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MARKET INTELLIGENCE BRIEF

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Mid-year Musings

MARKET INTELLIGENCE BRIEF · JUNE 2026

Is It Time to Leave the Table?

Across three very different markets, this month's evidence points the same way: the easy gains have been made, and the margin of safety has thinned. US equities sit at dot-com-era valuations their earnings can no longer justify. India has cooled after 20 months of sideways trade, yet still trades in the band that has preceded every major bear market of the last 25 years. And precious metals, despite a sharp recent correction, have not yet flashed the signal that historically marks a durable bottom. The through-line for portfolios is the same in each case — discipline over reach.

01

US: A bubble on every lens

Market cap/GDP >220%, P/E ~30x, top-10 weight >40% — and the 'superior earnings' defence does not survive the data. Ben Graham math implies 12–80% downside.

02

India: moderated, not immune

Nifty at 24–25x (like-for-like) is cheaper than 2024 but still 10–30% above long-run norms — squarely in the historical bear-trigger band. FY26 EPS growth ~5%.

03

Gold: not yet a golden winter

The recent crash looks like consolidation, not a top. The gold-silver ratio stays bullish below 80; the buy signal has not yet rung. Mega-IPOs may fuel one last leap.

The Setup

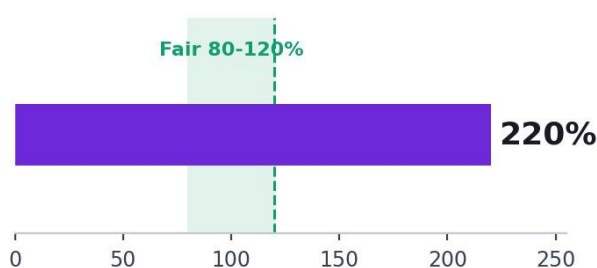
For 18 months, US equities have been flagged as expensive on almost every parameter, with the bull case resting on one pillar: that today's S&P 500 is a structurally superior earnings machine versus the energy-, bank- and consumer-led index of the post-war decades. This issue tests that pillar directly — then asks what a sober valuation framework implies for the S&P, what it means for an Indian market that is cheaper but not cheap, and why the sell-off in gold and silver is better read as a pause than a peak.

Deep Dive — United States: A Bubble on Every Lens

On every independent yardstick, US equities are richer than at almost any point in modern history. Market cap to GDP — the 'Buffett Indicator' — sits above 220% against a fair-value band of 80–120%; even crediting S&P 500 companies with 25–33% of sales from overseas, the adjusted reading is still ~150%, firmly overvalued. The S&P 500's market cap to M2 money supply is around 32x, above its dot-com peak. The trailing P/E near 30x has only been seen in the run-up to the 2000 crash. And concentration is at a record: the top 10 companies are more than 40% of the index, versus a 20–25% historical norm.

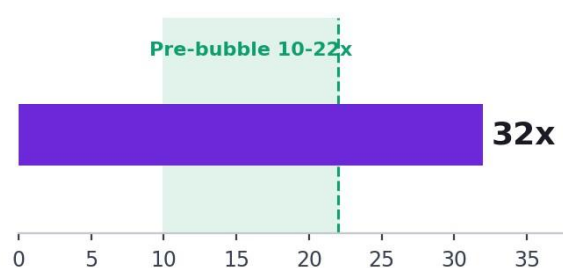
US Equity Valuation Dashboard - Stretched on Every Lens

Market Cap / GDP (Buffett)



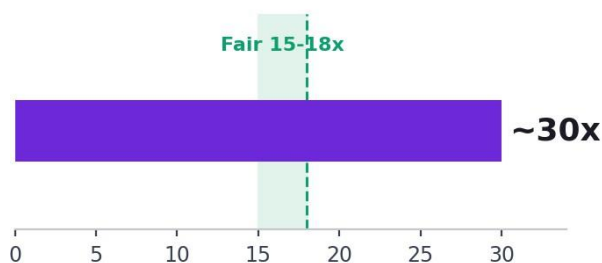
Adj. ~150% even on foreign-sales assumption

