

Chips and Capital Loosen. Power Becomes the Ceiling.

A US tech, semiconductor, and AI outlook for Q3–Q4 2026.

William Foley · June 18, 2026 · Independent research

3 documents got signed in the US between June 11 and June 17, 2026. They look like separate stories. SpaceX priced the largest IPO in history.^{[1][2]} The US and Iran signed an initial deal to end their war and reopen the Strait of Hormuz.^{[3][4]} The Fed handed down its June rate decision under a new chair.^{[5][6]} Put them together and you get one week that repriced capital, supply, and the cost of money.

For two years the binding constraint on AI was chips and capital. Both are loosening at once in the second half of 2026. The Iran deal is clearing the physical supply chain that feeds advanced fabrication. The largest IPO wave on record shows capital sitting in size, looking for a home. What is left is physical. Power, cooling, copper, transformers. For the rest of 2026 the AI story runs on physics and infrastructure. The software-and-money phase is largely over. Energy ties it together. The war pushed energy prices up, inflation up, and the Fed hawkish. The peace deal just pushed oil down. Oil is the one variable that could let the Fed move later in the year.

FIGURE 1

Three signings, one week



Capital, supply, and the cost of money repriced inside a single week. Brent crude settled down 4.76% to \$83.17 on the Iran agreement, its lowest since early March.^[3]

THE MACRO HINGE

A hawkish Fed and the energy variable

The FOMC held the federal funds rate at 3.50%–3.75% on June 17, its fourth straight hold, on a unanimous 12-0 vote.^[5] The hold was expected. The projections underneath it were the story. This was Kevin Warsh's first meeting as chair, and the committee turned hawkish. It dropped the prior language pointing toward easing, and the dot plot moved with it. Nearly half the committee, 9 officials, now project at least one hike before year-end, and 6 see at least two.^{[5][6]} The median year-end dot rose to about 3.8%, a quarter point above the current range and a flip from March, when the median still implied a cut.

The inflation track explains the shift. The committee revised its preferred inflation gauge up to 3.6% from 2.7%, and tied the move to higher energy prices from the war in Iran.^[5] That is the hinge. Energy is the line item connecting a regional war to the cost of capital for every data center going up in the country.

That is why the peace deal matters to the rate path. The agreement sent oil down the day it was announced, Brent settling 4.76% lower at \$83.17, its lowest since early March.^[3] Cheaper energy is the one variable with a clean line back to the inflation print, so it is the clearest path to cuts later in the year. The same cost-of-capital question governs the financing of several hundred billion dollars of AI spending and the appetite for the IPO calendar that follows.

The read-through for tech is direct. A higher-for-longer path lifts the discount rate on long-dated cash flows, which is what AI capex is, and it raises the cost of the debt now funding a growing share of data-center construction. A committee that just dropped its easing bias is not going to backstop a financing cycle this size. By the close on June 17, futures and the dot plot had lined up on the same hawkish path. That removes one of the cushions that held risk assets up through the spring.

SUPPLY RELIEF

What the Iran deal unblocks

The deal is an initial framework and should be read that way, with plenty still to negotiate.^{[3][4]} It reopens the Strait of Hormuz, lifts the US naval blockade of Iranian ports, and opens a 60-day window for nuclear talks. The terms that matter for the tech supply chain are the ones touching the strait.

Hormuz also carries chemical inputs that advanced fabrication depends on. Ultra-pure helium, used in EUV lithography and cooling, moves through the region, along with bromine and other materials that memory makers had been pulling from strategic inventory while the blockade held.^{[7][8]} A reopened strait restores the baseline flow of those inputs instead of leaving fabs to ration buffer stock. Memory makers run thin inventories of these inputs by design, so even a short interruption forces rationing that shows up in pricing weeks later.

The second effect is energy cost. Lower oil and gas prices cut the cost of powering and cooling data centers, the biggest variable expense in AI infrastructure after the silicon.^[9] The third effect is behavioral. A lower war-risk premium lets hyperscalers rack GPUs and switch them on instead of hoarding them against a supply shock.^[8]

The caveat is timing. Reopening the strait and normalizing trade through it are different things. Reporting on the shipping recovery puts global volumes months away from pre-war levels, as carriers, insurers, and crews work back through a disrupted network.^[10] This relief arrives gradually across the back half of the year.

THE REAL CONSTRAINT

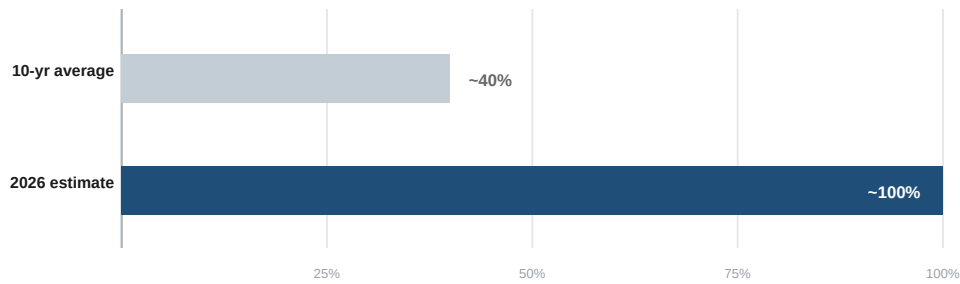
The compute wall is deployment lag, not chip scarcity

This is the shift that defines the second half of 2026. For two years the question was whether Nvidia and its foundry partners could build enough accelerators. The harder question now is whether hyperscalers can get the power and cooling to turn them on.

