2 GRAY BEARDS | Week 175 — One Page Summary

May 9, 2026 | Tech Bubble Dynamics, Frozen Macro & Bond Market Levels

MACRO BACKDROP

Macro is frozen. The Fed is on hold; employment is fine; CPI/PPI next week will print hot but are already expected. Everything traces back to oil, which traces back to the war. Until that resolves, central banks globally can't move — and that suppresses vol in bonds, FX, and gold. Volatility migrates to the one market that will take it: equities, specifically tech.

TECH: BUBBLE BEHAVIOR ON REAL EARNINGS

Semiconductors have genuine earnings support (Micron EPS: ~$9 → ~$99 in two years), but stocks have gone parabolic beyond even that story. Passive flows amplify it — Nasdaq buyers lift QQQ, S&P buyers lift everything. Intel 5x in under a year is the speculative frenzy data point. XLI, XLF, XLV are doing nothing. Only XLK is moving.

Druckenmiller knew he shouldn't buy the late-90s bubble, bought anyway, caught the top. Both hosts feel the current setup rhymes.

TIMING: WAIT FOR THE IPO WASHOUT & THE VOLUME SIGNAL

SpaceX, OpenAI, Anthropic — multi-trillion dollar companies — are coming to market soon. Historical pattern: market runs 10–15% into large IPOs, then sells off 20–30% after. That post-IPO correction is the real entry, not now.

Nick's bubble exhaustion signal: watch for a volume spike as buyers and sellers finally meet, accompanied by erratic daily swings (up 2%, down 2%, up 2%, down 4%). That combination marks the end of the move.

BOND LEVELS & FED CHAIR

New chair (confirmed Mon/Tue) needs months to set strategy and bring FOMC along. June is off the table. Late summer is the earliest for meaningful policy shift. On bonds: 30yr at 4.95% is not compelling. Target is 5.25–5.50% yield (~3% real). Hot CPI + Iran escalation is the path there. At that level, consider buying both duration and equities simultaneously if equities are also down.

POSITIONING SUMMARY

Asset	Posture	Level / Trigger	Comment
Equities (broad)	Underweight	Wait for pullback	Don't chase; FOMO math doesn't work
Tech / XLK	Avoid	Watch for vol spike	Volume + erratic swings = exhaustion signal
30yr Treasury	Not yet	5.25–5.50% yield	~3% real yield = generational entry
Duration + Equities	Watch	Both down simultaneously	Buy both if real yields hit target

Bottom Line: Sit on your hands. The bubble can keep going — but chasing it here, the FOMO math doesn't work. The setup to act is: post-IPO washout in equities, and/or 30yr yields at 5.25–5.50%. Neither is imminent. Stay underweight risk and wait for the level.