

The Google AI Buildout In Plain English

On May 20th, Google CEO Sundar Pichai updated the public on the company's progress on its AI development as follows:

We are now processing 480 trillion monthly tokens, a nearly 50X increase in just one. Over 7 million developers are now building with the Gemini API, a 5x growth since last I.O., and our enterprise usage on Vertex AI is up more than 40%.

It sounds impressive, but if you are like us, a lot of that probably went over your head. What is Google's CEO really saying? Let's use AI to translate his words into plain English, helping you understand just how quickly Google is advancing its AI processing and developer capabilities. Per Grok:

1. We're processing 480 trillion monthly tokens, a nearly 50X increase in just one.
 - o This means a system (likely related to AI or computing) is handling a massive amount of data—480 trillion "tokens" (think of tokens as units of data, like words or pieces of information in AI processing). Compared to earlier (maybe a year ago), this is 50 times more data than they were handling before. It's a huge jump!
2. Over 7 million developers are now building with the Gemini API, a 5x growth since last I.O.
 - o The "Gemini API" is a tool that programmers (developers) use to create apps or software. Right now, more than 7 million developers are using this tool. Since the last big event (called "I.O.," likely a tech conference), the number of developers using it has grown five times larger.
3. Our enterprise usage on Vertex AI is up more than 40%.
 - o "Vertex AI" is another tool or platform, likely used by big companies (enterprises). The number of businesses using it has grown by more than 40% compared to before.

Simply put, Google is experiencing exponential growth in AI-related activities, including data processing, AI development, and business usage of AI on its Vertex platform.



What To Watch Today

Earnings

Wednesday Jun 11	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
Oracle ORCLUS	1.64	1.63		15.58B	14.3B		\$358.02B	Q4	PM

Economy

Wednesday June 11 2025				Actual	Previous	Consensus	Forecast	
06:00 AM		US	MBA 30-Year Mortgage Rate JUN06		6.92%			
06:00 AM		US	MBA Mortgage Applications JUN06		-3.9%			
06:00 AM		US	MBA Mortgage Market Index JUN06		226.4			
06:00 AM		US	MBA Mortgage Refinance Index JUN06		611.8			
06:00 AM		US	MBA Purchase Index JUN06		155			
07:30 AM		US	Core Inflation Rate MoM MAY		0.2%	0.3%	0.3%	
07:30 AM		US	Core Inflation Rate YoY MAY		2.8%	2.9%	2.9%	
07:30 AM		US	Inflation Rate MoM MAY		0.2%	0.2%	0.2%	
07:30 AM		US	Inflation Rate YoY MAY		2.3%	2.5%	2.5%	
07:30 AM		US	CPI MAY		320.795		321.9	
07:30 AM		US	CPI s.a MAY		320.321		321.6	

Market Trading Update

Yesterday, we discussed the potential risk of a market rotation following the recent industrial surge. Today, I want to focus on the S&P 500 index, which has had a phenomenal rally from the April lows, rising 20% in just 2 months. Historically, that is a swift surge, worrying investors that the rally has come too far. Logically, it would make some sense that the rally will likely pause near term to reset buyers and sellers. Still, longer-term, such a rally has historically set a decent precedent for future market returns, as shown.

Yet Another Sign This Is A Bull Market

S&P 500 After Two Month Gains Of 20% Or More (1950 - Current)