The spending tells the story. Combined 2026 capex across the 5 largest builders (Amazon, Alphabet, Meta, Microsoft, Oracle) runs \$660B–\$725B, close to double 2025.^{[11][12]} The number to watch sits inside that. Capex is now eating close to 100% of hyperscaler operating cash flow, against a 10-year average near 40%.^[11] Wall Street will press on that through the Q3 and Q4 calls. These companies are spending nearly every dollar they generate on buildout, and the question under every call is how fast that buildout turns into software profit.

FIGURE 2

The squeeze: capex as a share of hyperscaler operating cash flow



Combined 2026 capex across the 5 largest builders runs \$660B–\$725B, close to double 2025, now absorbing nearly all internally generated cash against a long-run norm near 40%.^{[11][12]}

The bottleneck has moved to the grid connection, the cooling loop, and the electrical gear. Demand for compute is hitting multi-year lead times on power generation, transformers, and cooling equipment, none of which scale on a semiconductor schedule. Independent analysts put AI data-center power demand in the hundreds of gigawatts by the end of the decade, well past what utilities allocate to the sector today. New copper supply, the metal that wires all of it, runs on timelines measured in well over a decade from discovery to production.

This creates an idle-chip dynamic. Chip shipments stay strong even when some hardware waits on power, because no hyperscaler can afford to lose its slot in the manufacturing queue.^[13] Semiconductor revenue keeps beating while racks sit dark waiting on substations. The backlog stretches the chip cycle out instead of ending it.

The earnings translation is specific. Chip suppliers and the foundry layer keep printing strong revenue because orders do not pause. Hyperscalers carry the cost of capital already deployed while the revenue from it lands on a lag set by substations and cooling plants. Software release schedules do not govern that lag. The gap between booked cost and realized return is what drives sentiment on the back-half calls, and it tracks construction timelines more than demand.

I went deeper on the physical layer in 3 equity memos. [CoreWeave](#) on the neocloud build, [NuScale](#) on small modular reactors as the power answer, and [Eaton](#) on grid infrastructure.

THE CAPITAL TEST

The mega-IPO wave and where the cash goes

That covers supply. Capital is the other half of the picture. There is a record pile of cash on the sidelines, and the 2026 IPO calendar is the magnet set up to pull it in.

The dry powder is real and large. Money-market fund assets sit at an all-time record in dollar terms, somewhere between \$7.9T (ICI, early June) and \$8.3T (Bloomberg, late May).^{[14][15]} That is roughly double the \$4.0T peak from March 2020. The comparison holds in dollars, and only in dollars. As a share of total market cap, today's cash pile is near 10%, below the 2020 ratio, which spiked because the market had crashed. The honest version is the absolute one. Record dry powder, about twice the pandemic dollar peak, waiting for a destination.

SpaceX showed what that demand does when it finds a target. The offering priced June 11 at \$135/share, 555.5M shares, raising \$75B, the largest IPO ever and several times the roughly \$29B Saudi Aramco raised in 2019.^{[1][2][16]} It valued the company near \$1.77T and closed the first session around \$161, up roughly 19%. The book was heavily oversubscribed and retail demand was strong. SpaceX is the first in a sequence, and the rest of the pipeline is where the next wave of cash is aimed.

What matters for the rest of the year is how the demand showed up. The book ran several times oversubscribed, which left institutions that missed allocations buying in the open market and pushed the stock up on day one. That is capital that has been waiting, and it is the same capital the next listings compete for. Each reception sets the timing for the name behind it.

FIGURE 3

The 2026 mega-IPO pipeline after SpaceX

COMPANY	S-1 STATUS	EXPECTED WINDOW	READ
SpaceX	Priced June 11	Completed	PRICED
Anthropic	Confidential S-1 filed	As early as Oct 2026	CONCRETE
Databricks	No S-1 yet	Filing expected H2 2026	LIKELY
OpenAI	No S-1 yet	Late 2026 or 2027	WILDCARD
Canva	Unconfirmed	Timing unconfirmed	WATCH
Stripe	Profitable, "in no rush"	Unlikely in 2026	WATCH

Anthropic is the most concrete near-term catalyst. OpenAI's CFO has flagged late 2026 or 2027, and Stripe is not expected to list this year.^[17]

The valuation backdrop is rich by long-run measures. The ratio of total US market cap to GDP, the Buffett Indicator, sits near 233%.^[18] The Shiller CAPE sits near 40, close to the dot-com high around 44 and well above its long-run average.^{[19][20]}

