MOOSECALLS

Global Financial News & Analysis
OCT17.2025 through OCT26.2025

EXECUTIVE SUMMARY: OCT17, 2025

This weekly global investment newsletter tracks investment strategy performance, including buy-and-hold and market timing using ETFs as proxies for indices.

GLOBAL MARKETS: WEEK'S ACTION— Risk-ON (1)

It was the 1st Risk-ON week after 1 Risk-OFF: US Stocks UP Foreign Stocks UP, Bonds UP, and Gold UP.

Buying the Dip

During last week's attention-getting market tumble several assets triggered 20-day stop losses or came close. None of them, however, ended in an "elevator down" moment. This week, in fact, everything rebounded. US small caps (+2.4%) led large caps (+1.7%) higher. Offshore, a weaker Dollar (-0.5%) helped foreign equities outperform. Equities in Japan (+4.6%), Asia-Pacific (+4.4%), Latin America (+3.7%) and Europe (+2.0%) logged solid gains. The post-rate-cut rally in US long bonds' (+0.8%) continued. The 10-yr yield fell 4 bps to 4.01%, and the cash yield dipped to 3.83% flattening the yield curve to 18 bps. Oil (-2.0%) and commodities (+0.2%) diverged as gold (+5.4%) continued to rock the house. No change in the models.

GLOBAL OUTLOOK REMAINS NEGATIVE (1 of 4). The Baltic Dry Index is higher in the past quarter (13 weeks), but oil and copper prices, and US bond yields are lower, a negative sign for world growth.

INFLATION: Inflation Week came and went with no data thanks to the government shut-down. The upward move in gold this week, however, suggests inflation is alive and well at least in the minds of gold bugs, even if commodity and oil prices do seem to be waning.

US ECONOMIC DATA: Non-existent. A SEP Federal budget surplus (+$198B) was a pleasant surprise. The government shut-down delayed most other data. Latest Q3 GDP Now (+3.9%) above post-war trend. August recession probability negligible. Next week: Federal data unavailable until government reopens.

FEDERAL RESERVE: Fed Posture this week more dovish as Fed stops rolling bonds off its balance sheet. The Fed's balance sheet stands at $6.59 trillion, with the Fed Funds Rate cut to 4.00-4.25%. The Fed Check is neutral (steady rate policy warranted globally). The next 25 bps Fed rate cut (likelihood >50-50) is expected in October (99%).

INVESTMENT STRATEGIES: **The Index Model** is outperforming all competitors in 2025. It switched back into gold (GLD) from EFA via buy-stop on August 28. The **US Equity Strategy (USES) Model** holds Growth (IUSG), as US stocks play catch up with foreign equities due to tariffs and a tight Fed. The **Thrift Savings Plan (TSP) Model** is lagging the most aggressive balanced portfolios. It HOLDS international equities (Fund I) since early May.

GLOBAL OUTLOOK: NEGATIVE (1 of 4)

Indications remain negative for the global economy.

An international shipping measure and proxy for current global trade, **the Baltic Dry Index rose to 2069 this week, and is higher after 13 weeks, a positive sign**. (After opening 2023 at 1515, BDI is still well below its 2010 peak at 4640.)

Meanwhile, another proxy for world activity, **WTI oil price at 57.25 fell this week, and is lower for the latest quarter, a negative** sign. (Oil remains below its 2022 peak at $130, but well above its 2020 Covid lows at $10.)

Our proxy for global construction, **copper rose to 4.97 this week, but remains lower this quarter, a negative** signal.

Domestically, **10Y US bond yields fell to 4.01% this week and are down over the past 13 weeks, a negative** bet on the largest world economy.

IMF World Economic Outlook (APR 2025)—

Global growth was stable yet underwhelming through 2024 and was projected to remain so in the January 2025 World Economic Outlook (WEO) Update. However, the landscape has changed as a series of new tariff measures by the United States and countermeasures by its trading partners have been announced and implemented, ending up in near-universal US tariffs on April 2 and bringing effective tariff rates to levels not seen in a century. This on its own is a major negative shock to growth. The unpredictability with which these measures have been unfolding also has a negative impact on economic activity and the outlook and, at the same time, makes it more difficult than usual to make assumptions that would constitute a basis for an internally consistent and timely set of projections.

As of April 4, 2025, global growth is projected to drop to 2.8% in 2025 and 3% in 2026—down from 3.3% for both years in the January 2025 WEO. Growth in advanced economies is projected to be 1.4 percent in 2025 and 1.6% in 2026. In emerging market and developing economies, growth is expected to slow down to 3.7% in 2025 and 3.9 percent in 2026. Among advanced economies, growth in the United States is expected to slow to 1.8 percent in 2025, a pace that is 0.9% lower relative to the projection in the January 2025 WEO Update, on account of greater policy uncertainty, trade tensions, and softer demand momentum. 2025 growth in the euro area at 0.8% is expected to slow by 0.2%.

Global headline inflation is expected to decline at a pace that is slightly slower than what was expected in January, reaching 4.3% in 2025 and 3.6% in 2026, with notable upward revisions for advanced economies and slight downward revisions for emerging market and developing economies in 2025.

GLOBAL RANKING: GOLD AND EMERGING EQUITIES ON TOP

Index Moose ETF Rankings through OCT26.2025

This week: Gold (GLD) leads in global momentum. **The free Index model HOLDS #1 GLD via buy-stop 8/28/25**. *Assets are ranked by CI, the "confidence index". It combines the relative strength (rank), and technical strength (TS). The Trend is based on the TS reading. *Overbought*

RANK	CI	Description	TS	Trend	stop-loss	price	buy-stop
1	**100%**	**Gold (GLD)**	**118%**	**very bullish**	**341.84**	**388.99**	**397.28**
2	53%	Latin American stocks (ILF)	92%	very bullish	27.16	28.23	29.08
3	53%	Pacific ex-JAPAN stocks (AAXJ)	98%	very bullish	88.82	92.89	54.69
4	43%	US small-cap stocks (IWM)	97%	very bullish	237.55	243.41	252.77
5	37%	Japanese stocks (EWJ)	92%	very bullish	78.21	82.00	83.60
6	33%	US large-cap stocks (SPY)	83%	very bullish	652.84	664.39	673.95
7	24%	European stocks (IEV)	92%	very bullish	63.83	66.34	66.93
8	2%	Cash (SHY)	101%	--	82.77	83.09	83.13
9	-23%	US Long Treasuries (EDV)	53%	bullish	61.56	70.04	66.29
		Ryan/CRB Indicator	103%	no change			
		ST Interest Rate Equity Indicator	-74%	bearish			
		Volatility Index	27%	slightly bearish			
		US Dollar Index	-6%	neutral			
		Commodity inflation trend	57%	neutral			
		Oil	-71%	bearish			

Global Economy through OCT26.2025

GLOBAL RANKING: TECHNICAL OVERVIEW

#1 GOLD Drops, Remains Overbought-- Gold bullion's price is very bullish and ranked #1 globally, more attractive than cash. GLD rose 5.4% this week, following last week's 3.2% gain. That leaves GLD up 26.1% for the quarter (13 weeks) and up 54.8% for the year (52 weeks).

