# *MOOSECALLS*

Global Financial News & Analysis

OCT31.2025 through NOV09.2025


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# EXECUTIVE SUMMARY: OCT31, 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-MIXED (1)

**THIS WEEK was the 1st Risk-MIXED week after two Risk-ON: US Stocks MIXED Foreign Stocks MIXED, Bonds DOWN, and Gold DOWN.**

## Figuring the Fed

Okay, we got the expected October Fed rate cut this week, but we also heard that the similarly anticipated December rate cut is by no means a "foregone conclusion". As a result, instead of another risk-on response, the markets ended the week mixed and confused. (See Moospeak.) US small caps (-1.3%) which have the most to lose from high rates fared worse than large caps (+0.7%). US long bond yields went up in sympathy and bond prices fell (-1.8%). The 10-yr yield rose 10 bps to 4.10%, and the cash yield dipped to 3.72% steepening the yield curve to 38 bps. Higher US bond yields helped the Dollar (+1.1%) rally, but the stronger Dollar hurt gold (-2.5%), oil (-0.8%), and oil (-0.1%). Offshore, the stronger Dollar hurt Europe (-1.3%), but Japan (+1.2%) and Asia-Pacific (+0.3%) benefitted from Trump's overseas attention, along with their best customer, Latin America (+2.8%). No change in the models.

**GLOBAL OUTLOOK RECOVERS TO MERELY NEGATIVE (1 of 4).** The Baltic Dry Index is lower in the past quarter (13 weeks), as well as oil and US bond yields. Only copper prices escaped a negative tag.

**INFLATION**: No inflation news this week, apart from the Fed jawboning against it. Russian oil sanctions spiked oil prices by 7% last week, but they have retreated some this week. Gold continues lower for a second week.

**US ECONOMIC DATA: Non-existent.** 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 less 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 3.75-4.00%. The Fed Check is neutral (steady rate policy warranted globally). The next 25 bps Fed rate cut (likelihood >50-50) is expected next week (63%).

**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 are currently negative for the global economy.**

An international shipping measure and proxy for current global trade, **the Baltic Dry Index fell to 1966 this week, and is lower after 13 weeks, a negative**. (After opening 2023 at 1515, BDI is still well below its 2010 peak @4640.)

Meanwhile, another proxy for world activity, **WTI oil price at 61.31 fell this week, and is lower for the latest quarter, a negative.** (Oil remains below its 2022 peak @$130, but well above its 2020 Covid lows @$10.)

Our proxy for global construction**, copper fell to 5.09 this week, but remains higher this quarter, a positive.**

Domestically, **10Y US bond yields rose to 4.10% this week but are down over the past 13 weeks, a negative** bet on the largest world economy.

# IMF World Economic Outlook (OCT 2025)—

The global economy is adjusting to a landscape reshaped by new policy measures. Some extremes of higher tariffs were tempered, thanks to subsequent deals and resets. But the overall environment remains volatile, and temporary factors that supported activity in the first half of 2025—such as front-loading—are fading.

As a result, global growth projections in the latest World Economic Outlook (WEO) are revised upward relative to the April 2025 WEO but continue to mark a downward revision relative to the pre-policy-shift forecasts. Global growth is projected to slow from 3.3 percent in 2024 to 3.2 percent in 2025 and 3.1 percent in 2026, with advanced economies growing around 1.5 percent and emerging market and developing economies just above 4 percent. Inflation is projected to continue to decline globally, though with variation across countries: above target in the United States—with risks tilted to the upside—and subdued elsewhere.

Risks are tilted to the downside. Prolonged uncertainty, more protectionism, and labor supply shocks could reduce growth. Fiscal vulnerabilities, potential financial market corrections, and erosion of institutions could threaten stability. Policymakers are urged to restore confidence through credible, transparent, and sustainable policies. Trade diplomacy should be paired with macroeconomic adjustment. Fiscal buffers should be rebuilt. Central bank independence should be preserved. Efforts on structural reforms should be redoubled. Past actions to improve policy frameworks have served countries well and industrial policy may have a role, but full consideration should be given to opportunity costs and trade-offs involved in its use.

