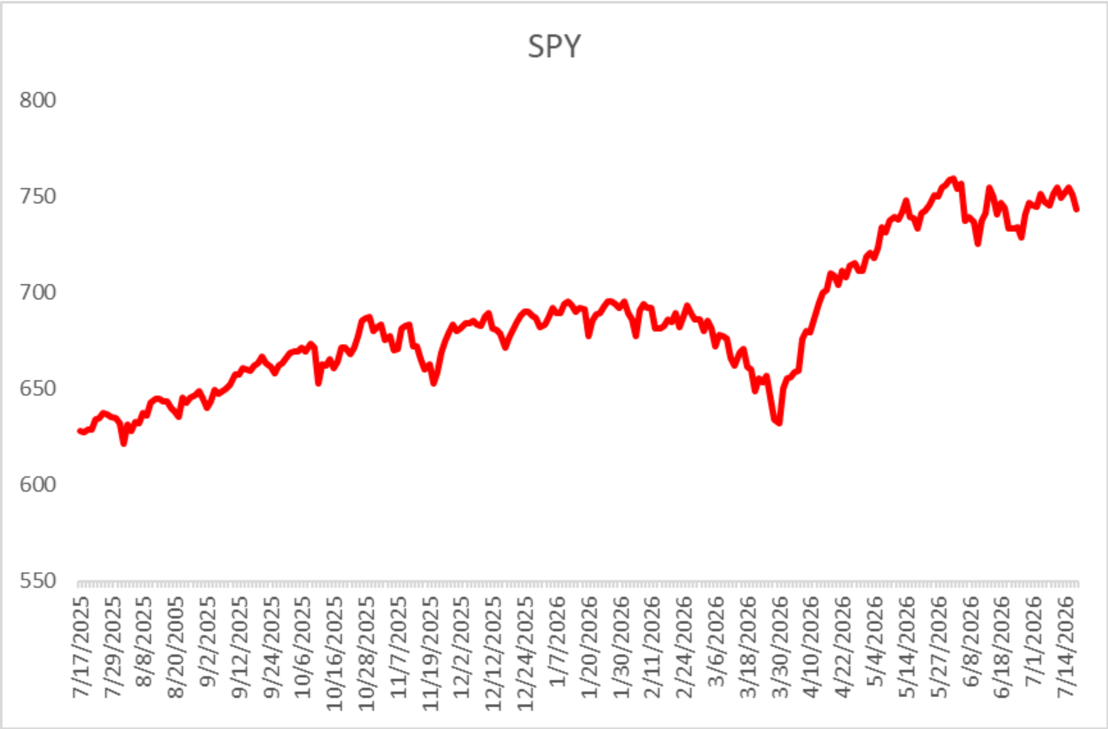
FINANCIAL INSIGHTS
WEEKLY NEWSLETTER

HORTON
MONEY MANAGEMENT

Market Review for Week Ending 7/17/2026



This week the SPY declined 1.54%.

