3Q26
Market Outlook

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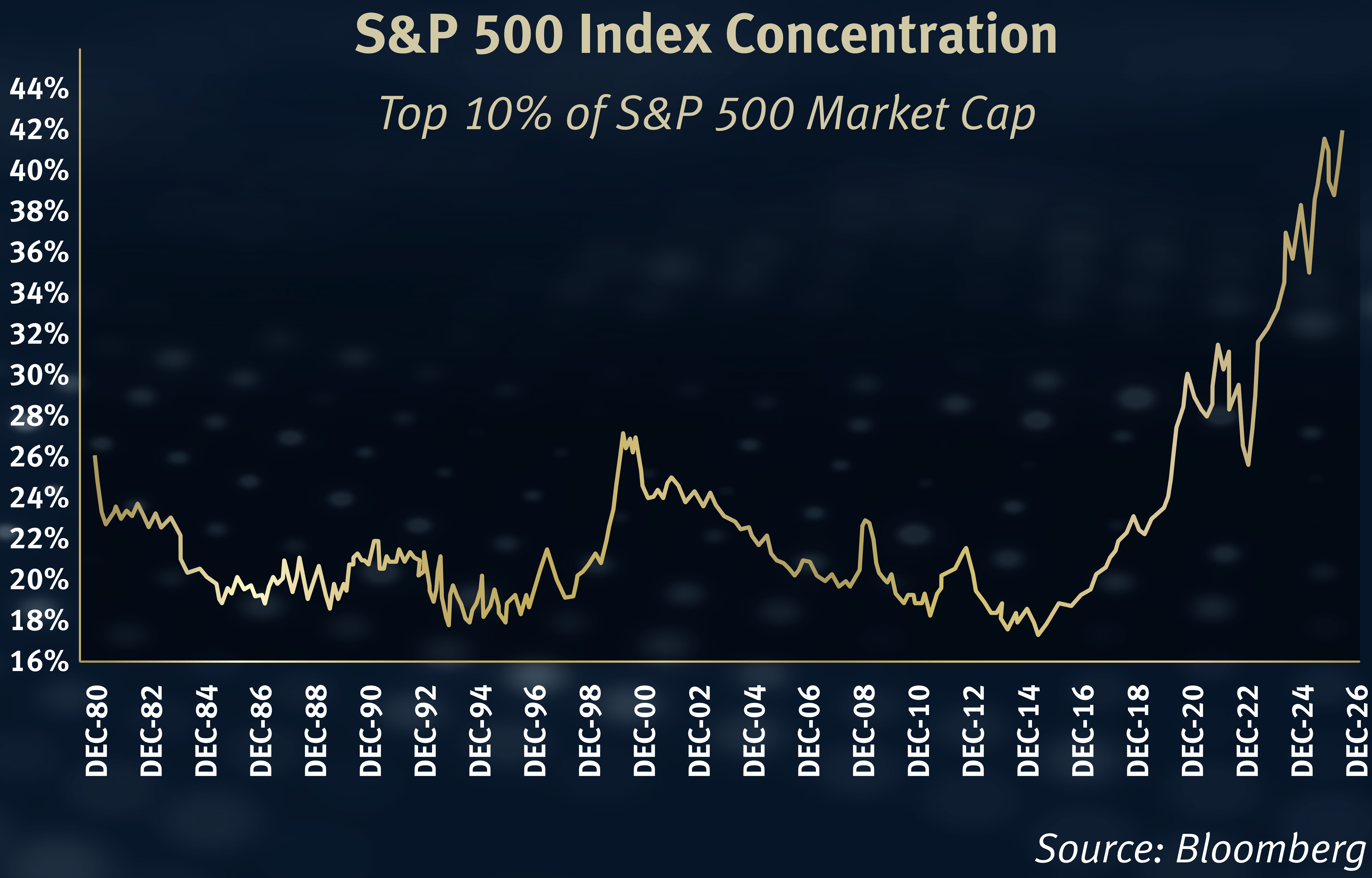
STIFEL

“We are raising our year-end **S&P 500** target to

~7,800”

The advance is earnings-led as a “running hot” economy and strong operating leverage drive **explosive profit growth.**

However, stock concentration is at a **40-year high**.
10 stocks account for nearly half of the market
as most stocks are left behind.



AI Cycle Playbook

Positioning through peak conditions and valuation pressure

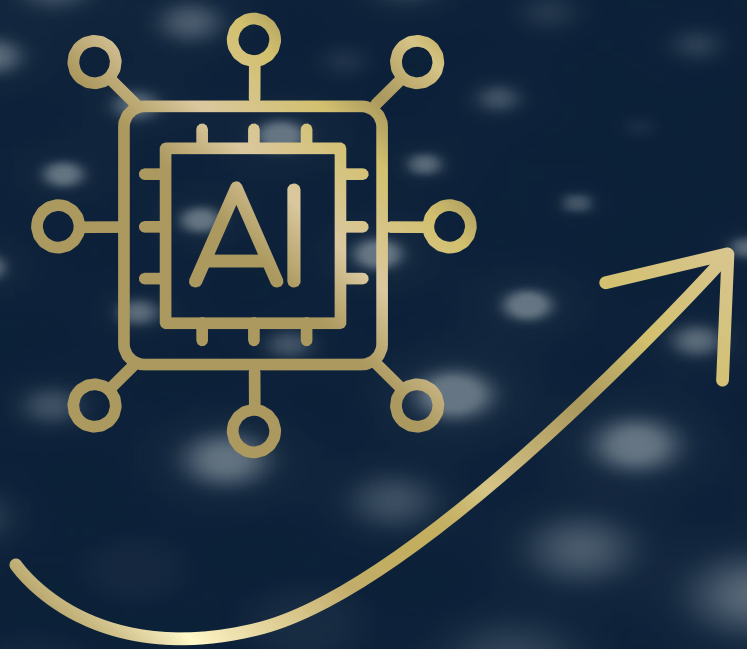
Late-90s Analog	AI "shortage" trade echoes the late-1990s hardware cycle
Stay Long AI-Capex Winners	Position into the peak
Expect Multiple Compression	Hawkish Fed + earnings growth = multiple compression

“Tale of Two Economies”

Market Divergence

AI Capex Boom

Running Hot



OUTPERFORMING

Consumer Pressure

Squeezed

LAGGING

Our Running Hot Playbook

STAY LONG

- ✓ Energy
- ✓ Industrials
- ✓ Materials
- ✓ Select Semi/ Hardware

UNDERWEIGHT

Squeezed Consumers

HEDGE WITH

Defensive Value

Healthcare - our preferred

Contact your Stifel rep for more info.

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