# GLOBAL RANKING: GOLD AND EMERGING EQUITIES ON TOP

Index Moose ETF Rankings through NOV09.2025

**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 | RSI | PMO | Condition |
|---|---|---|---|---|---|---|---|
| **1** | **100%** | **Gold Bullion** | **98%** | **very bullish** | **51.0** | **3.04** | **deteriorating** |
| 2 | 62% | Latin America | 114% | very bullish | 65.9 | 1.70 | improving |
| 3 | 60% | Asia Pacific ex-Japan | 113% | very bullish | 58.7 | 1.93 | improving |
| 4 | 48% | US Small-caps | 105% | very bullish | 52.4 | 1.37 | deteriorating |
| 5 | 43% | US Large-caps | 109% | very bullish | 61.4 | 1.27 | improving |
| 6 | 43% | Japan | 110% | very bullish | 59.7 | 1.35 | improving |
| 7 | 29% | Europe | 103% | very bullish | 48.8 | 0.78 | deteriorating |
| 8 | 7% | Short Income | 88% | very bullish | - | 0.16 | deteriorating |
| 9 | -2% | Very Long Bonds | 103% | very bullish | 48.8 | 1.53 | deteriorating |
| | | | | | | | |
| | | Ryan/CRB Indicator | 102% | no change | | | |
| | | Interest Rate Equity Indicator | -74% | bearish | | | |
| | | Volatility Index | -22% | neutral | | | |
| | | US Dollar Index | 16% | neutral | | | |
| | | Commodity inflation trend | 80% | slightly bullish | | | |
| | | Oil | -45% | slightly bearish | | | |

Global Economy through NOV09.2025

# GLOBAL RANKING: TECHNICAL OVERVIEW

**#1 GOLD Disappointed By Powell--** Gold bullion's price is very bullish and ranked #1 globally, more attractive than cash. GLD fell 2.5% this week, following last week's 2.9% loss. That leaves GLD up 19.1% for the quarter (13 weeks), and up 45.8% for the year (52 weeks).

**#2 LATIN AMERICA's Rally Continues--** Latin American equities are very bullish and ranked #2 globally, more attractive than cash. GLD rose 2.8% this week, following last week's 1.4% gain. That leaves GLD up 18.8% for the quarter (13 weeks), and up 21.6% for the year (52 weeks).

**#3 ASIA-PACIFIC Hosts Trump--** Asia-Pacific ex-Japan equities are very bullish and ranked #3 globally, less attractive than cash. AAXJ rose 0.3% this week, following last week's 1.7% gain. That leaves AAXJ up 14.3% for the quarter (13 weeks), and up 24.2% for the year (52 weeks).

**#4 US SMALL-CAPS Back Off--** US small-cap stocks are very bullish and ranked #3 globally, less attractive than cash. IWM fell 1.3% this week, following last week's 2.5% gain. That leaves IWM up 14.6% for the quarter (13 weeks), and up 12.4% for the year (52 weeks).

**#5 US LARGE-CAPS Edge Higher--** US large-cap stocks are very bullish and ranked #5 globally, less attractive than cash. SPY rose 0.7% this week, following last week's 1.9% gain. That leaves SPY up 9.7% for the quarter (13 weeks), and up 19.4% for the year (52 weeks). **GROWTH** is the top US equity strategy. US equity sector breadth is positive but slightly more bearish. **Top "Buys"** include Semiconductors, Bitcoin, Gold Miners, Technology, Defense, Oil Services. **Top "Avoids"**: Food and Beverage, Staples, Insurance, Healthcare Providers.

**#6 JAPAN Higher As Trump-Takeichi Meet--** Japanese stock prices are very bullish and ranked #6 globally, less attractive than cash. IEV rose 1.2% this week, following last week's 0.6% gain. That leaves EWJ up 12.7% for the quarter (13 weeks), and up 22.8% for the year (52 weeks).

