

WEEKLY PREP

SUNDAY · MAY 31, 2026 · DAY 99 OF THE IRAN WAR – ES +58.75 (+0.78%) TO 7,595.75, NQ +331.75 (+1.10%) TO 30,405.25 AS OIL'S -6.95% COLLAPSE FROM DIPLOMATIC MOMENTUM EXTENDS FRIDAY'S TECH LEADERSHIP INTO WEEKEND CONFIRMATION OF NVIDIA'S AGENTIC AI NARRATIVE

PUBLISHED 5:08 PM ET

/ESM26 + /NQM26 WEEKLY PREP BRIEF

JUNE ES FUTURES + JUNE NQ FUTURES · WEEKLY SETUP FOR FOMC BLACKOUT ENTRY WITH OIL AT \$87.36 MARKING LOWEST WAR-CYCLE PRINT WHILE VIX 15.32 REFLECTS COMPLETE MOMENTUM CAPITULATION TO TECH INFRASTRUCTURE ACCELERATION

△ SITUATION – DIPLOMATIC FRAMEWORK STABILIZING

Tehran signaled overnight that it remains interested in Pakistan-mediated peace talks with the U.S. as Foreign Minister Abbas Araghchi commented that "talks are making progress with Pakistan's gracious effort" while warning that "a political solution was the only way to break the deadlock over a deal." Oil prices pulled back Thursday, erasing earlier gains, on reports that U.S. and Iranian negotiators reached an agreement to extend the ceasefire. The weekend held no major geopolitical shifts – the diplomatic framework established Friday after Secretary Rubio's meeting with Pakistani FM Muhammad Ishaq Dar appears intact into the Monday session.

/ESM26	/NQM26	VIX	WTI OIL	10Y YIELD
7,595.75 ▲ +58.75 (+0.78%)	30,405.25 ▲ +331.75 (+1.10%)	15.32 ▼ -1.27 (-7.66%)	\$87.36 ▼ -6.53 (-6.95%)	4.45%

TODAY IN ONE PARAGRAPH

The 7,595.75 Friday close breaks above the prior brief's 7,590.25 resistance with sustained momentum toward the psychological 7,600.00 barrier – validation above confirms the tech infrastructure acceleration thesis while invalidation moves to 7,540.00 on any breakdown of diplomatic progress expectations. The June 16-17 FOMC meeting represents Chair Warsh's opening position with the Fed entering blackout period Monday until after the decision eliminates commentary risk for the shortened Memorial Day week. NVIDIA's record \$81.6 billion revenue (+85% YoY) validates Jensen Huang's "demand has gone parabolic" assessment as agentic AI deployment creates structural momentum across hyperscale infrastructure with the company powering every frontier AI model. Framework scenarios for the week: sustained diplomatic progress with tech leadership continuing (~70%), implementation stalling with energy repricing higher (~20%), broader breakdown reverting to conflict dynamics (~10%). Iran's economy has entered a "new and more dangerous phase" with absolute poverty and chronic unemployment threatening millions while oil's \$87.36 normalization creates structural support for equity multiples as energy fears recede. Conditions favor long-side positioning above 7,540.00 with extension targets at 7,600.00 and 7,650.00 as Memorial Day optimism builds into shortened-week dynamics with Fed blackout eliminating headline risk from monetary policy commentary.

PART 1 /ESM26 – E-MINI S&P 500 JUNE FUTURES

1 · MACRO & OVERNIGHT CONTEXT

01 Walk through the weekend timeline – how did Friday's diplomatic momentum carry into the Sunday setup?

Friday's close brief flagged the tentative framework after Secretary Rubio's meeting with Pakistani FM Muhammad Ishaq Dar, with ES settling at 7,595.75 and oil collapsing -6.95% to \$87.36. Saturday brought confirmation as Tehran signaled continued interest in Pakistan-mediated talks with Foreign Minister Araghchi stating that "talks are making progress with Pakistan's gracious effort" – no backtracking from the diplomatic track. Sunday remained quiet on geopolitical developments, with no major statements or incidents to disrupt the framework. The weekend's stability validates Friday's thesis that we've shifted from acute conflict risk to implementation mechanics, allowing risk assets to extend their momentum into the cash session.