#2 LATIN AMERICA Bounces Off Support-- Latin American equities (ILF) are very bullish and ranked #2 globally, more attractive than cash. ILF rose 3.7% this week, following last week's 4.1% loss. That leaves ILF up 12.7% for the quarter (13 weeks) and up 11.7% for the year (52 weeks).

#3 ASIA-PACIFIC Rebounds Off 50-day-- Asia-Pacific ex-Japan equities (AAXJ) are very bullish and ranked #3 globally and more attractive than cash. AAXJ rose 4.4% this week, following last week's 4.4% loss. That leaves AAXJ up 9.8% for the quarter (13 weeks) and up 18.2% for the year (52 weeks).

#4 US SMALL-CAPS Bounce Off 20-day Low-- US small-cap stocks (IWM) are very bullish and ranked #4 globally, more attractive than cash. IWM rose 2.4% this week, following last week's 3.3% loss. That leaves IWM up 9.5% for the quarter (13 weeks) and up 7.9% for the year (52 weeks).

#5 JAPAN'S Politics Roils Equities-- Japanese stock prices (EWJ) are very bullish and ranked #5 globally, more attractive than cash. EWJ rose 4.6% this week, following last week's 4.2% loss. That leaves EWJ up 14.2% for the quarter (13 weeks) and up 16.9% for the year (52 weeks).

#6 US LARGE-CAPS Test Stop-Loss/ 50-day-- US large-cap stocks (SPY) are very bullish and ranked #6 globally, more attractive than cash. SPY rose 1.7% this week, following last week's 2.4% loss. That leaves SPY up 5.9% for the quarter (13 weeks) and up 13.7% for the year (52 weeks). **GROWTH** is the top US equity strategy. US equity sector breadth is positive but slightly more bearish. **Top Sector "Buys"** include Bitcoin, Semiconductors, Gold Miners, Technology, Defense, Telecom, Software and Internet. **Top Sector "Avoids":** Staples, Healthcare Providers, Food and Beverage.

#7 EUROPE Maintains Upward Trend-- European equities (IEV) are very bullish and ranked #7 globally, more attractive than cash. IEV rose 2.0% this week, following last week's 2.7% loss. That leaves IEV up 5.4% for the quarter (13 weeks) and up 16.3% for the year (52 weeks).

#8 CASH and 10Y T Yields Down— Cash is ranked 8^{th} in the index model. The US Treasury 10-year yield finished the week 4 ticks lower at 4.01% and the 3-month yield was down 2 ticks at 3.83%, leaving the yield curve flatter but positively sloped at 18 basis points.

#9 BONDS Trigger New Buy-Stop-- US Long-zeros 25y+ are bullish and ranked #9 globally, less attractive than cash. EDV rose 0.8% this week, following last week's 2.2% gain. That leaves long bonds up 10.4% for the quarter (13 weeks) but down 6.0% for the year (52 weeks).

COMMODITIES Hover At 4-Month Low-- Commodities are neutral. The CRB rose 0.2% this week after last week's 2.2% loss. That left commodity prices down 4.2% for the quarter (13 weeks) but up 4.9% for the year (52 weeks). Meanwhile, bearish oil prices (USO) fell 2.0% this week, following last week's 3.2% loss. That leaves US oil prices down 10.5% for the quarter (13 weeks) and down 4.8% for the year (52 weeks).

US Dollar Retreats From 200-day Resistance-- The US Dollar is neutral. It fell 0.5% this week, following last week's 1.5% gain. That leaves it up 1.2% for the quarter (13 weeks) but down 4.4% in the last year (52 weeks).

US ECONOMY: GOV'T DATA

Manufacturing Mixed, SEP Treasury Budget Surplus

US Economy: week of OCT17.2025

THIS WEEK: (GOVT DATA SHUT DOWN)

THE GOOD: OCT Empire State Manufacturing (10.7) unexpectedly positive, beat consensus and previous. OCT NAHB Housing Market Index (37) up from prior and beat forecasts. SEP Treasury budget +$198B, unexpected surplus beating consensus and prior deficits.

THE BAD: WEEKLY EIA Crude Oil Inventories (+3.52) build remains as oil prices fall. OCT Philly Fed Index (-12.8) unexpectedly negative, below consensus and prior. SEP Small Business Optimism 98.8, down from prior.

THE UGLY: Nothing

US ECONOMY: INFLATION DATA

SEP INFLATION DATA DELAYED

US Inflation: week of OCT17.2025

AUG PCE (+0.3%) up inline. (1yr: 2.7%)
AUG Core PCE (+0.2%) up inline (1yr: 2.9%)
Q2 GDP – E3: (+3.8%) revised substantially higher.
Q2 GDP Deflator – E3: (+2.1%) revised higher.
Q2 Current Account Balance: (-$251.3B) below forecasts and prior.

AUG CPI (+0.4%) in line, below prior (1 yr= +2.9%)
AUG Core CPI (+0.3%) in line above prior. (1 yr= +3.1%)
AUG PPI (-0.1%) cooler. (1 yr= +2.6%)
AUG Core PPI (-0.1%) cooler. (1 yr= +2.8%)
AUG Import Prices (+0.3%) warmer (1yr= +0.0%)
AUG Export Prices (+0.3%) warmer (1yr= +3.4%)

Q2 Employment Cost Index (+0.9%) in line with prior estimate.
Q2 Productivity-Rev. (3.3%) revised higher beating consensus and previous.
Q2 Unit Labor Costs – Rev (+1.0%) revised weaker than consensus and previous.

US ECONOMY: RECESSION & GDP INDICATORS

NY FED: RECEDING MINIMAL RECESSION THREAT

US recession chances one year out: 27.41% (SEP 2026) per NY Fed. (Recession expected if chance > 30%.) As of May, the Fed model's chance of recession fell below 30%, the threshold signaling a recession one year out. It remains there. The risk of recession was the highest in 40 years in May 2024, but it was avoided amid three years of massive Federal deficit spending and historic data falsification at the Bureau of Labor Statistics. The official responsible for providing the erroneous jobs data was fired this month (8/3/25).

ATLANTA FED: US Q3 GDP NOW Above Trend At 3.9%

Atlanta Fed Current GDP Model (10/16/2025): **Q3 Annualized +3.9% (Last week: Q3 Annualized +3.8%)**

US ECONOMY: FEDERAL RESERVE
FED BALANCE SHEET ($6.591T); FFR @ (4.00-4.25%)

Federal Reserve:
week of
OCT17.2025

After over-tightening, in Q1 2020 the Fed took its fed funds rate to zero with two Covid emergency rate cuts, where it remained until March 2022. Simultaneously, the Fed doubled its balance sheet to $9 trillion in monetary stimulus (QE), exceeding measures taken during the global financial crisis in 2008, including commercial paper funding as well as unlimited purchases of treasuries, mortgages, municipals, and junk bonds.

The Fed plan was to roll 95 billion per month in maturing bonds off its 8.965T balance sheet beginning 6/1/22. It had succeeded in reducing it to 8.34T by mid-March 2023, when the bank crisis required an expansion (back to 8.73T).

