

***“When reality and dreams collide, typically it’s just your alarm clock going off.” ~~
Crystal Woods***



Good Monday morning,

Stock futures maintained their positive momentum on Monday following a strong week on Wall Street that drove the Dow Jones Industrial Average to record highs. Tech stocks rose broadly in early trading. The State Street Technology Select Sector SPDR ETF (XLK) climbed 1.2%, led by a 4% climb in Western Digital and Teradyne. Marvell and Oracle also gained more than 3% each. Traders this week will turn their eyes to the Federal Reserve, with the minutes of the June meeting — the first led by new Chairman Kevin Warsh — due Wednesday. -CNBC

That Monday-morning glow look---because your nervous system has been in fight-or-flight mode for the last 3 decades...



Headlines for Monday morning, 06-Jul-26:

- Michael Burry’s Micron Short – July 2026

- ◆ Disclosure: On July 2, 2026, Burry revealed via Substack that he shorted \$MU (Micron Technology) at \$1,051.87/share, calling it a “destroyer of capital” in a psychological bubble.
- ◆ Broader Bearish Bets: His shorts extend to \$NVDA , \$AMAT , \$TSLA , \$CAT , and \$SOXX , reflecting skepticism on AI/semiconductor overextension.
- Why Burry is Shorting Micron Extreme Technical Stretch: \$MU was trading farther above its 200-day moving average than at any point since 1984, even after a pullback.
 - Cyclical History: “Micron defines cyclical like no other” — 34 drawdowns >30% in 42 years. Pure DRAM/memory play prone to booms and busts.
 - Poor Capital Returns: Median ROIC ~4%, ROE ~7% vs double-digit cost of capital. Free cash flow negative ~48% of the time. “One quarter in every three, Micron is a destroyer of capital.”
 - Bubble Psychology: Rally driven by FOMO, greater-fool theory, and AI/HBM hype. Rising global capex (e.g., South Korea) signals oversupply risk.
 - Options Strategy: Avoided puts initially due to high premiums; may add later if volatility calms.
- Summary Line: Burry’s Micron short fits his contrarian style — betting that AI-driven memory hype is unsustainable, capital returns remain poor, and history will repeat with another deep cyclical bust.
- SpaceX \$SPCX will be added to the NASDAQ 100 \$QQQ ETF this week
- The US labor force participation rate among 25 to 54-year-olds dropped -0.6 percentage points in June, the 2nd-largest monthly decline on record in data going back to the 1940s.
 - The decline matches those seen in January 1968, March 1960, May 1953, October 1952, and June 1951.
 - The only larger monthly drop was recorded in April 2020, during the pandemic, when nearly the entire economy shut down.
 - As a result, the prime-age labor force participation rate fell to 83.3%, the lowest since December 2023.

- Meanwhile, the total labor force participation rate has declined for 7 consecutive months, to 61.5%, the lowest since February 2021.
- The US stock market is extremely overvalued;
 - The S&P 500 price-to-sales ratio rose to a record 3.2x.
 - This is well above its long-term average of 1.8x, and above the 2.3x peak reached during the 2000 Dot-Com bubble.
 - By comparison, the S&P 500 price-to-earnings ratio sits at 20.2 times expected 12-month earnings, below the 25.2 level reached at the height of the Dot-Com bubble.
 - This makes it one of the few valuation metrics not currently at or near record highs.
 - However, this ratio may be distorted, as earnings supporting this ratio are heavily influenced by AI infrastructure spending that may not generate sustainable returns.
 - Put simply, companies supplying AI infrastructure are benefiting, while the firms funding the buildout still need to prove the payoff.
 - If those earnings turn out to be unsustainable, the market may already be more overvalued than this ratio suggests.
 - Market optimism is running way ahead of earnings reality.
- Berkshire Hathaway's multibillion-dollar buy of Taylor Morrison to boost US housing market While Chinese investors are turning away from America, the conglomerate's US\$6.8 billion cash acquisition could encourage more home sales-SCMP

US MARGIN DEBT IS FLASHING A WARNING:

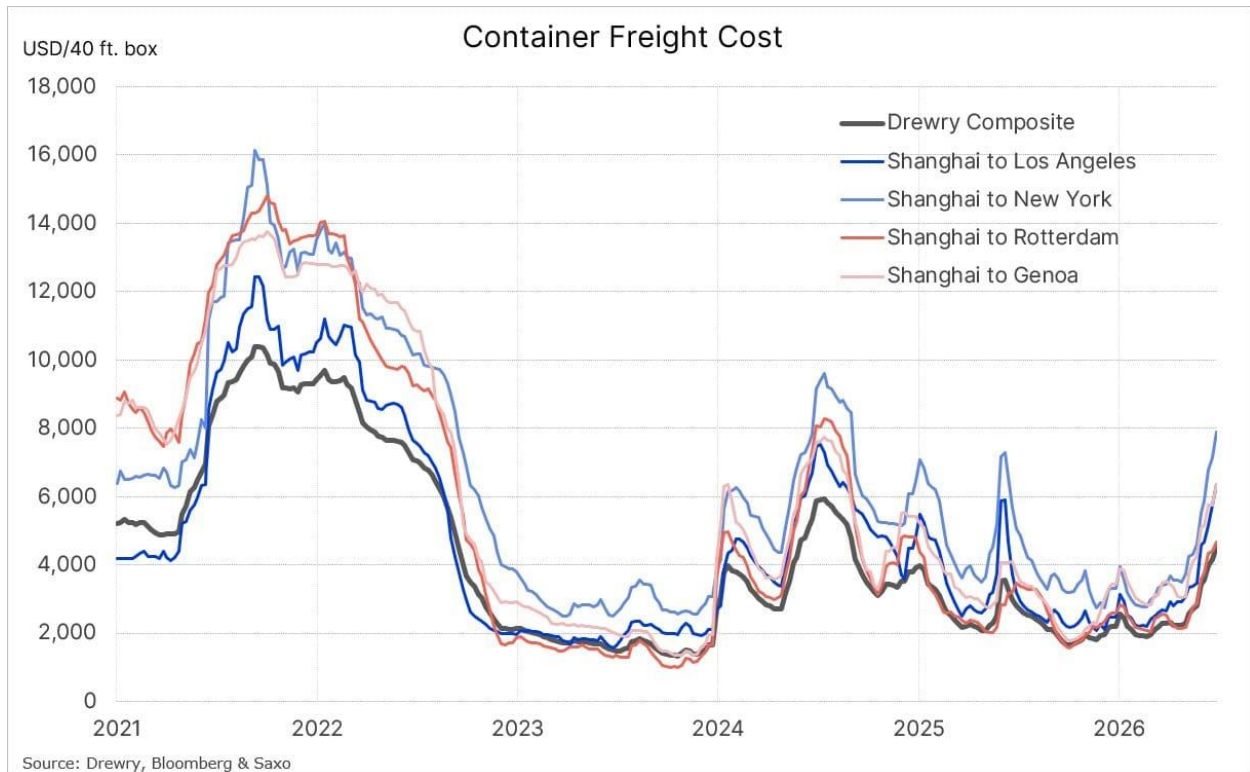
- US margin debt as a share of M2 money supply spiked to 6.2% in May.
- This is just shy of the all-time record of 6.3%, set at the height of the 2000 Dot-Com bubble peak.
- Total margin debt now stands at \$1.4 trillion, an all-time high in dollar terms.
- Historically, spikes in margin debt relative to money supply have preceded major market tops.

- Margin debt peaked in March 2000, just months before the Dot-Com collapse, and again in July 2007, 3 months before the S&P 500 topped out ahead of the Financial Crisis.
- Most recently, it peaked in October 2021, 2 months before the S&P 500's December 2021 high, preceding a -25% drawdown through September 2022.



Container freight costs

- Container freight rates continue to surge, with the Drewry Composite Index reaching a 21-month high of USD 4,530 per 40-foot container, more than doubling year-to-date, with most of the increase occurring since May.



US Semiconductor Stocks are Incredibly Expensive

- The semiconductor index \$SOX forward P/E ratio hit ~30, near the top of its 15-year range.
- Relative to the S&P 500, semiconductors traded as high as ~1.4 times the index's own valuation, also near a multi-year high.
- This comes as doubts are rising over whether AI capital spending is delivering a sufficient return.
- One closely watched measure of what companies actually pay for AI tokens is down almost 20% from its May peak, after nearly doubling since December.
- This may reflect fading pricing power that could weaken the investment case for continued spending.