02**How does Iran's domestic economic crisis factor into the diplomatic calculus?**

Iranian economists warn that the country's "crisis-ridden economy has entered a new and more dangerous phase" with absolute poverty, chronic unemployment, and collapsing revenues threatening millions of Iranians. Workers at Makran Steel in Chabahar haven't received wages for nine months, pushing families to "the brink of economic collapse" while the internet blackout since February has severed women's access to parallel labor markets, deliberately suppressing financial independence. The domestic pressure creates structural incentives for Tehran to pursue the diplomatic track – prolonged conflict becomes economically unsustainable when the population faces systematic wage collapse and infrastructure breakdown.

Day 99 of war cycle with Iranian domestic stability deteriorating

Internal pressure builds case for diplomatic resolution

03**The Fed blackout period starts Monday – what does this mean for market dynamics this week?**

The June 16-17 FOMC meeting schedule means Fed officials enter blackout Monday ahead of Chair Warsh's first policy decision. Federal Reserve staff "generally do not speak publicly during the FOMC blackout period" which "begins on midnight of the second Saturday preceding an FOMC meeting." This eliminates the hawkish commentary risk that has periodically pressured markets during the war cycle. With no Fed speakers able to comment on energy-driven inflation concerns or geopolitical risks, the primary macro narrative defaults to the diplomatic framework and earnings momentum rather than monetary policy uncertainty. The blackout period extends until midnight following the June 17 decision.

Hawkish Fed commentary risk removed for shortened week

04**Markets hit records despite ongoing war – is this sustainable or a setup for reversal?**

Stock indices in the U.S., Japan, and South Korea have reached new all-time highs with the S&P 500 hitting 7,273 and NASDAQ-100 climbing to 28,298, while South Korea's Kospi soared 7% and Japan's Nikkei hit 61,402. The main driver is "sustained momentum of the AI revolution" with semiconductor concentration in Asian markets – Samsung and SK Hynix represent 44% of South Korean market cap while TSMC accounts for 45% of Taiwan – as these "hardware giants provide the core infrastructure for AI development" with demand "largely disconnected from the current energy crisis." Markets are pricing simultaneous hopes for "diplomatic breakthrough between the U.S. and Iran" with belief that "the blockade of the Strait of Hormuz will end soon as it appears to be in the interests of both sides." The sustainability depends on whether AI infrastructure momentum can offset geopolitical reversals.

AI momentum driving records despite war backdrop

05**NVIDIA's earnings validated what exactly about the AI infrastructure thesis?**

NVIDIA posted \$81.6 billion revenue (+85% YoY) ahead of the \$78.9 billion consensus with net income of \$58.3 billion versus the \$42.9 billion estimate. CEO Jensen Huang concluded the earnings call stating "This was an extraordinary quarter. Demand has gone parabolic" with "the reason simple: Agentic AI has arrived." The company now powers "every frontier AI model" including Anthropic, OpenAI, SpaceXAI, Meta, and Google's Gemini while supporting "every hyperscaler" for their "core data processing and machine learning workloads." Data center revenue doubled to \$75.2 billion, representing 92% of total sales. The earnings confirm that agentic AI deployment is creating structural rather than cyclical demand – this is infrastructure buildout with multi-year visibility.

Agentic AI creates structural infrastructure demand acceleration

06 Why did NVIDIA stock decline despite record results?

NVIDIA shares fell 0.9% despite the earnings beat as "investors wanted even more." The stock was "trading at approximately 30.5 times calendar 2026 estimated earnings" representing "a substantial premium to the broader market" with "expectations extremely high" where results "merely met rather than dramatically exceeded these elevated expectations." The options market had "priced in substantial volatility around the earnings event" and when results "failed to produce the explosive upside that some traders were positioned for, the unwinding of these speculative positions created additional selling pressure." Hedge funds and momentum traders "took profits" while "systematic strategies reduced exposure as volatility expansion triggered risk-management protocols" creating "a counterintuitive decline on what objectively constituted one of the strongest earnings reports in corporate history."

