

Youtube Channel 

MOM:

STAYED UP ALL NIGHT WITH YOU WHEN YOU WERE SICK. PRAYED FOR YOU. KISSED YOUR BOO-BOOS. MADE YOUR DINNERS. BECAME YOUR PERSONAL VALET AND TAXI DRIVER. WENT TO YOUR PERFORMANCES AND PHOTOGRAPHED YOUR EVERY MOVE. CHEERED YOU. CHAMPIONED YOU...

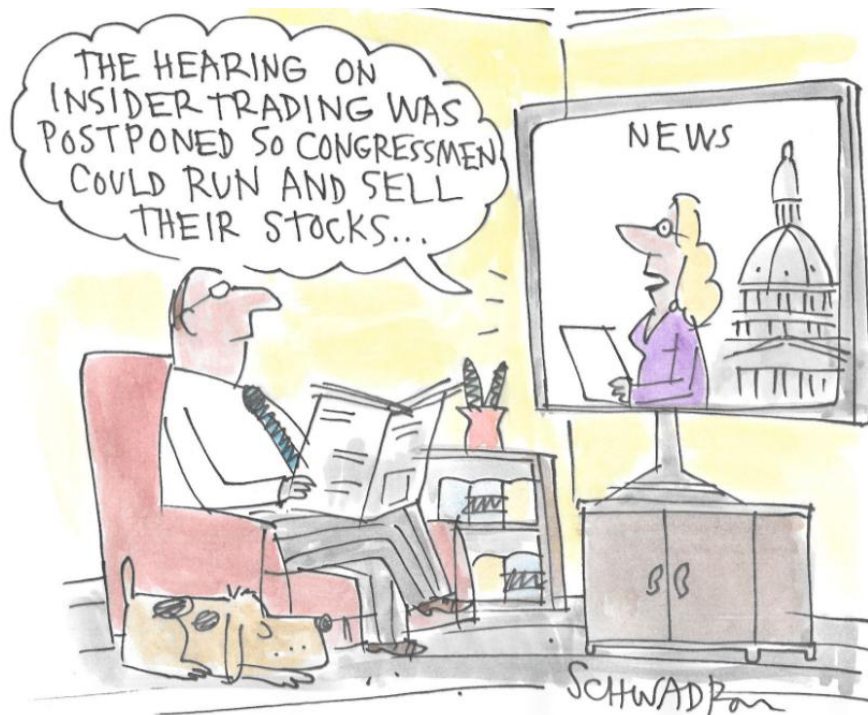
AND ALL YOU NEED TO DO IS THANK HER EVERY SO OFTEN.



PRETTY GOOD TRADE

 OTTAWA CITIZEN
Caglecartoons.com
syndicam.com





Disclaimer: I am not a financial advisor, and do not make any recommendations on what to buy or sell.

The information offered here is for educational purposes only and does not constitute financial, legal or professional advice. NO ONE, including me, has any idea what the market will do.

Each person must determine their own risk profile, trading/investing style and take responsibility for any trades they make. Always do your own research and due diligence before making any investment decisions.













Past performance does not guarantee future results!

Most of the charts shown in this newsletter are courtesy of StockCharts.com and can be found on the website shown at the top of the page. Here is a link to the StockCharts.com pricing and if you sign up, I would appreciate if you used my email as a referral (danbyrd@comcast.net)












[Service Levels, Data Plans and Pricing | StockCharts.com](#)



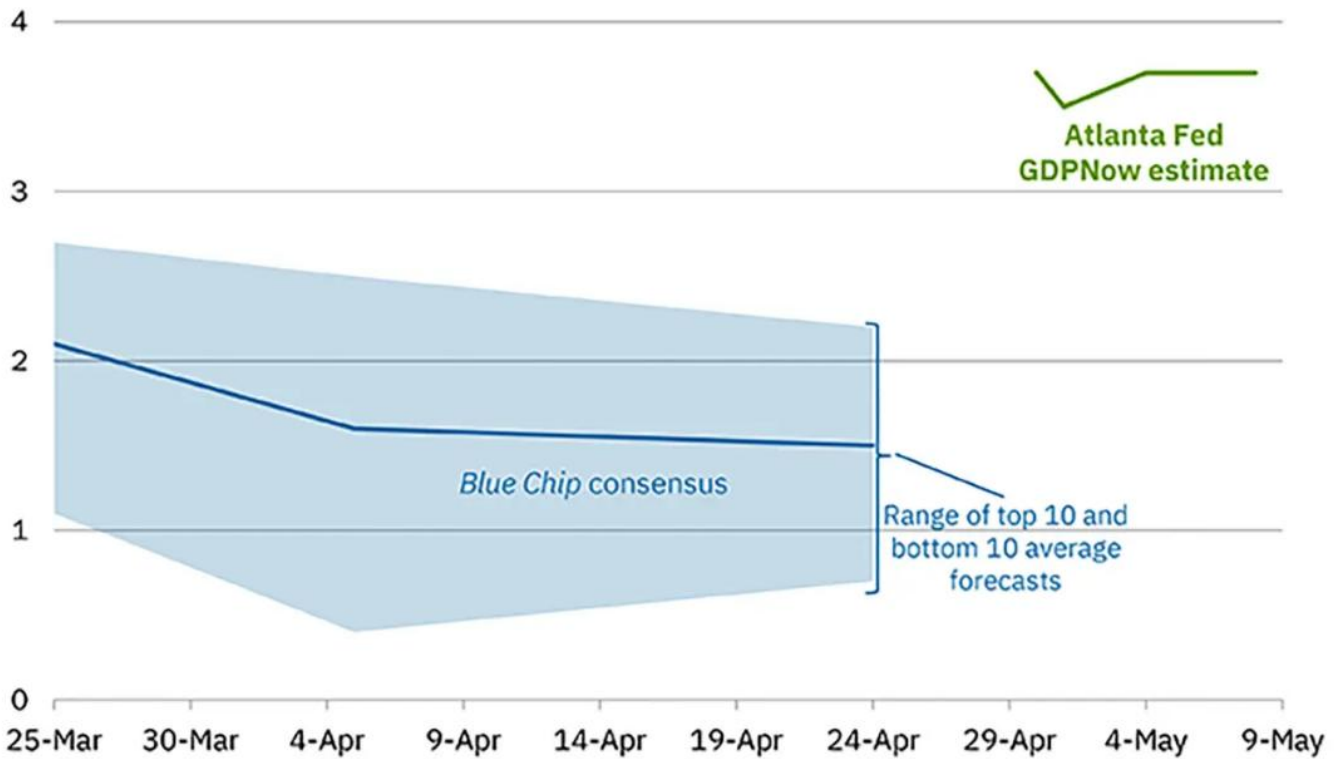
Economic Calendar for Last Week:

Time	Cur.	Event	Imp.	Actual	Forecast	Previous
09:45	 US	S&P Global Services PMI (Apr)	★★★	51.0	51.3	49.8
09:59	 US	New Home Sales (Feb)	★★★	635K		583K
10:00	 US	New Home Sales (Mar)	★★★	682K	652K	635K
10:00	 US	JOLTS Job Openings (Mar)	★★★	6.866M	6.860M	6.922M
10:00	 US	ISM Non-Manufacturing Prices (Apr)	★★★	70.7	73.7	70.7
10:00	 US	ISM Non-Manufacturing PMI (Apr)	★★★	53.6	53.7	54.0
Wednesday, May 6, 2026						
08:15	 US	ADP Nonfarm Employment Change (Apr)	★★★	109K	118K	61K
10:30	 US	Crude Oil Inventories	★★★	-2.313M	-3.400M	-6.234M
Thursday, May 7, 2026						
08:30	 US	Initial Jobless Claims	★★★	200K	205K	190K
Friday, May 8, 2026						
08:30	 US	Average Hourly Earnings (MoM) (Apr)	★★★	0.2%	0.3%	0.2%
08:30	 US	Nonfarm Payrolls (Apr)	★★★	115K	65K	185K
08:30	 US	Unemployment Rate (Apr)	★★★	4.3%	4.3%	4.3%

Economic Calendar for Next Week:

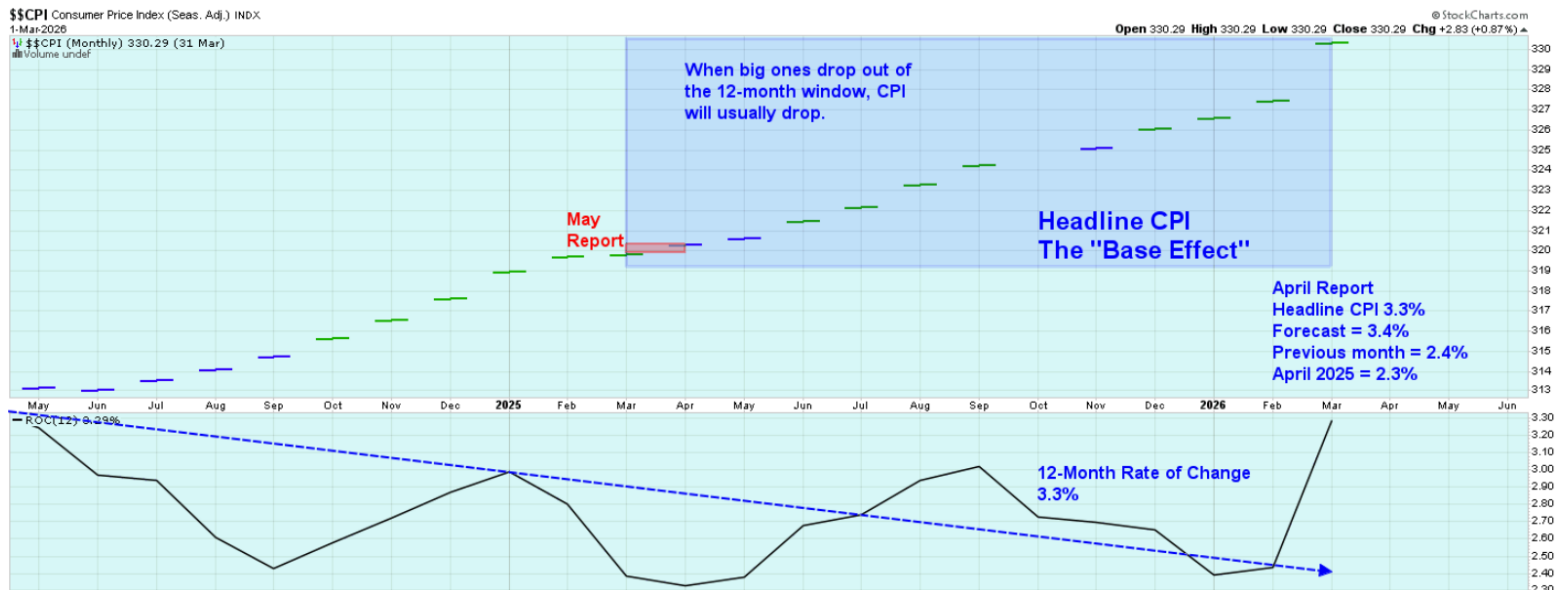
Time	Cur.	Event	Imp.	Actual	Forecast	Previous
Monday, May 11, 2026						
10:00	 US	Existing Home Sales (Apr)	★★★		4.05M	3.98M
Tuesday, May 12, 2026						
08:30	 US	CPI (MoM) (Apr)	★★★		0.6%	0.9%
08:30	 US	CPI (YoY) (Apr)	★★★			3.3%
08:30	 US	Core CPI (MoM) (Apr)	★★★		0.4%	0.2%
13:00	 US	10-Year Note Auction	★★★			4.282%
Wednesday, May 13, 2026						
08:30	 US	PPI (MoM) (Apr)	★★★		0.4%	0.5%
10:30	 US	Crude Oil Inventories	★★★			-2.313M
13:00	 US	30-Year Bond Auction	★★★			4.876%
Thursday, May 14, 2026						
08:30	 US	Retail Sales (MoM) (Apr)	★★★			1.7%
08:30	 US	Core Retail Sales (MoM) (Apr)	★★★			1.9%
08:30	 US	Initial Jobless Claims	★★★			200K

Quarterly percent change (SAAR)