- Meanwhile, Allianz Research estimates the gap between AI investment and AI-related revenue growth at ~46%, wider than the 32% gap during the 2001 telecom bust.
- Semiconductor valuations are now increasingly tied to whether AI spending can keep justifying itself.

Semiconductors Look Very Expensive

SOX's absolute and relative valuations retrace from top of 15-year range



US stock market concentration has never been this extreme:

- Semiconductor stocks now reflect 19.7% of the S&P 500's total market cap, the most EVER.
- This figure has QUADRUPLED since June 2020.

Semiconductor Weight in the S&P 500

Since 1995



Source: Bloomberg, S&P Global, as compiled by Citadel Securities, GMI, as of June 2026. Figures are for illustrative purposes only. Past performance figures do not guarantee future results.

NFP (I). 57K jobs added in June (111K average for last three months), less than expected but probably more than breakeven.



Trying to decide if you should respond with “okay” or with what you REALLY have to say in a Monday morning email response.



Cryptocurrency

- On this day in history, 16 years ago, Satoshi Nakamoto posted one of their most quoted lines about Bitcoin, “There's nothing to relate it to.”

Michael Saylor hints at buying more Bitcoin. "Bitcoin is Digital Energy."



BTC ETF flows

- Since peaking on October 6 last year, cumulative outflows from Bitcoin ETFs have reached \$10.5 billion.
- What's staggering is that 89% of that entire drawdown has come in the last 2 months alone.