**#7 EUROPE Unimpressed with US Stimulus--** European equities are very bullish and ranked #7 globally, less attractive than cash. IEV fell 1.3% this week, following last week's 0.6% gain. That leaves IEV up 7.4% for the quarter (13 weeks), and up 19.3% for the year (52 weeks).

**#8 CASH and 10Y T Yields Mixed—** Cash is ranked 8th in the index model. The US Treasury 10-year yield finished the week 10 ticks higher at 4.10% and the 3-month yield was down 4 ticks at 3.72%, leaving the yield curve steeper and positively sloped at 38 basis points.

**#9 US LONG BONDS Back Off After Rate Cut--** US Long-zeros 25y+ are very bullish and ranked #4 globally, less attractive than cash. EDV fell 1.8% this week, following last week's 0.5% gain. That leaves long bonds up 4.0% for the quarter (13 weeks), and down 3.7% for the year (52 weeks).

**Commodities & Oil Cool--** A slightly bullish CRB fell 0.1% this week after last week's 3.3% gain. That left commodity prices up 2.5% for the quarter (13 weeks), and up 8.3% for the year (52 weeks). Meanwhile, slightly bearish US oil prices (USO) fell 0.8% this week, following last week's 7.6% gain. That leaves US oil prices down 6.3% for the quarter (13 weeks), and up 0.7% for the year (52 weeks).

**DOLLAR Breaks Above 200-day--** The US Dollar (UUP) rose 1.1% this week, following last week's 0.6% gain. It is currently neutral—up 2.3% for the quarter (13 weeks), but down 3.8% in the last year (52 weeks). At 28, UUP is above its short-term (50-day) average at 28, and above its intermediate-term (200-day) average at 28.

*US ECONOMY: GOV'T DATA*

## Confidence Above Expectations, Fed Guidance Gets Hawkish

US Economy: week of OCT31.2025

**THIS WEEK: (GOVT DATA SHUT DOWN)**

**THE GOOD**: OCT **Chicago PMI** (43.8) beat consensus and prior. OCT **Consumer Confidence** (94.6) below previous but beat consensus forecast. AUG **FHFA Housing Price Index** (0.4%) beat consensus and prior.

**THE BAD:** WEEKLY **EIA Crude Oil Inventories** (-6.86M) draw deepens as oil prices fall. OCT **FOMC Rate Decision** (3.75-4.00%) as expected. Guidance unexpectedly less dovish. SEP **Pending Home Sales** (0.0%) flat, below consensus and previous. AUG **S&P Case-Shiller Home Price Index** (1.6%) below consensus and prior.

**THE UGLY:** Nothing

*US ECONOMY: INFLATION DATA*

## SEP INFLATION COOLER, 2026 COLA 2.8%

US Inflation: week of OCT31.2025

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.

SEP CPI (+0.3%) below prior (1 yr= +3.0%)
SEP Core CPI (+0.2%) cooler than prior. (1 yr= +3.0%)
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 (10/27/2025): **Q3 Annualized +3.9% (Last week: Q3 Annualized +3.9%)**

# *US ECONOMY: FEDERAL RESERVE*
# FED BALANCE SHEET ($6.590T); FFR @ (3.75-4.00%)

Federal Reserve: week of OCT31.2025

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). After about two and a half years, the Fed announced it will end quantitative tightening and stop reducing its balance sheet as of December 1, 2025.

Currently, the Fed's balance sheet is 6.590T, FLAT (0.000T) in the latest week (OCT29, 2025). The Fed Funds Rate was lowered 25 BPS to 3.75-4.00% at the OCT29 FOMC meeting. The next FOMC meeting is DEC10.

The Fed Check at 102% suggests global commodity inflation requires no change in the Fed overnight rate. The US 2-Year yield at 3.61%, however, is 26 bps LOWER than the Fed overnight rate (3.87%), implying US domestic conditions merit at least one more Fed rate cut.