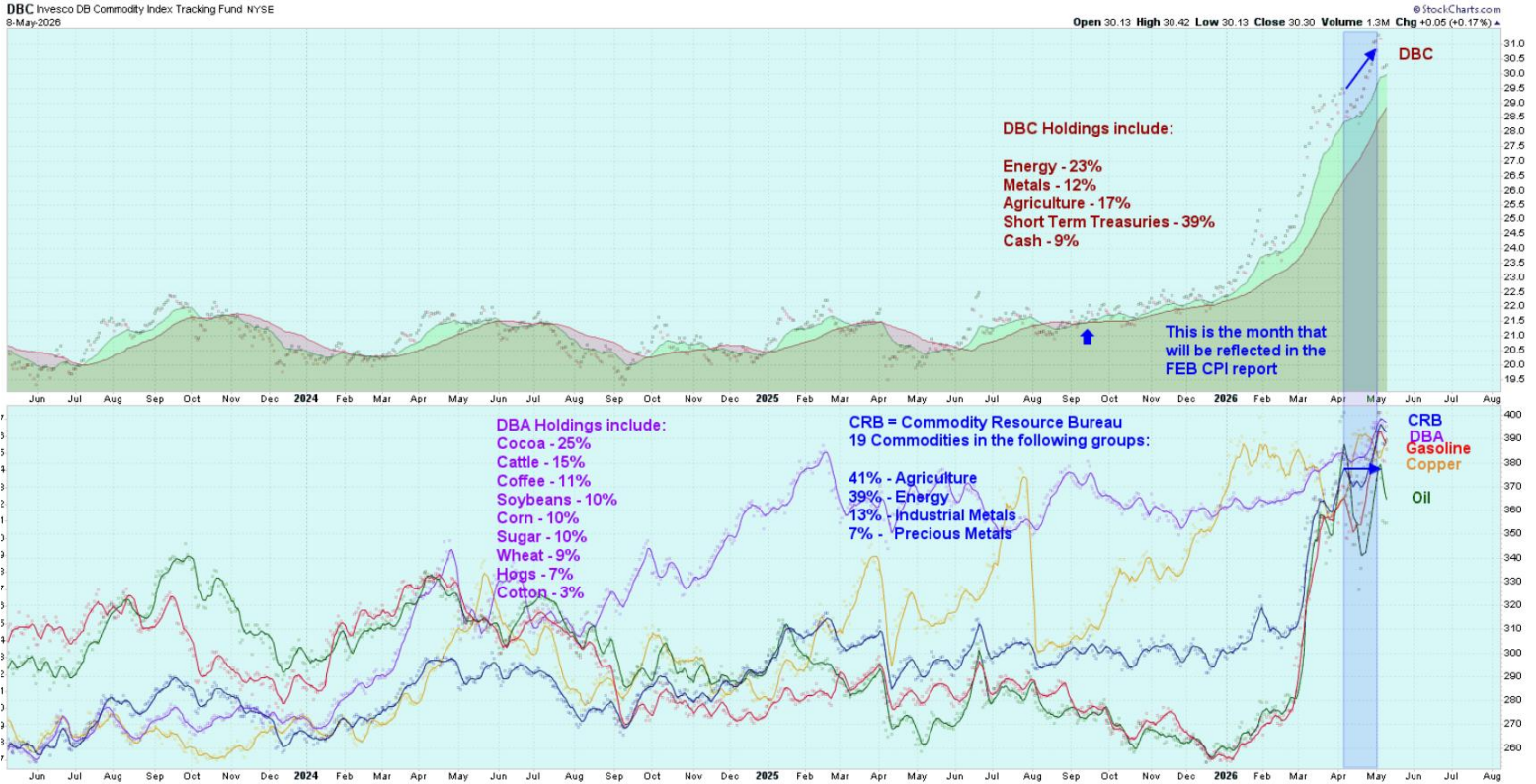


CPI (Inflation) report is on Tuesday. There is a small one dropping off and could mean a higher number than expected. Last month CPI went from 2.4% to 3.3%, but because the expectation was for 3.4%, the market actually handled it well.

This has the potential to give the market an excuse to pull back.



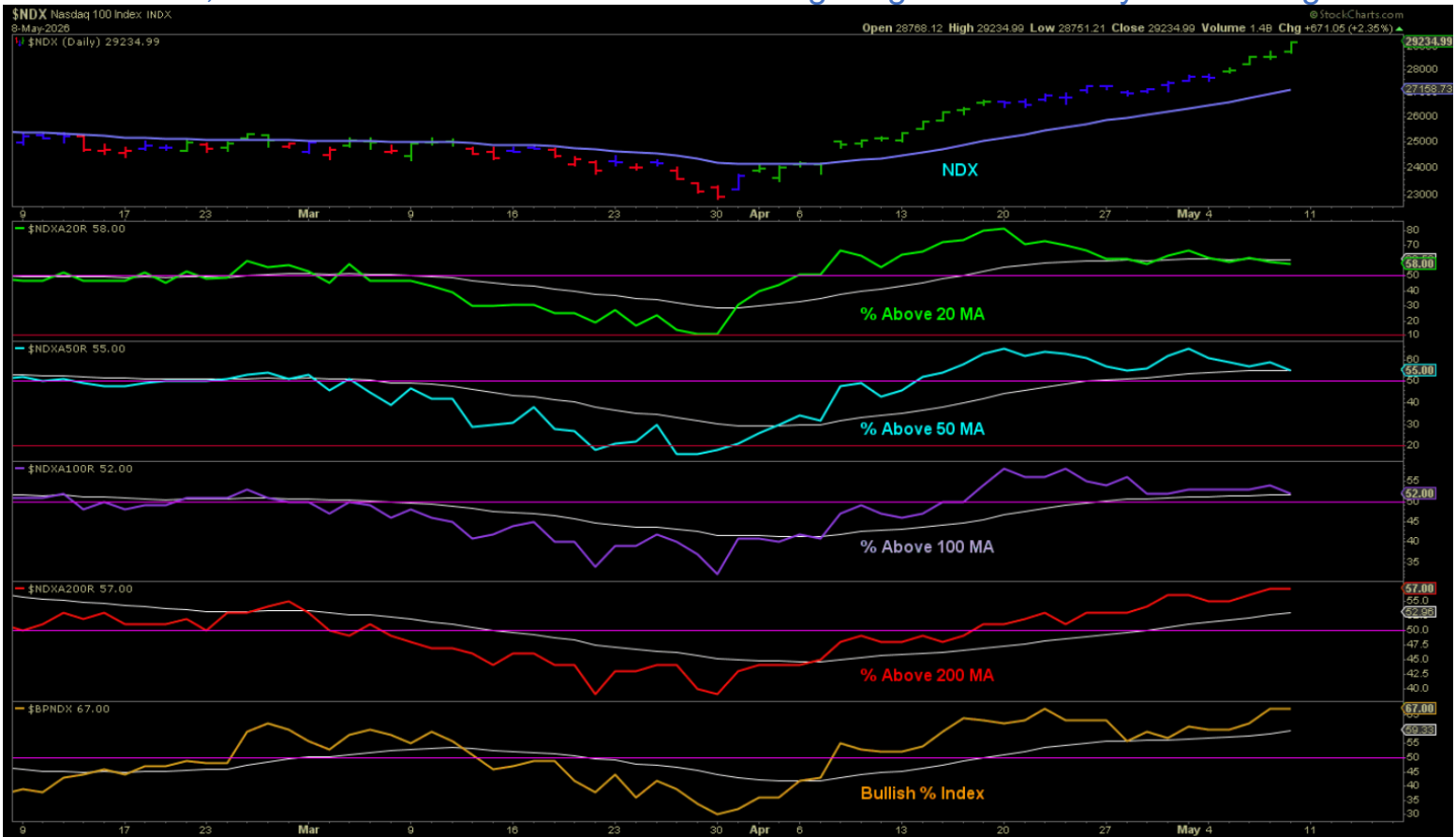
Commodities are also not cooperating, still climbing higher since last month.



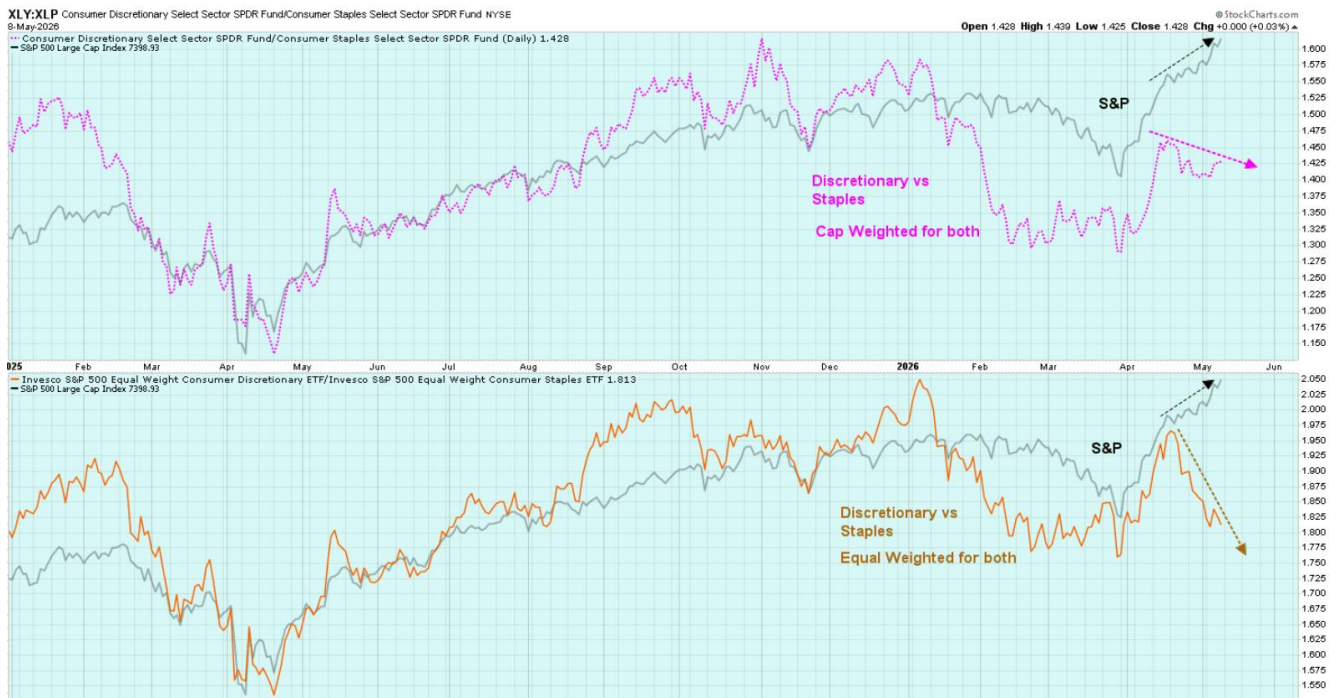
Interesting dynamic between the VIX and the Put/Call Ratio:



One early warning sign as the NDX continues to make fresh new highs, but the % of stocks above the 20, 50 & 100 MA declines. The fuel for higher gains are slowly diminishing.



Also concerning is the Discretionary (Growth) vs Staples (Value) ratio. In the upper panel is the Cap Weighted sector ETF. AMZN & TSLA make up nearly 45% of the Cap Weighted ETF. The 2nd panel shows them as equal weighted, which highlights the rotation.



But the trend is showing no signs of abating!