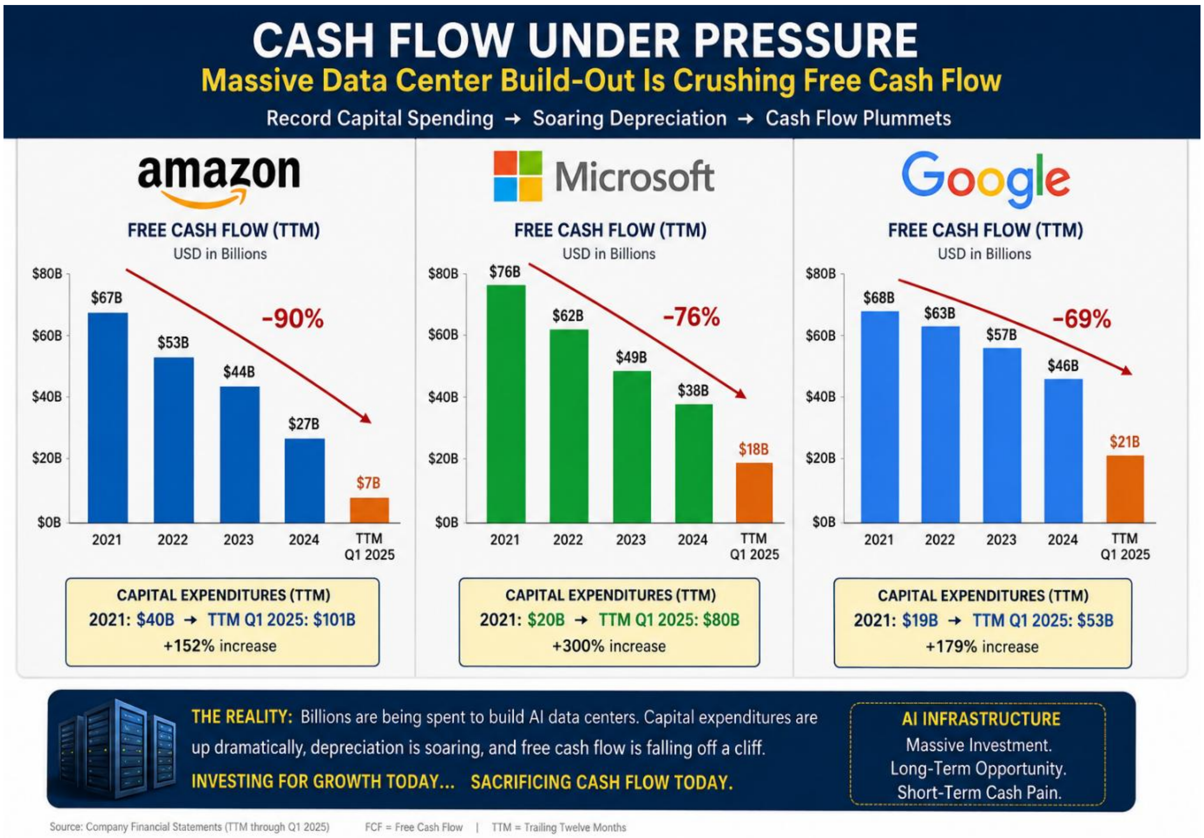
This week a bout of profit taking occurred in many of the AI momentum stocks. The tech heavy Nasdaq Index declined 4.15%. Earnings season kicked off with the banks, and that went well, but we are going into this earnings season with many stocks priced for perfection. The good news is money rotated into other stocks, so for now, the most desired asset class remains stocks.

The conflict with Iran escalated last week and oil went from $71 to $82. When this war broke out, I applied the art of war and wrote down some things I thought Iran would do. One of those items was to prolong the conflict as long as possible to impact our mid-term elections. So, I will not be surprised if this drags on much longer than anyone thought initially.

It's official, margin buying in the stock market has reached its highest level in history. According to FINRA margin debt has surged to 1.4 trillion dollars. Investors are borrowing money to buy equities at an unprecedented rate, and it is likely all invested in the same few stocks. Making matters even worse is this margin debt excludes the massive amount of leverage in options and leveraged exchange traded funds.

When there is a high level of borrowed money in the stock market even a modest decline in the overall stock market can trigger a cascade of margin liquidation selling. All it takes is the first domino to go.

One of the things investors are struggling with is the change in cash flow amongst the biggest companies like Amazon, Microsoft, and Google. These companies have been asset light, debt low, high margin, cash flow juggernauts and now they are just the opposite. The money being spent to build data centers is staggering and growing. It also seems like the belief is the spoils will go to the winner, so full steam ahead on spending.



These are certainly interesting and exciting times, but I have never seen a time in the market where I felt on any given day a new technology could be announced that has the potential to negatively impact another stock so severely. For example, weight loss drugs are the rage now and have huge profit potential going forward. But there are downsides to the drug like muscle loss. So, behind the scenes companies are rushing to create a fat loss drug that does not cause muscle loss. If a different company creates this first, the other company is in big trouble. But while this is happening, another company is working on a product that not only loses fat, but it also builds muscle. This is happening in many pockets of this stock market and as technology advances so does the pace at which a company’s moat can crumble.