

# Week In Review

OLLI-GMU Investment Forum

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Today: Risk on! And FOMO (fear of missing out)

Happy Tax Day!

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Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

# Economic Commentary

- Sum of all fears: Wars+AI+Inflation+Fed+Private Credit+Gas prices
- Oil prices remain volatile but dropped below \$100/bbl
- Few companies are lowering earnings estimates
- Economy is strong: Inflation is slightly elevated;
  - Unemployment is low;
  - Job creation is strong
- Inflation for March came in as expected
  - Core inflation dropped to 0.2%, vs 0.3% last month
  - Headline inflation (includes fuel, food) rose to 3.3% annual
  - Gasoline rose 21% YoY
- Q1 GDP estimated 1.3% (Atlanta Fed)
- Univ. Michigan March consumer sentiment drops to record low: 46.1
- Dollar has stabilized as a safe haven
- Gasoline up to \$4.21/gal nationwide
- HOA fees for condo owners have increased 26% since 2019 (WSJ)
- China deflation moderated as a result of higher producer prices
- Price of Cocoa has crashed: \$11K/ton to \$3K/ton in 10 months
- Junk bond spreads have declined markedly
  - Bond prices are steady – little changed in 30 days

# Market commentary

- Approaching all-time record levels
- Markets are betting on Iran war ceasefire, peace talks and a short-term oil price problem
- Banks are reporting Q1:
  - JP Morgan: Record revenue and earnings
  - Goldman Sachs: Beats but cautious outlook
  - Citi: Best report in 5 years
  - Wells Fargo: Mixed results
- **“...dividend stocks create a solid safety net for the fog of war.” Barrons**
- Private credit market continues selling off – overblown?
  - Market fear vs actual performance
  - Aggregate PC exposure among large banks: \$100B
- VIX: declined to 18: neutral
- CNN fear gauge declined: 47: neutral
- AAI investor sentiment: 36% bullish; 43% bearish
- Put/Call ratio declined to 0.8: fearful

# Barrons Dividend Stocks to Look at: >4% Dividends, <40% payout ratio

- [Omnicom Group](#),
- [Fidelity National Financial](#),
- [Accenture](#),
- [Keurig Dr Pepper](#),
- [MetLife](#),
- [Molson Coors Beverage](#),
- [Bristol Myers Squibb](#),
- [Tyson Foods](#),
- [HP Inc.](#)

# Anthropic Mythos – a new cyber threat?

- Anthropic's new Mythos software has the ability to intelligently scan software code and detect vulnerabilities
- 10X faster than previous AI and human methods
- Not for public release yet – might be dangerous
- 50 companies have been enlisted to evaluate it: Amazon, Microsoft, etc
- Banks and other key institutions have also been asked to evaluate it
- Defects sometimes 30 years old have been detected

## BARRONS:

There is, however, a more negative spin: specifically, Anthropic is asserting that they have a level of capability that has significant national security implications. Implicit in the commitment to secure software is the capability of attacking software: that could be commercial software, it could be open source, it could be the Chinese government, and it could be the U.S. government. That (1) is surely a capability that the U.S. government would like to have for itself and (2) a capability that is a direct threat to the U.S. government.

# Now what?

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- Maybe NO Fed interest rate cuts in 2026 – inflation returning?
- Markets have turned to risk on - time to consider buying on dips
- **US economy is strong but....with overwhelming geo-political uncertainty**
  - Strong stimulants in place – OBBB tax relief
  - Consumer spending is split among haves and have nots; overall strong
  - Labor market is stronger than expected
  - Inflation seems to be under control - for now
  - Housing market is weakening
- Stock market is expensive: Forward PE = 20; Opportunities abound for buying the dip

**“The stock market is a mechanism for transferring money from the impatient to the patient” Warren Buffett**

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