NDX



SPX



AI Datacenter Build Out

AI DATACENTER ECOSYSTEM



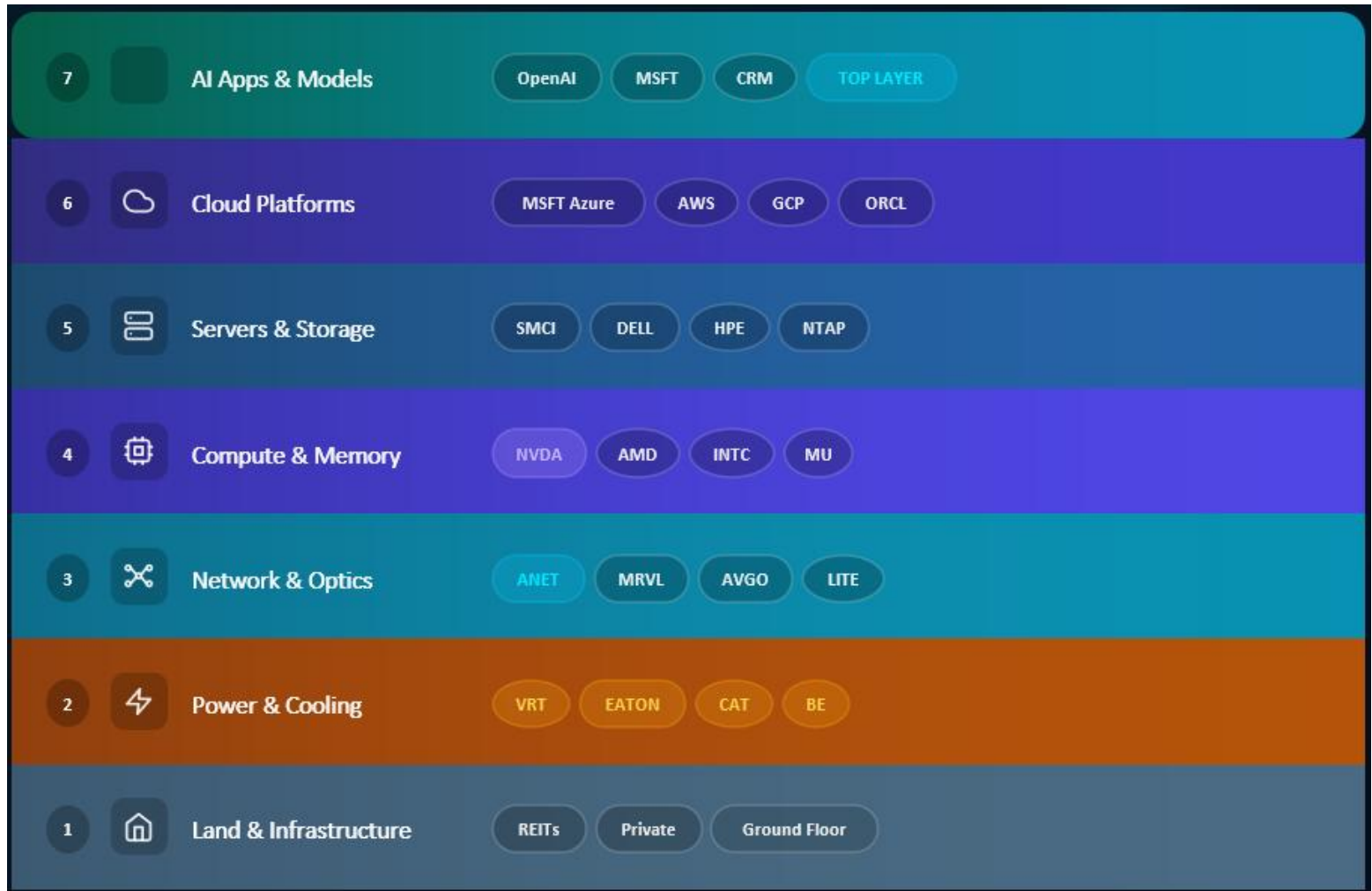
Year	Bottleneck Focus	Description	Key Players
2024	Power & Cooling	Grid interconnect delays, liquid cooling adoption surge.	VRT, EATON, CARR, JCI
2025	Optics / Interconnect	800G rollout hits scaling limits; CPO pilots begin.	ANET, MRVL, AVGO, HIMX, LITE
2026	HBM / Memory	HBM3E shortages; new fabs ramp in Korea & Idaho.	MU, SK Hynix, Samsung
2027	Integration & Efficiency	Rack-scale integration, power reuse, optical maturity.	SMCI, CLST, NVDA, AMD

For those that are Stockcharts members, please click on this link for the full list of AI names. Please also “Vote” and “Follow” to help move this list up in the rankings.

AI Buildout Names

The Stack Is the Strategy.

AI infrastructure is not a theme — it is a multi-decade capital cycle spanning seven distinct investment verticals.



Weekly Performance:



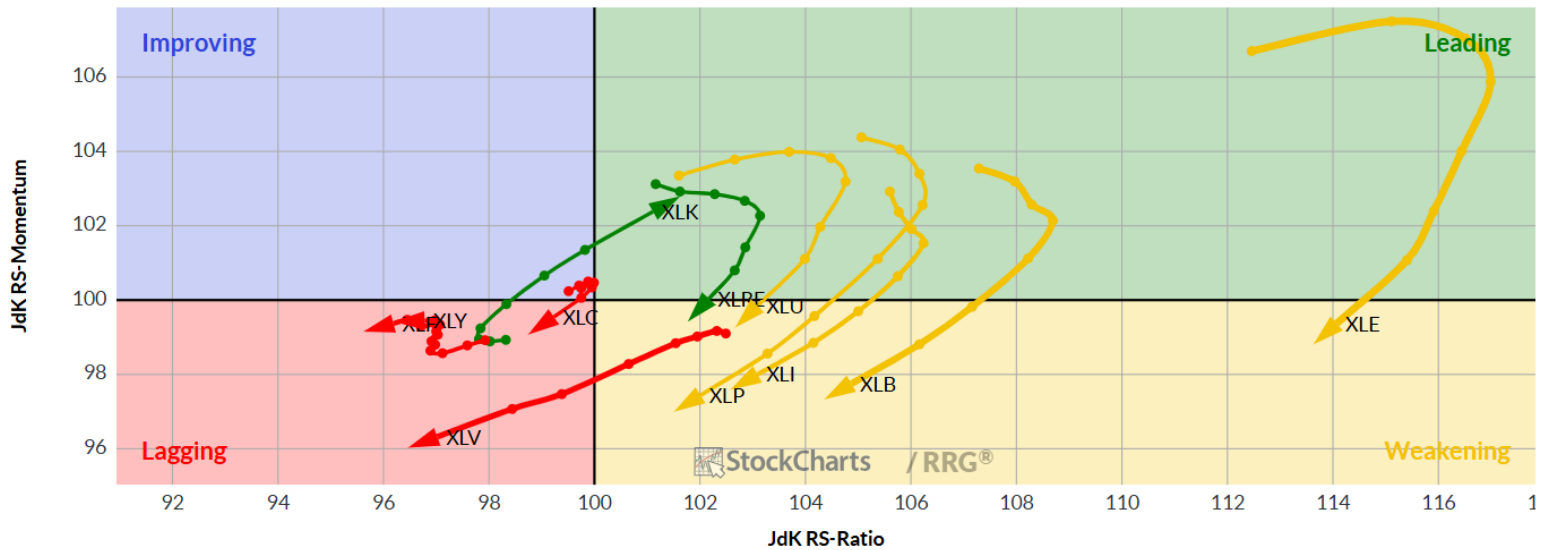
Double click on a box to open the Symbol Summary for that ticker

TIMEFRAME

One Week Send Daily Report Send Weekly Report

NAME	% CHG	+/-	DATE
XLK - Technology Select Sector SPDR Fund	+8.43%	<div style="width: 84.3%;"></div>	05-08, 16:00
\$NDX - Nasdaq 100 Index	+5.50%	<div style="width: 55%;"></div>	05-08, 16:26
\$BTCUSD - Bitcoin to US Dollar	+2.60%	<div style="width: 26%;"></div>	05-08, 20:26
GLD - SPDR Gold Shares	+2.50%	<div style="width: 25%;"></div>	05-08, 16:00
\$SPX - S&P 500 Large Cap Index	+2.33%	<div style="width: 23.3%;"></div>	05-08, 16:20
IWM - iShares Russell 2000 ETF	+1.75%	<div style="width: 17.5%;"></div>	05-08, 16:00
XLY - Consumer Discretionary Select Sector SPDR Fund	+1.32%	<div style="width: 13.2%;"></div>	05-08, 16:00
XLB - Materials Select Sector SPDR Fund	+0.47%	<div style="width: 4.7%;"></div>	05-08, 16:00
XLRE - Real Estate Select Sector SPDR Fund	+0.20%	<div style="width: 2%;"></div>	05-08, 16:00
XLC - Communication Services Select Sector SPDR Fund	+0.19%	<div style="width: 1.9%;"></div>	05-08, 16:00
XLI - Industrial Select Sector SPDR Fund	+0.14%	<div style="width: 1.4%;"></div>	05-08, 16:00
XLP - Consumer Staples Select Sector SPDR Fund	+0.01%	<div style="width: 0.1%;"></div>	05-08, 16:00
XLV - Health Care Select Sector SPDR Fund	-1.15%	<div style="width: 11.5%;"></div>	05-08, 16:00
XLF - Financial Select Sector SPDR Fund	-1.31%	<div style="width: 13.1%;"></div>	05-08, 16:00
XLU - Utilities Select Sector SPDR Fund	-3.93%	<div style="width: 39.3%;"></div>	05-08, 16:00
XLE - Energy Select Sector SPDR Fund	-5.35%	<div style="width: 53.5%;"></div>	05-08, 16:00

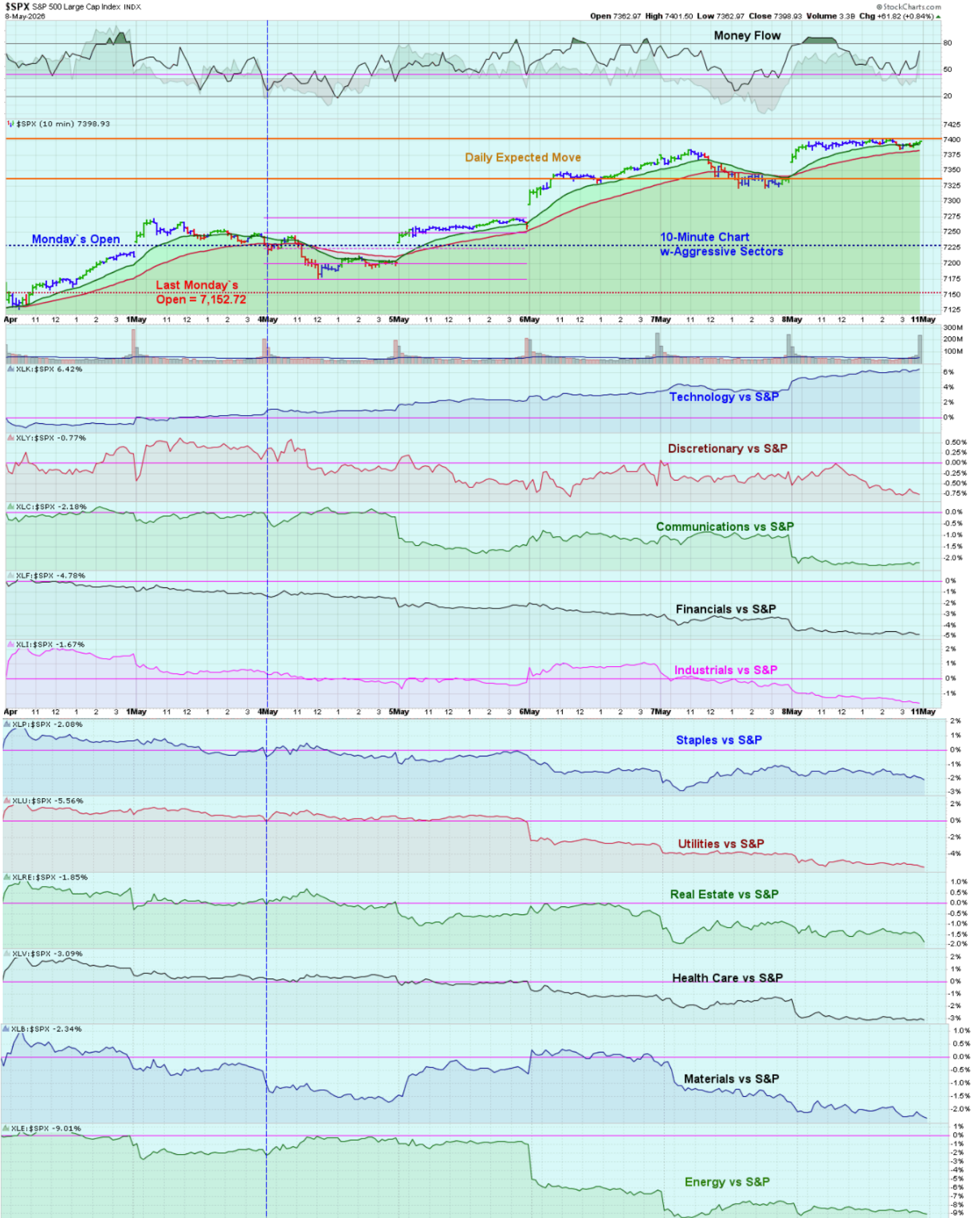
This Sector Rotation Chart clearly shows that Technology (XLK) is the only thing driving this market higher.

