

# Week In Review

OLLI-GMU Investment Forum

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Today:

US Economy Seems Safe; Global Economy in Danger; Economic Reckoning Coming?

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Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

# Iran War: Worldwide Economic Damage Assessment

- The IEA's head described the situation as the "greatest global energy security challenge in history."
- USA: GDP declines to est. 1.4%; modest economic affects; consumer sentiment at record low; inflation elevated; gas prices near \$4/gal
- China: Large oil reserves being released; coal plant closures deferred
- Japan: Large oil reserves being released; restarting nuclear plants; GDP possibly negative with increased inflation; lifted caps on coal power generation; may buy US LNG
- Europe: GDP declines to 1.1%; NatGas prices doubled; 4% inflation likely
  - Netherlands announces energy crisis mitigation plan
  - European airports are restricting refueling options
  - KLA cutting 80 flights to Amsterdam
  - Lufthansa has shut down one entire subsidiary – short haul operations
  - Ceased flight operations to the MidEast
- Asian countries looking to Russia to purchase oil; S. Korea energy emergency
- Bangladesh: Full blown panic in progress: cuts in retail shop hours, office hours; theft, violence and murders on the rise
- Philippines: national energy emergency declared
- Africa: Cost of living emergency in progress: inflation, severe shortages
- Iran: \$270B est. damage; GDP -6%; food inflation 105%; severe monetary distress

# Economic and Market commentary

- Unemployment remains low; labor market is strong
- Inflation is elevated at 3.3% and may climb with higher fuel costs
- US retail sales in March surged 1.7% over February; gas prices no effect; tax refunds coming in
- US begins returning \$166B in tariff collections, plus interest
- Beef prices at all-time highs; drought in 26 states
- All-time record stock market levels
- Most major banks reported Q1 results in line w expectations
- TSMC revenue \$35B, up 41% YoY; profits up 65% YoY
- United Health strong Q1 results: stock up 9%
- GE Aerospace strong Q1; high oil prices will affect future results
- United Airlines beat expectations but lowered forecast
- Defense companies Northrop and Raytheon seeing increased demand for weapons; Boeing beats estimates;
- Capital One missed expectations
- CNN fear gauge rose dramatically to 68: greedy!
- VIX declined from 31 to 19: neutral

# Now what?

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- Maybe NO Fed interest rate cuts in 2026 – inflation returning?
- US economy is strong but....with overwhelming 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 is moderately elevated, but under control
  - Housing market is weakening
- Stock market is expensive: Forward PE = 20; Opportunities abound for buying the dip

## **Warren Buffett:**

**“If I had nothing and had to start all over again, I wouldn’t buy Berkshire Hathaway stock.**

**I’d buy just 3 ETFs: VOO, SCHD, QQQ”**

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