

The Week Ahead

September 17, 2025

Today: Plowing ahead despite some economic weakness

David Toms

Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

OLLI-GMU Investment Forum

Economic Commentary

- Average GDP estimate for Q3: 2.1%, vs 3.3% in Q2
- Inflation rising slightly; August CPI up 2.9% vs 2.7% in July
 - Inflation expected to continue through 2026
- Consumer spending was up 0.6% in August
- Labor continues weakening
 - Unemployment rose to 4.3% as of Aug 1 (FRED)
 - Jobless claims rose to 263,000 from 233,000 (FRED)
- Homebuilders in a tight spot (WSJ)
 - Builders' profits declining
 - South and West markets are declining; overbuilding
 - North and East suddenly hot markets
 - Mortgages are declining; demand highest since 2022
- Manufacturing contracted again; 6 months in a row (ISM)
- China economy continues deflating
- Question of the day: What happens to markets if tariffs are declared illegal?

Tracking Unemployment

Sluggish Summer for US Labor Market

August payrolls rose less than forecast, unemployment near four-year high

Change in non-farm payrolls (MoM)

Graph showing
fluctuating decrease
in
Non-Farm Payrolls (MoM)

Source: Bureau of Labor Statistics

Unemployment rate

Graph showing
fluctuating increase
in
Unemployment Rate
from ~3.5% in Aug 22
to ~4.3% in Aug 25

Bloomberg

Market commentary

- Stock markets at all-time highs
 - Investors getting nervous; optimism high
- Fed interest rate cuts are already priced in (WSJ)
- AI investments and numerous IPOs are juicing investor excitement
- Mag7 market cap grew past \$20T
- Bond market getting nervous
 - Bond prices are increasing; interest rates falling
 - MMF interest rates falling from 5% to 4%
- Barron's two recession indicators: labor and housing
- Probability of recession in one year: 30-50%
- China investigating unfair trading from US semi's
- VIX: 16.3: bullish
- VOO took in \$32B last week (5%)
- CNN fear gauge at 60; neutral
- AAI bearish investor sentiment at 50% vs. 31% avg
- Put-Call ratio declined to 0.63; bullish!

Mag 7 stocks

MAG 7 ✓

Today's Gain

↗ 0.49%

+ Add Symbol

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My View 1 : Summary Health Score **Ratings** Holdings Dividends My View 2 : [+ Add / Edit Views](#)

Symbol	Quant Score	SA Analysts Score ▾	Wall St. Score	Valuation Grade	Growth Grade	Profitability Grade	Momentum Grade	EPS Revision Grade	E
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MSFT

AMZN

META

GOOG

NVDA

AAPL

TSLA

Table summarizing recent
Analysts' scores
for each of the
Magnificent 7 Stocks

Yield curve Aug 15 – Sep 15, 2025

Depth valuation Data Revisions

US Treasuries Yield Curve

Graph showing
~0.3% lower interest rates
for the US Treasuries
sold between Aug 15 & Sep 15

Bond Yield Spreads – One year

The difference in yield between corporate bonds and US Treasury bonds

☆ ICE BofA US Corporate Index Option-Adjusted Spread (BAMLC0A0CM)

Graph showing
that the difference
from ~1.2% in Apr 2025 (a high)
has been dropping
to ~0.75% in Sep 2025

Barron's: "Bond Yields Are Falling. Where Retirees Can Still Find 5% Yields"

Bond recommendations from Barron's

- Vanguard Intermediate Term Corporate Bond ETF (VCIT)
- OakMark Bond Investor (OAKCX)
- BrandywineGLOBAL - Global Opportunities Bond Fund (GOBAX)
- SPDR Bloomberg International Corporate Bond ETF (IBND)
- Vanguard Multi-Sector Income Bond ETF (VGMS)
- iShares 1-5 Year Investment Grade Corporate Bond ETF (IGSB)

iShares (Blackrock) 1-5 Year Corporate Bond ETF (IGSB)

Investment Summary Chart for IGSB
with
graph showing ~20-yr price performance (since inception)
and
statistics, top-ten portfolio holdings & and weights, Morningstar rating
for IGSB

Now what?

- Fed interest rate cut(s) are nigh
 - US economy remains very resilient but is slowly losing steam under the weight of tariffs, high interest rates
 - AI investment and numerous IPOs are masking deeper problems
 - Consumer spending is strong and reasonably confident
 - Stock market is very expensive right now yet very fragile
 - Labor market is clearly weakening
 - Bond market is exhibiting a resurgence – refuge?
 - Tariff effects minimal and sector-dependent
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- **“Any company that hires an economist has one too many employees”**
Warren Buffett