

News and Notes:

May Newsletter

Top Headlines

- Market Volatility
- The Vix
- Home Prices
- Inflation
- Sam's AI



Midway Wealth Partners

1650 N Arlington Heights Rd. ste. 204
Arlington Heights, IL 60004

1580 S Milwaukee Ave ste. 610
Libertyville, IL 60048

Phone: 847-787-1144
Fax: 224-232-5625

E-mail: RBabjak@MidwayWP.com
dryan@MidwayWP.com

Market Volatility: Volatility isn't unusual- it's the cost of admission to the markets. On average, the S&P 500 sees seven -3% dips, three-and-a-half -5% pullbacks, and one -10% correction per year, plus a -15% drop about every 18 months. Said another way, if you have a \$1million retirement portfolio, that's the equivalent of losing (and recovering) -\$30,000 multiple times a year, -\$50,000 a few more, -\$100,000 once annually and -\$150,000 every year-and-a-half. In other words, that is what "normal" looks like, having nothing to do with bear markets (source: Ryan Detrick).

More Volatility: After closing at a 200-day low on April 8th, the S&P roared back on April 9th, with more than 97% of the index's stocks finishing the day in the green. Historically, when we've seen this kind of broad-based surge following a major low the stock market has been up every single time one year later, with an average return of 29.4% (source: Subu Trade).

VIX: VIX is the ticker symbol and the popular name for the Chicago Board Options Exchange CBOE Volatility Index, a popular measure of the stock market's expectation of volatility based on the S&P 500 index options. The VIX did something that has only happened a couple of times since its inception- it closed above 60 during the 2007-09 Global Financial Crisis, during COVID, and again on April 7th this year (source: FSInsight).

Death Cross: In the past 40 years, if you shorted the NASDAQ 100 each time it experienced a "Death Cross" (where its 50-day moving average crosses below its

200-day moving average), you would've only made money 4 out of 24 times, and you average performance would've been a loss of -24.3%... which goes to show you that not all you hear on CNBC about "death crosses" are truly all that deadly after all (source: Senti-menTrader).

Inflation: U.S. Core CPI (inflation) is back below 3% for the first time in 4 years (falling to 2.8% in March), primarily resulting from lower gasoline prices and airfare, which increases the odds for a potential Fed rate cut in the not to distant future (source: Reuters).

Home Prices: Home prices have doubled in the U.S. between 2010 and 2021. The medium square footage of the average single-family home has doubled in size (from 1048 SF in 1920 to 2,491 SF in 2020), but the median household income required (\$124,000) to purchase a median sized home for sale is 57% higher than the current median household income (\$79,000) (source: This Week in Charts).

Student Loans: More than 1-in-4 student loan borrowers are now delinquent just months after payments resumed, according to the U.S. Department of Education. That's 7 million Americans behind on their loans- a sign that the financial aftershock of the "pandemic pause" might not be over (source: CNBC).

Diversification: If you invested \$10,000 in Disney (Dis) and Intel (INTC) stock 10 years ago, you would have made roughly \$100 in profit on your investment before inflation. Four years ago, Intel was the world's most valuable

chip maker while today it would not be ranked in the top 20 (source: Koyfin).

Late Payments: The percentage of credit card accounts that were at least 90 days past due hit a 12-year high in the fourth quarter of 2024. According to data from the Federal Reserve Bank of Philadelphia, 0.90% of accounts were delinquent, the most since the Fed bank began its report. It's only a slight increase from 0.89% in the fourth quarter of 2023, but a larger spike from the .70% seen in 2022 (source: Federal Reserve).

Chinese Freight: The number of Chinese freight vessels headed to the ports of Los Angeles and Long Beach, the top destinations for Asian freight have dropped sharply. For the week ending May 3rd, the number of freight vessels leaving China and headed to Southern California ports, is down 29% week-over week, according to Port Optimizer, a tracking system for ships. Year-over-year, the data shows 44% drop-in vessels scheduled to arrive in the week of May 4-May 10 (source: CNBC).