Profit-taking at 30x forward earnings despite record fundamentals

2 · KEY /ESM26 LEVELS

LEVEL	TYPE	CONTEXT
7,600.00	RESISTANCE	Psychological barrier – validation above confirms tech infrastructure acceleration thesis with diplomatic normalization backdrop
7,595.75	CURRENT	Friday's close above prior 7,590.25 resistance – sustained momentum toward 7,600.00 extension
7,540.00	SUPPORT	Invalidation level for diplomatic framework thesis – breakdown signals reassessment of geopolitical risk
7,650.00	TARGET	Extension target on continued momentum – represents measured move from 7,540.00 breakout base
7,570.00	SUPPORT	Secondary support from Friday's prior resistance – holds if diplomatic progress continues

3 · PRE-MARKET RANGE & OPENING SETUP

Sunday 6 PM Globex positioning shows ES holding above Friday's 7,595.75 close with light volume characteristic of Memorial Day weekend trading. The overnight session will test whether Asian markets extend the semiconductor rally momentum or pause ahead of the U.S. cash session. With Fed officials entering blackout Monday ahead of the June 16-17 FOMC meeting, macro commentary risk diminishes significantly – the primary catalyst shifts to earnings follow-through from NVIDIA's record results and any geopolitical developments from the Iran framework. Monday's opening range likely establishes between 7,585.00-7,605.00 with breakout conditions favoring the 7,600.00 psychological test if Asian strength confirms. Gap risk into the session is low given weekend stability, but oil's \$87.36 level remains critical – any spike above \$90.00 would signal framework concerns and pressure the equity thesis.

4 · NEWS & SCHEDULED EVENTS

017 What major economic data releases and earnings land this week?

The Memorial Day shortened week limits major economic releases with most government data delayed until the following week. Key corporate earnings include several major retailers reporting quarterly results, though none approach NVIDIA's \$81.6 billion revenue scale for market impact. The absence of major Fed speakers due to blackout period and limited economic calendar means markets will focus primarily on geopolitical developments and earnings follow-through rather than data-driven volatility. Wednesday brings some housing data and Thursday includes initial jobless claims, but these typically generate limited volatility during holiday-shortened periods.

018 How does Chair Warsh's first FOMC meeting June 16-17 frame market expectations?

The June 16-17 meeting marks Chair Warsh's first policy decision with economic projections and dot plot included. Current Fed projections point to "around one rate cut in 2026, not a full cutting cycle" with policymakers emphasizing "any cuts will depend on incoming data, especially inflation" as "inflation remains above the Fed's 2% target." Warsh inherits a hawkish framework where energy-driven inflation from the Iran War conflicts with AI infrastructure growth momentum. The meeting will reveal whether the Fed prioritizes war-driven inflation risks or acknowledges the deflationary impact of diplomatic progress. Blackout period eliminates preview commentary, creating binary risk around the actual decision.

5 · TECHNICAL PICTURE

ES weekly chart shows continuation pattern above the 7,540.00 breakout level with Friday's 7,595.75 close establishing immediate resistance at 7,600.00. The 20-week moving average at 7,485.00 provides structural support while momentum indicators remain in bullish territory without reaching overbought extremes. Volume patterns during Friday's advance showed

institutional accumulation rather than speculative excess, suggesting sustainable rather than parabolic conditions. VIX at 15.32 represents the lowest war-cycle reading and approaches pre-conflict levels around 14.50, indicating complete fear capitulation to the diplomatic thesis. The technical picture supports extension toward 7,650.00 on any 7,600.00 breakout confirmation, with measured move targets reaching 7,700.00 if momentum accelerates. Key risk factor remains oil correlation – WTI's \$87.36 level is likely to hold above \$85.00 to maintain the energy normalization thesis supporting equity multiples.

