

Week In Review

OLLI-GMU Investment Forum

June 17, 2026

Today: US – Iran finalize peace agreement

Question for discussion: Now that war with Iran is winding down, what can we expect to happen to economies and markets, worldwide?

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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 peace agreement near ready; Strait of Hormuz opens
- Fed policy announcement later today
- Persian Gulf oil exports will require several months to recover (WSJ)
- Qatar expects to resume full LNG production by July
- US GDP rising to expected 3% rate in Q2 (Schwab)
 - AI Capex running \$800B in 2026; \$900B in 2027; driving the economy
- ECB and Japan raise interest rates
- Lower mortgage rates (6.5%) causing mixed signals in housing markets
 - Existing home sales up 3.2% in May (NAR)
 - Housing starts fell 15% in May (NAHB)
- Product manufacturing costs spiked 6.2% in May - more pain ahead (BLS)
- Consumer sentiment bumped up to 48.9 from 44.8 (U Michigan)
- Labor market conditions are strong; unemployment steady at 4.3%
- Russia – Ukraine war is intensifying; drone attacks on the rise

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- Stock markets are near all-time highs
 - Major banks are revising S&P500 end of year mark: now 8000+
 - BofA estimates 7100
 - GM in talks with LMCO to manufacture defense materials
 - SpaceX becomes 4th largest company by market cap
 - CNN fear gauge: 40/ 100 – fearful
 - VIX: declined to 16 – neutral
 - Put/Call ratio: declined to 0.75 – fearful
 - AAI Investor survey: 30% bullish; 48% bearish; fearful
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Now what?

- US – Iran war peace agreement will affect markets and economies in unexpected ways
- Fed interest rate increases are likely in 2026 due to rising inflation
- US economy is strong but....with significant 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

"When the tide goes out, you discover who's been swimming naked."

Warren Buffett

If you would like to acquire these slides, email me at: David.Toms@comcast.net