CME Fed futures have been 100% sure that there will be no Fed rate hikes this year for eight months. After Fed chair Powell's comments following the latest FOMC meeting, futures are 63% sure that a third Fed rate cut is coming in December, down from 91% certainty last week.

The 3m-10y yield curve steepened this week, going from a positive slope of 24 bps to one of 38 bps, as the 10-year US Treasury yield rose 10 bps to 4.10%, and the 3-month cash yield dropped 4 ticks to 3.72%. Intermediate term, the curve was inverted from 11/22 through 12/24 but has been positive since. The median yield is still bearish, leaving our interest rate signal for stocks bearish.

3-month SOFR yield @4.04% is down this week, while the 3-month T-bill @3.72% is down. That puts the SOFR/T-Bill (SOF-T) spread at 32 basis points, above its 200-day (19 bps). A rising SOFR spread signals a riskier, less confident financial system.

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

**Latest FOMC Assessment (2025.10.29)** Available indicators suggest that economic activity has been expanding at a moderate pace. Job gains have slowed this year, and the unemployment rate has edged up but remained low through August; more recent indicators are consistent with these developments. Inflation has moved up since earlier in the year 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 rose in recent months. 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 3-3/4 to 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 decided to conclude the reduction of its aggregate securities holdings on December 1. 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 take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments. **(Next FOMC meeting: 2025.12.10)**

# *US Currency Market:*
# Dollar Breaks Above 200-day


**US Dollar:** (UUP) rose 1.1% this week, following last week's 0.6% gain. It is currently neutral—up 2.3% for the quarter (13 weeks), but down 3.8% in the last year (52 weeks). At 28, UUP is above its short-term (50-day) average at 28, and above its intermediate-term (200-day) average at 28. Momentum in the greenback is positive and improving, but RSI14 @69 is neither overbought nor oversold. A Dollar strengthened this week, enhancing US assets over foreign assets, commodities, and gold. Longer term, the bullish Dollar favors US investments over foreign assets and commodities, while reducing US trade competitiveness.

The Dollar (UUP) broke through overhead resistance at its 200-day this week after the Fed cut the overnight rate to 3.875%. (3.75%-4.00%). Dollar price momentum initially turned positive and began improving shortly before the government officially ran out of “other people’s money” on October 1. The Federal government shut-down, now approaching a record 34 days, has coincided with the strengthening Dollar. The breakout this week also accompanied Fed chair Powell’s admission that a third rate cut in December is not set in stone yet. Meanwhile, the Trump administration has begun shifting funds away from some Democrat priorities to pay for defense and laying off non-essential government employees at some agencies permanently to get Dems to reopen. With 2024 government spending about 40% of US GDP, however, more significant cuts have the potential to weaken total US demand and by extension the Dollar. Elsewhere, Europe and Japan still have significantly easier monetary policies, and US tariffs are dampening our economic performance. As for other major currencies vs the Dollar, the Euro is neutral and down 0.9% this week. The Yen is bearish and down 0.9%. The Pound is neutral and down 1.3%. The Canadian $ is neutral and down 0.2%. The Australian $ is slightly bullish and up 0.5%.

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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 | 20% | neutral | Euro investors match | US$ investors (IEV=HEDJ) |
| Yen | -74% | bearish | Yen investors outperform | US$ investors (DXJ>EWJ) |
| Australian $ | 62% | slightly bullish | Aussie $ investors underperform | US$ Investors outperform in A$ |
| British Pound | -6% | neutral | Sterling investors match | US$ investors match in Pound |
| Canadian $ | -5% | neutral | Canadian $ match | US$ investors match in C$ |