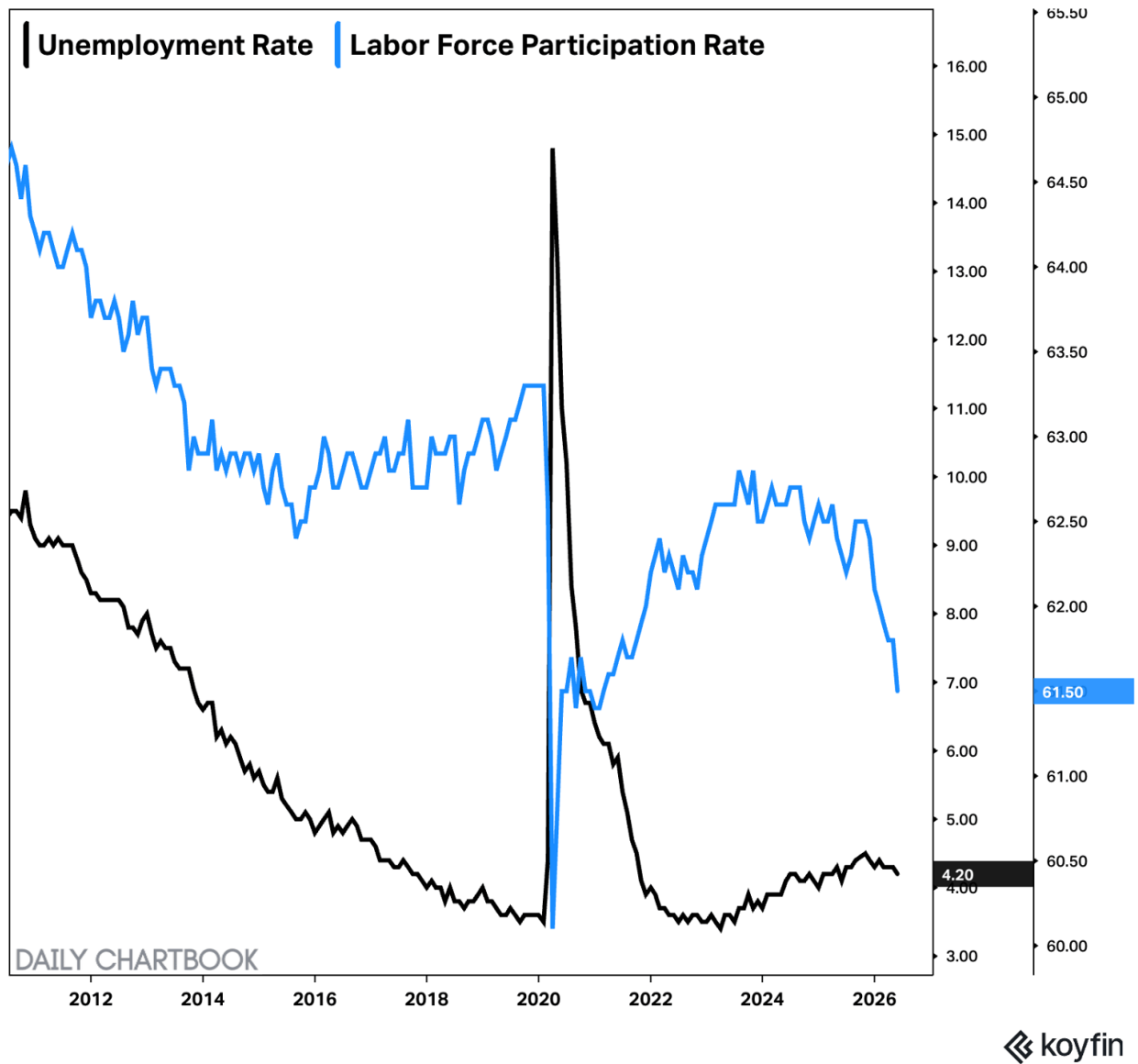


When you're on your third mood of the morning and someone asks if you're ok.

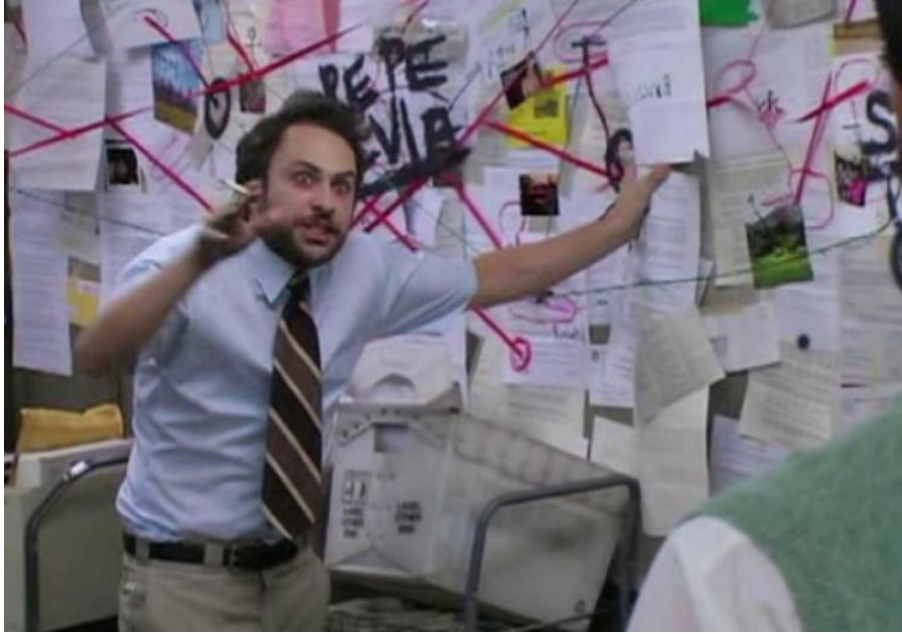


Unemployment rate

- The unemployment rate ticked down to 4.2% (4.3% prev) in June, but the decline was not driven by hiring strength: the labor force participation rate dropped to 61.5%, the lowest since Mar'21.