The Fed will end quantitative tightening and stop reducing its balance sheet. Currently, the Fed's balance sheet is 6.591T, UP (+0.003T) in the latest week (OCT15, 2025). The Fed Funds Rate was lowered 25 BPS to 4.00-4.25% at the SEP17 FOMC meeting. The next meeting is OCT29.

The Fed Check at 103% suggests global commodity inflation requires no change in the Fed overnight rate. The US 2-Year yield at 3.46%, however, is 66 bps BELOW the Fed overnight rate (4.12%), implying US domestic conditions merit at least two more Fed rate cuts.

CME Fed futures are 100% sure there will be no Fed rate hikes this year and 99% sure the next Fed rate cut is coming October 29. The benchmark jobs revision (9/9) lowered the number of jobs created between 3/24 and 3/25 by 911K, cementing the notion of three 25 bps rate cuts (of which one already has been made) by year-end.

The 3m-10y yield curve flattened this week, going from a positive slope of 20 bps to one of 18 bps, as the 10-year US Treasury yield fell 4 bps to 4.01%, and the 3-month cash yield dropped two ticks to 3.83%. Intermediate term, the curve was inverted from 11/22 through 12/24 but has been positive since. The median yield is still falling, leaving our interest rate signal for stocks bearish.

The 3-month SOFR yield at 4.30% is up this week, while the 3-month T-bill at 3.83% is down. That puts the SOFR/T-Bill (SOF-T) spread at 47 basis points, above its 200-day 16 bps. A rising SOFR spread signals a riskier, less confident financial system.

FED POSTURE THIS WEEK: DOVISH (+2) LW: DOVISH (+1)
Rate Posture: (Cutting) DOVISH (+1), Balance Sheet (Steady) NEUTRAL, (0), Fed Speak DOVISH (+1), Fed Check NEUTRAL (0)

Latest FOMC Assessment (2025.9.17) Recent indicators suggest that growth of economic activity moderated in the first half of the year. Job gains have slowed, and the unemployment rate has edged up but remains low. Inflation has moved up and remains somewhat elevated. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate and judges that downside risks to employment have risen. In support of its goals and in light of the shift in the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 4 to 4-1/4 percent. In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective. In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments. **(Next FOMC meeting: 2025.10.29)**

US Currency Market:
UUP Retreats From 200-day Resistance

US Dollar: The US Dollar (UUP) fell 0.5% this week, following last week's 1.5% gain. It is currently neutral—up 1.2% for the quarter (13 weeks), and down 4.4% in the last year (52 weeks). At 28, UUP is above its short-term 50-day average at 27, and below its intermediate-term 200-day average at 28. Momentum in the greenback is positive and improving, but RSI14 at 54 is neither overbought nor oversold. A Dollar weakened this week, dampening US assets over foreign assets, commodities, and gold. Longer term, the bearish Dollar dampens US investments, enhances foreign assets and commodities, and improves US trade competitiveness.

The Dollar (UUP) ran into overhead resistance at the 200-day last week and retreated further this week. Meanwhile, the Federal government shut-down continues to complicate things by leaving the markets (and the Fed) in the dark regarding recent economic conditions. Initially, the greenback seemed clearly the better for it. Dollar price momentum turned positive and improved when the government ran out of "other people's money" on October 1. Lately, Senate Democrats rejected a bill to pay the military which is normally a bipartisan vote and considered regular order. The administration in turn began reallocating funds away from Democratic socio-economic priorities to pay for defense and laying off non-essential government employees. With government being up to a third of US GDP these days, such cuts have the potential to weaken demand in the economy and by extension the Dollar. (Fortunately, stimulus from a couple of promised future rate cuts should offset any weakness.) Problem is, Europe and Japan still have significantly easier monetary policies, and US tariffs are already dampening our economic performance contributing to the overhead resistance we saw last week. As for other major currencies vs. the Dollar, the Euro is bullish and up 0.5% this week. The Yen is very bearish and up 0.8%. The Pound is slightly bullish and up 0.7%. The Canadian Dollar is slightly bearish and flat 0.0%. The Australian Dollar is slightly bullish and up 0.4%.

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Carry-trade This Week

Non-Dollar investors seeking to maximize profits using the Moose should incorporate a "carry-trade" currency strategy into the decision, making it a two-step process. First, decide if it makes sense to switch to US Dollars, then use the Moose to identify the best ETF in which to put them. (Generally, if one's currency is weakening (bearish) against the Dollar, non-Dollar investors in the Moose will outperform. If a currency is bullish vs. the Dollar, the Dollar investment will underperform. If the Dollar is weakening, Dollar investors in the Moose might consider currency-hedged foreign equity ETFs instead of the Dollar denominated funds we track. A strengthening Dollar, however, suggests they be avoided.

	TS	Trend	Non-Dollar investors in $ Moose	US $ investors in Foreign Assets
Euro	55%	bullish	Euro investors underperform	US$ investors (IEV>HEDJ)
Yen	-76%	very bearish	Yen investors outperform	US$ investors (DXJ>EWJ)
Australian $	48%	slightly bullish	Aussie $ investors underperform	US$ Investors outperform in A$
British Pound	25%	slightly bullish	Sterling investors underperform	US$ investors outperform in Pound
Canadian $	-29%	slightly bearish	Canadian $ outperform	US$ investors underperform in C$

US Bond Market:
#9 BONDS Trigger New Buy-Stop

US Long Treasury Bonds: US Long Treasury Bonds: EDV rose 0.8% this week, following last week's 2.2% gain, leaving it ranked #9 globally and less attractive than cash. Long bonds are up 10.4% for the quarter (13 weeks) but down 6.0% for the year (52 weeks) as yields have risen. The US Treasury 10-year yield finished the week 4 ticks lower at 4.01% and the 3-month yield was lower at 3.83%, leaving the yield curve positively sloped 18 basis points. That reduces the odds of a recession in late 2025. Technically, US long bonds are bullish and at 70, EDV is above its short-term 50-day average at 67, and above its intermediate-term 200-day average at 67. Momentum (PMO) is positive and improving, and its 14-day RSI of 67 means EDV is neither overbought nor oversold. As for currency effects, the Dollar weakened this week, dampening return for dollar investors in US bonds. Longer term, the bearish Dollar inhibits investment in US assets but improves US trade competitiveness.

A lethargic stock market continued to nudge investors toward bonds this week. The Federal government shut-down remains a complicating factor, leaving the markets (and the Fed) in the dark regarding recent economic conditions. Bond prices, however, seem to be betting on economic weakness with the government no longer dropping other people's money out of helicopters. EDV does remain above both its 50 and 200-day moving averages for the first time since before the tariff announcements in April and is no longer overbought. Momentum in EDV is positive, suggesting some economic weakness is expected, but it is still a bit early to bet on recession. The overnight Fed Funds rate (4.12%) is greater than the 10-year Treasury yield (4.01%), suggesting Fed money is still too expensive. Chairman Powell is expected to provide at least another 25 bps Fed rate cut (99%) at the next Fed meeting (10/29).

ETF Breakdown: EDV-- A market value-weighted index of high-duration, zero-coupon 25-year US Treasury securities. **Countries:** US (100%). **Top Sectors:** Government (93%), Cash (4%), ETFs (2%), Energy minerals (1%).

(Charts reprinted with permission from stockcharts.com.)

