Week In Review

OLLI-GMU Investment Forum

Aug 19, 2026

Today: Str of Hormuz remains unresolved, keeping oil prices high

US economy is softening with slightly cooler inflation

S&P500 Q2 earnings were 27% above a year ago

The amount of new debt being issued by governments and corporations is breathtaking

Bond market is concerned

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Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

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Economic commentary

We have a weakening economy amid considerable uncertainty

- US – Iran war remains stalemated; Hormuz remains closed
- US economy is softening a bit
  - GDP in Q2 declined to 1.5% from 2.1% (BEA)
  - Retail sales decline 0.6% in July
- Inflation cooled slightly from 3.5% to 3.4% in July
  - Fed likely to hold rates steady in Sep
- Unemployment declined slightly to 4.1% in July
  - Labor participation declined; 23,000 jobs lost in July
- Productivity increasing due to AI; labor wages flat
- US Government budget deficit hit $1.8T in July
  - Interest on national debt now exceeds the defense budget
- Credit card 90+ day delinquencies near 15-year high (13.7%)
  - Distressed folks falling farther behind
- Consumer expectations dropped significantly MoM (UMich)
- GLP-1 drugs have reduced employee long duration sick leave (30 days sick or more) by 17%.   (CBS News)
- Tariff refunds are being issued rapidly

Market Commentary

Stocks go!
Bonds whoa!

- Stock market is energized; Bond market not so much
  - S&P500 at 7800 record levels; 8000 forecast by end of year
  - Equal weight S&P is up 17% YTD; Compare to weighted S&P up 14%
  - Bond yields are at 20-year highs
- Q2 was the best quarter for S&P500 since 2020; up 15%
  - Only 13% of hedge fund operators beat the S&P500 in Q2
- 89% of S&P500 companies have reported Q2 results
  - Earnings are up 50% YoY; (32% without AMZN and GOOGL) Revenue up 14% YoY
- 2026 forward guidance: 11% revenue growth; 23% earnings growth
- Bond market stuck between economic growth and inflation fears
- Anthropic informed investors that Q2 revenue increase 14X YoY
- NVDIA reports on Aug 26
- CNN fear gauge: 55; neutral
- VIX: 15.6; neutral
- Put/call ratio rising to 0.74; neutral
- AAI Investor survey: 35% bullish; 38% bearish

Now what?

- US economy is weakening slightly amid significant uncertainty: War with Iran, oil prices, inflation; retail sales slipping
- Fed interest rate increase is unlikely in 2026
- Bond market is concerned with yields rising
- Stock market is being driven by strong earnings
- Protect yourself through diversification, stop loss orders and put options

GLTA

Quote of the day:

"The budget should be balanced, the treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled." - Cicero 43 BC

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