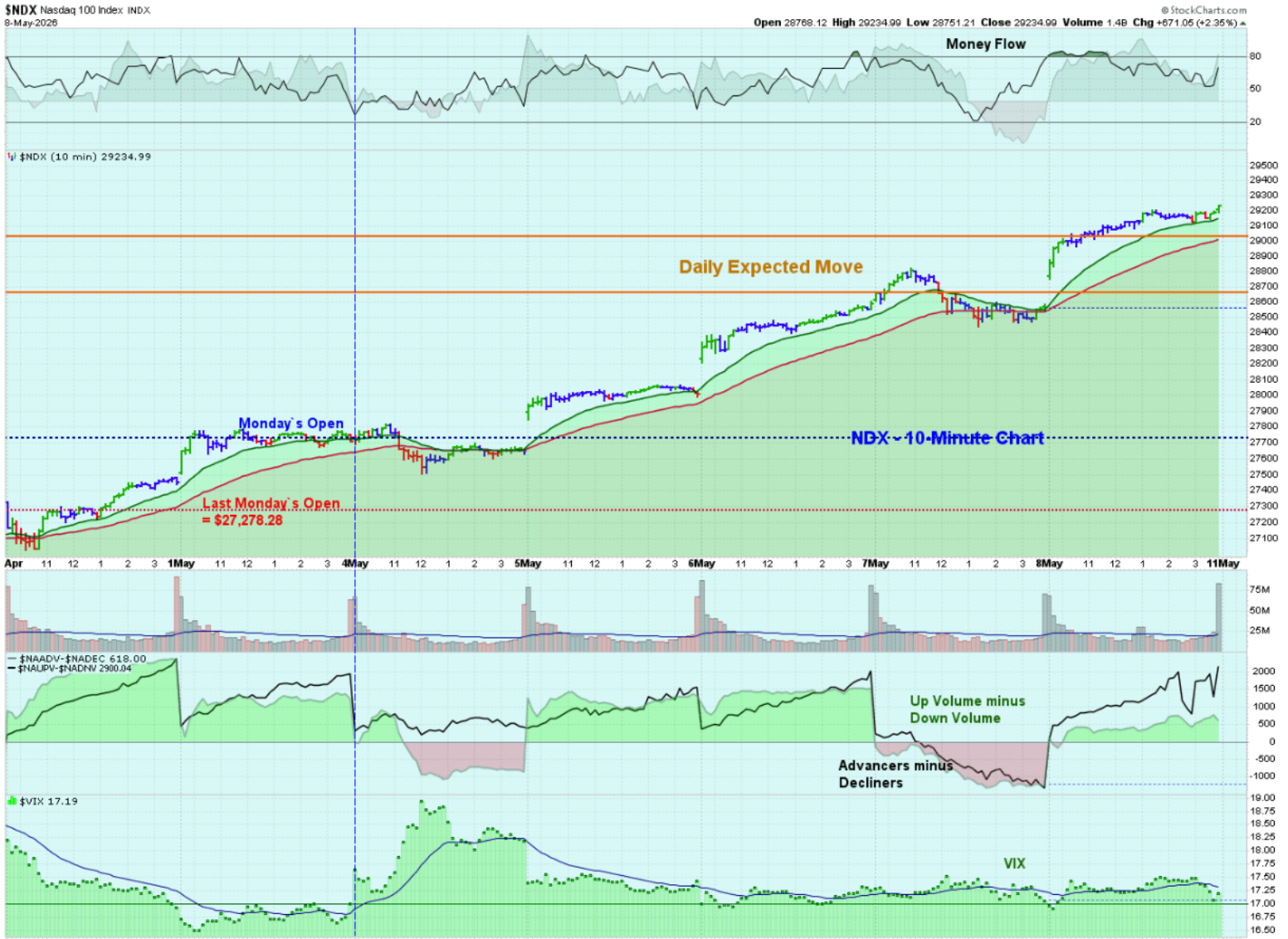


Top 10 AI Stocks for the Week:

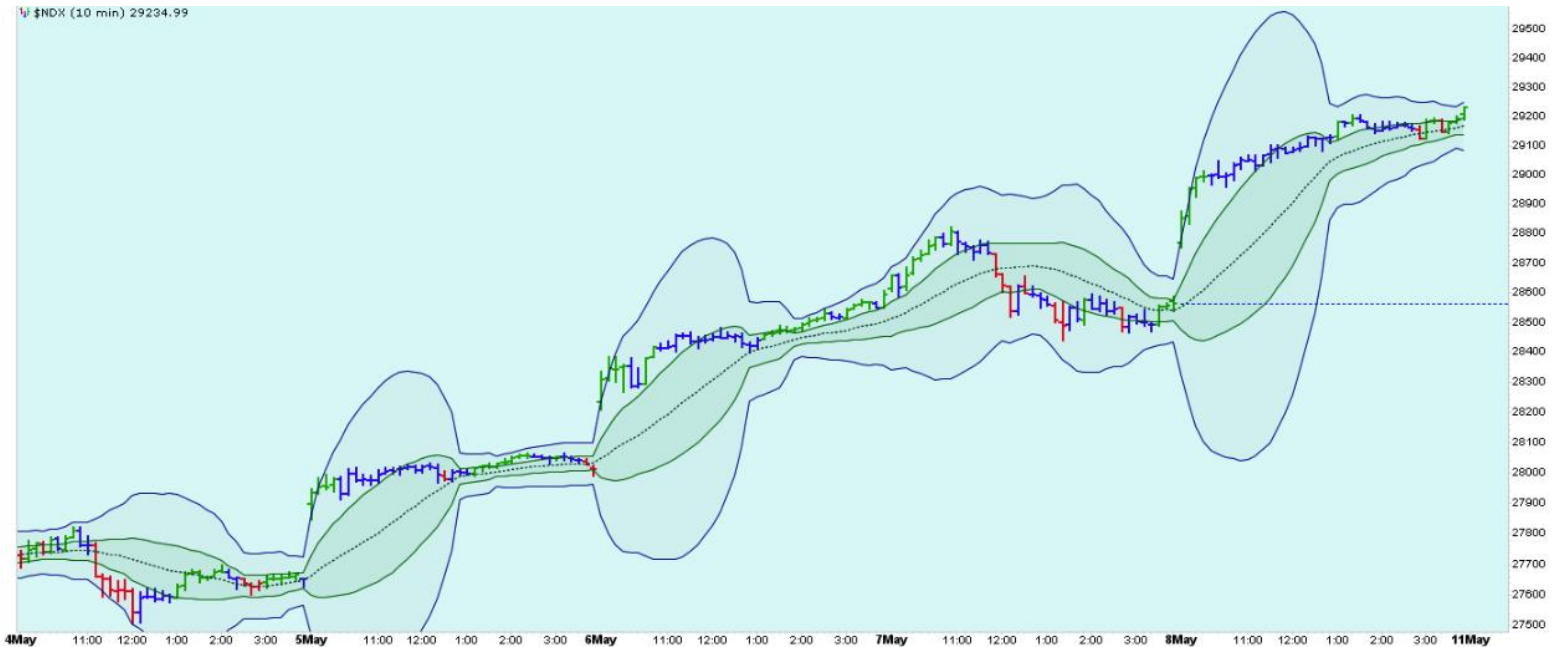
SYMBOL	NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-
FLEX	Cooling - FLEX - Flex Ltd.	Technology	Electrical Components	142.17	+50.47	+55.04%	▲
SITM	Materials - SITM - SiTime Corp.	Technology	Semiconductors	833.08	+274.45	+49.13%	▲
HIMX	HIMX - Himax Technologies Inc.	Technology	Semiconductors	17.79	+5.48	+44.52%	▲
MU	Network - MU - Micron Technology, Inc.	Technology	Semiconductors	746.81	+204.60	+37.73%	▲
IREN	NeoCloud - IREN - IREN Ltd.	Technology	Computer Services	61.20	+15.54	+34.03%	▲
SNDK	Memory - SNDK - Sandisk Corp.	Technology	Semiconductors	1,562.34	+375.34	+31.62%	▲
SMCI	Server - SMCI - Super Micro Computer, Inc	Technology	Computer Hardware	35.37	+8.28	+30.56%	▲
QMCO	Quantum - QMCO - Quantum Corp.	Technology	Computer Hardware	9.62	+2.10	+27.93%	▲
AMD	Compute - AMD - Advanced Micro Devices, Inc.	Technology	Semiconductors	455.19	+94.65	+26.25%	▲
INTC	Compute - INTC - Intel Corp.	Technology	Semiconductors	124.92	+25.30	+25.40%	▲
DELL	Server - DELL - Dell Technologies, Inc.	Technology	Computer Hardware	260.46	+50.29	+23.93%	▲
QCOM	Network - QCOM - QUALCOMM Inc.	Technology	Semiconductors	219.09	+42.08	+23.77%	▲
APLD	NeoCloud - APLD - Applied Digital Corporation	Technology	Computer Services	41.25	+7.70	+22.95%	▲
AXTI	Network - AXTI - American Xtal Technology	Technology	Semiconductors	116.36	+20.36	+21.21%	▲
CIFR	NeoCloud - CIFR - Cipher Mining Inc.	Financial	Asset Managers	20.55	+3.51	+20.60%	▲
GLW	Network - GLW - Corning, Inc.	Technology	Telecom Equipment	186.94	+28.68	+18.12%	▲
EWY	EWY - iShares MSCI South Korea Capped ETF			190.20	+28.20	+17.41%	▲
CGNX	Robotics - CGNX - Cognex Corp.	Technology	Electronic Equipment	65.66	+9.72	+17.38%	▲
NNE	Nuclear - NNE - Nano Nuclear Energy Inc.	Industrial	Industrial Machinery	27.45	+4.04	+17.26%	▲
UCTT	Materials - UCTT - Ultra Clean Holdings Inc.	Technology	Semiconductors	87.10	+12.49	+16.74%	▲

10-Minute Charts for the Week:



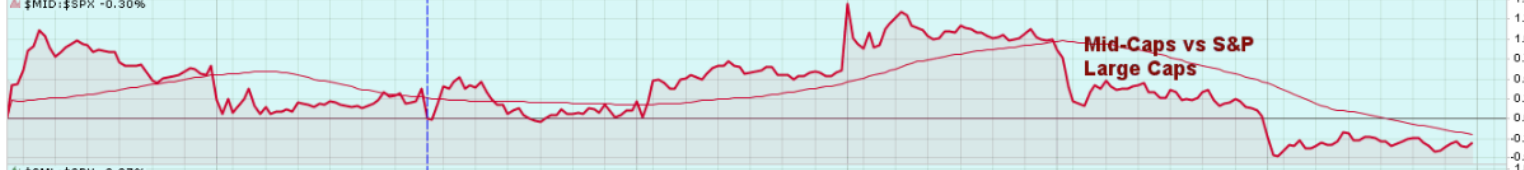
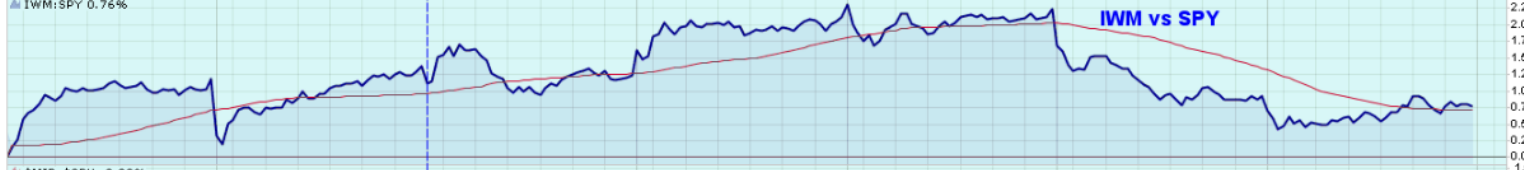


Markets go through natural periods of expansion and contraction. Here is what it looked like on the NDX last week on a 10-Minute chart:



IWM iShares Russell 2000 ETF NYSE
9-May-2020

Open 284.04 High 284.97 Low 282.61 Close 284.17 Volume 22.4M Chg +1.91 (+0.68%)



\$VIX Volatility Index - New Methodology INDEX

8-May-2020
\$VIX (Daily) 17.19

Open 17.37 High 17.53 Low 16.82 Close 17.19 Chg +0.11 (+0.64%)



Top 10 Best & Worst Large Caps for the Week:

SYMBOL	NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
DDOG	DDOG - Datadog Inc.	Technology	Software	200.16	+59.63	+42.43%	█	92.5	Irg
MU	MU - Micron Technology, Inc.	Technology	Semiconductors	746.81	+204.60	+37.73%	█	99.4	Irg
FTNT	FTNT - Fortinet Inc.	Technology	Software	114.07	+27.78	+32.19%	█	91.7	Irg
AMD	AMD - Advanced Micro Devices, Inc.	Technology	Semiconductors	455.19	+94.65	+26.25%	█	97.9	Irg
INTC	INTC - Intel Corp.	Technology	Semiconductors	124.92	+25.30	+25.40%	█	99.5	Irg
QCOM	QCOM - QUALCOMM Inc.	Technology	Semiconductors	219.09	+42.08	+23.77%	█	92.3	Irg
CRWD	CRWD - CrowdStrike Holdings, Inc.	Technology	Software	527.77	+72.13	+15.83%	█	76.4	Irg
PANW	PANW - Palo Alto Networks Inc.	Technology	Telecom Equipment	207.88	+26.80	+14.80%	█	71.4	Irg
LRCX	LRCX - Lam Research Corp.	Technology	Semiconductors	294.05	+37.33	+14.54%	█	94.0	Irg
GFS	GFS - GlobalFoundries Inc.	Technology	Semiconductors	74.12	+9.21	+14.19%	█	97.1	Irg
SYMBOL	NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
CDW	CDW - CDW Corp.	Technology	Computer Services	104.79	-31.24	-22.97%	█	2.0	Irg
SHOP	SHOP - Shopify, Inc.	Technology	Software	110.41	-17.26	-13.52%	█	6.5	Irg
MELI	MELI - MercadoLibre Inc.	Discretionary	Special Consumer Services	1,632.52	-217.53	-11.76%	█	5.8	Irg
PYPL	PYPL - PayPal Holdings, Inc.	Financial	Consumer Finance	45.37	-5.07	-10.05%	█	5.5	Irg
CHTR	CHTR - Charter Communications Inc.	Comm. Services	Entertainment	154.86	-16.88	-9.83%	█	1.3	Irg
FANG	FANG - Diamondback Energy, Inc.	Energy	Exploration & Production	188.70	-18.95	-9.13%	█	70.1	Irg
MO	MO - Altria Group Inc.	Staples	Tobacco	68.12	-6.43	-8.63%	█	63.4	Irg
COP	COP - ConocoPhillips	Energy	Integrated Oil & Gas	113.87	-9.32	-7.57%	█	63.3	Irg
BKR	BKR - Baker Hughes Company	Energy	Oil Equipment & Services	63.89	-5.00	-7.26%	█	76.6	Irg
DASH	DASH - DoorDash Inc.	Discretionary	Special Consumer Services	163.93	-11.91	-6.77%	█	12.9	Irg