US Equity Market:
#6 US LARGE-CAPS Test Stop-Loss/ 50-day

US Large-Cap Stocks: SPY rose 1.7% this week, following last week's 2.4% loss, leaving it ranked #6 globally and more attractive than cash. The index is up 5.9% for the quarter (13 weeks) and up 13.7% for the year (52 weeks). Technically, US large caps are very bullish and at 664, SPY is above its short-term 50-day average at 656, and above its intermediate-term 200-day average at 605. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 53 means SPY is neither overbought nor oversold. As for currency effects, the Dollar weakened this week, dampening return for dollar investors in US stocks. Longer term, the bearish Dollar dampens investment in US assets but improves US trade competitiveness.

Last week's 2.4% S&P loss didn't extend into this week. Despite extended valuations, last week's retreat stopped right at 50-day support, and a few cents short of triggering a 20-day stop-loss, looking more like a buying opportunity than the beginning of an "elevator down" episode. SPY is still up 38% since April and large cap momentum remains positive and improving ahead of two more rate cuts. Uncertainties regarding taxation, fiscal spending, and the debt ceiling have been legislated away. The Federal deficit remains bullishly large, although tariffs are reducing it slightly. The government shutdown was well received by equity investors initially, but the idea that government, after years of stimulating US equities with 2 trillion in annual deficits, is out of money may not sit well for an extended period. Fortunately, another Fed rate cut (10/29) or two looks likely (99%) and should keep large cap stocks on an upward path. It remains to be seen, however, if US equities, while saddled with the world's highest interest rates and new self-inflicted taxes on imports can overtake their foreign competition.

ETF Breakdown: EDV-- A market value-weighted index of high-duration, zero-coupon 25-year US Treasury securities. **Countries:** US (100%). **Top Sectors:** Government (93%), Cash (4%), ETFs (2%), Energy minerals (1%).

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US Equity Market:
#4 US SMALL-CAPS Bounce Off 20-day Low

US Small-Cap Stocks: US Small-Cap Stocks: IWM rose 2.4% this week, following last week's 3.3% loss, leaving it ranked #4 globally and more attractive than cash. The index is up 9.5% for the quarter (13 weeks) and up 7.9% for the year (52 weeks). Technically, US small caps are very bullish and at 243, IWM is above its short-term 50-day average at 238, and above its intermediate-term 200-day average at 217. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 52 means IWM is neither overbought nor oversold. As for currency effects, the Dollar weakened this week, dampening return for dollar investors in US assets. Longer term, the bearish Dollar inhibits investment in US assets but improves US trade competitiveness.

IWM 3.3% loss last week turned into a buying opportunity this week. After holding 50-day support and closing a few cents short of triggering a 20-day stop-loss, IWM rallied hard through Wednesday before pulling back at the end of the week. That left small caps up 42% since April with momentum positive ahead of two more rate cuts. The uncertainties regarding taxation, fiscal spending, and the debt ceiling are legislated away, and the Federal deficit remains bullishly large, although tariffs are reducing it slightly The government shutdown was well received by equity investors initially, but the idea that government, after years of stimulating US equities with 2 trillion in annual deficits, may not sit well for an extended period. Fortunately, another Fed rate cut (10/29) or two looks likely (99%) and should keep large cap stocks on an upward path. It remains to be seen, however, if US equities, while saddled with the world's highest interest rates and new self-inflicted taxes on imports can overtake their foreign competition.

ETF Breakdown: IWM-- A cap-weighted index fund. **Countries:** US (99%). **Top Sectors:** Finance (22%), Health Technology (12%), Technology Services (12%), Producer manufacturing (8%), Electronic Technology (7%), Industrial Services (4%), Energy Minerals (4%), Commercial services (4%), Consumer services (3%), Process industries (3%).

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US Equity Market Top 5 Sectors:
Bitcoin, Semiconductors, Gold Miners, Technology, Defense

The table below ranks our 25 primary US sector ETFs in order of relative strength at the close of the latest week. Momentum investors may consider those ranked higher than cash bullish (**buy** or **hold**), and those ranked below cash bearish (**sell or avoid**). Value investors may feel the opposite.

This week's US equity sector breadth is positive but slightly more bearish -- 89% of our sectors are buy or hold (L92%) with BUYS now 44% (L44%) and HOLDS now 45% (L48%). AVOIDS are currently 11% (L8%). Top "Buys" include Bitcoin, Semiconductors, Gold Miners, Technology, Defense, Telecom, Software and Internet. Top "Avoids": Staples, Healthcare Providers, Food and Beverage.

TICKER	CI	NAME	SECTOR	TS	Manual Sort
BLOK	99%	Bitcoin (BLOK)	Tech	94%	very bullish
SMH	72%	Semiconductors (SMH)	Tech	33%	slightly bullish
GDX	58%	Gold Miners (GDX)	Materials	93%	very bullish
IYW	49%	US Technology (IYW)	Tech	89%	very bullish
PPA	33%	US Aerospace & Defense (PPA)	Industrial-Tech	87%	very bullish
FCOM	33%	Telecommunications (FCOM)	Telecom	79%	very bullish
XSW	32%	Software (XSW)	Tech	74%	bullish
FDN	31%	DJ Internet Index (FDN)	Tech	79%	very bullish
IBB	29%	Biotechnology (IBB)	Health-Tech	98%	very bullish
XRT	29%	Retail (XRT)	Consumer	65%	bullish
KCE	28%	Capital Markets (KCE)	Financial	41%	slightly bullish
XLC	28%	Media Portfolio (XLC)	Consumer	75%	very bullish
SPY	**26%**	**S&P 500**	**BENCHMARK**	**89%**	**very bullish**
XLI	22%	Industrials (XLI)	Industrial	77%	very bullish
IYT	20%	Transports (IYT)	Transportation	72%	bullish
XHB	20%	Home Construction (XHB)	Home Builders	15%	neutral
KBE	20%	KB Banks (KBE)	Financial	9%	neutral
XLU	19%	Utilities (XLU)	Utilities	89%	very bullish
IHE	17%	US Pharmaceuticals (IHE)	Health	89%	very bullish
XOP	14%	Oil & Gas Exploration & Production (XOP)	Energy	10%	neutral
IEZ	14%	US Oil Equipment & Services (IEZ)	Energy	6%	neutral
XLB	10%	Select Materials (XLB)	Materials	12%	neutral
VNQ	6%	REITs (VNQ)	Real Estate	-19%	neutral
IHI	5%	US Medical Devices (IHI)	Health-Tech	-67%	bearish
IAK	0%	KBW Insurance (IAK)	Financial	5%	neutral
SHY	**0%**	**CASH**	**BASELINE**	**66%**	**bullish**
PBJ	0%	Food & Beverage (PBJ)	Consumer	-70%	bearish
IHF	-2%	US Health Care Providers (IHF)	Health	39%	slightly bullish
XLP	-2%	Consumer Staples (XLP)	Consumer	-83%	very bearish

INTERNATIONAL MARKETS:
#1 GOLD Drops Friday, Remains Overbought

Gold Bullion: GLD's price rose 5.4% this week, following last week's 3.2% gain, leaving it ranked 1 globally and more attractive than cash. Most recently GLD is up 26.1% for the quarter (13 weeks), and up 54.8% for the year (52 weeks). Technically, Gold bullion (GLD) is currently very bullish and at 389 above its short-term 50-day average at 340, and above its intermediate-term 200-day average at 303. Its momentum (PMO) is positive and improving, and its 14-day RSI of 75 means GLD is neither overbought nor oversold. As for currency effects, the US Dollar weakened this week, improving return for dollar investors in gold bullion. Longer term, a bearish Dollar enhances return to Dollar investors in gold.

