Wealth Management
Dominion Securities

Cooper Wealth Management of
RBC Dominion Securities

Thoughts on the market

July 7, 2026

RBC Dominion Securities Inc.

Written by Walter Harmidarow, CIM, CFP, FCSI
Portfolio Manager and Senior Wealth Advisor

Our Advisors

Charles Cook
Portfolio Manager &
Senior Wealth Advisor

Walter Harmidarow
Portfolio Manager &
Senior Wealth Advisor

Trevor Cooper
Portfolio Manager &
Senior Wealth Advisor

Larry Maxwell
Portfolio Manager &
Senior Wealth Advisor

W. Frank Cooper
Senior Wealth Advisor

Jeff Gray
Associate Portfolio Manager

Rachel Cooper
Associate Wealth Advisor

Amanda De Groote
Associate Wealth Advisor

Pamela Townsend
Associate Advisor

Danny Campbell
Financial Planner

Our Team

Karen Charlesworth

Holly Kelly

Stephanie Fletcher

Maddy Bodden

Kiyanna Marshall

The Investment Frontier

"Space. The final frontier."

- James T. Kirk, Captain

Opening monologue for Star Trek

The recent successful initial public offering (IPO) for SpaceX has opened up new frontiers in both the public and private equity markets and again reaffirmed the continuing and expanding growth of artificial intelligence. This offering was remarkable for a number of reasons, and it has us wondering about potentially long-term changes in the investment frontier that could be both positive and negative. This month, we will explore SpaceX and other pending IPOs for guidance towards the future course of the market, as well as other issues currently in our orbit

The SpaceX offering was unique for a number of reasons. First, the sheer dollar value of the final deal at $85.7 billion made it the largest IPO in history by a wide margin. Even more amazing is that only 5% of the company shares were offered for sale and the company had a first day closing evaluation of $1.77 trillion, vaulting into the top 10 American companies by market capitalization at number eight, ironically, just ahead of his other company, Tesla. On the first day of trading, SpaceX jumped from its IPO price of $135 to close four days later at a high of $225.64, making Elon Musk the world‘s first trillionaire, if only for 12 days. The stock has since fallen back to earth at $154.54 at time of writing.

So, what brought SpaceX and other large capitalization technology names back down? There are a number of factors. To begin, SpaceX immediately raised an additional $25 billion in debt on top of its equity issue. This once again highlighted concerns that the biggest AI players were moving from positive to negative free cash flow and now issuing more shares instead of buying shares back. The market is assuming that AI spending will have to slow, and discounting future growth accordingly by reducing current share prices of the biggest players. At some point within the next two years, we expect at least one major player to throw in the towel on spending, and the most likely candidate appears to be SpaceX’s XAI division. Recently, XAI leased out 40% of its data centre power to Anthropic for $1.25 billion per month and Google at $920 million per month, totalling $2.17 billion. These deals raised a lot of questions: how can xAI spare 40% of its computing power? XAI claims it had moved the development of Grok, their AI model to a newer data centre with a newer generation of Nvidia chips. The fact that they were weren’t using all their computing power and struck these deals suggest they are hedging their bets since both Anthropic and OpenAI ChatGPT are more popular.

According to SpaceX‘s IPO numbers, the AI division generated $3.2 billion in revenue in 2025 and a $6.4 billion loss. In other words, they can cover last year‘s loss in just three months under these new rental agreements. If the deals last a full year, they would gross $26 billion or over eight times or 2025 earnings. The one catch is that both these deals can be cancelled within 90 days notice. It’s an interesting possibility and would dramatically change their profitability if they pursue it but only time will tell.

Another key factor in growth company valuations is interest rates. They act as gravity for the equity markets: the higher rates go, the greater the downward pull-on equities. Newly appointed US Federal Reserve Chairman Warsh recently held his first meeting, and the overall tone was for flat to possibly higher rates, depending on inflation. The surge on US inflation was largely driven by energy prices. The price of oil has fallen over $20 since the tentative deal with Iran but tensions remain high in the region. There remain many unresolved issues, and we are not yet returned to business as usual in the Strait of Hormuz. Currently, approximately 20 ships per day are clearing the Strait when normal volume is 100, and this only represents the backlog. We have seen no reports of new ships entering, and until that happens, global oil supply will remain constricted, and prices could rise again if there is renewed conflict. US inflation numbers will likely ease in the next month or so, but until the war with Iran is finally resolved, we expect that uncertainty to weigh on growth stocks in the short term.

Next, we have to consider the competition. Both Anthropic and OpenAI have filed to go public, but given the muted performance of SpaceX, neither one seems to be in a hurry within Anthropic now talking about waiting until 2027. At this point, they may be waiting until their numbers improve. Both companies are hoping for $1 trillion valuation, but they will likely have to wait for better market conditions to get there.

Another important issue for SpaceX is inclusion in the NASDAQ index. This will force ETFs and passive index funds to automatically buy shares, regardless of price. Given the expected demand, we expected to see a temporary jump in price, however, this has proven not to be the case, as the stock has actually declined on the first day of trading in the index as large institutions have already sold shares to the index funds previously. As the year rolls on, millions of shares will be released from IPO lockup agreements, which will help the supply/demand situation stay in balance even more.

The AI arms race remains the central focus of the market, but a note of caution has finally found this way into valuations. As we said before, debt and equity issuance, circular financing and greatly reduced free cash flows are all concerns. While the share price of major AI developers, such as Nvidia, Microsoft, Amazon, and Google have stalled, the picks and shovels companies that are actually constructing the data centres have outperformed the market. Names in our portfolio such as GE Vernova, Caterpillar , Vertiv and Micron have boosted results. We expect this trend to continue in the coming months as the AI spending spree continues.

The rest of the investment frontier looks positive. In Canada, many of the oil producers have corrected back to pre-Iran war prices but remain firmly in positive territory for the year. With the price of oil in the $70 range, Canadian companies continue to reward shareholders with dividends and buybacks, so we continue to expect these stocks to perform well. The pipelines have held up even better and are trading above pre-war prices. The financials have also performed well, with the bank shares leading the way. While gold and the base metal stocks have corrected, one area thats been strong, but under the radar has been the rails, with both CNR and CP posting results better than the overall market.

Expectations remain high for the future of AI. Productivity gains are improving corporate profitability across multiple sectors. However, all this progress comes at a cost, measured in the billions for the developers. Everyone is trying to build the best mouse trap, but in the end, it will be about the users. Apple, Google and Meta are all well positioned with over 1 billion monthly users each, but we think Apple wins no matter which AI platform eventually dominates as they are only spending a fraction of the other companies and we believe someone will eventually come to them with a deal.

Though there's some dark clouds on the investment frontier relating to AI, the overall market outlook remains positive. Strong corporate earnings and consumer spending show that the economy remains on track, and we believe our lower picks and shovels approach to AI will continue to generate positive results moving forward. Until next time, enjoy the warm weather and stay well.

As always, questions, concerns, comments and feedback are welcome.

Yours truly,

Walter, Charles, Trevor and the Cooper Wealth Management team

Wealth Management
Dominion Securities