into large public companies. A wave of mega IPOs from companies such as OpenAI, Anthropic, and SpaceX could change that supply-demand balance, absorbing capital, reshuffling index weights, and weakening the scarcity premium that has helped push the current winners higher;
- On May 30, astute market observer, Mohamed El-Erian, shared his take on the markets. “The stock market is betting heavily on rising corporate earnings and the promise of AI-driven productivity. Combined with technical influences, this optimism has decoupled some valuations from the reality of the underlying economy. As a result, a name-specific investing strategy is more appropriate right now than simply increasing broad market exposure.”
- Since the beginning of the decade, the S&P 500 Information Technology Sector Index has commanded an ever-larger percentage of the overall index. As of June 10, the top 10 companies in the S&P 500 represent 37.6% of the broader market. Information technology and communication services are a combined 47.5% – a level not seen since 1965 when we had the Nifty Fifty. Basically, almost half of the value of the S&P 500 is now tech,

as opposed to healthcare, which now only accounts for 8.8%, down from 14.2% in 2020. Imagine what happens when SpaceX, OpenAI, and Anthropic are added and Mag 7 becomes Mag 10. At that point, I guess the S&P 500 expands to about 56%-58% tech. The S&P 500 has essentially been transformed from a diversified benchmark 25 years ago to a NASDAQ clone.

Fixed Income & Credit

- AI Hyperscalers Issue \$159 Billion in Debt.** Alphabet, Meta Platforms, Amazon.com, Microsoft and Oracle have issued \$159 billion of bonds globally in 2026 thus far – up from \$108 billion last year and just \$17 billion in 2024, according to *Dealogic*. Spending on AI data centers and other infrastructures tied to AI by just the four big tech companies this year is expected to total more than \$670 billion – a larger figure as a share of U.S. GDP than the railroad expansion of the 1850s. In addition to issuing debt in USDs, the hyperscalers recently raised funds in Canadian dollars, Swiss francs, EUR and Sterling;



- U.S. Yield Curve Likely to Steepen.** If you're betting on bonds this year, good luck. Longer duration debt has struggled since peaking in this cycle back in February. Global bond markets have been hit hard by a combination of soaring energy prices, rising commodities and higher inflation since the emergence of the conflict in the Persian Gulf. A flood of global sovereign bond issuance hasn't helped, either. A steepening of the yield curve may occur this summer. That occurs when the difference between short and long-term rates widens;
- Blame the Iran War, stubbornly high deficits and unfunded future entitlements spending. On December 31st, the difference between 2 and 10-year Treasury notes was 0.69%; today it sits at 0.42%. But longer-term rates are stickier and have been rising stubbornly above the 5% threshold on 30-year T-bonds and 4.5% on 10-year notes. Bonds have basically done nothing this year, trailing inflation; the Bloomberg U.S. Aggregate Bond Index is unchanged. *ENR Comment:* If you must hold bonds, stay short-term in duration. I like a spread of 1 and 2-year U.S. T-notes and investment-grade corporates like Johnson & Johnson, Procter & Gamble and Chevron, for example.

Currencies

- The **ENR Global Currency Sandwich** recorded its worst month in more than a year. For the YTD period ending June 10th, the ENR Global Currency Sandwich is down 4.07% this year. Since our last update six weeks ago, the basket has plunged more 9%, mainly due to big declines in gold and silver prices. The USD Index is now trading at its highest level since before Liberation Day last April, up 1.9% this year;
- **The ENR Global Currency Sandwich** includes gold (or IAU/GLD), silver (or SLV/PSLV), the Swedish krona, the Swiss franc, the Polish zloty and the Singapore dollar equally weighted;



- **USD still Dominates Trade, but Reserve Status Declining.** The U.S. Dollar won't be upended any time soon as the world's reserve currency. But its share of global reserves has certainly peaked. I've already documented how gold became the world's second largest reserve asset in 2025, surpassing the EUR. According to *The Financial Times*, gold made up 27% of global reserves at the end of 2025, up from 20% a year earlier. The share of U.S. Treasuries fell from 25% to 22% over the same period. Gold's huge 64% advance last year partially explains this shift; but dollar assets as a percent of global reserves were 57% at the end of last year, down from 64% ten years earlier, according to the IMF. From a trade perspective, the dollar continues to dominate. The *Atlantic Council* estimates 54% of all exports are invoiced in dollars; China's yuan makes up just 4%.