S&P 500 Mkt Cap / M2



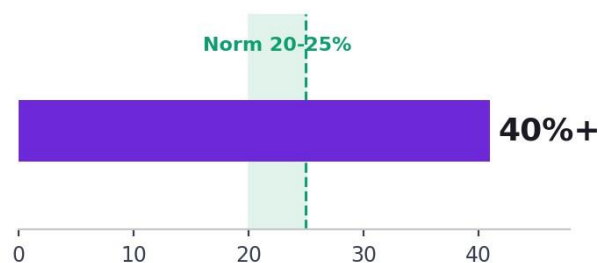
Above dot-com peak

S&P 500 Trailing P/E



Only matched in run-up to 2000

Top-10 Weight in S&P 500



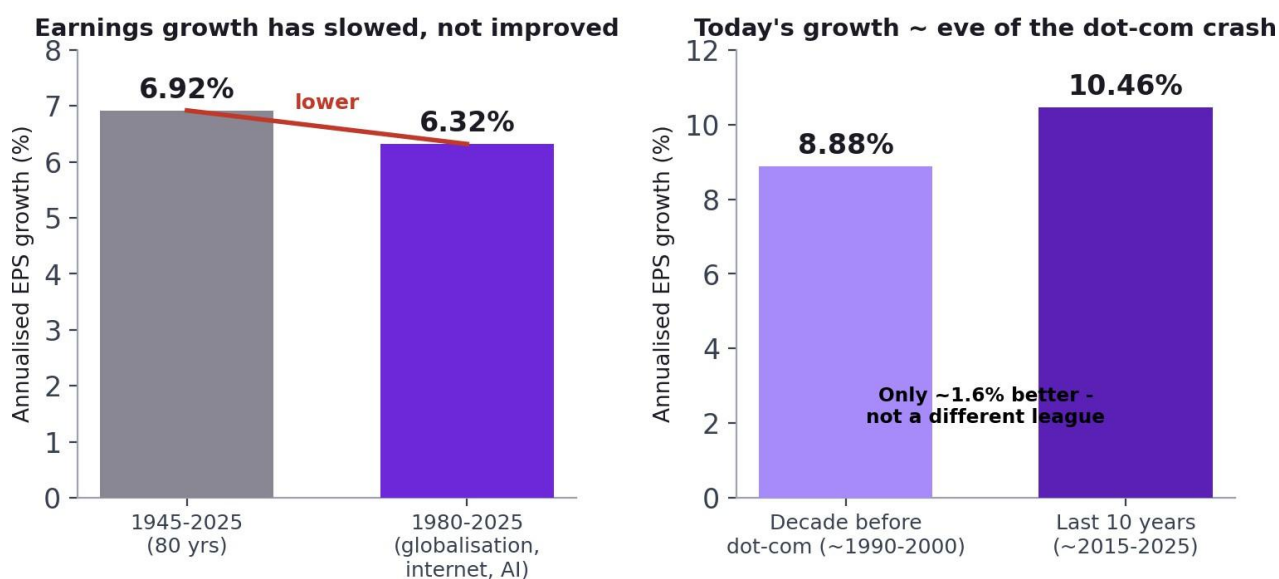
Record concentration

Current readings (purple) against fair / historical ranges (green). Source: Ametra Research.

The 'Superior Earnings' Defence Does Not Hold

Since 1945, S&P 500 EPS have compounded at 6.92% a year. Over 1980–2025 — the era of globalisation, the internet, biotech and AI — the rate actually falls to 6.32%. Earnings growth has moderated, not accelerated. Nor does the dot-com 'quality' argument hold: EPS grew 8.88% annualised in the decade into 2000 versus 10.46% in the last ten years — better, but only marginally, and not enough to mark a different regime.

