

Week in review and ahead (vol.26-26)



Claudio Calado | Managing Partner

June 28, 2026

Week in review

Markets closed the week mixed as semiconductor stocks retreated globally and by Apple's announcement that it may need to raise product prices to offset sharp increases in memory and storage component costs, an area that has been a key driver of the sector's recent rally. A news report by the New York Times suggesting that Open AI may delay its planned IPO into 2027 on concerns of investor sentiment shifting (on AI) further added to market jitters. Market volatility has risen notably, prompting concerns that investor enthusiasm surrounding semiconductors and AI-related investments may have propelled valuations to unprecedented levels. By one broad measure, the cyclically adjusted price-to-earnings ratio for the S&P 500, the Shiller P/E, or "CAPE", now sits near 40, a reading exceeded only once in its history, at the peak of the dot-com bubble in late 1999 when it approached 44, and more than double its long-run median of roughly 16.

Once largely viewed as commoditized businesses, semiconductor companies have been re-rated aggressively amid the AI investment boom, raising questions about the sustainability of recent gains and the sector's elevated valuation multiples. The proliferation of leveraged ETFs tied to semiconductor stocks has amplified market swings, as sudden shifts in investor sentiment, from risk-on to risk-off, tend to accelerate both (price) gains and losses. While this dynamic can contribute to heightened volatility across broader equity markets, the prevailing view for the time being is that the associated risks remain largely contained within the sector and do not currently pose a systemic threat to the overall financial system.

The semiconductor selloff contributed meaningfully to the losses in the Nasdaq Composite, down -4.6% for the week, and weighing on the S&P500, which closed the week lower by 2.0%. The Dow Jones and the small-cap Russell-2000, however, advanced on the week by 0.6% and 1%, respectively, benefiting from the rotation out of the semiconductor and broader AI trade.

Internationally major markets broadly declined for the week, with South Korea experiencing the sharpest volatility amid the global semiconductor-led selloff. The KOSPI, which endured significant daily swings beginning Tuesday and recorded the largest single-day point decline in its history that triggered a 20-minute circuit breaker, finished the week down more than 6%. Hong Kong's Hang Seng Index also fell by over 5%. Elsewhere, losses were more contained. China's markets declined 1.6%, while in Europe Germany's DAX and France's CAC 40 fell 1.3% and 0.4%, respectively. The UK was a notable exception, with the FTSE 100 advancing 1.4% following Prime Minister Starmer's announcement that he

would step down, paving the way for a successor. Markets responded positively to the news. It did, however, also highlight the UK's persistent political turnover. Since David Cameron's resignation following the 2016 Brexit referendum, no prime minister has completed a full term, and Starmer's departure would mark the country's seventh prime minister in a decade, underscoring ongoing political uncertainty.

Market and Economic Chartbook | June 28, 2026 GALADO CAPITAL

The Shiller P/E Ratio

Valuation using ten years of inflation-adjusted earnings



Sources: Cleonomics, Robert Shiller © 2025 Cleonomics, Inc.

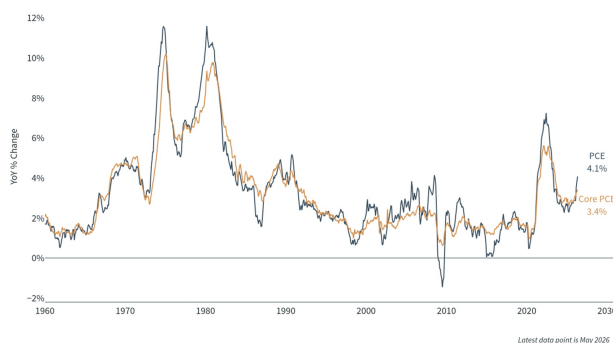
Week in review – US macroeconomics

This past week's US macroeconomic calendar was dominated by the inflation picture, with the May reading of the Personal Consumption Expenditures ("PCE") price index, the Federal Reserve's preferred gauge, taking center stage just days after Chair Warsh's decidedly hawkish debut. The release was framed by the third and final estimate of first-quarter GDP, the accompanying personal income and spending figures, and the S&P Global flash PMIs for June, with new home sales, durable goods orders, weekly jobless claims, and the University of Michigan's consumer sentiment survey rounding out a data-heavy week.

The PCE report did little to support the case for rate cuts and, if anything, strengthened the argument for hikes. Headline PCE rose 0.4% month-over-month ("MoM"), a tick below the 0.5% expected and matching the prior month, but the year-over-year ("YoY") rate accelerated to 4.1% from 3.8%, it's highest since April 2023. The core measure told a similar story: up 0.3% MoM, in line with expectations and the upwardly revised prior reading, while the YoY rate climbed to 3.4% from 3.3%, the firmest since October 2023. The re-acceleration on an annual basis, across both headline and core, undercuts the disinflation narrative and set against Chair Warsh's renewed commitment to the 2% objective, leaves the Fed leaning toward additional tightening rather than the easing markets had grown accustomed to anticipating.

Market and Economic Chartbook | June 28, 2026 GALADO CAPITAL

PCE Inflation



Sources: Cleonomics, Bureau of Economic Analysis © 2025 Cleonomics, Inc.

More telling was the contrast within the growth data. The third estimate of Q1'26 GDP was revised firmly higher, to 2.1% from the 1.7% expected and above the 1.6% recorded in Q4'25. Yet the headline masked a notable disappointment, as personal consumption was cut sharply to 0.4%, its weakest since the first quarter of 2022. That downward revision sits oddly against the current-month spending data, which showed consumer spending rose 0.7% MoM in May, ahead of the 0.6% expected and matching February's pace, while personal income surged 0.7%, well above the 0.4% consensus and the strongest since July 2025. The personal spending weakness in Q1 consumption may overstate the consumer's fragility entering the second quarter, but the firmer income and spending

momentum, alongside hotter PCE, may reinforce the Fed's reluctance to cut.