Commodities

China Imports Less Oil. China's trade in major commodities in May underscored that price moves are the primary driver of changes in flows in the world's biggest buyer of natural resources. The headline-grabbing number from the June 8 customs data was the collapse in crude oil imports to an eight-year low of just 7.79 million barrels per day (bpd), according to *Reuters*. The fallout from the war in Iran was blamed for the 29% slump in crude imports. In the months prior to the start of the conflict on February 28, levels of around 11 million bpd were common;

India more than Doubles Gold Tariffs. The crash in precious metals recently can probably be partly attributed to import curbs in India. India more than doubled import tariffs on gold and silver to shore up the flagging rupee (Asia's weakest currency since 2024) and reduce the adverse price increases since the onset of the Iran

conflict. From their all-time highs in late January, gold is down 24.4% (see chart) and silver a dizzying 45.2%. The government hiked its import duty of from 6% to 15% on gold and silver in May. India’s gold imports totaled \$72 billion in the year to March 31, up almost 25% in terms of value on the previous year. The value of silver imports rose nearly 150% to \$12 billion in the same period, according to *The Financial Times*. In 2025, India accounted for about one-third of global gold jewelry demand and 20% of global bar and coin demand, according to the *World Gold Council*.



Model Portfolio

- According to *FactSet*, around 85% of companies have posted solid results and beat first quarter expectations – the highest percentage of earnings beat since 2021. But stocks remain expensive. The S&P 500 recently traded at 21 times expected earnings over the next 12 months, above their 10-year average of 19 times, according to *FactSet*;
- The month of May was brutal for most of the **ENR Market Outlook Portfolio** as gold, silver, gold stocks, commodities and several Big Tech stocks got hammered. Semiconductor stocks skyrocketed;



- Defense stocks have been crushed this spring. After huge rallies over the last four years, the sector has consolidated heavily recently. This month, we are buying **Northrop Grumman** (NYSE-NOC), a \$77 billion market-cap stock and a world leader in defense manufacturing. Their main products span military aircraft, advanced space systems, strategic missiles, missile defense technologies, and cutting-edge mission systems like military radars, sensors, and electronic warfare suites. The company is making a pivot to produce more drones, which dominate warfare since the Russian-Ukraine War in 2022. It’s also one of the cheapest of the

defense majors in the U.S. trading at a 19.4x forward P/E and down 27.6% from its all-time high. Please note ENR clients own NOC. I also hold a personal position;

- In June, we are selling **CME** and **CBOE**. Shares of CME Group and CBOE Global Markets recently plunged due to the regulatory approval of perpetual futures for Bitcoin on retail-friendly platforms. This development sparked investor concerns over increased competition in the derivatives market and potential capital diversion away from established financial exchanges. More competition won't be bullish for earnings;
- Best Buys in June include **Northrop Grumman**, **Health Care Select Sector SPDR Fund**, **Berkshire Hathaway Class B**, **Microsoft** and **Cameco Corporation**.