The 'Superior Earnings' Myth



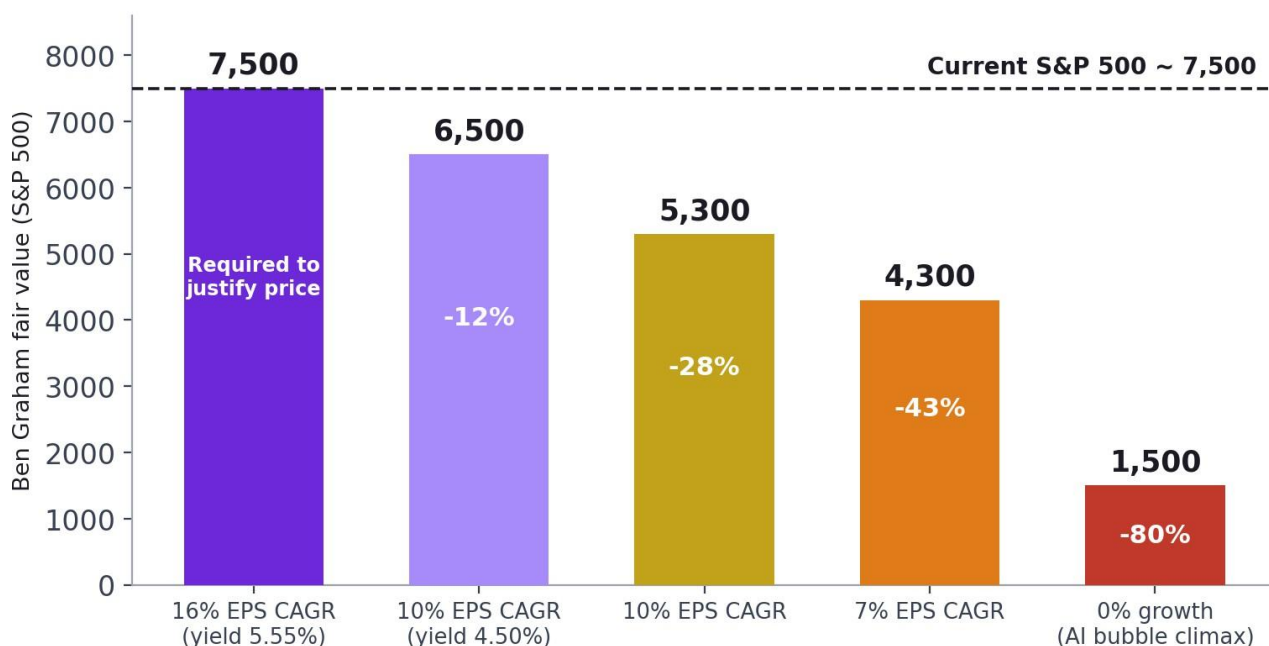
EPS growth since 1945 versus 1980 (left) and the decade into 2000 versus the last ten years (right). Source: Ametra Research.

The conclusion is straightforward: the index that today commands dot-com-era multiples is not a demonstrably faster-growing earnings machine than its post-war predecessor. With growth no better than history and valuations far richer, the premium rests on sentiment rather than fundamentals — exactly the condition that has preceded prior de-ratings.

The Ben Graham Verdict

Run the numbers through the Ben Graham formula and the asymmetry is stark. With the US AAA-rated 20-year corporate yield at 5.55%, the S&P 500 would need to compound EPS at ~16% a year through 2030 simply to justify today's level near 7,500. Drop that to a still-healthy 10% and fair value falls to ~5,300 — a 28% discount. At 7%, closer to the long-run reality, fair value is ~4,300. Even a benign rate path — yields easing to 4.5% on a US–Iran thaw — lifts fair value only to ~6,500, still ~12% below spot. And in the tail case of an AI-bubble climax with 0% growth, the formula points to ~1,500: an 80% drawdown, precisely what the NASDAQ 100 delivered after 2000.

Ben Graham Fair Value - Downside Dominates the Scenarios



Ben Graham fair value across growth / yield scenarios versus the current ~7,500. Source: Ametra Research.

