

Week In Review

November 12, 2025

Today: “Corporate Earnings Were Great This Quarter. Wall Street Is Still Not Impressed” WSJ headline, Nov 9, 2025

Today’s polling question:

Do you believe the Supreme Court will strike down the government’s tariffs?

David Toms

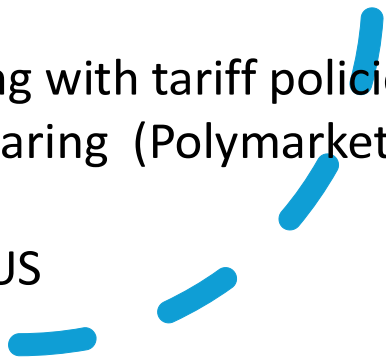
Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

Economic Commentary

No recession in
sight

But a market
correction
more likely

- Government shutdown coming to an end, finally
 - S&P500 Q3 earnings are quite strong at 14% YoY
 - 87% reported to date
 - Nvidia reports next week
 - US unemployment steady at 4.3% (Chicago Fed)
 - Payrolls increased slightly in October by 42K (ADP)
 - Households receiving unemployment benefits up 10% (BofA)
 - October layoff announcements rose to 153K, a 22-year high (Challenger)
 - UofM consumer sentiment dropped to 0.53, the lowest since 2022
 - Odds of Trump administration succeeding with tariff policies dropped to 29% after Supreme Court hearing (Polymarket)
 - Dollar valuation approaching par
 - China restarts soybean purchases from US
- 

Market commentary

“You’re not married to these stocks. You’re just dating them.”

Ken Griffin

- Stock markets are near all-time highs
 - Powered by strong Q3 earnings, trade deals, AI spend
 - Forward PE rose to 24 – near record high
- VIX: steady near 19; neutral
- CNN fear gauge: rose to 31; fearful
- AAI investor sentiment: 38% bullish; 36% bearish
- US Treasury Bond issuance continues with short term bonds
 - Treasury forecasting lower rates
- Dr. Michael Burry accuses Mag 7 of deceptive accounting
 - Depreciation of Capex too aggressive
- Oracle, Meta, Alphabet are issuing debt to finance AI
 - \$200B issued to date
- Biotech is taking off: see XBI. Up 10% in 6 weeks
- My Nvidia shares sold on a stop-loss alert
 - Bought them back at a lower price



Is AI in a market bubble?

What, me worry?

- Bloomberg: ETF and MF managers are reducing technology holdings
 - Active fund managers are under-weight technology, overweight financials, healthcare and materials
 - Fidelity: Not yet
 - Goldman Sachs: **Not yet, but “Reasons for concern”**
 - JP Morgan: Some concerns, but no bubble
 - Rockefeller Global: Not yet
 - RBC: Not yet
 - Jensen Huang, Nvidia: No
-
- Ray Dalio, Bridgewater: Yes; warnings issued
 - Deutsch Bank survey: Probably yes
 - Rob Arnott: **Yes, but don’t bet against it; diversify**
 - Pat Gelsinger: Yes, but it may go on for a long time
 - Dr. Michael Burry: Yes; sold off all equities
 - Seaport Global: Yes; sold all Nvidia

Not yet

Yes!

How to diversify

- Invest in market sectors that are under-valued
 - Health care (XLV)
 - Financials (XLF)
 - Energy (XLE), (PWR)
- Gain exposure to Equal Weight S&P500 -
- Small and mid-cap stocks – Russell 2000
- International stocks – Europe / China
- Value stocks – Warren Buffet-style
- Dividend-focused stocks
- REITs
 - Very timely