## *US Bond Market:*
## #9 BONDS Back Off After Rate Cut


**US Long Treasury Bonds** EDV fell 1.8% this week, following last week's 0.5% gain, leaving it ranked #4 globally and less attractive than cash. Long bonds are up 4.0% for the quarter (13 weeks) and down 3.7% for the year (52 weeks) as yields have risen. The US Treasury 10-year yield finished the week 10 ticks higher at 4.10% and the 3-month yield was lower at 3.72%, leaving the yield curve positively sloped 38 basis points. That reduces the odds of a recession in late 2025. Technically, US long bonds are very bullish and at 69, EDV is above its short-term (50-day) average at 68, and above its intermediate-term (200-day) average at 67. Momentum (PMO) is positive but deteriorating, and its 14-day RSI of 49 means EDV is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing return for dollar investors in US bonds. Longer term, the bullish Dollar spurs investment in US assets, while reducing US trade competitiveness.

Bonds triggered a buy-stop the day before the FOMC rate cut, but afterward decisively retreated into the week's close. The bond retreat followed Fed chair Powell's admission that a third rate cut in December is not set in stone. The Federal government shut-down, now approaching a record 34 days, has coincided with the rally in bonds. (Apparently, folks have been betting on economic weakness with Uncle Sugar no longer dropping other people's money out of helicopters.) Despite this week's retracement, 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 is positive but deteriorating, suggesting some economic weakness is expected, but concerns are waning. The overnight Fed Funds rate (3.87%) is finally lower than the 10-year Treasury yield (4.08%), but still higher than the 2-year yield (3.61%) suggesting the Fed should provide at least another 25 basis-point Fed rate cut (63%) at the next Fed meeting (12/10).

**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 Edge Higher


**US Large-Cap Stocks**: SPY rose 0.7% this week, following last week's 1.9% gain, leaving it ranked #5 globally and less attractive than cash. The index is up 9.7% for the quarter (13 weeks), and up 19.4% for the year (52 weeks). Technically, US large caps are very bullish and at 682, SPY is above its short-term (50-day) average at 664, and above its intermediate-term (200-day) average at 609. Its momentum (PMO) is positive and improving, and its 14-day RSI of 61 means SPY is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing return for dollar investors in US stocks. Longer term, the bullish Dollar spurs investment in US assets, while reducing US trade competitiveness.

US large caps gapped up entering Monday of rate-cut week, but lost steam, only finishing fractionally higher by the end of the week. Fed chair Powell's admission that a third rate cut in December is not set in stone clearly dampened the initial enthusiasm for equities. Despite extended valuations, however, SPY has had unwavering short-term support for going on six months-- up 38% since April. Large cap momentum remains positive and improving after two 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. Government shutdowns normally don't affect the equity markets, but they also have never lasted more than a month or intruded on the Christmas season before. US equities are bullish but continue to underperform their offshore counterparts and It remains to be seen, if while saddled with the world's highest interest rates and new self-inflicted taxes on imports, they 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%).

*(Charts reprinted with permission from stockcharts.com.)*

## *US Equity Market:*
## #4 US SMALL-CAPS Back Off


**US Small-Cap Stocks** IWM fell 1.3% this week, following last week's 2.5% gain, leaving it ranked #9 globally and less attractive than cash. The index is up 14.6% for the quarter (13 weeks), and up 12.4% for the year (52 weeks). Technically, US small caps are very bullish and at 246, IWM is above its short-term (50-day) average at 242, and above its intermediate-term (200-day) average at 219. 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 strengthened this week, enhancing return for dollar investors in US assets. Longer term, the bullish Dollar spurs investment in US assets, while reducing US trade competitiveness.

The six-month small-cap rally backed off after this week's rate cut. IWM is still up 42% in six months, but Fed chair Powell's admission this week that a third rate cut in December is not set in stone clearly dampened the enthusiasm for small caps. Small companies with less access to capital benefit disproportionately from interest rate cuts and they take it harder when those cuts could disappear. 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. Government shutdowns normally don't affect the equity markets, but they also have never lasted longer than a month or intruded on the Christmas season before. US equities are bullish but continue to underperform their offshore counterparts and It remains to be seen, if while saddled with the world's highest interest rates and new self-inflicted taxes on imports, they 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:*
## Semiconductors, Bitcoin, 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 and narrower from last week -- 85% of our sectors are buy or hold (L89%) with BUYS now 29% (L41%) and HOLDS now 56% (L48%). AVOIDS are currently 15% (L11%). Top "Buys" include Semiconductors, Bitcoin, Gold Miners, Technology, Defense, Oil Services. Top "Avoids": Food and Beverage, Staples, Insurance, Healthcare Providers.**