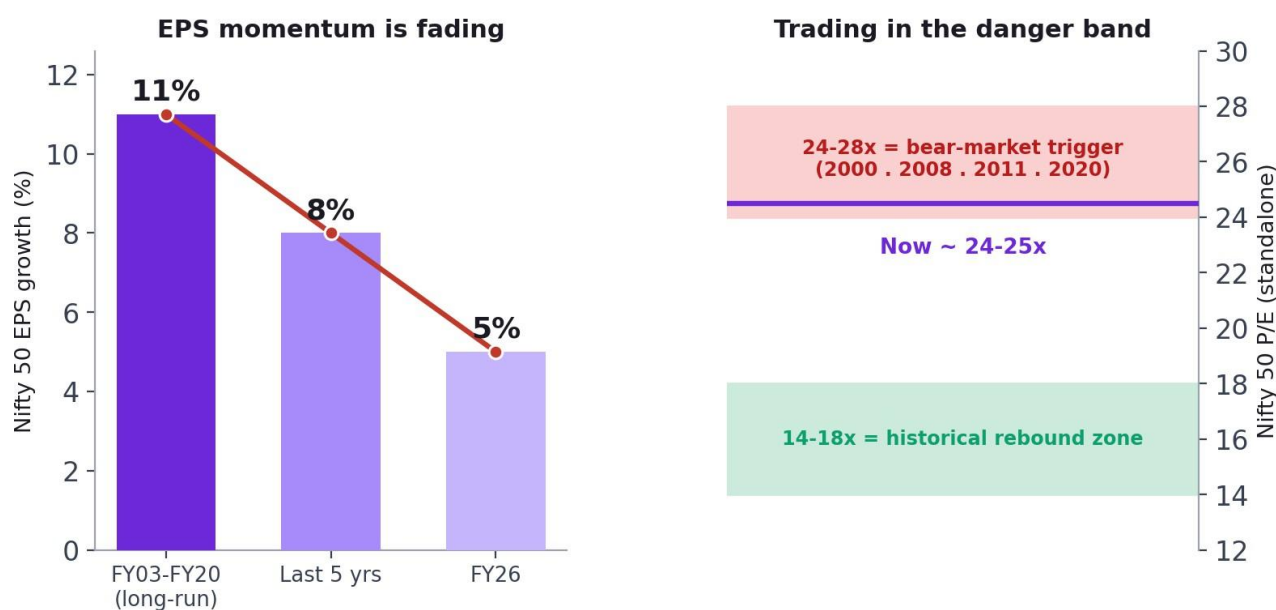
Scenario	Assumption	Fair value	vs spot
Required to justify price (yield 5.55%)	16% EPS CAGR	~7,500	Fair
Benign rates (yield eases to 4.5%)	10% EPS CAGR	~6,500	-12%
Healthy growth holds	10% EPS CAGR	~5,300	-28%
Growth reverts to long-run	7% EPS CAGR	~4,300	-43%
AI-bubble climax	0% EPS CAGR	~1,500	-80%

Verdict. Unless investors are willing to bet against history on double-digit earnings growth persisting into the 2030s, the weight of the scenarios is firmly to the downside. This looks like the right time to leave the table.

Deep Dive — India: Moderated, Not Immune

Closer to home, 20 months of sideways markets have taken some heat out of Nifty 50 valuations — but 'cheaper' is not 'cheap'. On a like-for-like basis the multiple sits at 24–25x. Most platforms show ~20–21x; that figure is *not* comparable to history, because the NSE shifted from standalone to consolidated EPS, and because COVID-era EPS distortions in 2020 break the series — so historical averages are anchored to data through 2019. At 24–25x, Nifty is in line with its 5-year average but a full 10–30% premium to longer-term norms.

Nifty 50 - Moderated, Not Cheap



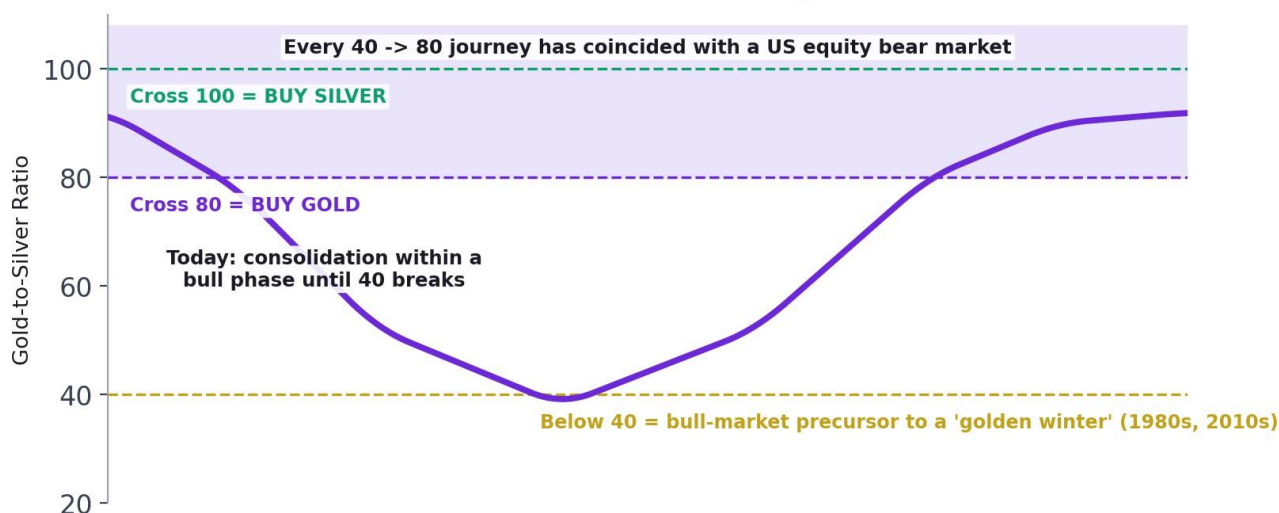
Earnings momentum (left) and the historical P/E danger band (right). Source: Ametra Research.