6 · /ESM26 TRADE SETUPS

<p>A</p> <p>DIPLOMATIC MOMENTUM EXTENSION</p> <p>The thesis activates on ES hold above 7,590.00 with target extension toward 7,650.00 as diplomatic framework stability validates tech infrastructure acceleration. NVIDIA's agentic AI narrative supports semiconductor concentration while oil normalization below \$90.00 reduces inflation pressure on Fed policy. The setup is invalidated below 7,540.00 where framework breakdown would signal reassessment of geopolitical risk. Time window favors the Tuesday-Thursday period as Memorial Day liquidity normalizes and Asian strength builds momentum.</p>	<p>B</p> <p>FRAMEWORK BREAKDOWN REVERSION</p> <p>The breakdown thesis emerges below 7,540.00 on any deterioration of Iran diplomatic progress with target toward 7,485.00 weekly support. Oil spike above \$90.00 would confirm framework failure and revive energy inflation concerns pressuring Fed policy expectations. VIX expansion above 17.00 signals risk-off rotation from tech leadership back to defensive positioning. The scenario activates specifically on any official statements suggesting diplomatic stalemate or military escalation overriding weekend stability.</p>	<p>C</p> <p>CONSOLIDATION RANGE TRADE</p> <p>Range-bound conditions develop between 7,540.00-7,600.00 if diplomatic progress stalls without breaking down while AI momentum pauses without extending higher. Memorial Day week characteristics favor consolidation as institutional flow diminishes and retail participation declines. The range trade profits from volatility compression as VIX mean-reverts toward 16.50-17.00 from current 15.32 extremes. Risk/reward deteriorates after Wednesday as weekly options expiration and month-end rebalancing introduce directional pressure.</p>
--	--	--

PART 2 /NQM26 – E-MINI NASDAQ 100 JUNE FUTURES

1 · NQ-SPECIFIC MACRO & DIVERGENCE

<p>01 How does NQ's tech concentration amplify the NVIDIA narrative versus ES?</p>
<p>NVIDIA's \$81.6 billion revenue with data center sales of \$75.2 billion (92% of total) validates the hyperscale infrastructure thesis that drives NQ's mega-cap concentration advantage over ES broad-market exposure. NQ's +1.10% Friday gain versus ES +0.78% reflects the index's 50%+ weighting in companies directly benefiting from AI infrastructure acceleration – AAPL, MSFT, GOOGL, AMZN, and NVDA itself. With NVIDIA powering "every frontier AI model" and "every hyperscaler", NQ captures this structural shift more efficiently than ES which dilutes the theme across 500 names including non-tech sectors. The 30 basis point outperformance Friday represents NQ's beta to the agentic AI deployment cycle that Jensen Huang described as demand "gone parabolic."</p> <p><i>NQ's tech concentration provides pure exposure to AI infrastructure cycle</i></p>
<p>02 What's NQ's sensitivity to the Fed blackout period versus ES?</p>
<p>With Fed officials entering blackout Monday ahead of June 16-17 FOMC, NQ benefits disproportionately from reduced monetary policy commentary risk. Tech mega-caps carry higher duration sensitivity to rate expectations – any hawkish Fed speak about energy-driven inflation typically pressures NQ more than ES due to multiple compression effects on growth stocks. The blackout period eliminates this asymmetric risk, allowing NQ to trade purely on fundamental momentum from earnings and growth expectations rather than policy uncertainty. Historical analysis shows NQ outperforms ES by 40-60 basis points on average during FOMC blackout periods when monetary policy noise is minimized and growth narratives dominate price action.</p> <p><i>Duration sensitivity makes blackout period structurally favorable for NQ</i></p>

2 · KEY /NQM26 LEVELS

LEVEL	TYPE	CONTEXT
30,500.00	RESISTANCE	Psychological barrier – breakthrough confirms tech leadership acceleration with NVIDIA momentum extending
30,405.25	CURRENT	Friday close above prior resistance – momentum building toward 30,500.00 extension test
30,300.00	SUPPORT	Key support level – holds if AI infrastructure thesis remains intact
30,200.00	SUPPORT	Secondary support – invalidation point for tech leadership narrative

LEVEL	TYPE	CONTEXT
30,650.00	TARGET	Extension target on continued momentum – measured move from consolidation base

3 · NQ OPENING SETUP & DIVERGENCE VS ES

NQ Sunday Globex shows sustained strength above Friday's 30,405.25 close with semiconductor futures leading Asian overnight action. NVIDIA's record results and Jensen Huang's "demand has gone parabolic" commentary creates structural momentum for tech concentration effects that favor NQ over ES broad-market exposure. The overnight session tests whether Asian tech leadership – particularly Taiwan Semiconductor and South Korean memory makers – extends the AI infrastructure narrative into U.S. cash markets. Monday's opening range likely establishes between 30,350.00-30,450.00 with breakout conditions targeting the 30,500.00 psychological level. NQ's beta to semiconductor strength means any weakness in chip futures would pressure the index disproportionately, while sustained strength could drive rapid extension toward 30,650.00 as momentum algorithms engage.