GLD has been overbought for 7 weeks and closed this week higher despite a one-day 2%+ drop on Friday. Momentum remains positive and improving with Fed chair Powell expected to provide two more 25 bps Fed rate cuts before yearend, and odds are (99%) the first cut will come at the next Fed meeting (10/29). More generally, gold continues to enjoy a US Dollar within 4% of a 45-month low, ongoing central bank purchases, Chinese consumer buying, latent inflation fears, a sense of major disruption in the way the US government is doing things, a large persistent US deficit, and geopolitical tension. Traditional threats to bullion are not in evidence -- global recession (as evidenced by a very bullish bond market and falling yields) is not in evidence. A severe equity market panic (evidenced by margin calls that require investors to sell their best performers to cover).

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INTERNATIONAL MARKETS:
COMMODITIES Hover At 4-Month Low

Commodities: A slightly bearish CRB fell 2.2% this week after last week's 1.9% loss. That left commodity prices down 3.5% for the quarter (13 weeks), **and** up 0.6% for the year (52 weeks). At 293, the CRB is below its short-term (50-day) average at 299, and below its intermediate-term (200-day) average at 301. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 36 means the CRB is neither overbought nor oversold.

Crude Oil: Meanwhile, oil prices (USO) fell 3.2% this week, following last week's 6.9% loss, and are currently neutral. That leaves US oil prices down 10.2% for the quarter (13 weeks), **and** down 10.5% for the year (52 weeks). At neutral, USO is below its short-term (50-day) average at 69, and below its intermediate-term (200-day) average at 73. The Dollar strengthened this week, dampening return for investors in hard assets. Longer term, the bearish Dollar is enhancing return for investors in commodities and oil.

Commodities backed off a bit this week, following a retreat in oil. West Texas (57.43) crude finally broke into the fifties last week, after being stuck in the mid-to-low 60's for a couple of months. OPEC+ has increased production by about 137,000 barrels per day in October easing upward pressure on oil prices. A Phase 1 peace agreement between Israel and Hamas has also helped quiet the oil market. A slowing economy has replaced inflation as the Fed's primary concern as evidenced by promises of two more rate cuts before year-end. The government shut-down and slower spending should add to that if it persists. Meanwhile, commodities and bonds are back in global balance, with the Fed Check suggesting a neutral rate stance by the Fed. A rate cut in such conditions should generate price pressure in commodities.

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INTERNATIONAL EQUITIES:
#7 EUROPE Maintains Upward Trend

European Large-Cap Stocks: IEV rose 2.0% this week, following last week's 2.7% loss, leaving them ranked #7 globally and more attractive than cash. Most recently, Europe is up 5.4% for the quarter (13 weeks) and up 16.3% for the year (52 weeks). Technically, IEV is very bullish at 66—above its short-term 50-day average at 65, and above its intermediate-term 200-day average at 61. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 59 means IEV is neither overbought nor oversold. As for currency effects, the Euro strengthened this week, enhancing return for dollar investors. Longer term, a bullish Euro enhances return to Dollar investors, but limits Europe's trade competitiveness.

European equities improved this week, reversing last week's Friday dip. Even so, European stocks have gone from first to last offshore and are no longer outperforming their US cousins. Fear about the US economy (and private credit in US banks) along with new US tariffs that threaten European exports are weighing on European equities. Hope is that the September Fed rate cut (and the promise of two more), will spark the long-awaited US economic revival. Meanwhile, the European Central Bank kept its benchmark rate steady at 2% in September-- allowing the EU to maintain a significant monetary advantage over the US, which now has 4.125% Fed rate— keeping EU investing in the US extremely attractive given the strong Euro and European borrowing costs that are half potential US returns. (A very bullish Euro vs. Dollar keeps IEV outperforming the hedged version (HEDJ) of European equities.)

ETF Breakdown: IEV-- A cap-weighted index fund. **Countries:** UK (24%), France (18%), Switzerland (16%), Germany (13%), Netherlands (7%), Denmark (7%), Energy Minerals (6%), Utilities (4%), Consumer durables (4%), Technology Services (5%), Process industries (3%).

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INTERNATIONAL EQUITIES:
#5 JAPAN'S Politics Roils Equities

Japanese Stocks: EWJ rose 4.6% this week, following last week's 4.2% loss, leaving it ranked #5 globally and more attractive than cash. Most recently, Japan is up 14.2% for the quarter (13 weeks) and up 16.9% for the year (52 weeks). Technically, EWJ is very bullish at 82, above its short-term 50-day average at 80, and above its intermediate-term 200-day average at 73. Its momentum (PMO) is positive and improving, and its 14-day RSI of 57 means EWJ is neither overbought nor oversold. As for currency effects, the Yen weakened this week, dampening return for dollar investors in Japanese stocks. Longer term, a bearish Yen dampens return to Dollar investors but improves Japan's trade competitiveness.

New leadership in Japan has led to a volatile three weeks in Japanese equities. A gap higher two weeks ago was followed by a gap lower last week, and by a recovery gap this week— all after the LDP put Sanae Takaichi in line to be PM. Takaichi was initially greeted with enthusiasm as the second coming of Abenomics, but the wheels proceeded to come off when she criticized the trade and investment deal Japan made with the US sending the LDP's ruling coalition with Komeito south. The resulting political disarray cast doubt on whether Bank of Japan would or even could hold its interest rate at 0.5%. Japanese headline inflation has improved but is still above the Bank of Japan's 2% target for a third straight year. Bond yields are rising and a BoJ rate hike in October was on the table. Meanwhile, the low Bank rate gives Japan and EWJ a significant advantage over the US, which has a 4.125% Fed rate through October. Positive earnings from Japan's tech heavy-weights, and the expectation of two more Fed rate cuts have been bullish for Japanese stocks. A previously bullish Yen is fading to neutral vs. the Dollar these days, and the hedged version (DXJ) of Japanese equities is marginally outperforming EWJ as momentum is turning back toward a traditional weak yen policy.

ETF Breakdown: EWJ-- A cap-weighted index fund. **Countries:** Japan (100%) **Top Sectors:** Finance (15%), Consumer durables (14%), Producer manufacturing (14%), Electronic Technology (12%), Health Technology (9%), Process industries (5%), Technology Services (5%), Consumer non-durables (5%), Communications (5%), Distribution services (4%).