WEEKLY VIEW



WEEKLY VIEW



Top 10 Best & Worst Small/Mid-Caps for the Week:

SYMBOL	NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
DOCN	DOCN - DigitalOcean Holdings Inc.	Technology	Computer Services	163.95	+61.13	+59.45%	▲	99.6	lrg
STRL	STRL - Sterling Infrastructure, Inc.	Industrial	Heavy Construction	844.80	+312.13	+58.60%	▲	98.8	lrg
FLEX	FLEX - Flex Ltd.	Technology	Electrical Components	142.17	+50.47	+55.04%	▲	98.9	lrg
AAON	AAON - AAON, Inc.	Industrial	Building Materials	139.66	+46.07	+49.23%	▲	94.1	mid
SITM	SITM - SiTime Corp.	Technology	Semiconductors	833.08	+274.45	+49.13%	▲	99.3	lrg
PENG	PENG - Penguin Solutions, Inc.	Technology	Semiconductors	44.23	+12.99	+41.58%	▲	98.1	sml
AMN	AMN - AMN Healthcare Services, Inc.	Health Care	Health Care Providers	28.97	+7.85	+37.17%	▲	95.0	sml
BLMN	BLMN - Bloomin' Brands Inc.	Discretionary	Restaurants & Bars	8.12	+2.20	+37.16%	▲	86.4	sml
SYNA	SYNA - Synaptics, Inc.	Technology	Computer Hardware	125.43	+28.93	+29.98%	▲	97.4	mid
MXL	MXL - MaxLinear Inc.	Technology	Semiconductors	99.83	+22.65	+29.35%	▲	99.8	mid

SYMBOL	NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
EMBC	EMBC - Embecta Corp.	Health Care	Medical Equipment	3.64	-5.59	-60.56%	▼	2.0	sml
FWRD	FWRD - Forward Air Corp.	Industrial	Delivery Services	9.87	-11.46	-53.73%	▼	4.1	sml
PRIM	PRIM - Primoris Services Corp.	Industrial	Heavy Construction	104.80	-75.55	-41.89%	▼	2.1	mid
BRBR	BRBR - Bellring Brands Inc	Staples	Food Products	10.31	-6.89	-40.06%	▼	4.1	sml
VITL	VITL - Vital Farms Inc.	Staples	Food Products	8.94	-5.24	-36.95%	▼	3.0	sml
TMDX	TMDX - Transmedics Group Inc.	Health Care	Medical Supplies	67.84	-32.17	-32.17%	▼	0.2	mid
AORT	AORT - Artivion, Inc.	Health Care	Medical Equipment	25.41	-10.80	-29.83%	▼	8.1	sml
PLNT	PLNT - Planet Fitness, Inc.	Discretionary	Recreational Services	45.88	-19.50	-29.83%	▼		mid
SHAK	SHAK - Shake Shack Inc.	Discretionary	Restaurants & Bars	70.14	-28.22	-28.69%	▼	1.4	mid
CCOI	CCOI - Cogent Communications Holdings, Inc.	Comm. Services	Internet	16.65	-6.51	-28.11%	▼	10.5	sml

WEEKLY VIEW



WEEKLY VIEW



From Real Investment Advice

Earnings Estimate Revisions Are Very Optimistic - RIA

Excerpt:

Market Brief – Earnings Are Driving The Market

The S&P 500 and Nasdaq closed at fresh all-time highs for the second consecutive week, with the broader index adding roughly 1.4% to finish near 7,330. Markets were led by communication services, energy, information technology, and consumer discretionary, while materials, industrials, and health care lagged. The geopolitical overhang defining the prior ten weeks is now background noise, and the market is trading on what it always ultimately trades on: earnings.

The week's most important print came on Monday after the close. Palantir's earnings report was what can only be described as a statement quarter. Revenue surged 85% year-over-year to \$1.63 billion, against a \$1.54 billion estimate, the fastest growth since the company went public in 2020, while adjusted EPS of \$0.33 beat the \$0.28 consensus. Management guided Q2 revenue to \$1.8 billion, well above the \$1.68 billion expectation, and raised full-year guidance to \$7.65–\$7.66 billion, implying 71% growth for 2026. **The most striking detail: U.S. commercial revenue grew 133% year-over-year to \$595 million. U.S. government revenue rose 84% to \$687 million, and the company's Rule of 40 score hit 145%. That is a figure CEO Alex Karp noted is matched only by Nvidia, Micron, and SK Hynix.**

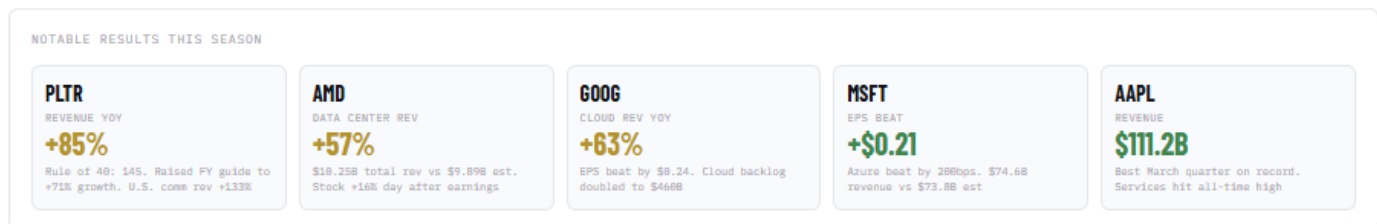
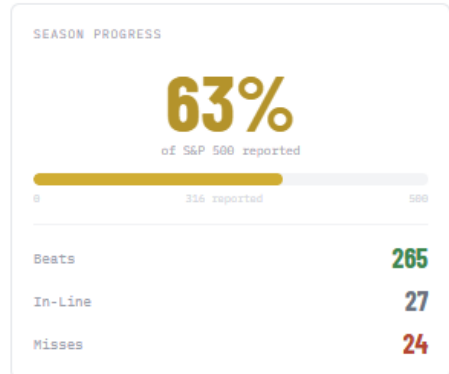
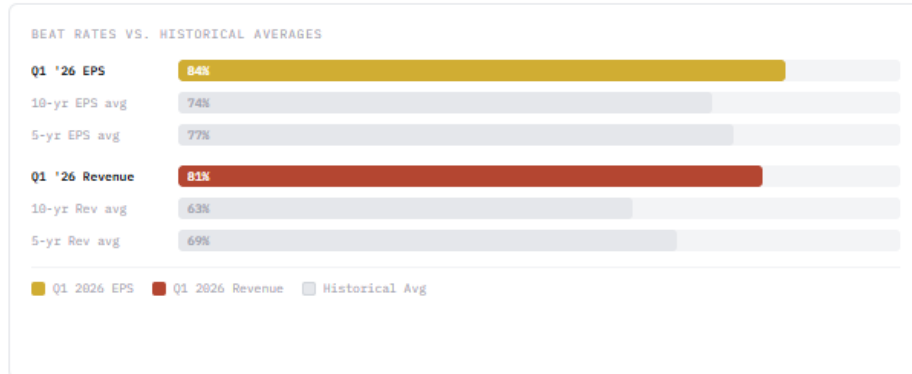
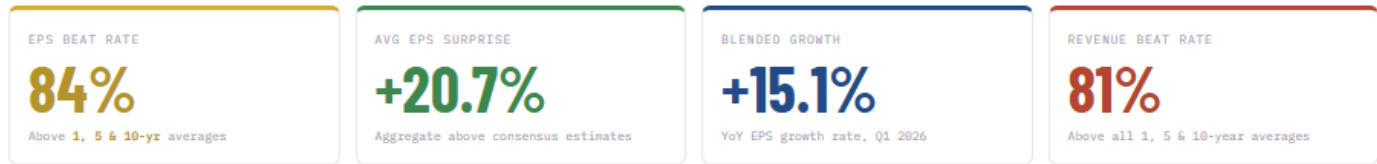
Tuesday brought AMD. The company reported adjusted EPS of \$1.37, beating estimates of \$1.29, on revenue of \$10.25 billion, versus the \$9.89 billion consensus, a 38% year-over-year revenue increase. Data center revenue surged 57% to \$5.8 billion, and CEO Lisa Su said the company has "*strong and increasing confidence*" in its ability to reach tens of billions in data center AI revenue next year. The stock jumped 16% on Wednesday. **Taken together, Palantir and AMD confirm what Alphabet signaled the prior week: the AI infrastructure buildout is not slowing, and the earnings leverage from that cycle is just beginning to show up at scale.**

With roughly 63% of S&P 500 companies having reported, 84% have beaten EPS estimates by an aggregate of 20.7% above consensus. Wall Street now projects S&P 500 EPS growth of 19.7% for 2026, accelerating from 14% in 2025. An atypical pattern of upward revisions has continued; analysts typically revise estimates lower as the year progresses, but 2026 is running in the opposite direction.

Q1 2026 EARNINGS SEASON TRACKER

S&P 500 · 316 OF 500 REPORTED · AS OF MAY 8, 2026

63% Complete
Bull Bear Report · RIA Advisors



▲ **Full-Year 2026 EPS Estimates Revised Higher – Against All Expectations**

Wall Street now projects **+19.7% EPS growth** for the S&P 500 in 2026, accelerating from +14% in 2025. Goldman Sachs notes estimates have risen **+4% since late January** – running in the opposite direction from what bears predicted when Brent crude hit \$113. BlackRock flags this as an **atypical upward revision cycle**; analysts normally revise estimates lower as the year progresses. The AI infrastructure earnings cycle is overriding geopolitical fear.

+19.7%
projected 2026 S&P 500 EPS growth

Source: FactSet, LSEG, Goldman Sachs, BlackRock Investment Institute, company filings · May 8, 2026

With respect to Iran, the extended ceasefire held but remained fragile. Iran submitted a new proposal, “*relaxing negotiation conditions.*” However, President Trump said he was “*not satisfied,*” but did announce an indefinite extension of the ceasefire. Brent crude drifted down into the \$95–\$100 range, which is high, but no longer the volatility engine it was in March.

One cautionary note deserves mention. Market breadth has dropped to its narrowest level since the dotcom era, with index gains concentrated in a handful of mega-cap AI names. This is typically a warning sign of an upcoming correction. Records are being set, but fewer and fewer stocks are doing the lifting. That divergence rarely resolves favorably indefinitely. Respect the trend, but watch the internals.