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Security	Listed	Symbol	Entry Price	Date	Current Yield	Current Price	Gain/Loss	Advice
Northrop Grumman Corporation	NYSE	NOC	\$548.67	Jun 9/26	1.71%	\$548.67	NEW	BUY
Microsoft Corporation*	NYSE	MSFT	\$256.72	Jul 5/22	0.86%	\$403.41	61.29%	BUY
Cameco Corporation	NYSE	CCJ	\$38.55	Sep 5/24	0.17%	\$102.27	166.02%	BUY
Rio Tinto Group	NYSE	RIO	\$64.71	Apr 2/24	3.98%	\$101.42	65.68%	BUY
The Southern Company	NYSE	SO	\$66.47	Dec 7/21	3.26%	\$92.95	57.98%	BUY
Wheaton Precious Metals	NYSE	WPM	\$22.78	Jun 5/19	0.63%	\$112.58	409.15%	BUY
CME Group	NASDAQ	CME	\$282.58	May 11/26	4.44%	\$255.94	-8.97%	SELL
Cboe Global Markets, Inc.	CBOE	CBOE	\$281.07	Mar 31/26	1.03%	\$290.60	3.65%	SELL
Apple Inc*	NASDAQ	AAPL	\$23.20	May 9/16	0.35%	\$290.55	1188.09%	HOLD
Newmont Corporation*	NYSE	NEM	\$17.99	Dec 31/15	1.03%	\$98.54	512.70%	HOLD
HSBC Holdings plc	LSE	HSBA	£4.74	Nov 9/22	3.66%	£13.11	281.38%	HOLD
Alphabet Inc.	NASDAQ	GOOGL	\$104.65	May 5/23	0.23%	\$364.26	249.66%	HOLD
Hochtief AG	XETRA	HOT	€ 154.30	Apr 1/25	1.13%	€ 462.20	228.70%	HOLD
Berkshire Hathaway*	NYSE	BRK.B	\$197.73	Aug 5/19	0.00%	\$487.77	146.68%	HOLD
iShares Russell Top 200 Value Index	NYSE	IWX	\$52.46	Jan 2/18	1.49%	\$103.81	120.47%	HOLD
Zurich Insurance Group	VTX	ZURN	CHF 411.20	Oct 4/22	4.69%	CHF 554.60	96.57%	HOLD
ConocoPhillips*	NYSE	COP	\$67.56	Sep 29/21	2.78%	\$116.79	92.42%	HOLD
Nestlé SA*	VTX	NESN	CHF 65.15	Dec 7/16	3.86%	CHF 77.73	84.01%	HOLD
iShares Global Clean Energy ETF	NASDAQ	ICLN	\$11.37	Apr 1/25	1.14%	\$20.63	83.80%	HOLD
AbbVie Inc	NYSE	ABBV	\$140.24	Nov 30/23	3.02%	\$225.42	72.30%	HOLD
Lazard Global Listed Infrastructure Portfolio	NASDAQ	GLIFX	\$14.04	Aug 4/20	2.94%	\$19.51	59.28%	HOLD
Vanguard Small Cap Value Index Fund	NYSE	VBR	\$157.50	Oct 2/23	1.76%	\$237.53	56.66%	HOLD
Energy Select Sector SPDR	NYSE	XLE	\$43.37	Feb 7/23	2.65%	\$57.39	51.75%	HOLD
Invesco DB Commodity Index Tracking Fund	AMEX	DBC	\$23.00	Dec 9/25	2.53%	\$29.07	29.63%	HOLD
WisdomTree India Earnings Fund	NYSE	EPI	\$32.42	Mar 3/23	0.00%	\$41.66	29.06%	HOLD
iShares MSCI Hong Kong ETF	NYSE	EWK	\$18.35	Nov 5/24	4.78%	\$21.59	25.58%	HOLD
The Health Care Select Sector SPDR Fund	AMEX	XLV	\$131.65	Jun 2/25	1.68%	\$154.57	19.31%	HOLD
Dr. Ing. h.c. F. Porsche AG	XETRA	P911	€ 42.81	Sep 29/25	4.78%	€ 48.29	10.84%	HOLD
Mondelez International, Inc.*	NASDAQ	MDLZ	\$58.69	Feb 2/26	3.20%	\$62.93	8.08%	HOLD
iShares MSCI China A ETF	CBOE	CNYA	\$34.42	Dec 29/25	1.76%	\$36.36	5.64%	HOLD

Salesforce, Inc.	NYSE	CRM	\$192.95	Mar 2/26	0.92%	\$175.35	-8.89%	HOLD
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