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INTERNATIONAL EQUITIES:
#3 ASIA-PACIFIC Rebounds Off 50-day

Asia-Pacific ex-Japan: AAXJ rose 4.4% this week, following last week's 4.4% loss, leaving it ranked #3 globally and more attractive than cash. The index is up 9.8% for the quarter (13 weeks) and up 18.2% for the year (52 weeks). Technically, AAXJ is very bullish and at 93, above its short-term 50-day average at 89, and above its intermediate-term 200-day average at 80. Its momentum (PMO) is positive and neutral, and its 14-day RSI of 58 means AAXJ is neither overbought nor oversold. As for currency effects, the US Dollar weakened this week, improving return for dollar investors in Asian stocks. Longer term, a bearish Dollar enhances return to Dollar investors in Asian stocks but reduces the region's trade competitiveness.

A US-China tariff blow-up last week led to a 4%+ drop in Asia-Pacific stocks that triggered a stop-loss but held at 50-day support. This week AAXJ recovered most of that loss as President Trump papered over 150% US tariffs on China that resulted from new Chinese export controls on US agriculture and rare earth minerals. Elsewhere, India is facing 50% tariffs on two-thirds of its exports to the US for buying Russian oil and Taiwan is looking at a 32% tariff rate. Meanwhile, the prospect of two more Fed rate cuts, and a weak Dollar are a positive for Asian stocks. Despite tariffs, equities in Asia have been picking up on the Fed dovishness as the bullish region presses for new highs. Several Asian equity markets are still more attractive than those in the US (VTI +25). South Korea (EWY +60), Taiwan (EWT +42), Hong Kong (EWH +30), Singapore (EWS +24), China (FXI +22), and Australia (EWA +14) have the highest relative strength. India (PIN +4) is lagging.

ETF Breakdown: AAXJ-- A cap-weighted index fund. **Countries:** Hong Kong (36%), Taiwan (17%), India (16%), Korea (14%), Mainland China (4%), Singapore (4%), Thailand (2%), Indonesia (2%), Malaysia (2%), US (1%). **Top Sectors:** Finance (24%), Electronic Technology (20%), Technology Services (10%), Retail (7%), Consumer non-durables (5%), Consumer durables (4%), Producer manufacturing (4%), Transportation (4%), Energy (4%), Health Technology (3%).

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INTERNATIONAL EQUITIES:
#2 LATIN AMERICA Bounces Off Support

Latin America 40: ILF rose 3.7% this week, following last week's 4.1% loss, leaving it ranked #2 globally and more attractive than cash. The index is up 12.7% for the quarter (13 weeks) and up 11.7% for the year (52 weeks). Technically, ILF is very bullish and at 28, ILF is above its short-term 50-day average at 28, and above its intermediate-term 200-day average at 25. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 55 means ILF is neither overbought nor oversold. As for currency effects, the Dollar weakened this week, enhancing return for dollar investors in Latin stocks. Longer term, a bearish Dollar enhances return to Dollar investors in Latin stocks but reduces the region's trade competitiveness. It also makes repaying dollar-denominated debt tougher.

This week, ILF rallied off last week's retreat to its 50-day. The prospect of two more Fed rate cuts this year, along with a weak Dollar are good for Latin stocks, and the tariff situation is less of a problem than for US consumers and business. Latin stocks have outperformed their US cousins (VTI +25) for nine months but are fading lately. Colombia (COLO +29), Mexico (EWW +24), Brazil (EWZ +19) and Chile (ECH +13) are relatively strongest. Only Argentina (ARGT -17) is bearish. Even Canada (EWC +21) which is not in ILF, but a key player on the continent continues to do well despite facing 35% tariffs on the 60% of its exports not covered by USMCA.

ETF Breakdown: ILF-- A cap-weighted index fund. **Countries:** Brazil (58%), Mexico (26%), US (8%), Chile (6%), Colombia (2%) **Top Sectors:** Finance (31%), Non-energy minerals (20%), Energy Minerals (14%), Consumer non-durables (10%), Retail (7%), Communications (5%), Technology Services (4%), Utilities (3%), Process Industries (2%), Producer manufacturing (2%).

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Private Sector Strategies—ETFs
Market Timing v. Diversified Buy & Hold: Performance

Strategy	25 YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016
Index Moose	**100.8%**	5.5%	3.6%	-16.3%	11.7%	13.2%	-6.5%	5.1%	9.0%	-6.0%
Aggressive G&I (AOA)	14.9%	11.5%	15.6%	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%	3.5%
S&P Benchmark	13.4%	24.5%	24.3%	-19.5%						
US Strategy Moose	9.7%	26.1%	12.3%	-7.0%	22.2%	20.9%	23.6%	1.2%	28.5%	-5.6%
Moderate G&I (AOM)	9.5%	4.9%	9.2%	-16.4%	5.3%	7.7%	19.5%	-9.9%	14.1%	5.3%

The Index Model is outperforming all competitors in early 2025 after lagging buy-and-hold in 2024.
US Strategy Model outperformed all competitors in 2024 but is slightly behind the S&P in 2025.
For buy and hold investors: Aggressive (AOA) is outperforming more moderate (AOM) diversifications.

The table above is short, but it illustrates several points: (1) Success of any strategy can be highly variable year-to-year. (2) Just because it worked last year doesn't mean it will next year. (3) Buy-and-hold is preferable in a bull market with few lasting or deep corrections amid trendless volatility. (4) When stocks are trending strong, aggressive buy-and-hold is best, but when stocks go bearish it can be a huge loser. (5) To avoid substantial losses, buy-and-hold investors should have a separate exit plan, whereas such plans are implicit in index targeting (a loss-minimization strategy). (6) Market timing is most profitable when there is one predominant asset choice, or in extended bear market scenarios.

The US Equity Strategy (USES) Model
TOP US Equity Strategy: HOLD US GROWTH (IUSG)

In this section: 7 alternative US equity strategies (as represented by the most popular smart-beta ETFs based on volume and capitalization) and 2 global asset allocation strategies are monitored and ranked using our momentum methodology. The 7 US equity strategies include US momentum, US growth, US value, US low volatility, US high dividend, US fundamentals, and US equal weight. The 2 global asset allocation strategies are moderate (40% equities / 60% income) and aggressive (80% equities / 20% income). The table below compares the relative strength of each of the 9 strategies to a SPY benchmark and a SHY cash baseline.

THIS YEAR: US Stocks struggled in January, backed off in March, plummeted to a V-bottom in April and rebounded by May. They are bullish but have lagged offshore equities and gold throughout, due to a weaker Dollar caused by US tariffs. Now, with the first rate cut in the books, more rate cuts to come, US tariffs, and trillions in US federal deficit spending continuing through December (absent recissions), equities and hard assets appear to have solid future prospects.

THIS WEEK: Among US stock strategies, US Growth is best over 1 and 5 years, and Momentum over 3 years. US Equity Strategy Moose HOLDS Growth (IUSG) as of 9/24/2025 with SPY TS>0. USES model performance continues to lag the S&P but is gaining with time.

It was the 1st Risk-ON week after 1 Risk-OFF: US Stocks UP Foreign Stocks UP, Bonds UP, and Gold UP.