| TICKER | CI | NAME | SECTOR | TS | Manual Sort |
|---|---|---|---|---|---|
| SMH | 71% | Semiconductors (SMH) | Tech | 96% | very bullish |
| BLOK | 70% | Bitcoin (BLOK) | Tech | 82% | very bullish |
| GDX | 50% | Gold Miners (GDX) | Materials | 75% | very bullish |
| IYW | 43% | US Technology (IYW) | Tech | 96% | very bullish |
| PPA | 28% | US Aerospace & Defense (PPA) | Industrial-Tech | 91% | very bullish |
| IEZ | 27% | US Oil Equipment & Services (IEZ) | Energy | 71% | bullish |
| FCOM | 26% | Telecommunications (FCOM) | Telecom | 94% | very bullish |
| IBB | 25% | Biotechnology (IBB) | Health-Tech | 99% | very bullish |
| **SPY** | **22%** | **S&P 500** | **BENCHMARK** | **97%** | **very bullish** |
| FDN | 20% | DJ Internet Index (FDN) | Tech | 87% | very bullish |
| XSW | 20% | Software (XSW) | Tech | 86% | very bullish |
| XLC | 20% | Media Portfolio (XLC) | Consumer | 89% | very bullish |
| XRT | 19% | Retail (XRT) | Consumer | 67% | bullish |
| XLI | 16% | Industrials (XLI) | Industrial | 91% | very bullish |
| KCE | 16% | Capital Markets (KCE) | Financial | 19% | neutral |
| IYT | 15% | Transports (IYT) | Transportation | 76% | very bullish |
| XLU | 13% | Utilities (XLU) | Utilities | 89% | very bullish |
| IHE | 12% | US Pharmaceuticals (IHE) | Health | 92% | very bullish |
| XOP | 12% | Oil & Gas Exploration & Production (XOP) | Energy | -38% | slightly bearish |
| XHB | 10% | Home Construction (XHB) | Home Builders | 23% | neutral |
| KBE | 10% | KB Banks (KBE) | Financial | 2% | neutral |
| XLB | 3% | Select Materials (XLB) | Materials | 1% | neutral |
| IHI | 2% | US Medical Devices (IHI) | Health-Tech | 20% | neutral |
| VNQ | 0% | REITs (VNQ) | Real Estate | 39% | slightly bullish |
| **SHY** | **0%** | **CASH** | **BASELINE** | **84%** | **very bullish** |
| IHF | -1% | US Health Care Providers (IHF) | Health | 44% | slightly bullish |
| IAK | -5% | KBW Insurance (IAK) | Financial | -76% | very bearish |
| XLP | -6% | Consumer Staples (XLP) | Consumer | -74% | bearish |
| PBJ | -7% | Food & Beverage (PBJ) | Consumer | -80% | very bearish |

# *INTERNATIONAL MARKETS:*
# #1 GOLD Disappointed By Powell


**Gold Bullion:** GLD's price fell 2.5% this week, following last week's 2.9% loss, leaving it ranked first globally and more attractive than cash. Most recently GLD is up 19.1% for the quarter (13 weeks), and up 45.8% for the year (52 weeks). Technically, Gold bullion (GLD) is currently very bullish and at 368 above its short-term (50-day) average at 353, and above its intermediate-term (200-day) average at 309. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 51 means GLD is neither overbought nor oversold. As for currency effects, the US Dollar strengthened this week, dampening returns for dollar investors in gold bullion. Longer term, a bullish Dollar dampens returns to Dollar investors in gold.