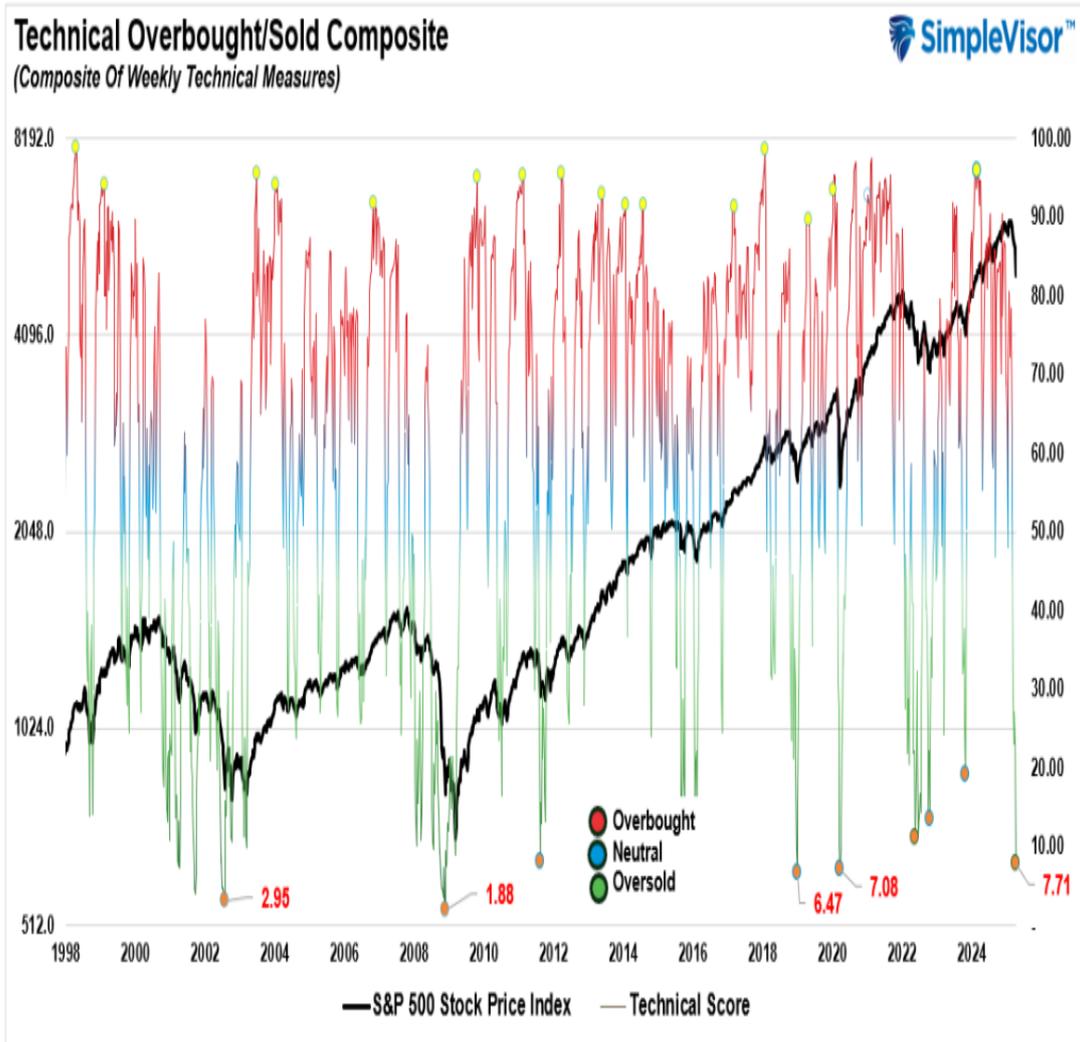
Date	Two Month Return	S&P 500 Forward Returns				
		1 Month	3 Months	6 Months	12 Months	
2/6/1975	20.8%	8.1%	14.0%	9.9%	27.8%	
10/6/1982	21.5%	12.6%	12.7%	19.9%	32.0%	
12/7/1998	22.4%	6.9%	8.3%	11.0%	18.6%	
4/30/2009	24.5%	8.0%	13.1%	19.5%	36.0%	
5/18/2020	23.2%	5.4%	14.5%	21.4%	39.7%	
6/9/2025	20.8%	?	?	?	?	
Average		8.2%	12.5%	16.3%	30.8%	
Median		8.0%	13.1%	19.5%	32.0%	
% Positive		100.0%	100.0%	100.0%	100.0%	
<hr/>						
All Years Since 1950		Average	0.7%	2.2%	4.5%	9.2%
		Median	1.0%	2.6%	4.9%	10.4%
		% Positive	60.7%	66.0%	70.1%	73.8%

Source: Carson Investment Research, FactSet 06/09/2025
@ryandetrack



It is worth noting that previous 20% returns often came after major bear markets like 1974, 2000, and 2008. But, [as we stated previously](#), a look at technical indicators suggested that while the 20% correction in March was swift, investor sentiment dropped to levels not seen since more major market declines. In other words, while the correction was just a normal, garden-variety decline, investors acted like it was a major bear market crash.