RANK	CI	Fund	TS	Trend	stop-loss	price	buy-stop
1	**100%**	**US Growth (IUSG)**	**50%**	**bullish**	**161.14**	**164.10**	**167.15**
2	95%	US Momentum (MTUM)	47%	slightly bullish	249.82	252.80	258.00
3	65%	US Benchmark (SPY)	50%	bullish	652.84	664.39	673.95
4	57%	Diversified: Aggressive (AOA)	51%	bullish	86.51	88.02	88.93
5	38%	US Fundamentals (QUAL)	50%	bullish	190.37	193.46	197.50
6	33%	Diversified: Moderate (AOM)	50%	bullish	47.00	47.58	47.76
7	29%	US Equal Weight (RSP)	44%	slightly bullish	185.09	188.01	192.30
8	27%	US Value (IUSV)	48%	slightly bullish	97.95	99.66	101.23
9	4%	US Short Term T-Bill (SHY)	40%	slightly bullish	82.77	83.09	83.13
10	-10%	US Low Volatility (SPLV)	-29%	slightly bearish	71.83	72.68	73.55
11	-11%	US High Dividend (SPYD)	-3%	neutral	42.58	43.36	44.47

NOTE: All of the strategies in this model are derivative of and highly correlated to the S&P. When SPY's TS and/or CI is negative, when it hits a stop-loss, is overbought, or gives some other sell signal, adopting any sub-strategy that is highly correlated to it is not recommended. To initiate a switch both SPY and the strategy ETF must have TS>0 and CI>0 or better, not be overbought, and be working off a buy-stop.

Best S&P Strategies
MTUM top performer over 3 years, #1 IUSG leads over 1&5

This week: US equities catching up with offshore stocks. Among US strategies, Momentum outperforms the S&P benchmark over 3 years. Growth outperforms over 1&5 years.

	Fund	1Y	3Y	5Y
1	**US Momentum (MTUM)**	22%	**78%**	64%
2	**US Growth (IUSG)**	**23%**	69%	**97%**
3	US Benchmark (SPY)	15%	53%	91%
4	US Fundamentals (QUAL)	7%	43%	80%
5	Diversified: Aggressive (AOA)	12%	38%	48%
6	US Equal Weight (RSP)	4%	34%	66%
7	US Value (IUSV)	3%	33%	78%
8	US High Dividend (SPYD)	-5%	25%	51%
9	US Low Volatility (SPLV)	0%	25%	32%
10	Diversified: Moderate (AOM)	7%	23%	14%
11	US Short Term T-Bill (SHY)	1%	3%	-4%

The Global Index Model
TOP Index Model Move HOLD GLD

THIS YEAR: Strong gold and weak US stocks put the Index model into gold from January through April helping us to avoid the March-April V-bottom in equities caused by the tariff announcement. Exiting gold, which had flattened by mid-May, for International stocks set up a period of vacillation between gold and international stocks that ended with a switch back to gold in late August, ahead of the first Fed rate cut on 9/18. With rate cuts, trillions in US federal deficit spending, and US tariffs weakening the Dollar through December, foreign equities and hard assets still have excellent future prospects.

THIS WEEK: The Global Index Model continues to outperform the S&P, all Buy-and-Hold allocations, and the USES and TSP models in a major way. Index Moose HOLDS #1 Gold (GLD) via buy-stop after selling #2 EFA 8/28/25. GLD however is severely overbought and has been for weeks. If you own GLD, hold. If you do not own it, wait for a dip to buy in. A 9-10% correction (@319) would fill an unfilled gap from 9/2/25 in GLD and correspond to the price level at which the overbought condition first appeared.

It was the 1st Risk-ON week after 1 Risk-OFF: US Stocks UP Foreign Stocks UP, Bonds UP, and Gold UP.

RANK	CI	Description	TS	Trend	stop-loss	price	buy-stop
1	**100%**	**Gold (GLD)**	**118%**	**very bullish**	**341.84**	**388.99**	**397.28**
2	51%	Emerging Markets (EEM)	98%	very bullish	51.82	54.18	54.69
3	43%	US small-cap stocks (IWM)	97%	very bullish	237.55	243.41	252.77
4	33%	US large-cap stocks (SPY)	83%	very bullish	652.84	664.39	673.95
5	28%	Europe-Australia-Far East (EFA)	92%	very bullish	91.53	94.51	95.53
6	2%	Cash (SHY)	101%	--	82.77	83.09	83.13
7	-23%	US Long Treasuries (EDV)	53%	bullish	61.56	70.04	66.29

Public Sector Strategies-- Thrift Savings Plan

The Thrift Savings Plan, or TSP, is the government's 401K-style retirement plan. Millions of federal employees are invested in it, including several life-long friends here in the capital region. Beginning 12/21/2018, the revised TSP model began incorporating actual fund data and monitoring ten TSP funds instead of five index fund proxies alone.

While having ten asset choices offers myriad possibilities, our primary concern involves the overall strategic decision: Should TSP investors use index targeting (market timing) to manage their portfolio or rely on a diversified buy-and-hold approach. Answer: it depends on the investor and on what's working. **In 2025, the TSP** Timing Model is competitive with moderate Buy-and-Hold Lifetime Funds in 2025 but lags the most aggressive. For buy and hold investors: Aggressive allocations are out-performing conservative portfolios.

The TSP Model: HOLD International Equities (Fund I)

TSP: THIS WEEK was the 1st Risk-ON week after 1 Risk-OFF: US Stocks UP Foreign Stocks UP, Bonds UP, and Gold UP. TSP Moose HOLDS International equities (Fund I) via CI since 4/29/25 (@45.54). **Fund I has the highest confidence index, rate of change and technical strength of the funds in the model.**

	Fund	Description	Strategy	CI%	ROC	TS+	READ
1	**I Fund**	**Internat stocks**	**Offshore Growth**	**100%**	16%	**100%**	**very bullish**
2	L 2060	Lifetime 2060	Very Aggressive Growth	87%	16%	94%	very bullish
3	S Fund	US Small-caps	Growth Equities	84%	18%	94%	very bullish
4	C Fund	US Large-caps	G & I Equities	80%	16%	91%	very bullish
5	L 2050	Lifetime 2050	Aggressive Growth	73%	14%	94%	very bullish
6	L 2040	Lifetime 2040	Aggressive G&I	64%	12%	94%	very bullish
7	L 2030	Lifetime 2030	Moderate G&I	54%	10%	96%	very bullish
8	L Income	Long-term Inc	Maximum Income	24%	4%	98%	very bullish
9	F Fund	Fixed Income	US Bonds	9%	2%	103%	very bullish
10	G Fund	Short-term Inc	Cash equivalent	0%	0%	88%	very bullish

TSP RECENT PRICE ACTION: Although I Fund leads in intermediate term momentum, C Fund (US Large-caps) has the highest Price Momentum Oscillator at the moment, signaling the most near-term momentum. No funds in the model are overbought or oversold, but C Fund has triggered a 20-day stop-loss along with all the equity funds in the TSP model except Fund I, the lone equity fund to avoid a stop-loss this week. Should Fund I trigger a viable stop-loss, Fund G would be the TSP Model's next switch candidate. With its PMO still positive, and its RSI approaching 30, however, a Fund I stop-loss could be a false signal and an opportunity to buy on the dip.

