

Week In Review

OLLI-GMU Investment Forum

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Today: Bond market meltdown in progress – will this cross over into stock market?
Governments and markets are playing chicken
Realty Income (O) review

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Disclaimer: I am not a certified financial analyst.
Any trading decisions you make are your responsibility

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US Economic commentary

We have a strong economy amid considerable uncertainty

- Sum of all fears: wars, oil prices, inflation, government debt, AI kills all humans within 10 years
- Middle East oil exports reach 80% of pre-war levels
 - Some relief seen in oil prices
 - US strategy of cutting off Iran is working
- US economy continues strong; recession risk is low
- Q3 GDP growing: 5.1% forecasted by Atlanta Fed
- Inflation steady at 3.4%
- Unemployment steady at 4.1%; labor is stable
- Bond auctions in US, UK, France not going well
- Diesel prices at all-time high: \$6.51 / gal
 - Up 75% YoY

Market Commentary

Stocks getting
nervous

Bond prices are
collapsing; looking
more attractive

- Higher interest rates
 - Fed interest rate raise may not matter much
 - October rate rise odds at 70%
- Stock market is being sustained by very high earnings; 26% higher, YoY
 - OBBB tax cut, tariff refunds helping
- Will bond market crash affect stock market?
- CNN fear gauge: 32; fell to fearful
- VIX: rose to 16; neutral
- Put/call ratio rising to 0.76; fearful
- AAI Investor survey: 33% bullish; 48% bearish

Now what?

- US economy is strong amid significant uncertainty:
 - War with Iran, Russia-Ukraine war; oil prices, inflation; government debt, AI kills everyone
- Fed interest rate increase may not matter, for now
- Bond market yields rising; opportunity emerging?
- Stock market is getting nervous
- Protect yourself through diversification, stop loss orders and put options

Quote of the day:

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