

June continued to extend a nice rebound from the March lows of the Iran-U.S. conflict. And while there is no seemingly clear resolution to that conflict, the markets are no longer overly bothered.

Two developments that caught my attention in June are (1) the decrease in the price of oil, and (2) a seeming battle within the tech sector between many semi-conductor and memory stocks on one side and most of the Mag7 and software stocks on the other side.

The decrease in the price of oil is a positive development and makes me less fearful of a possible increase in the inflation rate which could be followed by an increase in central bank rates. Stable or even decreasing inflation would be nice, although the stock market has often performed well even in the face of above-average inflation.

A see-saw battle within the tech sector does not seem to be getting much attention, but it is ongoing. My opinion is that the tech companies that are responsible for the build-out of Artificial Intelligence (A.I.) are clear short-term winners, but in the long-run we should also look at companies who will be selling and using A.I.. Consequently, I think tech companies who can integrate A.I. into what they offer their clients along with companies who can operate more efficiently as a result of A.I. will be long-term beneficiaries.

As mentioned back in June, I do believe corporate profits will continue to be strong in the medium term. As such, I would view corrections as (1) buying opportunities for new cash, and (2) re-balancing opportunities for existing portfolios (meaning a partial shift from fixed income to equities).

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