	Fund	SL	PRICE	BS	RSI	OB/OS	PMO	+/-	condition
1	**I Fund**	**51.84**	**53.21**	**53.50**	**59**	**na**	**0.83**	**positive**	**deteriorating**
2	L 2060	20.37	20.78	20.99	55	na	0.72	positive	deteriorating
3	C Fund	104.56	106.35	107.75	53	na	0.68	positive	deteriorating
4	S Fund	98.11	99.88	101.88	49	na	0.65	positive	deteriorating
5	L 2050	39.79	40.47	40.77	55	na	0.64	positive	deteriorating
6	L 2040	65.18	66.16	66.58	56	na	0.58	positive	deteriorating
7	L 2030	56.17	56.86	57.15	56	na	0.51	positive	deteriorating
8	F Fund	20.63	20.89	20.91	69	na	0.41	positive	improving
9	L Income	28.63	28.82	28.87	59	na	0.31	positive	deteriorating
10	G Fund	19.37	19.42	19.42	--	OB	0.14	positive	improving

***Stop-loss hit,** no buy-stop since—default to highest ranked alternative. (Published stop-loss price is as of previous Friday close. It may change daily and as such, is published as an initial reference only.) **overbought*

TSP Lifetime & Index Funds: Performance Progression

	Fund	this wk	last wk	13wk	26wk	39wk	52wk	YTD	3Y
1	**I Fund**	-0.1%	**0.5%**	**6.7%**	21.7%	**23.4%**	**20.8%**	**27.0%**	49.0%
2	L 2060	0.2%	-0.4%	6.1%	**27.2%**	14.2%	17.2%	18.2%	54.4%
3	L 2050	0.2%	-0.3%	5.4%	22.8%	12.6%	15.2%	16.0%	46.6%
4	L 2040	0.1%	-0.2%	4.9%	20.1%	11.5%	13.9%	14.5%	41.7%
5	C Fund	**0.5%**	-0.6%	5.9%	**30.0%**	10.5%	15.3%	14.4%	**58.6%**
6	L 2030	0.1%	-0.2%	4.2%	17.0%	10.2%	12.4%	12.7%	36.0%
7	S Fund	-0.2%	-1.6%	5.3%	**32.7%**	5.0%	14.2%	10.8%	52.6%
8	L Income	0.1%	-0.1%	2.5%	8.7%	6.6%	8.1%	7.8%	20.6%
9	F Fund	-0.1%	0.3%	3.4%	5.7%	7.1%	6.2%	7.2%	18.1%
10	G Fund	0.0%	0.0%	1.0%	2.2%	3.3%	4.4%	3.6%	9.2%

The I Fund is the top performing asset we track in the TSP portfolio year-to-date, over 52-weeks and over 39-weeks. More recently, however, it is starting to be pushed by the S Fund, C Fund and Lifetime 2060, which have outperformed it over the last 26 weeks. In the last two weeks however, I Fund has reasserted itself over 13 wks.

TSP Moose v. TSP Lifetime Funds: Yearly Performance

Strategy	2025 YTD	2024	2023	2022	2021	2020	2019	2018	2017
L2060	**18.2%**	16.3%	23.3%	-15.9%	19.9%	new	--	--	--
L2050	16.0%	14.0%	20.0%	-13.4%	16.3%	14.8%	23.3%	-6.0%	18.8%
TSP Moose	15.5%	11.8%	16.5%	-3.4%	13.3%	21.8%	14.9%	6.5%	21.0%
L2040	14.5%	12.9%	18.1%	-11.4%	14.5%	13.2%	20.7%	-4.9%	16.8%
L2030	12.7%	11.5%	16.6%	-9.0%	12.4%	11.3%	17.6%	-3.6%	14.5%

RECOMMENDATION: The most aggressive Lifetime Funds have been the best performers since Covid (2020) thanks to the trillions in Federal deficit spending under Trump and Biden. An added bonus: Lifetime funds are a lot less work than timing the markets. The drawback is that buying and holding a Lifetime fund can be a disaster in a cyclical bear market (2022). The risk-reward is better with timing. Fortunately (or unfortunately as one's politics may dictate) the likelihood of a cyclical bear market occurring diminishes as government becomes an ever-larger portion of the US economy and as Fed market manipulation becomes more acceptable. When the reckoning does eventually come, however, it can be far worse, shaking our national institutions as well as the economy.

Moospeak

A FED PIVOT

Philadelphia, PA – OCT 14, 2025 – In a speech before the National Association for Business Economics (NABE) this week Fed Chair Jerome Powell signalled that the central bank's program of quantitative tightening (QT) may be "coming into view" for its conclusion. Interpreted by many as a dovish pivot, the remark sent a blast of optimism through financial markets. Investors quickly reacted to the prospect of eased financial conditions, with equity markets paring last week's losses and bond yields declining amid anticipation of easier monetary policy and a more favorable environment for risk assets.

The Federal Reserve has been reducing its balance sheet since it began QT in June 2022, following its unprecedented Quantitative Easing (QE) during the pandemic in support of the economy. The idea behind QT was to remove liquidity from the financial system, aiming to curb inflation alongside interest rate hikes. The precise timing of QT's conclusion remains indefinite, but according to Powell the Fed "may approach that point in coming months." The idea is to halt the runoff once reserves are somewhat above the level the Fed judges "consistent with ample reserve conditions". Presumably, they will know it when they see it.

Ending QT signals more accommodative financial conditions-- lower interest rates and increased market liquidity, which is why we saw markets do an immediate 180, switching from risk-off to risk-on this week. US stocks were up, international stocks were up, US bonds were up, the Dollar weakened and Gold surged.

Looking at our sector winners and losers, companies operating in high-growth sectors, particularly technology, stand to be major beneficiaries. These firms often rely heavily on debt financing to fuel their expansion, research, and development initiatives. Lower interest rates mean reduced borrowing costs, greater profitability, and more attractive discounted earnings streams. In addition, increasing liquidity in capital markets yields easier and cheaper access to capital for these companies.

The real estate and home construction industries are also poised for a significant take-off. A lower-rate environment stimulates housing demand by making mortgages more affordable, leading to increased home sales and construction activity. That could extend to building materials and construction equipment firms.

Essentially, the potential conclusion of QT, marks a shift in favor of growth and cyclical sectors and away from sectors that rely on higher interest rate differentials or defensive positioning. Defensive sectors like consumer staples, food and beverage, and dividend reliant companies like utilities will take a back seat to technology and telecom. Large banks could face pressure on their net interest margins.

While easier money may stimulate growth, it can also foster financial vulnerabilities. As we saw in 2008, excess credit and compressed risk premiums can lead to a global financial disaster. A severe correction in the US market, potentially triggered by unsustainable fiscal policies or speculative investments could precipitate a global recession, potentially leading to significant losses for foreign banks, institutional investors, and sovereign wealth funds with exposure to US equities.

There is a natural knee-jerk temptation to view the elimination of QT as a bullish development. In fact, the Fed began eliminating QT in 2022, and the US stock market returned over 25% per year in both 2023 and 2024… without eliminating QT. Those market gains were mostly due to excess fiscal stimulus, of course. The point I would make is that eliminating QT altogether is akin to saying that we are at a point in time when the economy is so weak that reducing Fed reserves any further would be unwise. Thinking about it, that is hardly a bullish sentiment. It may prove bullish six to nine month out, once we've acted, but like the perceived need to cut interest rates, it is a decision inherently rooted in pessimism.