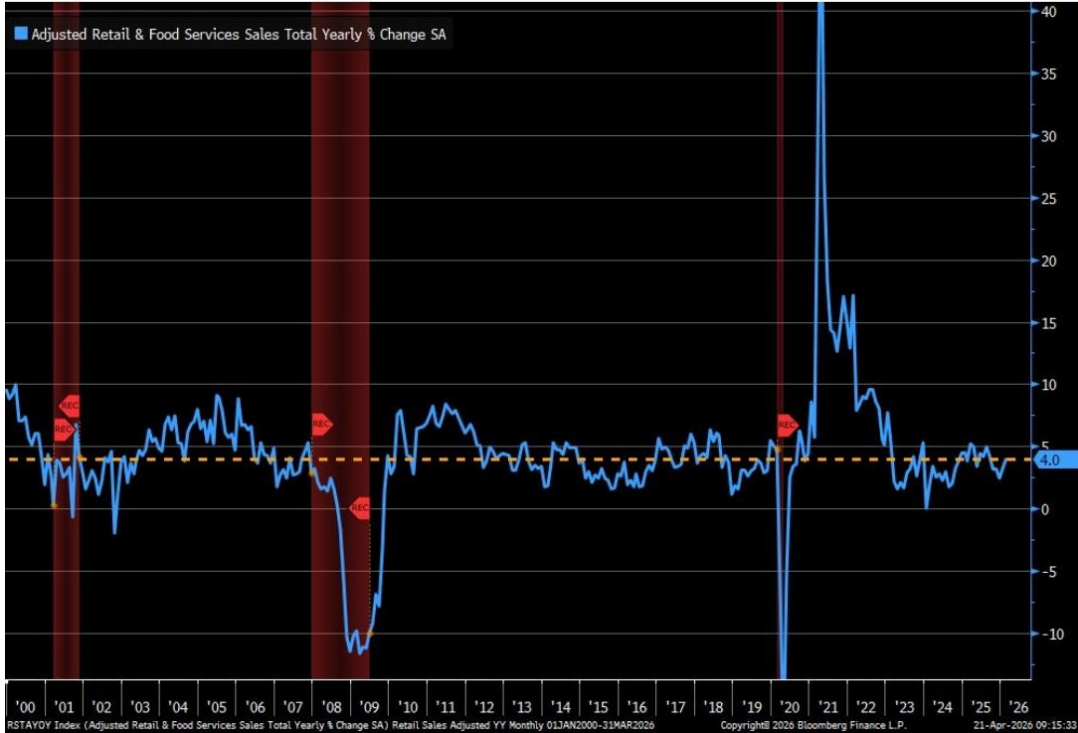
DATA CENTRE VALUE CHAIN



THE FULL ECOSYSTEM BEHIND AI INFRASTRUCTURE



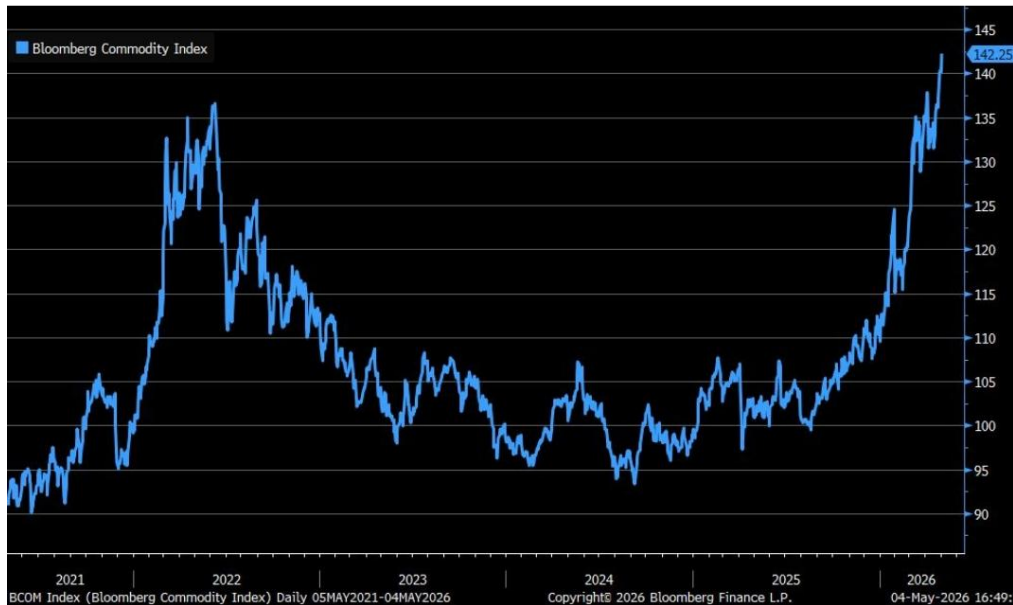
In year/year terms, March retail sales growth was unchanged at +4.0%



Number of job openings per unemployed persons at 0.95 in April, meaning there was less than one job available per job seeker



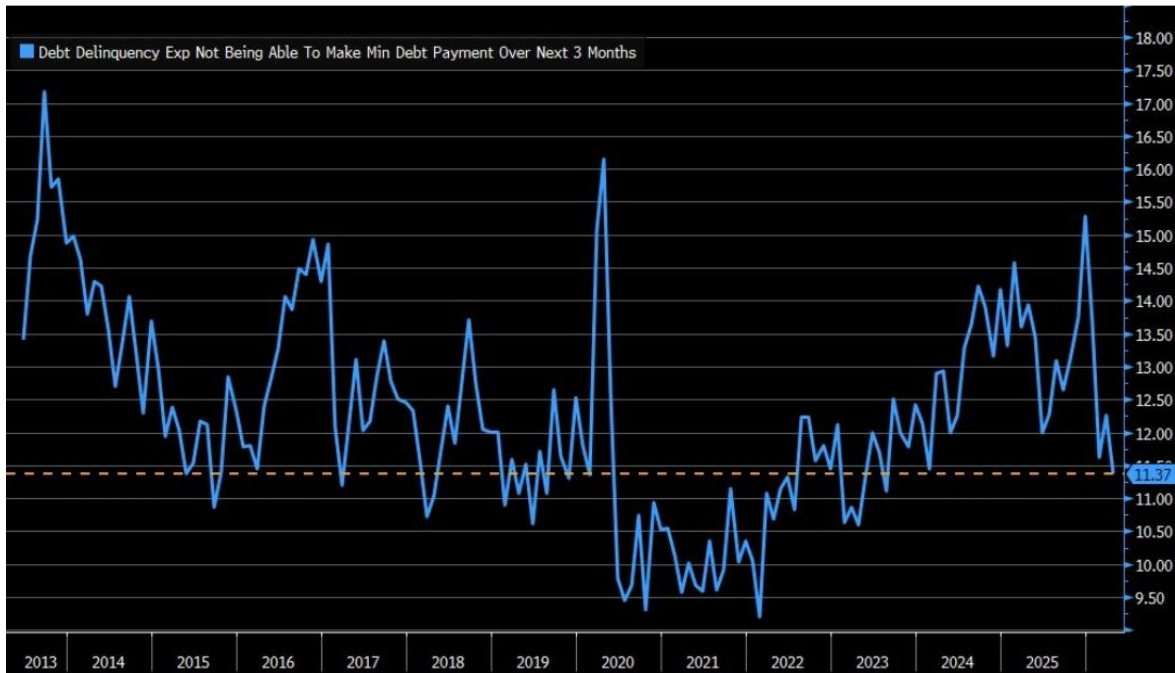
Bloomberg Commodity Index is at a 5-year high and up nearly 30% YTD [Past performance is no guarantee of future results]



Median price for new single family homes fell to \$387,400 in April, dropping 6.2% y/y to its lowest level since July 2021



Probability of missing a minimum debt payment over next three months fell to its lowest reading in over two years according to April NY Fed Consumer Survey



Per NY Fed, 1-year gas growth expectations dropped sharply to +5.1% in April, down 4.3 percentage points from last month



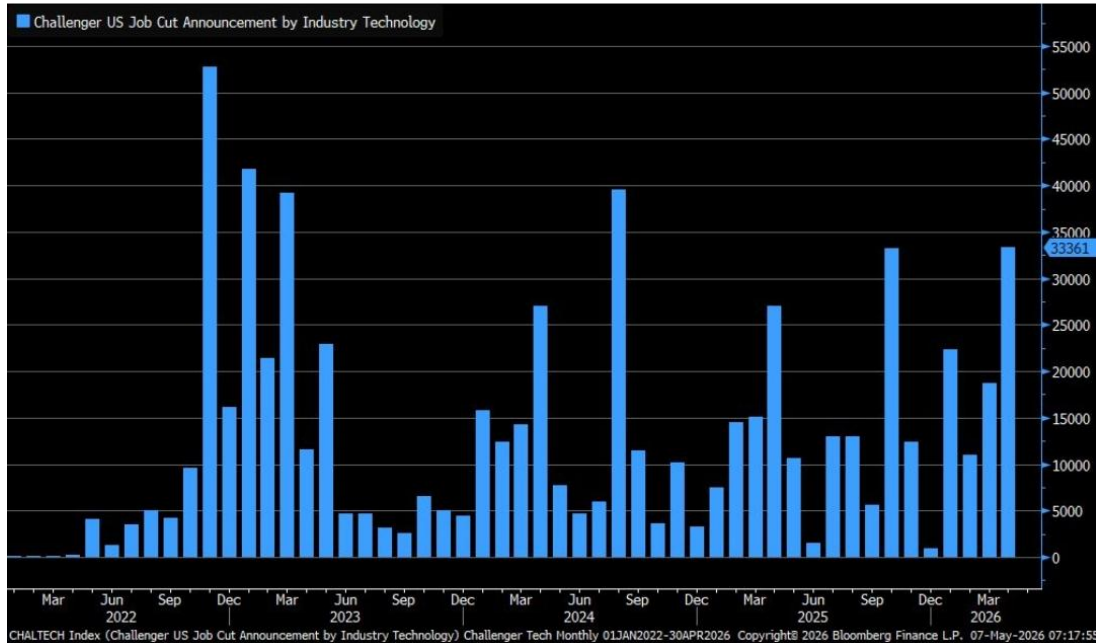
MBA Mortgage Purchase Index down -3.7% over the past week after climbing +1.2% in prior week...30y mortgage rate rose to +6.45% up from +6.37% and highest in a month



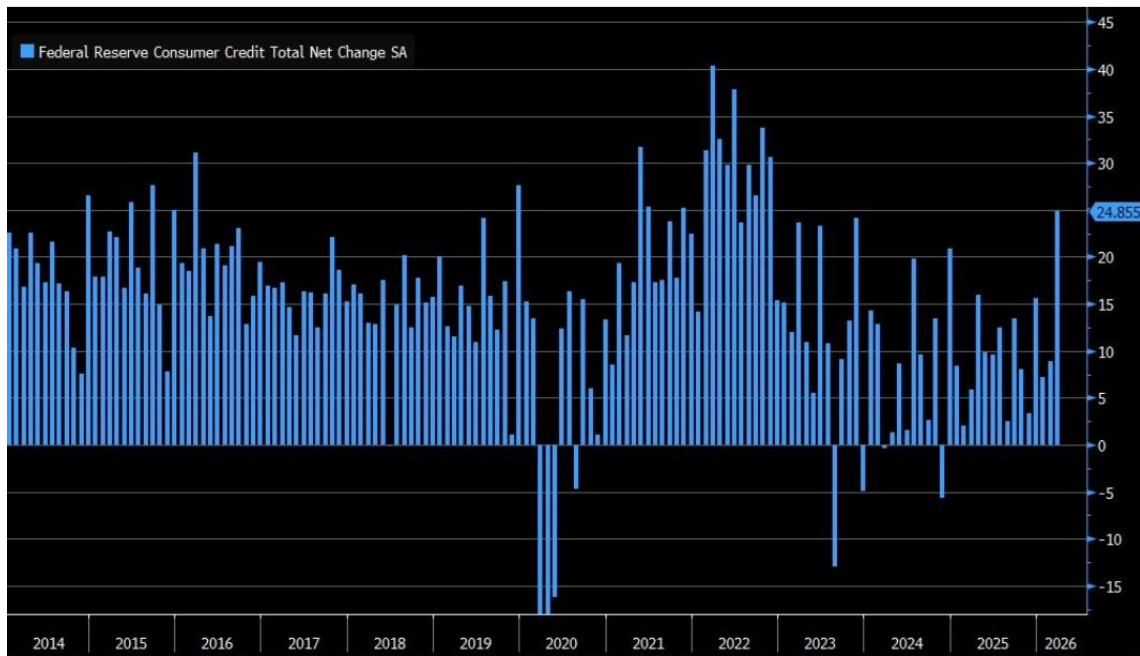
Share of consumers expecting unemployment rate to be higher 1-year from now ticked up to 43.9% in April per NY Fed



Tech sector announced 33,361 job cuts in April...year-to-date total now at 85,411 and highest since 2023 per **Challenger, Gray & Christmas, Inc.**



April consumer credit increased +\$24.855B m/m vs. \$13.720B est. & \$8.845B (rev. down from \$9.484B)

