Week In Review – a source of ideas

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Today: AI is out

Semi conductors are in

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Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

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Economic commentary

We have a strong economy despite considerable uncertainty

- US- Iran war dictates oil, which dictates inflation, which dictates market action
- Russia-Ukraine war remains stalemated
  - Many international oil refineries are offline
- Oil price rises to $91/bbl due to Str of Hormuz and Red Sea closures. Gas prices up over $4/gal
- US initiates 50% tariffs against Canada
- Port of Long Beach container inventory is at 100%; Fall stock-ups
  - Shipping schedules near maxed out
  - Warehouse inventories are low
  - Indicates a very healthy consumer
- ISM manufacturing PMI dropped slightly to 53.3
  - Economy expanding now 20 months consecutive
- ISM services PMI at 54%; 24 months consecutive
- Retail sales in June jumped 0.2%, after a 1% surge in May
- June inflation dropped to 3.5%
- Steady unemployment at 4.2%; slow hiring
- Linked In interview (WSJ): “Global hiring has slowed 30% since pandemic
  - AI engineers are fastest growing career path
  - 1.3 million new AI jobs have been created primarily focused on data center buildout
  - Entry level jobs are not disappearing as reported

Market Commentary

Where are we going?

- Goldman suggests trades outside of AI   (Bloomberg)
- Chip manufacturers rebound; see MU, SNDK, SKHY, AVGO
- 3M posts strong earnings, upgraded guidance
- DR Horton posts a strong quarter; rising margins
- Boeing, AirBus, GE Aero all pulling in many new orders for aircraft, engines
    - GE is sold out into early 2030s; Pratt unable to deliver some orders
- SpaceX shares are below IPO price; down 31`% in 1 month; 17% short
- Truist reported strong earnings, but moderated its guidance
- CNN fear gauge: 41; mildly fearful
- VIX: 16.5; neutral
- Safe Haven demand: 0 = neutral (Difference in returns between stocks and bonds

Now what?

- US economy is strong with significant uncertainty: War with Iran, oil prices, inflation
- Fed interest rate increase is unlikely in 2026
- Stock market is expensive but has room to run – driven by earnings
- Protect yourself through diversification, stop loss orders and put options

GLTA

"An investment in knowledge always pays the best interest”:   Linked In

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