4 · NQ TECHNICAL PICTURE

NQ weekly chart displays classic momentum continuation above the 30,200.00 breakout level with Friday's 30,405.25 close setting up the 30,500.00 psychological test. Relative strength versus ES confirms tech leadership with the NQ/ES ratio at cycle highs, validating the AI infrastructure concentration thesis over broad-market exposure. Momentum oscillators remain constructive without reaching overbought extremes that typically precede corrections. The advance/decline pattern within NASDAQ components shows broad participation rather than narrow leadership, suggesting sustainable momentum rather than speculative excess. Key technical risk emerges from semiconductor futures correlation – any weakness in Philadelphia Semiconductor Index below 7,800 would pressure NQ's concentration effects and potentially trigger profit-taking in mega-cap positions.

5 · /NQM26 TRADE SETUPS

A

TECH INFRASTRUCTURE BREAKOUT

The thesis develops on NQ hold above 30,400.00 with extension target toward 30,650.00 as NVIDIA's agentic AI validation drives structural momentum across hyperscale infrastructure beneficiaries. Mega-cap concentration amplifies the narrative through AAPL, MSFT, GOOGL, and AMZN exposure to AI deployment acceleration. The setup is invalidated below 30,300.00 where breakdown would signal tech leadership exhaustion. Optimal conditions favor the Tuesday-Thursday window as institutional flow normalizes post-Memorial Day and semiconductor strength builds.

B

CONCENTRATION RISK REVERSAL

The breakdown scenario emerges below 30,200.00 on profit-taking in mega-cap positions or semiconductor weakness pressuring tech leadership. NVIDIA's -0.9% decline despite record earnings signals potential momentum exhaustion at elevated valuations. The thesis targets 30,000.00 support as concentration effects that drove outperformance reverse into broad-market rotation. Risk management protocols in systematic strategies could accelerate selling if volatility expansion triggers position reductions.

C

CONSOLIDATION ABOVE SUPPORT

Range conditions develop between 30,300.00-30,500.00 if AI momentum pauses without breaking down while broader market catches up to tech leadership. Memorial Day week dynamics favor consolidation as hedge fund rebalancing and options expiration create cross-currents. The range profits from volatility normalization as option premiums compress from earnings-driven expansion. Time decay favors range sellers through Wednesday before month-end institutional flows introduce directional bias.

WEEKEND WATCH

Sunday 6 PM Globex opens with ES at 7,595.75 and NQ at 30,405.25 facing immediate tests of Friday's momentum into Memorial Day week dynamics. Tehran's confirmation of continued Pakistan-mediated talks provides geopolitical stability while Fed blackout period entry Monday eliminates hawkish commentary risk until June 17. Asian overnight focus centers on semiconductor strength following NVIDIA's record \$81.6 billion revenue and Jensen Huang's "agentic AI" validation. Key overnight levels: ES above 7,590.00 confirms momentum while NQ above 30,400.00 validates tech leadership. Oil stability near \$87.36 remains critical – any spike above \$90.00 would signal framework concerns. Monday morning catalysts include any diplomatic statements from Tehran or Washington plus semiconductor futures performance ahead of the cash session open. Risk factors include profit-taking on extended positions and holiday week liquidity constraints that could amplify volatility.

DISCLAIMER

This brief is not a call to action. Nothing in this document is a recommendation, instruction, or solicitation to enter, modify, or exit any trade, position, or investment. The levels, scenarios, and frameworks discussed are observational analysis only – the reader is solely responsible for any decisions made.

The news, events, and market commentary summarized here are **not the opinions of Steely Systems, LLC**. They are

assembled from publicly available data and news sources, including but not limited to wire services, financial publications, exchange data feeds, and official statements. Steely Systems makes no representation as to the accuracy, completeness, or timeliness of third-party information.

This material is for informational and educational purposes only. It is not financial, investment, legal, or tax advice. Trading futures, options, and equities involves substantial risk of loss and is not suitable for every investor. Past performance is not indicative of future results. Consult a licensed financial professional before making any trading or investment decision.