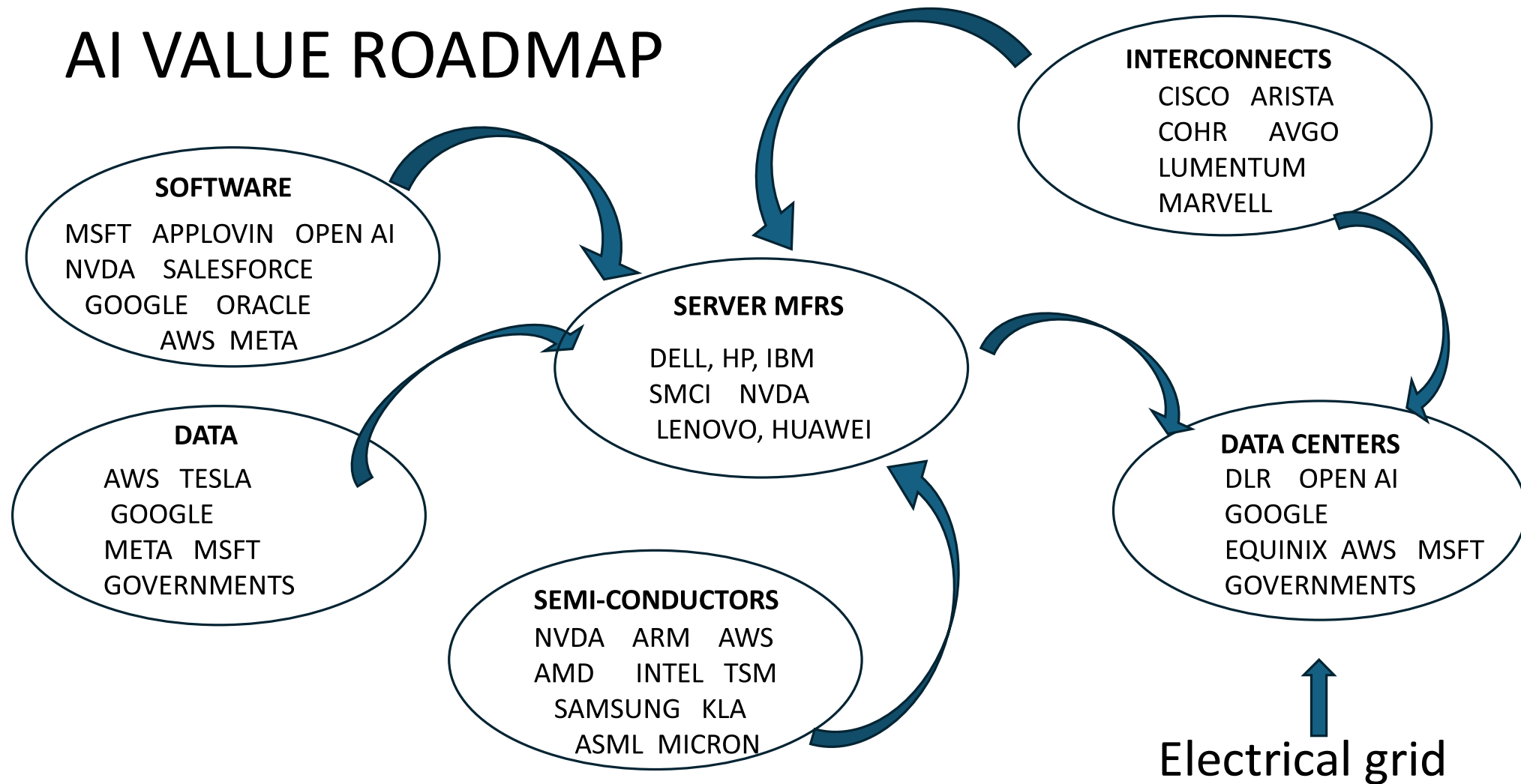
Realty Income Assessment

- Dividend aristocrat; 31 years of increasing dividends
- Current monthly dividend: 5.8%
- Morningstar rating: 5 stars; fair value 75
 - Undervalued by 24%
- Simply Safe Dividends: Safe
- S&P rating A/A-
- Widely diversified portfolio of 15,600 properties
 - Focus on retail essentials
 - Entering the data center market
 - European holdings increasing
 - 99% occupancy rate
- Beta = 0.77; very low volatility
- P/FFO – 13; long term average 17
- Interest rates are coming down, albeit slowly
- One concern: Amazon taking on drug stores

Now what?

- No recession in sight; correction odds rising
- Fed interest rate cut before 2026 is uncertain
- Stock market is very expensive and very fragile
 - Protect yourself with automated stop loss orders; or with put options as insurance
 - Diversify!
- AI investment, interest rate cuts, trade deals and numerous IPOs are driving the markets but masking some deeper problems
- US economy is showing considerable strength
- Government shutdown not having much affect – yet
- Labor market is clearly weakening – data missing
- Consumer spending is strong but with low confidence
- Tariff effects minimal and sector-dependent
- ***Definition of an Optimist: Someone who lacks experience. Anon***

AI VALUE ROADMAP



By 2030, AI alone is projected to contribute more than \$15 trillion to the global economy. (SIA)