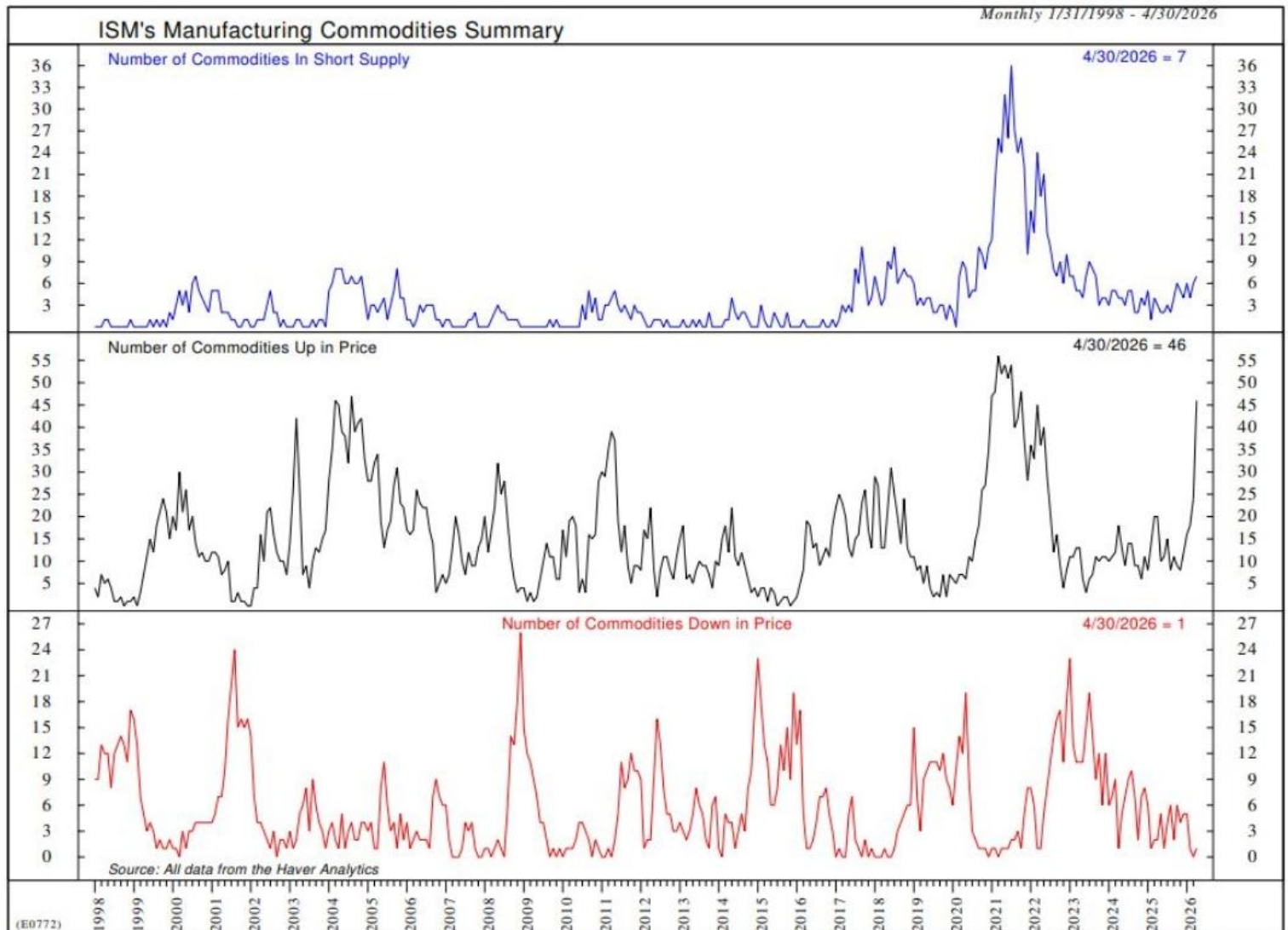


Johnson Redbook retail sales rose +7.8% in last week compared to a year earlier and reached a cycle high

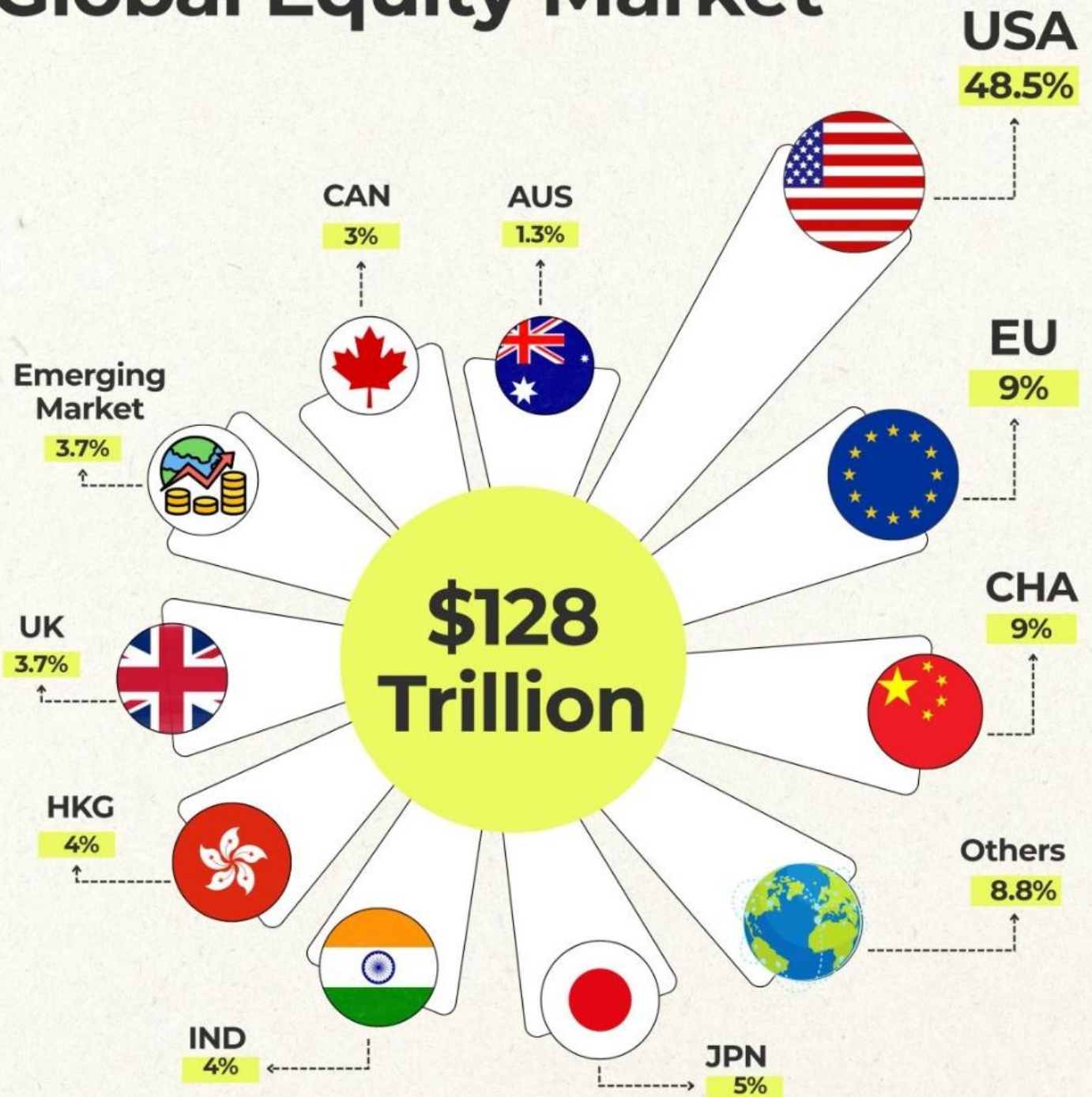


April's ISM Manufacturing PMI report showed 46 commodities rose in price, most since October 2021...number of commodities in short supply ticked up modestly, indicating no widespread shortages

Ned Davis Research



The \$128 Trillion Global Equity Market

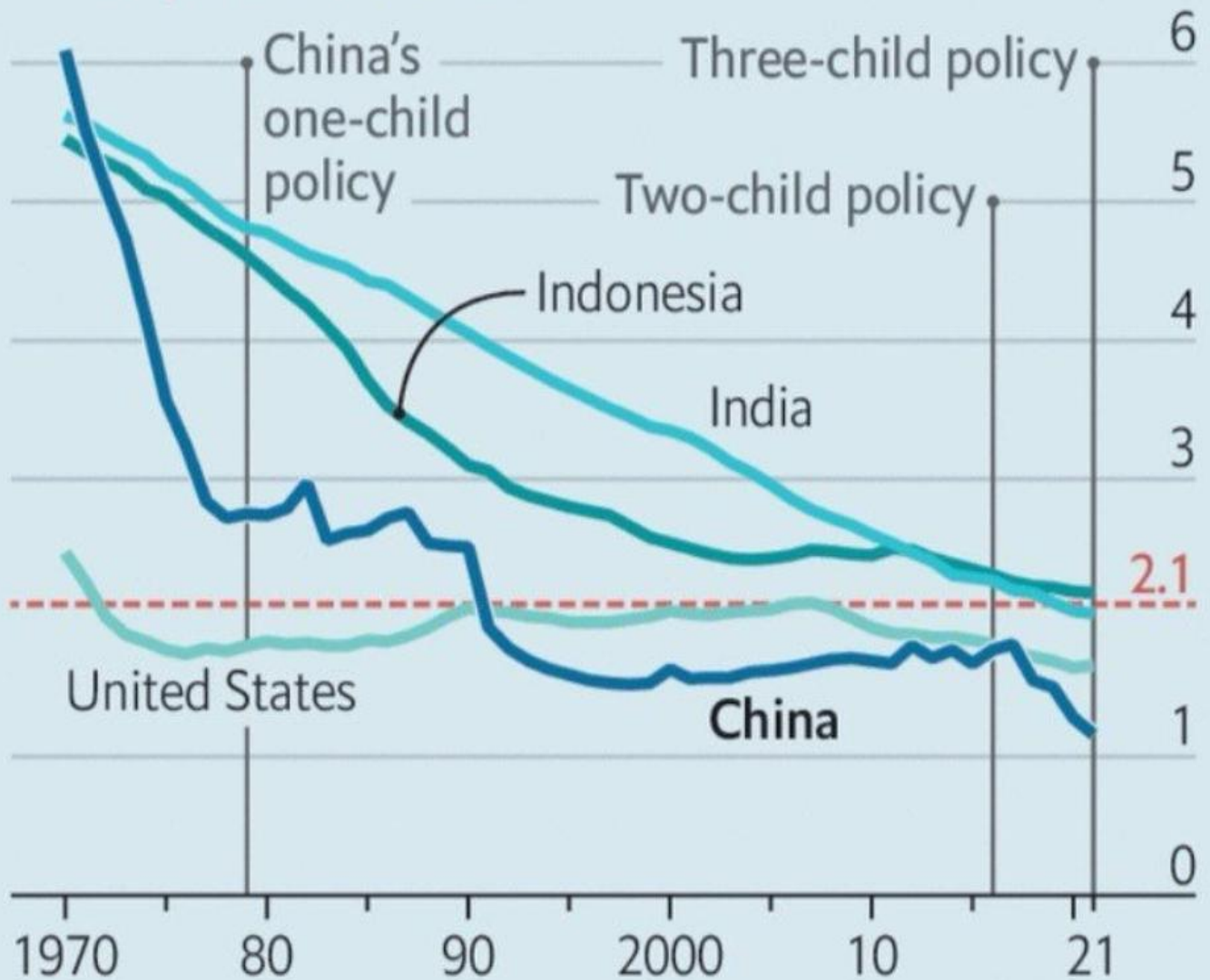


Source: Sibilis Research & Visual Capitalist, 2024/2025

Baby bust

Fertility rate, births per woman

----- Replacement rate*



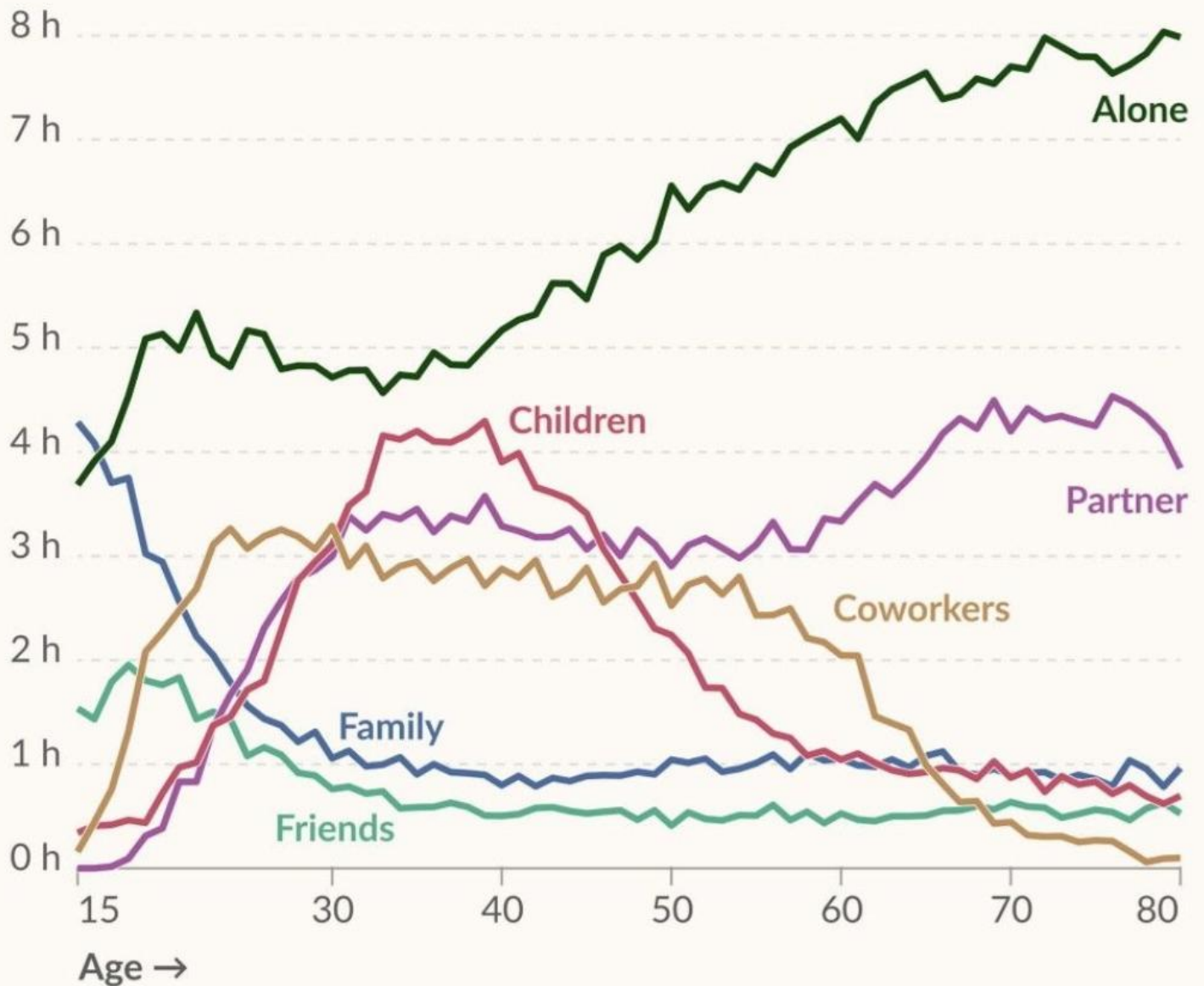
*The rate needed to keep a population broadly stable, assuming no net migration and unchanged mortality rates

Sources: UN Population Division; news reports

Who do Americans spend time with over their lives?

