



Stratos S&P 500

Market Analysis

**Primary Target:
7792**

**Today's S&P Level:
7409**

**Initial Support:
7191**

**Intermediate
Support:
6901**

**Primary Support:
6601**

**Base Camp:
6331**

**Line in the Sand:
6092**

May 15th, 2026

WEEKEND AT BERNARD'S

Is There Still Room For More Upside?

Stratos Investments continues to provide research numbers on the S&P 500 (7409) that I consider extremely valuable. Just this year, on January the 15th, when the S&P 500 was trading around 6900, I wrote in my blog "Thank the Fed for U.S. Stocks to Continue Higher", I predicted "testing Stratos Intermediate Target of 7358 during the first two quarters". In March, after the war with Iran had begun, the S&P was trading at 6699 at Stratos Initial Support level, and I stated "If the Strait of Hormuz were to be blocked for an indefinite time, stocks could test Stratos Intermediate Support of 6421". On March 30th, the S&P traded a low of 6343, and has gone straight up since then. On April the 21st, when the S&P was above my Initial Target at 7064, I stated "The S&P 500, by testing my Intermediate Target near 7400, I would consider U.S. stocks to be fair to overvalued". Since my last blog "Surprise, Surprise, U.S. Stocks Are on Their Highs", the S&P has traded above 7500. My Primary Target, which I expect could be tested by the end of the year, or sooner, is 7792. Since March 30th, the S&P has advanced three steps higher, gapping above 6700, trading above my Initial Target of 7056, and now trading above my Intermediate Target of 7400. Under normal market conditions, a technical correction is in order.

I do not expect the 2025-26 momentum rally to last much longer. I continue to be optimistic, but also realistic that stocks cannot continue to go much higher at this pace. Today is the last day for chairman Powell, who has done a tremendous job in his eight years as the chairman of the Federal Reserve. The S&P 500 has advanced almost 170% under his leadership, and he will be remembered for being able to navigate COVID, raising interest rates while still managing a soft landing, and keeping the Federal Reserve independent. Moving forward, I have no confidence that this will be able to be continued. The new Fed chair is going to bow to the president's commands and cut interest rates in spite of record-high markets and 30-year interest rates at many, many year highs above 5%, and unemployment mostly under control. Another accomplishment that chairman Powell has achieved.

If the Fed were to lose its independence, I believe this could result in a 3-to-4 step pullback, testing Stratos Intermediate Support (6901) or Primary Support (6601) in the S&P, sometime in the next two quarters as a possibility. I am raising my Stratos Line in the Sand by 300 points to 6092, which is 1120 points higher from last year's Line in the Sand of 4972. I am seeing quite a few consumer discretionary stocks make new lows in the S&P 500, while the S&P 500 is making new highs. This could be a warning sign. The advanced intelligence is leading spending in the top 10 stocks, which have been rewarded and this will not continue indefinitely.

I believe the dollar will weaken by 15-20% as soon as the Iran war is resolved. I also expect that interest rates will continue higher in the long term, even if they go down for the short-term, when the economy slows down. Commodity prices continue to perform well, reflecting higher energy costs. With the Strait of Hormuz indefinitely closed, oil prices (\$106) could jump up and test Stratos Initial Target of \$164. All-time highs were traded in 2008 at the \$147 level. Historically, it makes sense that oil prices will go higher before they go lower. I'm also expecting gas prices, if this does happen, to test the \$6 to \$7 range. This could happen if Iranians refuse to negotiate because they have the cards.



Good Trading for the Long Term

210 N Stanton St Suite 3 El Paso, TX 79901

(915)-312-6117

weekendatbernards.com



As I predicted, the strong U.S. market has now gone up to where I could consider the U.S. S&P market to be fair to overvalued. Although strong earnings continue the momentum trade, higher energy costs are going to eventually affect the bottom line. Since the stability of lower interest rates no longer exists, the tech rally is now due for a correction. I am not expecting to make any radical changes, but I am looking for weak investments to eliminate, and to be more strategic moving forward this year. I would like to thank the Fed chairman Powell for his past leadership, and hope the new Fed chair doesn't mess it up. No one could predict a bubble, and the possibility of higher highs is still there, but for how long?

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