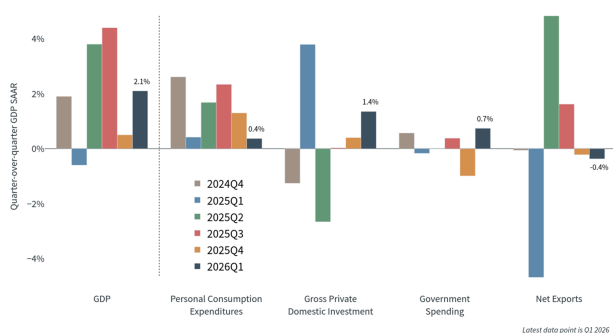
The balance of the week's data was broadly constructive. The S&P Global flash PMIs for June surprised to the upside, with manufacturing at 55.7 (versus 54.8 expected and 55.3 prior), services at 51.3 (above the 51 expected and 50.9 prior), and the composite at 55, all higher both relative to estimates and sequentially, pointing to resilient economic activity with manufacturing continuing to hold firmly in expansionary territory. The labor market likewise remained sturdy, as initial jobless claims fell to 215K, below the 223K expected and the prior week's 226K, with continuing claims at 1.81 million. The softer data were familiar with new home sales for May disappointed at 580K, well short of the 632K expected and the prior 622K, underscoring the continued weakness in housing, while durable goods orders fell 4.5%, a touch worse than the 4% decline expected and a sharp reversal from the prior month's 7.9% gain. Consumer sentiment's final read for June was somewhat mixed but continued to be weak, with the University of Michigan index at 49.5, just below the 50 expected but improved sequentially.

Market and Economic Chartbook | June 28, 2026



GDP Growth Components Over Time

Quarterly GDP growth rate (SAAR) and contributions



Latest data point is Q1 2026

Sources: Clearnomics, U.S. BEA
© 2025 Clearnomics, Inc.

Week ahead

The upcoming holiday-shortened week will focus on geopolitical developments following renewed U.S. strikes after Iran's attack on a commercial vessel in the Strait of Hormuz, testing the recently extended ceasefire. On the economic front, attention will shift to the labor market, with June nonfarm payrolls due Thursday ahead of the July 4 holiday, which will be observed on Friday, July 3rd. Markets expect job growth to remain resilient, with payrolls projected to increase by more than 110,000 and the unemployment rate holding steady at 4.3%. Such an outcome would further support the Fed's increased focus on inflation risks. Fed Chair Warsh is also scheduled to speak before the employment report, with investors looking for any shift from the hawkish

tone conveyed during his inaugural monetary policy press conference. Rounding out the week, markets will receive May JOLTS data and June ISM Manufacturing PMI, which is expected to remain in expansionary territory.

Number of the week: -9.99%

The single-day plunge in South Korea's Kospi on June 23, its largest-ever point decline (-910.71 to 8,203.84), severe enough to trip a market-wide circuit breaker that halted trading for 20 minutes. The move highlighted the concentration risk in South Korea, where Samsung Electronics and SK Hynix together account for roughly 48% of the index and contributed nearly 70% of its 2026 gains to date. Both fell about 12%, their worst single-day performance since the 2008 financial crisis, as foreign investors sold nearly \$3.8bn of shares in a session, triggering a global selloff across semiconductors and AI-related names.

The proliferation of single-stock leveraged ETFs tied to the two chipmakers amplified the unwind. The sixteen of such products that launched only in late May had ballooned from roughly \$3bn in assets to about \$9.1bn by the 23rd, some 92% of it held by retail investors. Because these funds must be rebalanced daily to maintain constant leverage, they are structurally forced to sell into falling prices. The 2x vehicles sold an estimated \$6bn of Samsung and SK Hynix shares in that single session, or roughly 14% of the two stocks' combined volume that day, cascading the decline. Leveraged products now account for approximately 31% of Samsung's daily turnover and 38% of SK Hynix's, significant enough to amplify market price movements. The leverage cut both ways for holders: the seven Samsung-linked funds fell 24.6% on average and the seven SK Hynix funds 25.6%, roughly double the drop in the underlying shares. With borrowed retail positions having reached nearly KRW60 trillion (\$39bn) by the end of May, and the financial regulator (FSS) publicly conceding its approval of these products may have been too hasty, this will require further monitoring as these products, layered onto an already concentrated index, undoubtedly accelerates the shift from risk-on to risk-off.

If you have questions about how this may impact your investments, or how you should be positioned, please do not hesitate to contact us at claudio@caladocapital.com.

The opinions and analyses presented are for educational and informational purposes only, and do not necessarily represent investment advice. As such, it does not consider anyone's particular investment objectives, financial situation, suitability or needs and therefore cannot be relied upon as an appropriate recommendation. If acting on information in these analyses you should consider whether it is appropriate and suitable for your circumstances and may want to seek advice from us, your financial or investment advisor.

Past performance is no guarantee of future results.

Copyright (c) 2026 Clearnomics, Inc. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on or via www.clearnomics.com or any affiliated websites, applications, or services are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments. The text, images, and other materials contained or displayed in this report are proprietary to Clearnomics, Inc. and constitute valuable intellectual property. All unauthorized reproduction or other use of material from Clearnomics, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Clearnomics, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Clearnomics, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