NY Penthouse: New York City's most expensive home lists for \$110 million amid market uncertainty. Even with stock market swings and tariff worries, the broker for the newly listed penthouse says buyer interest has been strong. The four-floor listing at 111 West 57th St. spans 11,480 square feet and is being pitched as a rare collector's item for global elites. Outside the ultra-high

Midway Wealth Partners

News and Notes:

May Newsletter

“Be quick to turn bullish but take your time turning bearish. The market is up more than 70% of the time.”

Larry Williams

“When things go badly, people become cautious. Then, their caution causes things to go well, and when things go well, they become incautious. I think that’s a forever cycle.”

Howard Marks



Midway Wealth Partners

1650 N Arlington Heights Rd. ste. 204
Arlington Heights, IL 60004

1580 S Milwaukee Ave ste. 610
Libertyville, IL 60048

Phone: 847-787-1144
Fax: 224-232-5625

E-mail: RBabjak@MidwayWP.com
dryan@MidwayWP.com

end, brokers say luxury homebuyers are more cautious, taking longer, negotiating harder and focusing on value (source: CNBC).

Sam’s AI: Sam’s Club, the Walmart owned membership warehouse, is rolling out a major change to its grocery payment system and embracing artificial intelligence (AI). The retail giant plans to phase out traditional checkouts across its 600 stores and create a friction-free shopping experience which will include customers scanning goods on the go with an app and then having an AI scanner verify the goods the customers leave. The technology would eliminate the need for receipt checks at the door. The system known as “Scan & Go” was initially launched back in 2016 (source: Fox Business).

Increased Prices: Chinese e-tailer Temu has started adding “import charges” of about 145% in response to President Donald Trump’s tariffs. The fees, which began cropping up after price hikes went into effect, cost more than the individual products con-

sumers are buying and can be more than double the price of a typical order (source: CNBC).

Spending: Lower-income earners are reining in their transactions to focus on essentials, while the wealthy continue to spend freely on perks including dining out and luxury travel, according to first-quarter results from U.S. credit card lenders. Synchrony, which provides store cards for retail brands including Lowe’s and T.J. Maxx, spending fell 4% in the first three months of the year, the company said in April. That compares to a 6% spending jump at American Express and a similar rise at JP Morgan Chase both of which cater to wealthier users with higher credit scores (source: CNBC).

Fed: Jerome Powell’s term as Chair of the of the Federal Reserve concludes on May 15th, 2026, while his position as a board member extends until January 31st 2028 (source: CNBC).

A Thrust Signal: A rare Lowry Thrust signal (similar to a Zweig Breadth Thrust) just triggered, signaling a powerful surge in market demand. Historically, markets have rallied strongly 1,3,6, and 12 months after the signal, with past returns hitting as high as +24% over the next year. Short-term overbought conditions are common after a thrust, but the bigger picture looks very bullish according to Lowry Research (source: Lowry Research).

Doctor Advice: Young adults aren’t listening to their doctors anymore. As it turns out, 38% have been disregarding their primary care physicians advice in favor of information from social media. Nearly half also trust friends and family over medical professionals— and 45% think they can know as much about health as trained doctors (source: Axios).

“The market cycle will once more prove to be the human-nature cycle; its economic background will have changed, but its basic character nor the consequences of its character”

-Benjamin Graham

Richard Babjak, Dennis Ryan, Terry Kania, Kelley Belmonte, and Jamie Buffa

We are adding a new member to the team. Please welcome, Jack Long who will be starting on May 19th. Jack will be working with Terry, Kelley and Jamie out of the Arlington Heights office while also training to become a Financial Advisor. Jack has already completed two of the CFP (Certified Financial Planner) classes and is a recent graduate of Auburn.

The information presented here is not specific to any individual's personal circumstances and should not be relied upon without seeking the advice of a qualified professional after full review of the individual's investment, tax or legal situation. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

Securities and Advisory Services are offered through World Equity Group, Inc., member FINRA and SIPC. Midway Wealth Partners is not owned or controlled by World Equity Group, Inc. Investment advisory and financial planning services are offered through Summit Financial, LLC., a SEC-Registered Investment Adviser, doing business as Midway Wealth Partners.