?Whether or not the current market crash is the beginning of a larger corrective cycle, such low readings have, without failure, marked the near-term low of a market correction. While the market has previously continued its corrective process after such low readings, such did not occur without a meaningful reversal rally first..?



With that *meaningful rally?* in the books, investors wonder what happens next. While the weekly indicators suggest a continuation of the bull market into the end of the year, short-term readings are now at levels that indicate a consolidation or pause is likely. With money flows declining, relative strength and momentum overbought, the buy/sell demand imbalance becomes more apparent. While the market is making gains, it has been a daily struggle to make those gains with bouts of selling during the trading day.



While there is no reason to be bearish, we should expect a pullback toward the 200-DMA to work off some short-term technical overbought conditions, bringing buyers into the market. We suggest holding some cash in portfolios to opportunistically buy stocks you want to own on dips. While it may not seem like a dip is forthcoming, such is always the case just before a pullback occurs.

Remain patient and pick your entry points.

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Consumer Inflation Expectations Are Confounding

The top graph below, courtesy of The Wall Street Journal, illustrates the growing divergence in consumer surveys of inflation expectations. The University of Michigan inflation survey is approaching levels similar to those when the CPI hit 9%. However, CPI has been inching closer and closer to the Fed's 2% target. Tariff-related inflation is driving the survey results higher. Furthermore, as we have discussed, the Michigan results vary significantly by political party affiliation. The Democrats taking the survey expect to see 8% inflation, while the Republicans are at 0.4%, as shown in the second graph.

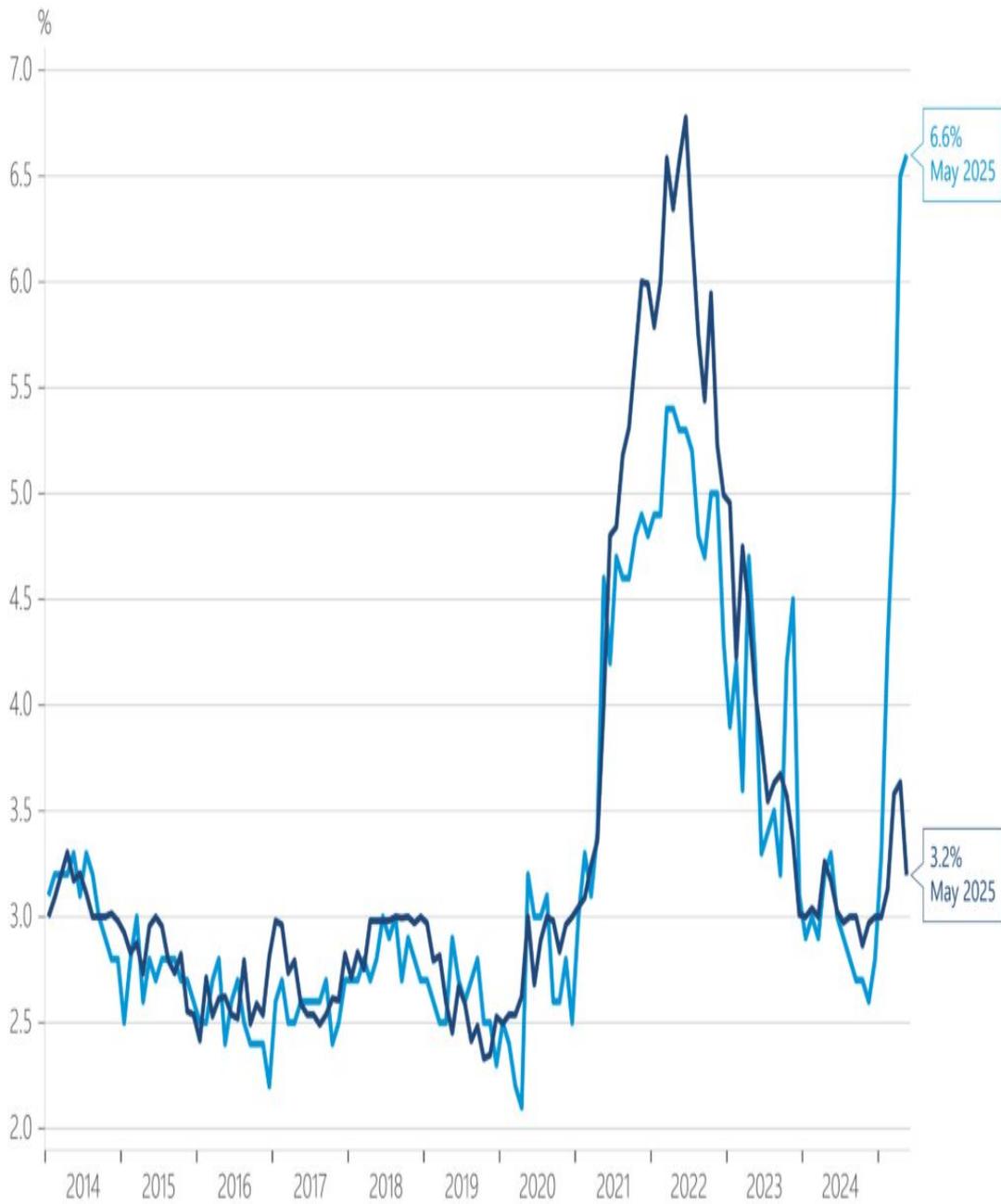
The New York Fed survey appears to be free from political bias. In fact, instead of increasing, as the Michigan survey did, it most recently erased two-thirds of its tariff-related increase. The bottom line is that consumer inflation surveys have a poor correlation with CPI. However, and of importance to the Fed, consumer consumption habits change in response to inflation expectations. Thus, regardless of whether correct or not, expectations for inflation can have a significant economic impact.

