

August 21, 2025

Good Morning,

Tech stocks are once again leading markets, but this time in a downward direction over the past five days. Is this a new trend where tech companies are shunned, or is it a temporary pause from an exhausted chase of the AI trade? Most likely it's just a pause, and perhaps an opportunity to add to tech holdings at lower prices. Broader markets have their eyes on inflation and interest rates as economists ponder a softening job market and higher producer prices. Which is more troubling for the economy?

There's a school of thought that the public cares more about inflation because it weakens all of us to some degree, whereas job losses can devastate a life or a household but are felt more narrowly by those unlucky enough to get axed by HR. No doubt there are political and social dynamics that can make that theory more or less convincing. But Fed officials say they prioritize their dual mandates of stable prices and maximum employment using more unemotional criteria: Which goal is more out of sync? Do they keep rates up to battle inflation, or lower them to help the job market? Like the "Push Me Pull You" from Doctor Dolittle.

President Trump is trying hard to find an end to the Russia/Ukraine war. We worry that he puts too much faith in Vladimir Putin's words. Putin is a lying thug, and always will be, and he wants a deal with no compromises for Russia. If he continues to refuse to negotiate in good faith, Trump should use the big hammer. Tell Putin that the US supports Ukraine's immediate acceptance into NATO. Then we will see if Mr. Putin gets serious or if he is willing to risk having NATO troops (and weapons) on his border defending Ukraine.

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great week and Go Reds! (Yes, they still have an outside chance for the playoffs.)

Wade

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