

Market Resource May 2026

1 message

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MAY 2026

BROXTON CAPITAL ADVISORS



YTD as of 3/31/2026

ALPHA
PORTFOLIO -5.02%
SMART YIELD -4.85%

MARKETS

as of 3/31/2026

DOW JONES -3.62%
S&P 500 -4.63%
NASDAQ 100 -6.04%
REIT INDEX .24%
SMALL CAP .75%
HIGH YIELD -1.33%

BOND YIELDS

10 YR TREAS 4.57
YTD CHANGE 9.86%
30 YR TREAS 4.89
YTD CHANGE 1.03%

Market Update

above: An AI Data Center

The Iran war winding down continued to have a positive effect on the market. But, one of the the sharpest up moves of all time, and by far the strongest driver for the entire market in 2026 were the companies that are associated in any way with the AI build out. The AI (artificial intelligence) buildout involves producing components and building infrastructure associated with AI. DRAM (Dynamic Random-Access Memory) is a type of computer memory that is used in computers, including AI servers. DRAM prices have experienced a massive, unprecedented surge in 2026, roughly doubling to tripling in cost compared to late 2025. A new ETF that invests in memory stocks ("DRAM") has surged 138% since its April 2nd debut. However, the pricing may pull back once the initial demand subsides. The current buildout is being rushed to meet immediate demand. Once this demand is met, we will fall back into a more normal growth rate and replacement cycle. "What we're seeing today is the most severe memory shortage that the market has ever seen," said Marcus Chen, executive vice president at FusionWorldwide, a global distributor of electronic components. Most of the customers are getting only 30% to 50% of the memory chips they need. "Some even less," he said (WSJ). However, in general software companies were predicted to be losers in the new AI world. The iShares Expanded Tech-Software Sector ETF (IGV) fell as much as 27% before recovering in April. The ETF holds stocks like Adobe, Microsoft and Salesforce.com. Other down sectors in 2026 included healthcare and financials.

The Biggest IPO Ever?

SpaceX, a company founded by Elon Musk is a space, AI, and communications company. Musk also threw his Twitter acquisition in there! The company is heading for an IPO and is targeting a valuation between \$1.75 trillion and \$2 trillion. It could be the largest IPO ever. Saudi Aramco was valued at \$1.7 trillion. The final per-share price will be announced at the end of the upcoming roadshow. SpaceX made USD \$18 billion in revenue in 2025, with a net loss of USD \$4.9 billion. 2025 EBITDA came in at USD \$6.58 billion.



Morningstar: "SpaceX is asking public investors to value it primarily as an AI company. We analyzed term frequency across the nearly 300-page (S-1) document. AI-related terms account for 47% of segment-specific language, seven of 12 growth strategies relate to AI, and 93% of the company's stated USD 28.5 trillion total addressable market is attributed to AI. Grok is the generative artificial intelligence chatbot developed by SpaceX. The AI segment generated roughly \$3.2 billion, accounting for about 17% of SpaceX's consolidated \$18.7 billion revenue in 2025. However by any means the valuation is insane. The company would be valued at 283 X EBITDA (a measure of gross income) if it debuted at a \$1.75 trillion valuation. Also it would be difficult for the company to get to \$50-100 billion in EBITDA, needed to support the valuation, in the next 10 years. 😞😞😞😞

Economy, Recession Watch🔍🔍: We did not get the usual Equifax consumer credit report for April. The U.S. consensus bureau estimates of U.S. retail and food services sales for April 2026, was up 0.5 percent from the previous month, and up 4.9 percent from April 2025. So not bad considering the jump in oil prices. Blackbox Intelligence reported April restaurant sales were up 1.5% with traffic declining 1.7%. The latest GDPNow estimate for the first quarter of 2026 is 3.8%, and the the NY Fed Nowcast stood at 2.6% as of May 22nd. Pretty strong!! So overall no signs of economic problems. The Iran war and rise in oil prices does not seem to have had any effect on the economy. 😊😊👉

Coursera Inc.

Coursera Inc. (COUR) is a leading online learning platform founded in 2012 by Stanford University computer science professors Andrew Ng and Daphne Koller. The company recently completed a merger with Udemy, another learning platform, creating a compelling investment opportunity. Since its 2021 IPO, Coursera's stock has declined from a high of \$62 to a recent low of approximately \$5. During the same period revenues grew from \$415 million to \$757 million, a CAGR of 16.2%. The combination of Coursera and Udemy creates a stronger, more diversified platform with over \$1.5 billion in combined revenue, \$1.15 billion in cash (\$4.02/share), and no debt. And..... cost synergies of \$115 million annually are expected to be realized within 24 months of closing. Management noted, "We're at a pivotal moment in which AI is rapidly redefining the skills required for every job across every industry," [and the merger positions the combined company to lead that transition]. Our buy and \$9 price target are based on merger cost synergies, strong free cash flow generation, large share buybacks and continued revenue growth of the combined companies. \$9 per share is also equivalent to 6.5 X our 2028 adjusted EPS. [REPORT](#)

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