The Fed prefers the New York Fed survey due to its larger sample size and the way it asks consumers what they think inflation will be. Per Nick Timiraos of the Wall Street Journal:

The NY Fed asks respondents to assign probabilities to different inflation rate ranges and then provides a median probability. The Michigan Fed asks respondents a more open-ended question to provide a specific integer and provides the median response.

Consumers' expected change in year-ahead inflation rate

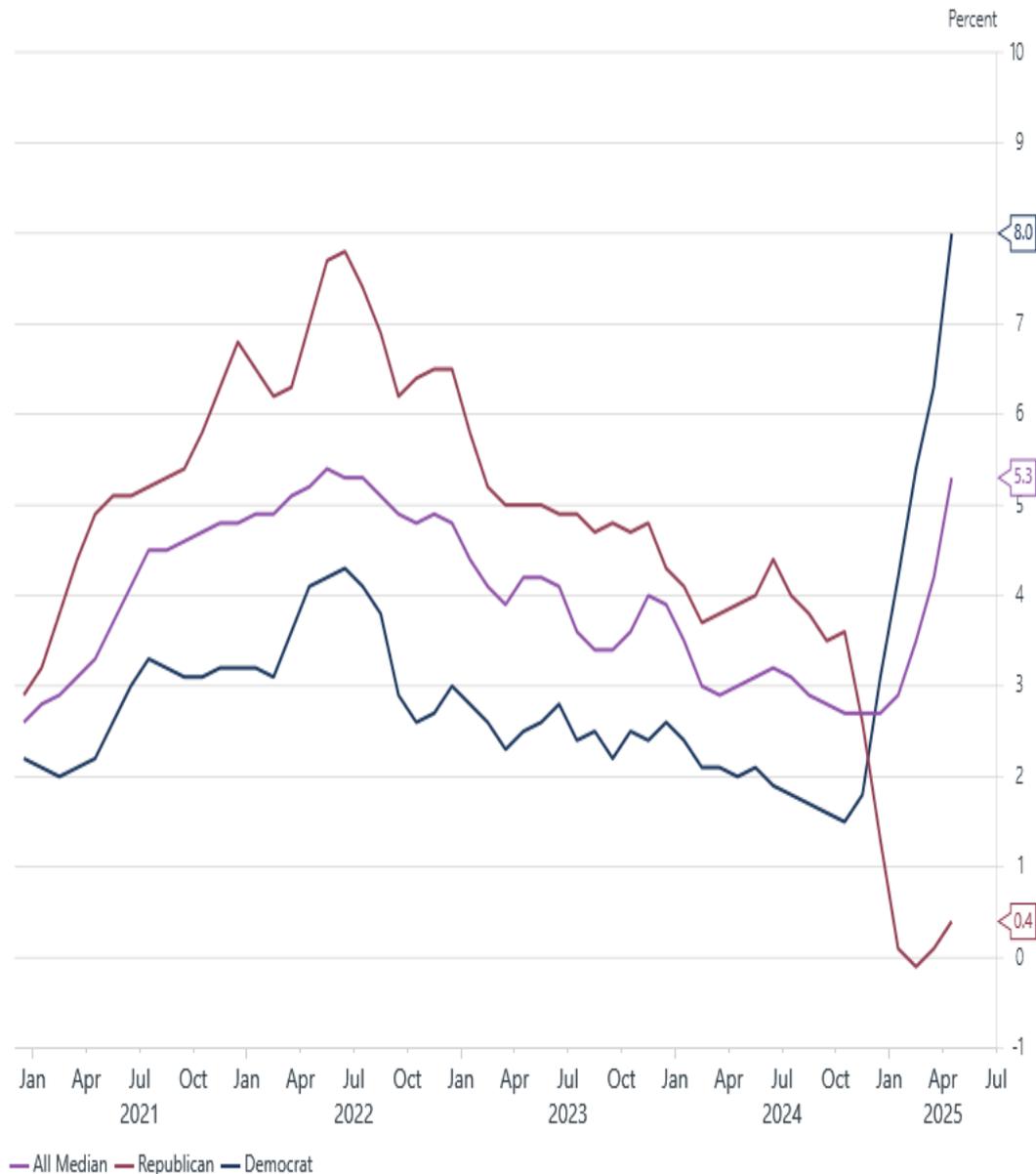
— New York Fed survey — University of Michigan survey