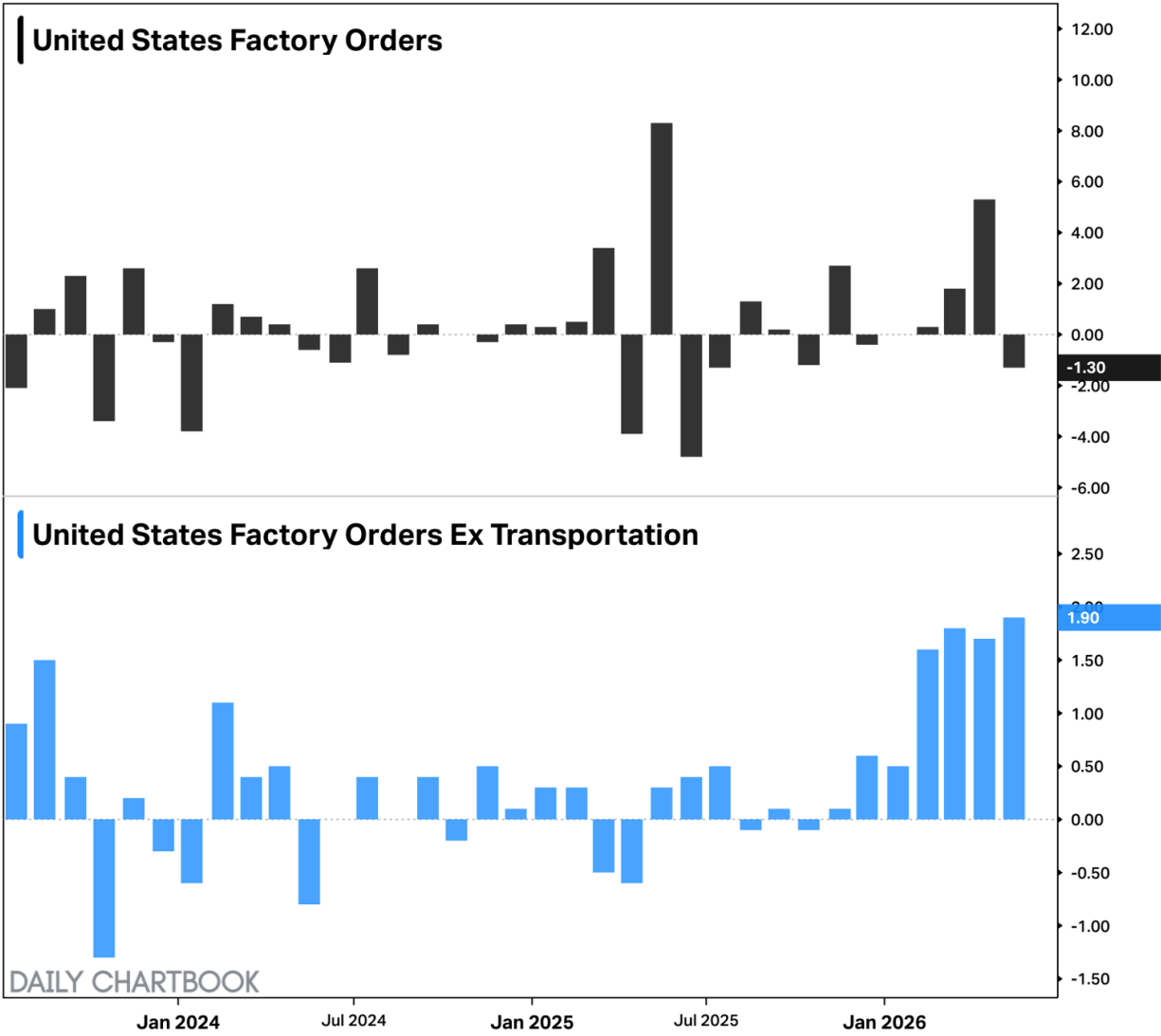


Responding to someone, who asks “Hey, how was the weekend”, like



Factory orders

- Factory orders fell by less than expected in May (-1.3% vs. -1.8% est) driven by a drop in durable goods orders, which was led by a 14% drop in transportation equipment. Ex-transportation order rose by 1.9%, the strongest monthly growth in +4 years.



