GOELZER
INVESTMENT MANAGEMENT

The Supply Side of the Stock Market

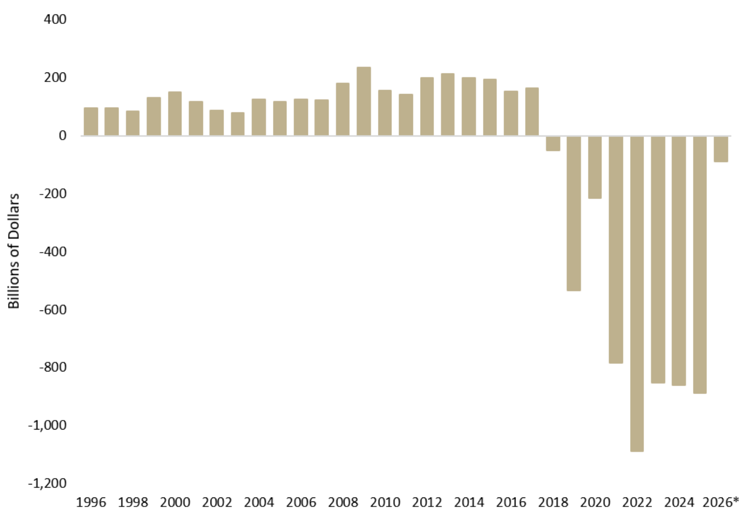
On June 12, SpaceX completed the largest IPO in history, raising $75 billion at a valuation of approximately $1.8 trillion. The offering was reportedly four times oversubscribed, highlighting the strong investor enthusiasm surrounding the company and the broader artificial intelligence and innovation themes that have driven markets higher in recent years. Yet while attention has focused on demand, investors may be overlooking the more important story: supply.

Recent years have been characterized by negative net equity supply, as corporate buybacks consistently exceeded new share issuance. In effect, public companies were removing more stock from the market than they were creating. This reduced the supply of publicly traded shares and likely provided an underappreciated tailwind for stock prices. Net equity issuance remained deeply negative from 2021 through 2025, driven largely by aggressive repurchase activity.

That backdrop may now be changing. SpaceX's IPO could represent only the first wave of a significant increase in public equity supply. Additional shares may enter the market as lockup periods expire, while other highly valued private companies—including Anthropic and OpenAI—are widely expected to pursue public offerings. Taken together, the amount of new equity issuance could rival many years of typical IPO activity.

For investors, the key question is whether demand will keep pace with a growing supply of shares. A larger investable universe creates new opportunities, but rising equity supply may also remove a support that has benefited markets in recent years. As a result, future returns may depend more on fundamentals and careful security selection as supply-driven tailwinds dissipate.

U.S. Net Public Equity Supply



Source: Morningstar

Economy

Last Week	This Week
- ISM Services (Jun): 7/6 54.0 vs. 54.5 prior	- CPI (Jun): 7/14
- Trade Balance (May): 7/6 -$77.6B vs. -$55.9B prior	- PPI (Jun): 7/15
- Wholesale Inventories (May): 7/8 0.1% vs. 0.3% prior	- Housing Starts (Jun): 7/17
- Existing Home Sales MoM (Jun): 7/9 -2.4% vs. 3.2% prior	- U. of Michigan Sentiment (Jun): 7/17

Equities

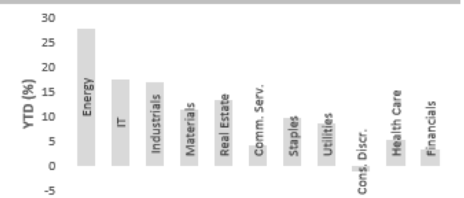
Returns (%)

Index	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	7515	-0.28	0.25	10.46	21.47	20.22	13.06
Russell 1000 Growth	4895	-1.12	-2.16	3.05	14.31	21.25	12.89
Russell 1000 Value	2434	0.12	2.07	18.63	28.33	17.99	11.44
FTSE High Dividend Yield*	594	0.43	1.74	13.45	22.23	17.96	12.20
S&P Small and Mid Cap	21250	-1.43	-2.36	16.66	23.31	13.99	8.50
MSCI EAFE	3112	-1.51	-0.11	9.78	21.05	16.04	9.44
MSCI EM	1649	-4.11	-4.08	18.94	37.26	20.14	7.28

Characteristics

Index	NTM P/E	NTM P/E (20Y med)	Div Yield
S&P 500	18.8	15.8	1.1
Russell 1000 Growth	21.3	18.3	0.5
Russell 1000 Value	16.9	13.7	1.8
FTSE High Dividend Yield*	13.9	13.1	3.6
S&P Small and Mid Cap	14.8	15.3	1.7
MSCI EAFE	15.2	13.5	2.9
MSCI EM	9.6	11.1	2.5

S&P Sector Returns YTD



* Bloomberg U.S Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income

Returns (%)

Index	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.91	-0.87	-0.89	-0.28	3.71	3.78	-0.20
U.S. Int. Gov/Credit	4.59	-0.54	-0.44	-0.04	3.20	4.38	1.06
U.S. Corporates	5.38	-1.11	-1.12	-0.27	4.04	4.84	0.00
High Yield	7.26	-0.28	-0.03	1.93	5.90	8.48	4.08
Municipals (1-10)	3.16	-0.27	-0.22	0.88	3.85	3.28	1.23

Levels (%)

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	4.28	4.19	3.80	3.48	3.94	4.64	0.22
10-yr Treasury	4.62	4.55	4.32	4.17	4.48	3.77	1.35
30-yr Treasury	5.11	5.06	4.91	4.85	5.02	3.90	1.97
SOFR	3.60	3.62	3.68	3.87	4.37	5.06	
6-mo. CD rate	4.07	3.99	3.84	3.62	4.32	5.68	0.21
Prime Rate	6.75	6.75	6.75	6.75	7.50	8.25	3.25
30-yr fixed mortgage	6.46	6.55	6.48	6.25	6.75	7.14	3.04

Data as of 12:40 PM ET, July 14, 2026. Returns through July 13, 2026.