FIGURE 4

Valuation backdrop, long-run context

MEASURE	CURRENT	HISTORICAL REFERENCE
Market cap / GDP (Buffett Indicator)	~233%	Well above the long-run norm
Shiller CAPE	~40	Near the dot-com high (~44); long-run average ~17

By long-run measures the market is richly valued heading into the second half of 2026.^{[18][19][20]}

The dot-com comparison is worth taking seriously. The real parallel is the clustering of mega-listings and the stretched multiples that meet them. The difference is the balance sheet behind the spend. Today's buildout is led by profitable incumbents funding capex out of real operating cash flow, with revenue and infrastructure

already in the ground. The 1999–2000 cohort was mostly unprofitable, venture-dependent startups. The live risk runs the other way, though. The pure-play AI developers still burn cash. If AI revenue growth disappoints against the spending, that record capex starts weighing on earnings. The downside case is multiple compression, if the return on a trillion dollars of spend arrives slower than the spend.

OUTLOOK

Signposts for Q3 and Q4

Pull it together and the picture through year-end reads like a constraint binding, not a bubble. Semiconductor earnings hold up. Hyperscalers keep spending at record levels. The pressure point moves down the stack, off the chip designers and onto the physical suppliers of power, cooling, and materials. That is a different risk profile than a valuation unwind, and it calls for a different watch list. The chips are coming and the capital is here. What the rest of 2026 measures is whether the physical buildout can keep up with either.

4 signposts will tell the story of Q3 and Q4. These are readings, not positions.

Capex guidance and efficiency. What hyperscalers guide on capex, and what they say about capital efficiency, on the Q3 calls. The market wants proof that spend is converting into profit.

The Anthropic listing. Expected around October. It is the most concrete near-term catalyst and the live gauge of how much sidelined cash the pipeline can absorb.

Oil to inflation to Fed. Whether the post-deal drop in energy prices feeds through to a softer inflation print, and whether that reopens the door to the cuts the committee just talked itself out of.

Power and cooling deal flow. PPAs, small modular reactor and other nuclear commitments, and transformer and cooling supply deals. This is where the physical constraint eases or hardens.

This article is informational market analysis dated June 18, 2026. It is descriptive and predictive, not investment advice, and contains no recommendations or price targets. Figures are drawn from the sources listed below.

SOURCES

- [1] NPR, "SpaceX blasts off with a record-breaking \$75 billion IPO," June 11, 2026. [npr.org](https://www.npr.org)
- [2] CNBC, SpaceX (SPCX) IPO live updates / first-day close, June 12, 2026. [cnbc.com](https://www.cnbc.com)
- [3] The Washington Post, "U.S., Iran sign initial deal to end war, open Strait of Hormuz," June 18, 2026. [washingtonpost.com](https://www.washingtonpost.com)
- [4] CBC News, U.S.–Iran memorandum of understanding details, June 17–18, 2026. [cbc.ca](https://www.cbc.ca)
- [5] CNBC, "Fed interest rate decision, June 2026," June 17, 2026. [cnbc.com](https://www.cnbc.com)
- [6] Fox Business, June 17, 2026 FOMC decision and Warsh's first meeting. [foxbusiness.com](https://www.foxbusiness.com)
- [7] Transformer News, Iran war, helium, bromine and the Hormuz chokepoint. [transformernews.ai](https://www.transformernews.ai)
- [8] CNBC, Iran war and AI chip supply-chain costs, May 19, 2026. [cnbc.com](https://www.cnbc.com)
- [9] J.P. Morgan Asset Management, "Can the Iran war disrupt AI chip production?" [am.jpmorgan.com](https://www.am.jpmorgan.com)
- [10] The Conversation, "The Strait of Hormuz is reopening, but global shipping won't return to normal for months." theconversation.com
- [11] CreditSights, 2026 hyperscaler capex estimates. creditsights.com
- [12] Futurum, "AI capex 2026: the \$690B infrastructure sprint." [futurumgroup.com](https://www.futurumgroup.com)
- [13] SemiAnalysis, on the 2026 US data-center buildout. [semianalysis.com](https://www.semianalysis.com)
- [14] Investment Company Institute, money-market fund assets. [ici.org](https://www.ici.org)
- [15] Bloomberg, "Dash for cash sends money-fund assets to record \$8.3 trillion," May 29, 2026. [bloomberg.com](https://www.bloomberg.com)
- [16] The Conversation, "SpaceX raised \$75B in record IPO." theconversation.com
- [17] Yahoo Finance / Benzinga, most-anticipated IPOs after SpaceX (Anthropic, OpenAI, Databricks, Canva, Stripe). finance.yahoo.com
- [18] GuruFocus, US total market cap / GDP (~233.8%), June 2026. [gurufocus.com](https://www.gurufocus.com)
- [19] GuruFocus, S&P 500 Shiller CAPE (~40), June 2026. [gurufocus.com](https://www.gurufocus.com)
- [20] multpl, Shiller PE series. [multpl.com](https://www.multpl.com)