	LAST	CHANGE	% CHG		LAST	CHANGE	% CHG
.DJI	52,900.07 USD	+594.83	+1.14%	SLV	56.13 USD	+1.11	+2.02%
.IXIC	25,832.672 USD	-207.359	-0.80%	PSLV	19.82 USD	+0.37	+1.90%
.SPX	7,483.24 USD	+0.01	+0.00%	AG	18.20 USD	+0.38	+2.13%
@SP.1	7,564.25 USD	+36.00	+0.48%	SPCX	164.63 USD	+2.63	+1.62%
.VIX	16.33 USD	+0.52	+3.29%	BITO	8.52 USD	+0.18	+2.16%
@CL.1	68.31 USD	-0.38	-0.55%	AA	49.84 USD	+1.16	+2.38%
@GC.1	4,161.30 USD	+35.60	+0.86%	UNH	424.81 USD	-0.55	-0.13%
@SI.1	62.46 USD	+1.396	+2.29%	AI	9.10 USD	+0.04	+0.44%
US10Y	4.461%	-0.018	-0.4019%	LLY	1,215.30 USD	+1.39	+0.11%
BTC.CM=	62,808.56 USD	+71.42	+0.11%	RH	169.08 USD	+5.03	+3.07%
ETC.BF=	7.12 USD	-0.05	-0.73%	COIN	169.00 USD	+3.52	+2.13%
CAD=	1.4214	+0.0016	+0.11%	CRK	14.80 USD	+0.12	+0.82%
EUR=	1.1417	-0.0018	-0.1574%	CVX	168.75 USD	-0.45	-0.27%
GBP=	1.3339	-0.0012	-0.0899%	GLW	199.12 USD	+2.33	+1.18%
JPY=	162.31	+0.94	+0.58%	SBUX	104.00 USD	-0.27	-0.26%
AAPL	305.70 USD	-2.93	-0.95%	MNTN	11.15 USD	+0.30	+2.76%
AMZN	246.23 USD	+3.56	+1.47%	HIMS	36.97 USD	+0.17	+0.46%
BRK.B	507.09 USD	-0.69	-0.14%	RIOT	22.63 USD	+0.52	+2.35%
DEFT	0.56 USD	+0.03	+5.6604%	DEFI	69.79 USD	+1.94	+2.86%
TSLA	399.76 USD	+6.31	+1.60%	XRPI	6.24 USD	+0.27	+4.52%
META	592.77 USD	+9.87	+1.69%	ASTS	86.08 USD	+0.95	+1.12%
MSFT	391.15 USD	+0.66	+0.17%	BRZE	23.78 USD	-0.03	-0.13%
GOOGL	361.71 USD	+1.80	+0.50%	DJT	8.53 USD	-0.01	-0.12%
NVDA	195.27 USD	+0.44	+0.23%	GME	22.82 USD	UNCH	UNCH
QQQ	720.56 USD	+7.96	+1.12%	BA	226.58 USD	+0.09	+0.04%
NFLX	77.85 USD	+0.20	+0.26%	DKS	236.18 USD	+6.42	+2.79%

Coin		Price	1h	24h	7d	24h Volume	Market Cap
 Bitcoin BTC	Buy	\$62,816.84	▼ 0.4%	▲ 0.1%	▲ 4.4%	\$22,156,549,329	\$1,259,799,151,303
 Ethereum ETH	Buy	\$1,765.56	▼ 0.4%	▲ 0.1%	▲ 11.7%	\$7,963,871,629	\$213,016,031,879
 Tether USDT		\$0.9992	▲ 0.0%	▲ 0.0%	▲ 0.0%	\$34,228,100,908	\$184,180,747,207
 BNB BNB	Buy	\$579.13	▼ 0.5%	▲ 0.5%	▲ 4.4%	\$792,034,009	\$78,054,519,742
 USDC USDC		\$0.9995	▲ 0.0%	▲ 0.0%	▲ 0.0%	\$6,527,689,885	\$72,863,238,733
 XRP XRP	Buy	\$1.14	▼ 0.5%	▲ 0.7%	▲ 8.6%	\$1,215,418,265	\$71,036,069,105
 Solana SOL	Buy	\$80.32	▼ 0.4%	▲ 0.2%	▲ 9.9%	\$1,670,996,239	\$46,694,814,492
 TRON TRX	Buy	\$0.3268	▼ 0.1%	▲ 0.6%	▲ 0.9%	\$511,800,118	\$30,998,198,819
 Hypertliquid HYPE	Buy	\$70.30	▼ 0.5%	▲ 2.1%	▲ 11.9%	\$376,586,593	\$15,643,295,408
 Dogecoin DOGE	Buy	\$0.07682	▼ 0.4%	▲ 1.5%	▲ 5.5%	\$522,318,601	\$11,898,365,458

Cheers,

-NOD-

Nathaniel Orr-Depner

<https://www.stickytrades.com/nodlive/>