Source: Macrobond, University of Michigan, Federal Reserve Bank of New York

University of Michigan: Expected Change in Prices During the Next Year, 3 Month Moving Average

Source: Macrobond, University of Michigan



Top Five Financial Mistakes For High Net Worth Individuals

When you've worked hard to build wealth, protecting it becomes just as important as growing it. However, even high net worth individuals (HNWIs) often fall into avoidable traps, especially when navigating wealth without a formal financial plan. Without a clear strategy, even sophisticated investors may overlook important details, leading to costly consequences over time.

In this post, we'll explore the top five financial mistakes wealthy people make and how you can avoid them through proactive, professional planning.

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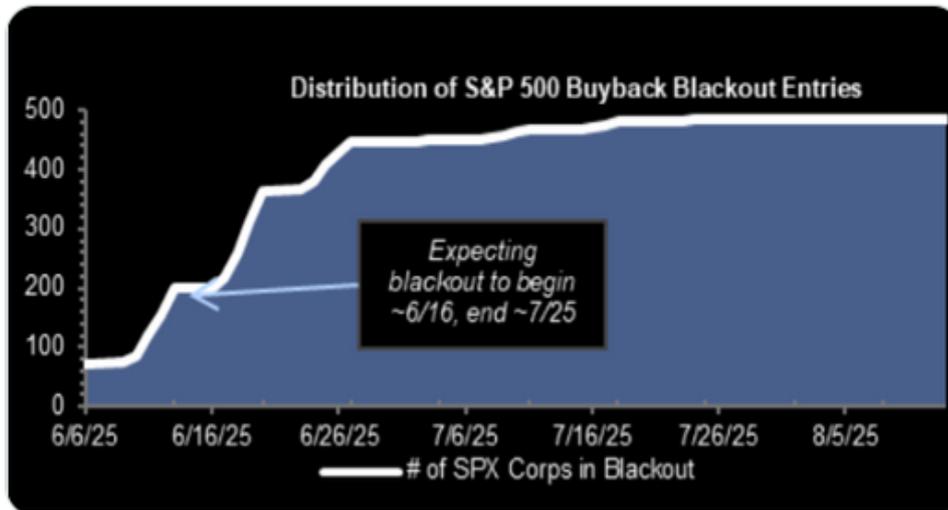
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