Earnings are not coming to the rescue. Nifty EPS compounded ~11% over FY03–FY20, slowed to ~8% over the last five years, and limped to ~5% in FY26 — even with rate cuts and GST reforms as tailwinds. History is unkind here: a 24–28x P/E was the launch pad for the bear markets of 2000, 2008, 2011 and 2020, with rebounds typically coming from 14–18x. With high crude weighing on Q1 results, the valuation overhang on Indian equities looks set to persist — even in a delayed downturn.

Precious Metals: Not Yet a Golden Winter

The recent slide in gold and silver — which have given back essentially all of the last six months' gains — has revived talk of a 'golden winter' like those of the 1980s and 2010s. That call looks premature. Both prior golden winters were preceded by a sustained drop in the gold-to-silver ratio below 40; until that level breaks decisively, precious metals are best read as consolidating within a bull phase, not entering a multi-year bear. The playbook is mechanical: bull runs pause as the ratio nears 40, metals consolidate as it climbs toward 80, and the buy signals ring when the ratio crosses 80 for gold and 100 for silver. Notably, every journey from 40 to 80 has coincided with a US equity bear market — reinforcing the equity caution above. The present setup rhymes with early 2008, carrying the valuation overhang of 2000; the wildcard that could deliver one last leg up is the coming wave of mega-IPOs — names such as SpaceX and Anthropic capable of reigniting risk appetite before the cycle turns.

The Gold-Silver Ratio Playbook



Stylised gold-to-silver ratio cycle with buy / sell thresholds. Source: Ametra Research.

Ametra's House Stance

Equities — resilience over reach	Trim beta. Favour large-cap quality with pricing power and clean balance sheets. Downside in both the US and India is not yet complete.
Gold & silver — hold, don't chase	Maintain a core allocation as insurance, but wait for the ratio to cross 80 (gold) / 100 (silver) before adding aggressively.
Cash — an active position	Liquidity is optionality while multiples have not fully adjusted. Deploy into dislocations, not up-days.
The IPO wildcard	A SpaceX / Anthropic-led mega-IPO wave could fuel one last leap. Participate tactically — don't mistake it for a new bull market.

This Month's Recommended Strategy

When the house view is discipline over reach, the portfolio should say so. June's signals — US equities at dot-com valuations, an Indian market that is cheaper but not cheap, and precious metals still mid-cycle — argue for capital preservation and dependable income over chasing beta. One Ametra strategy stands out for exactly this environment.

Ametra FactorIncome

TOP PICK**MULTI-ASSET · UPTO 1% MONTHLY INCOME + INFLATION-BEATING COMPOUNDING**

A diversified 55% equity / 25% debt / 10% international equity / 10% gold mix designed to neutralise market-timing risk and smooth returns across regimes. In the 2007–13 'equity winter' the blend returned ~69% versus ~0% for the Nifty 500, and in 2008 it drew down just –10.5% against –54.8% for its benchmark. It targets ~1% monthly income alongside inflation-beating compounding — precisely the low-drawdown, multi-asset profile this issue argues for: stay invested, keep income flowing, and let diversification do the timing.

Multi-asset

Diversified

Low drawdown

Regular income

20.4%

CAGR since inception

10.6%

Volatility

–10.5%

2008 GFC drawdown

Why now. With downside incomplete in both the US and India and cash positioned as an active holding, a diversified, income-oriented stance preserves capital while keeping income flowing until better entry points emerge. Performance figures are since-inception, partly back-tested and before transaction costs; see the full factsheet and disclosures before investing.

Signals at a Glance

Indicator	Reading	Signal
S&P 500 Mkt Cap / GDP	>220% (adj. ~150%)	Dot-com-era overvaluation
S&P 500 trailing P/E	~30x	Late-cycle, downside-skewed
Top-10 weight in S&P 500	>40%	Record concentration risk
S&P 500 EPS CAGR (1980–2025)	6.32%	Decelerating, not superior
US AAA 20-year yield	5.55%	High discount rate caps fair value
Nifty 50 P/E (standalone)	24–25x	Historical bear-trigger band
Nifty 50 FY26 EPS growth	~5%	Limited room for re-rating
Gold-silver ratio	Consolidating, <80	Still bullish; buy signal not yet
Mega-IPO pipeline	SpaceX, Anthropic	Possible last leg up

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