

# Week in Review

## Uncertainty abounds

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

# Summary of Events

## Major reset of political and economic relationships

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- Trump's chaotic tariff policies are confusing markets worldwide
  - However, Mexico tariffs have virtually stopped illegal immigration and fentanyl smuggling (NYT)
- Trump established strategic crypto reserve; Q: will it buy crypto? TBD
- Trump's global strategy is now evident
  - Cozy up to Russia to isolate China
  - Russian economy and military have been decimated
  - Resolve Ukraine and Gaza wars in order to focus on China
  - Drive EU to pay their own way
  - Drive China's economy into recession
    - Tariffs present a significant challenge to China's economy (and Germany)
    - China has a weak hand: low consumption; economy in deflation; declining population
- President Trump is directing the [Committee on Foreign Investment in the United States](#) to restrict Chinese spending, inbound and outbound
- EU bolstering defense expenditures rapidly, resolved to support Ukraine
- The US economy "in a good place" (Fed Chair Powell) but with early signs of weakening
  - Further interest rate cuts are unlikely in the near term

# Economic Commentary

## Should we be worried? - definitely maybe

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- Banks are estimating probability of recession 30-50% in next 90 days
- Inflation still mildly elevated at 2.5% and Fed policy is restrictive
- Mortgage delinquency rate steady at 4%
- February unemployment rose slightly to 4.1%
- Labor force participation declined slightly: Federal government layoffs
- February hiring was robust at 151,000, vs est 160,000
- Hourly earnings rise 0.3% in line with estimates
- FHA mortgage loan delinquencies at 11.3%, rising rapidly
- Auto loan delinquencies are elevated and rising rapidly
- Consumer credit card delinquencies steady at 3%
- Consumer sentiment is declining from 73 to 64 (U Michigan survey)
  - Confirmed by the Conference Board
- Existing home sales down 4.9% in January, with high prices, high mortgage rates, bad weather
- Commercial real estate is rebounding – WFH is over!

# Market Commentary

## Meltdown in progress – Opportunities forthcoming!

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- Investors backed away from Mag 7; moving toward cash, EU, China and bonds
- The stock market has lost \$3T in value since Nov '24 - driven by sentiment only (Bloomberg)
- Consumer staples rising (XLP); consumer discretionary falling (XLY)
- Health care (XLV) is the top performing sector YTD, up 8.35%; Consumer discretionary the worst, -3.7%
- 10 year bond yield declined to 4.27% - flight to safety
- Vanguard total bond index (BND) approaching over-bought condition
- VIX popped up to near 30: fearful!
- CNN fear gauge dropped to 19 – extreme fear!
- Put/Call ratio rising rapidly – fear!
- Dollar value has dropped 5% YTD
- Gold price steady: Up 10% YTD
- WTI crude oil price dropped below \$66; OPEC gearing up to increase output
- Google to be broken up?

# S&P500 vs Europe vs China

Price Percentage Change Comparison

of

SPDR S&P 500 (SPY) down 4.62%

VG FTSE Europe (VGK) up 9.74%

SPDR S&P China (GXC) up 12.08%

daily price % variation for past 3 months

Source: ETF.com

# Discretionary (XLY) vs Staples (XLP)

## Market getting defensive

XLY: Amazon, Tesla  
Home Depot, Booking,  
Starbucks, et al

XLP: Costco, Walmart,  
Pepsi, Target, CVS, et al

Price Percentage Change Comparison

of

Discretionary (XLY) down 11.69%

Staples (XLP) up 0.55%

daily price % change over past 3 months

# Yield curve: Dec 31 – Mar 10

US Treasuries Yield Curve  
compares 3/10/2025 to 12/31/2024

shows  
1 yr - 30 yr Treasuries' rates  
have dropped below the Dec rates

# Gem of the week: PTC (PTC)

Well-managed company, seriously undervalued

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**PTC is a software company based in Boston. 7000+ employees; \$19B market cap**

- Software products are oriented to industrial companies for design, production, and lifecycle support, with some AI features
- Worldwide operations, offices. R&D in India
- Major partnerships with AWS and Microsoft
- ROE = 12%
- Forward PE is 28
- 80% gross margins; strong focus on free cash flow;
- 20% of revenue goes toward R&D
- Paying down debt via cash flow
- Stock buybacks authorized through 2027 at \$75M per quarter
- Short interest = 2%
- Morningstar fair value = 179. Current price = 160
- They have some serious competition with: Autodesk, SAP, Siemens, et al



# PTC point of entry

## Bar Charts

5 yr & 1 yr

Showing Earnings growth  
for

PTC, Industry, Market

Over 5 yrs, PTC growth was above Market  
but slightly below Industry

Over 1 yr, PTC growth was  
significantly above Industry & Market

Source: Simply Wall Street

## Candlestick Price Performance Chart for PTC (PTC)

Past 12 months of Real Time Daily Prices  
50, 100 & 200 day Moving Averages

RSI & MACD over the year

Source: StockCharts

# S&P 500 (SPY) – Waiting for buy signal

## Candlestick Price Performance Chart for SPY

Past 12 months of Real Time Daily Prices  
50, 100 & 200 day Moving Averages

RSI & MACD over the year

## **Recession proof stocks – Simply Safe Dividends**

<https://www.youtube.com/watch?v=YDhcLkGfOEM>

- Public storage
- Enterprise Products Partners (EPD) (MLP)
- General Mills (GIS)
- Realty Income (O)
- Chevron (CVX)
- WEC Energy (WEC)
- Kimberly Clarke (KMB)
- Johnson & Johnson (JNJ)
- Flowers Foods (FLO)
- Consolidated Edison (ED)

# Now what?

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- What do we do with all this information?
- Short term?
- Long term?
- Stock market: Sell everything? Stay put? Buy selectively?
- Bonds: Wade in?

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

Warren Buffett