

# Week In Review

OLLI-GMU Investment Forum

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Today: Semi conductor bubble burst  
Market volatility suddenly spiked

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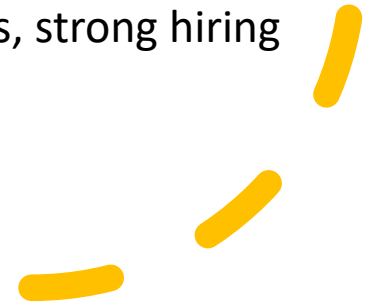
Disclaimer: I am not a certified financial analyst.



Any trading decisions you make are your responsibility

# Economic commentary

We have a strong economy and a casino-like market

- US – Iran war peace agreement is out of reach
- Str of Hormuz becoming less relevant
  - Pipelines, rail, trucks carrying crude
- US exports rose 2.6% in May – oil demand
- US added 172,000 jobs in May
  - Averaging 188,000 new jobs past three months
  - Wages not keeping up with inflation
  - Suddenly many new job openings, strong hiring



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- Selloff on Friday was “inevitable and ultimately healthy” ; Morgan Stanley
  - Stock markets are at all-time highs
    - Major banks are revising S&P500 end of year mark: now 8000+
    - BofA estimates 7100
  - BofA advising investors to “take profits” (Bloomberg)
    - Many bear market signals are rising
    - Too much speculation; S&P500 way overbought
    - M&A activity; credit stress
    - Tech stocks are too far out in front of the pack
  - SpaceX values shares at \$135
    - Trading will start Friday
  - OpenAI files for IPO; Anthropic filed last week
  - Broadcom (AVGO) reported excellent earnings; weak guidance
  - Apple unveiled an upgraded Siri – meh!
  - CNN fear gauge: 33/ 100 – dropped to fearful
  - VIX: rose to 20 – neutral
  - Put/Call ratio: rose to 0.75 – fearful
  - AAI Investor survey: 36% bullish; 37% bearish; unchanged
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# Now what?

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- Fed interest rate increases are likely in 2026 due to rising inflation
- US economy is strong but....with significant geo-political and inflation uncertainty
- Stock market is on a roll, BUT expensive: Forward PE = 21 vs long term average 16
- Protect yourself through diversification, stop loss orders and put options

GLTA

*"Bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria."* — Sir John Templeton

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