

The Week Ahead

July 9, 2025

Today: GE, GEHC and GEV – health check

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Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

OLLI-GMU Investment Forum

Forum Purpose and Ground Rules

Purpose of the Investment Forum: A venue to discuss ideas, insights, information and sources, by long-time investors, that may be helpful in making investment decisions.

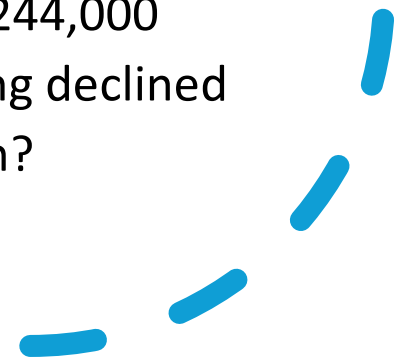
Ground Rules:

- We are not investment advisors, and no investment decisions should be made based solely on what you hear at the Forum.
- Always perform your own “due diligence” before making any investment decisions.
- We are respectful of each others' opinions and investment decisions.
- We do not discuss political opinions.
- We do not discuss personal amounts of money in our portfolios or trading decisions.

Economic Commentary

Looking
good

- Pres. Trump signed the Big, Beautiful Bill
- Tariff deals emerging. Tariff threats issued to 14 countries – paused until August 1
- Factory orders up huge, 8.2% in June, aircraft driven
- ISM services PMI up, non-manufacturing PMI up
- June employment report was much better than expected
 - Unemployment fell to 4.1% vs est 4.3%
 - Hiring increased 147,000 vs 133,000 est
 - Hourly earnings rose 0.2%
 - Jobless claims declined 233,000 vs 244,000
- State and local hiring rose; Federal hiring declined
- Q: why haven't tariffs affected inflation?



Market commentary

Raging Bull?

- Stock market speculation has taken off (WSJ)
 - Companies with no profits are in vogue
 - Flight to crap?
 - Meme stocks re-emerge
 - Margin debit balances approaching \$1T
- ETF inflows month of June: \$33B (ICI)
- Mutual fund outflows June: \$63B (ICI)
- 30-year Treasury auction tomorrow!
- Q2 earnings season begins this week
 - Will tariff affects become evident?
- AAI trader sentiment flipped: 45% bullish vs 33% bearish; neutrals came off the bench
- CNN fear gauge increased to 78, extreme greed
- VIX steady around 16.8; very bullish
- Put - Call ratio remains low at 0.53; extreme greed

The Swayback Yield Curve

January to July

The US Treasuries Yield Curve

Shows that in the last 6 months the yields on 1-20 year Treasury Bonds have dropped as much as 0.45% below their corresponding yields on Jan 22.



S&P500 Price/Earnings (PE) trend

Is this time different?

The PE trend (according to Bloomberg)

The track of monthly p/e ratios
is trending upwards since 2011.

Source: Simply Safe
Dividends

The market has never been more concentrated either. Today, the top 10 stocks make up nearly 40% of the S&P 500 — far above the 25% to 30% seen during the late 1990s dot-com bubble and the Nifty Fifty era of the early 1970s. The giants of those periods [eventually stumbled](#).

Trump's BBB: Benefits for retirees

- **Tax Relief for Seniors**

- The bill includes a provision to raise the standard deduction for seniors aged 65 and over by up to \$6,000 between 2025 and 2028, with each senior receiving an additional bonus of \$4,000 to the standard deduction. This temporary senior deduction would be in place for tax years 2025 through 2028.

- **Social Security Tax Relief**

- The bill ensures that nearly 90% of Social Security beneficiaries will no longer pay federal income taxes on their benefits. Though the measure doesn't directly change how Social Security benefits are taxed, it may indirectly shield more of that income from federal taxes for lower- and middle-income seniors.

- **Healthcare Concerns**

- The bill imposes work requirements for some able-bodied adults and more frequent eligibility checks.
- Congressional Budget Office estimating that the bill would result in 11.8 million Americans losing health coverage under Medicaid over the next decade.

GE Aerospace

Discussion of GE Aerospace

Based on Summary chart

Year-to-Date: Price Performance curve, Financial statistics

Ratings: SA Analyst, Wall Street, Quant

Factor Grades: for now, 3mo ago, 6mo ago

Quant rankings: Overall, in Sector, in Industry

Articles: by Analysts, by News sources

GE Healthcare (GEHC)

Discussion of GE Healthcare

Based on Summary chart

Year-to-Date: Price Performance curve, Financial statistics

Ratings: SA Analyst, Wall Street, Quant

Factor Grades: for now, 3mo ago, 6mo ago

Quant rankings: Overall, in Sector, in Industry

Articles: by Analysts, by News sources

GE Vernova analysis

Discussion of GE Vernova (GEV)

Based on Summary chart

Year-to-Date: Price Performance curve, Financial statistics

Ratings: SA Analyst, Wall Street, Quant

Factor Grades: for now, 3mo ago, 6mo ago

Quant rankings: Overall, in Sector, in Industry

Articles: by Analysts, by News sources

GE Vernova pros and cons

Pros

- Well-positioned for electric grid modernization
- Strong nuclear capabilities
- Strong revenue growth, up 11% YoY
- Strong share price momentum
- Moderate analyst support
- Low debt/equity: 0.12
- Low short interest: 2%
- Boatloads of cash: \$7.8B

Cons

- Trade war risks
- Trump admin opposed to renewables
- Weak gross margin, 18%
- Negligible dividend
- High PE: 74
- P/S: 4
- P/B: 16
- P/Cash Flow: 33
- Morningstar rating: 1 star
 - Fair value: 320 vs. 526

Now what?

- US economy remains very resilient but is slowly weakening
 - Labor market is strong
- Bond market is gradually relaxing
- Stock market is very expensive right now despite a lot of uncertainty
 - Earnings season will determine market direction
 - Tariff affects not yet realized
 - Immigration
 - BBB / government deficits
 - Wars in progress
 - AI impacts to be reckoned with
- How to protect yourself?
 - Invoke stop loss orders
 - Focus on dividend payers, staples, utilities, cash flow
 - Diversify – go international
 - Buy put options as insurance
 - Consider gold – GLD

"If you want to know what God thinks of money, just look at the people he gave it to."
Dorothy Parker