

Week In Review

OLLI-GMU Investment Forum

March 4, 2026

Today: With the war on Iran, will markets be collateral damage?

Sum of all fears: Wars + AI + Tariffs + Private Credit + Inflation + Fed = ???

David Toms

Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

If you would like to acquire these slides, email me at:

David.Toms@comcast.net

Economic Commentary

- US and Israel attack Iran; how will that turn out?
- **The Supreme Court overturned Trump's tariff orders; now what?**
- We have the Goldilocks economy: not too hot, not too cold
- Q4 2025 earnings came in much better than expected
 - Earnings up 13% vs. 8.3% expected YoY
 - 5 quarters in a row of double-digit growth
- Unemployment dropped to 4.3%; 130,000 new jobs in Jan
 - Labor market is stronger than we thought
- Inflation declined in January, now at 2.4% overall
 - Housing, food, energy prices are the drivers
 - Tariffs are contributing about 0.8% to inflation
- ISM Manufacturing PMI hit 52.4 in February; steady
- ISM Services PMI hit 54.7 for January; 19 months growing
- Some distress beginning to develop in home mortgages
 - Mortgage foreclosures rose to 3% for low-income folks
 - Foreclosures hitting soft markets: Florida, Texas, California
- What will Europe, China do with Strait of Hormuz shut down?
 - Natural gas supplies in jeopardy
- Yield curve: Long bond yields declining
 - 30-year mortgages falling to below 6%
 - Very little movement in bonds vis-à-vis war in Iran

Market commentary

Flight to safety and dividends last week

- Market is in a sour mood
 - War, AI fears, private credit fears
 - Turning away from growth toward value, dividends
 - Risk off
- Dividend and value stocks back in vogue
 - Verizon, JNJ, P&G, UNH, utilities
- Nvidia presented outstanding revenue, earnings, margins; the stock crashed anyway, down 5%
- Bitcoin is down 21% YTD; nobody knows why
- VIX: rose to 23.6: moderately fearful
- CNN fear gauge: 32: moderately fearful
- AAI investor sentiment: 33% bullish; 40% bearish
- Put/Call ratio rising to .72; very fearful
- Junk bond spreads: Rose to 2.9% from 2.5%; (FRED)

Now what?

- Expect maybe one Fed interest rate cut in 2026
- Emerging market and developed markets--Ex US stocks expected to perform best this year
- **US economy is strong but....with considerable geo-political uncertainty**
 - Strong stimulants in place – OBBB tax relief
 - Consumer spending is split among haves and have nots; overall strong
- Labor market is stronger than expected
- Inflation seems to be under control
- Stock market is very expensive: Forward PE = 22
 - Diversify!
 - Protect yourself with automated stop loss orders; or put options as insurance
- “Start off every day with a smile and get it over with.” WC Fields