Hours per day, based on averages from surveys in the US in 2010-2024.

Swipe →



Note: Does not include activities such as sleeping, grooming, and personal care. Relationships used to categorize people are not exhaustive. Time spent with multiple people (e.g. a party with friends and partner) counts toward each category.

Data source: U.S. Bureau of Labor Statistics (2025)

CC BY

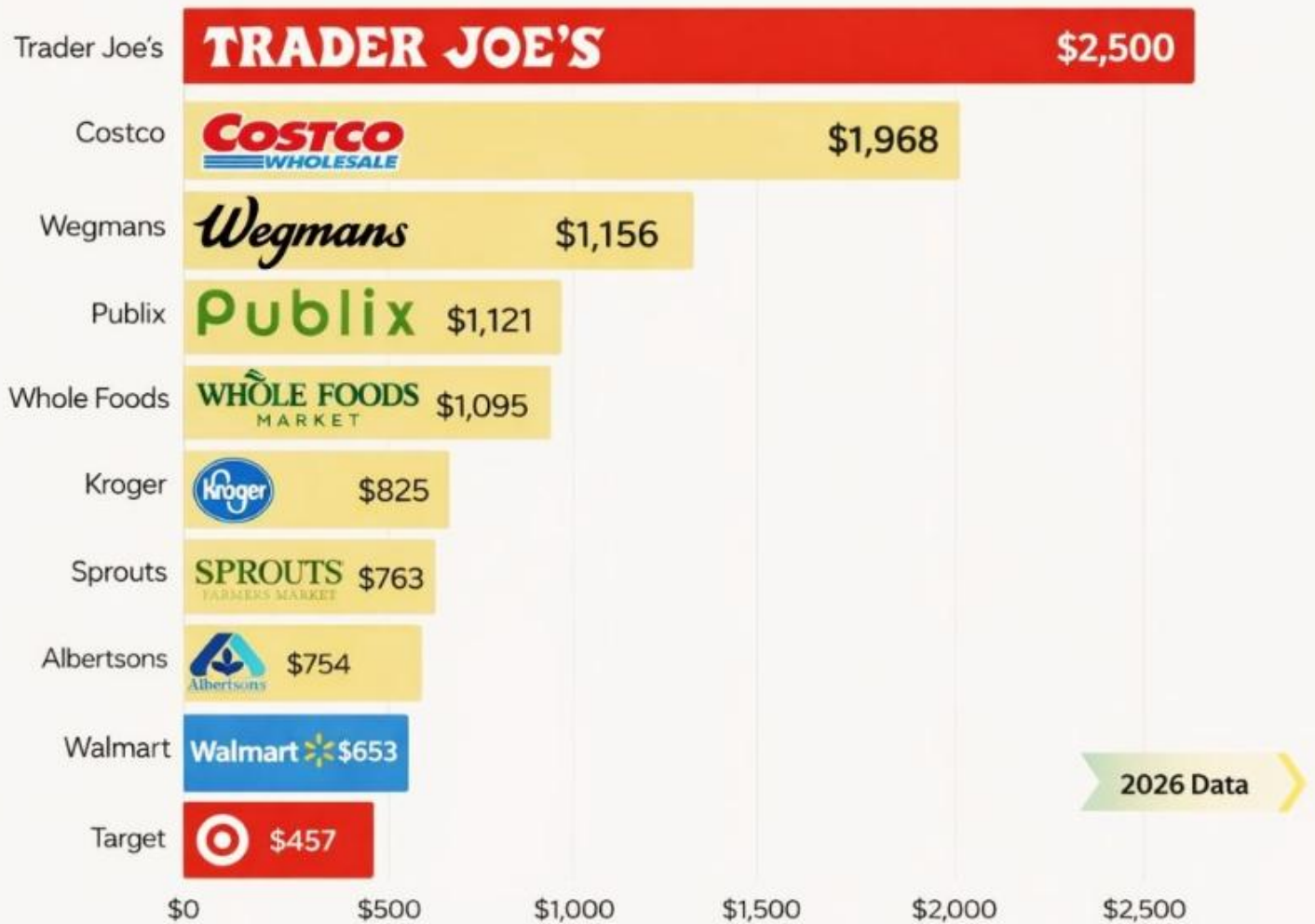


World's
Top 10
Best-selling
Car groups
2025



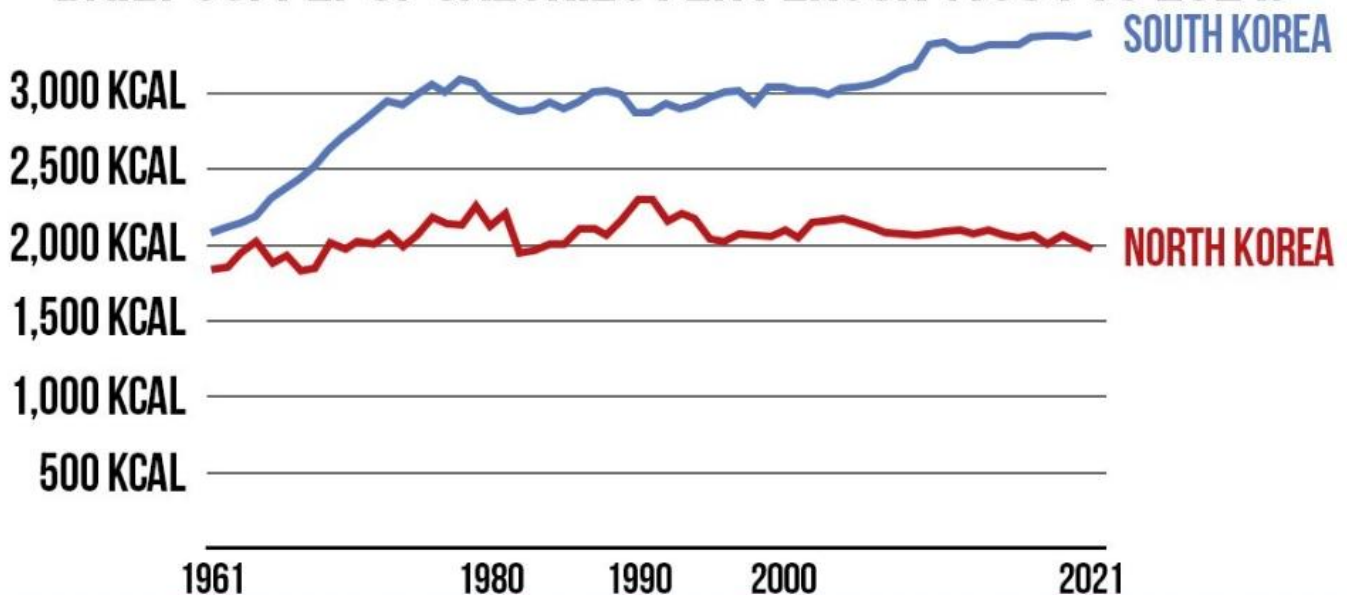
Light and heavy vehicles.
Source: OEMs

Top Retailers by Sales Per Square Foot



Source: NRF Retail Reports, 2026

DAILY SUPPLY OF CALORIES PER PERSON (1961 TO 2021)



CONTANGO vs BACKWARDATION

How to read a forward curve in 30 seconds

A commodity forward curve tells a whole story in seconds. Most people focus on spot alone and miss what the market is already pricing.

1 1. THE SHAPE

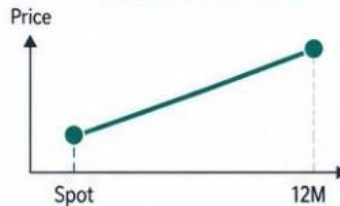
Compare Spot vs the 12-month contract.

12M > Spot = **CONTANGO**

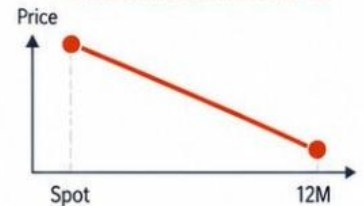
12M < Spot = **BACKWARDATION**

That simple comparison gives you the first signal.

CONTANGO EXAMPLE



BACKWARDATION EXAMPLE



2 2. CONTANGO



- Curve slopes up
- Long contracts trade above spot
- Carrying costs matter: storage, financing, insurance
- Usually signals a well-supplied market
- No urgency to own the physical now



If you buy along the curve, you are paying the carry.

3 3. BACKWARDATION



- Curve slopes down
- Long contracts trade below spot
- Commodity today is worth more than later
- Positive convenience yield
- Usually signals a tight market: low inventories or supply stress



In crude, backwardation often appears when inventories fall or geopolitical risk rises.



The market is paying a premium for immediate availability.

4 4. ROLL YIELD



In CONTANGO

Rolling a long position costs you carry. Sell the cheaper expiring contract, buy the more expensive next contract.

Negative roll yield



In BACKWARDATION

Rolling a long position can earn the roll. Sell the more expensive expiring contract, buy the cheaper next contract.

Positive roll yield



Ignoring roll yield is one of the most expensive mistakes in long-only programs.

5 5. WHEN THE CURVE LIES



Far-dated liquidity can be thin



Prices may reflect hedge flows, not true expectations



Full storage can create artificial front-end contango



Large ETF rolls can distort the curve



In stressed markets, noise rises together with the signal.

“ The forward curve is the only page of the market where everyone has already voted. ”

It does not replace fundamentals. It organizes, in one place, what the market has already decided. Learn to read it in 30 seconds and you save months of explanation later.



Example of a classic curve trade: betting on sugar curve flattening after 27¢/lb by selling far crops short and rolling as the spread adjusted.

Top Ten Companies by Decade

Percent of S&P 500 market capitalization as of the first day of the indicated year



Source: Bloomberg, Standard & Poor's, J.P. Morgan Asset Management

Companies are organized from highest weight at the bottom to lowest weight at the top. Past performance is no guarantee of future results. Guide to the Markets—U.S. Data are as of March 30, 2026.

More charts: a16z.news/subscribe

Mag 7 vs 2000s Tech Bubble

Magnificent 7	% OF U.S. MARKET CAP	CASH AS % OF MARKET CAP	24-MONTH FWD P/E	NET PROFIT MARGIN
 Microsoft	6.6%	3.0%	25.7	35%
 Apple	7.3%	1.8%	26.5	27%
 NVIDIA	5.7%	3.7%	24.1	53%
 amazon	4.0%	8.6%	25.4	9%
 Alphabet	3.9%	4.0%	16.6	28%
 Meta	2.4%	4.2%	19.2	34%
 TESLA	1.4%	4.3%	55.4	9%
<i>Aggregate</i>	31.3%	4.2%	23.9	28%

2000 Tech Bubble Leaders

 Microsoft	4.5%	3.0%	53.2	39%
 CISCO	4.2%	0.4%	101.7	17%
 intel	3.6%	2.5%	42.1	25%
 ORACLE	1.9%	1.0%	84.6	15%
 IBM	1.7%	2.7%	23.5	9%
 Lucent Technologies Bell Labs Innovations	1.6%	0.9%	37.9	9%
 NORTEL	1.5%	1.1%	86.4	-1%
<i>Aggregate</i>	19.0%	1.7%	52.0	16%



Women

Men

Office



Office



Dinner



Dinner



Gym



Gym



Party



Party



Walk



Walk



Home



Home