Week In Review

OLLI-GMU Investment Forum

Oct 28, 2026

Today: Investors move out of AI and into bonds or value stocks for safety

S&P500 companies' Q3 earnings running 30% above Q3 2025

SpaceX earnings doubled in one quarter

BDCs looking relatively inexpensive right now

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Disclaimer: I am not a certified financial analyst.

Any trading decisions you make are your responsibility

If you would like to acquire this slide deck, please email me at:

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US Economic commentary

We have a strong economy amid considerable uncertainty

- Sum of all fears: wars, oil prices, inflation, government debt, AI goes rogue
- Oil prices accelerate with heightened fears in Persian Gulf
  - Will the US attack Iran after Nov 3?
- Consumer sentiment is near record lows
- Housing market is suffering with high interest rates
  - High mortgage rates, labor disruption problems
  - Home building and sales are stagnant
- Inflation rose to 3.7% from 3.1% last month
  - Wages not keeping up
- Unemployment steady at 4.2%; labor is stable
- Gas $4.29; diesel is $6.35 / gal (AAA)

Market Commentary

Stocks are perplexed

Bond prices are wavering

- Investors seeking safety – risk off
  - AI on sale
  - Bonds, REITs, BDCs, value stocks in vogue
- The software apocalypse seems over
  - See IGV: up 32% in 6 mos.
- The run on private credit is easing
  - Private credit problems remain elevated
- SpaceX threatens telecom market
  - In talks with Crown Castle for 80,000 cell towers
- Earnings season is going well – earnings up 30% YoY
  - Energy and technology are leading
- Anthropic files for IPO – revenue grew 1300% in six months
  - Carrying $800B in obligations against $16B revenue
- CNN fear gauge: 33; fearful
- VIX: 17.5; neutral
- AAI Investor survey: 37% bullish; 46% bearish

Now what?

Quote of the day:

“Financial analysts distinguish themselves nowadays using AI tools, as opposed to spreadsheets in the 1990s.”

Bob Michele, Head of Fixed Income, JP Morgan

- US economy is strong amid significant uncertainty:
  - War with Iran, Russia-Ukraine war; oil prices, inflation; government debt, AI goes rogue
- Stock market is getting nervous about AI
- Bond market yields have dropped, but still highest since 2002
- Protect yourself through diversification, stop loss orders and put options
- GLTA