GLD entered this Fed Week expecting an immediate rate cut (98%) and the promise of another cut in December (91%). Last week I wrote: "If those expectations are met this week's correction will become a buying opportunity. If one or both are not met GLD could go lower-- worst case using gap-analysis is another 15% from here" (@$318). Gold got the first rate cut Wednesday, but not the promise of a December cut, and bullion went south. Its price-momentum (PMO) remains positive but has begun to deteriorate as the US Dollar has broken above medium term resistance. Bullish indications for gold include 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. Neither global recession (as evidenced by a very bullish bond market and falling yields) nor a severe equity market panic (evidenced by margin calls that require investors to sell their best performers to cover) is in evidence.

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# *INTERNATIONAL MARKETS:*
# COMMODITY Prices Cool


**Commodities:** A slightly bullish CRB fell 0.1% this week after last week's 3.3% gain. That left commodity prices up 2.5% for the quarter (13 weeks), and up 8.3% for the year (52 weeks). At 303 the CRB is above its short-term (50-day) average at 300, and above its intermediate-term (200-day) average at 300. Its momentum (PMO) is positive and improving, and its 14-day RSI of 56 means the CRB is neither overbought nor oversold.

**Crude Oil**

Meanwhile, oil prices (USO) fell 0.8% this week, following last week's 7.6% gain, and are currently slightly bearish. That leaves US oil prices down 6.3% for the quarter (13 weeks), and up 0.7% for the year (52 weeks). At 73, USO is below its short-term (50-day) average at 73, and below its intermediate-term (200-day) average at 73. The Dollar strengthened this week, dampening returns for investors in hard assets. Longer term, the bullish Dollar is dampening returns for investors in commodities and oil.

Commodities rallied on this week's Fed rate cut, but the gains were limited by chairman Powell's press remark that the previously anticipated December rate cut was far from a foregone conclusion. Oil prices settled lower this week after US sanctions on Russian oil last week spiked prices. An OPEC+ production increase of about 137,000 barrels per day, a Phase 1 peace agreement between Israel and Hamas and the end of the summer driving season had dropped West Texas Intermediate crude prices into the mid-fifties before the sanctions were re-established and pushed WTIC to the mid-sixties. CPI data suggests inflation cooled slightly in September, but at 3% is still hotter than the 2% Fed target. Next year's COLA is 2.8%. The government shut-down and slower spending will cool price pressures while it persists. Meanwhile, commodities and bonds are still in global balance, with the Fed Check suggesting a neutral rate stance by the Fed.

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## *INTERNATIONAL EQUITIES:*
## #7 EUROPE Unimpressed with US Stimulus

**European Large-Cap Stocks**: IEV fell 1.3% this week, following last week's 0.6% gain, leaving them ranked #7 globally and less attractive than cash. Most recently, Europe is up 7.4% for the quarter (13 weeks), and up 19.3% 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 62. Its momentum (PMO) is positive and improving, and its 14-day RSI of 49 means IEV is neither overbought nor oversold. As for currency effects, the Euro weakened this week, dampening returns to dollar investors in European stocks. Longer term, a bullish Euro enhances return to Dollar investors, but limits Europe's trade competitiveness.

After a two-week rally, European equities put in one last new high on Monday and then headed lower on the week. The Fed rate cut did not impress, nor did Fed chair Powell's waffling on the December cut. European equities had early spring momentum compared to other regions, but that advantage faded in summer as EU and UK tariff agreements came into focus. In early August, however, European momentum began to pick up on rumors that the Fed would finally begin cutting rates in Fall, sparking a long-awaited US economic revival. Meanwhile, the European Central Bank has kept its benchmark rate steady at 2% in October compared to the new 3.875% Fed rate. A strong Euro and European borrowing costs that are half those of the US give the EU a monetary advantage over the US, but it is receding. (A slightly 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 Higher As Trump-Takeichi Meet


**Japanese Stocks:** EWJ rose 1.2% this week, following last week's 0.6% gain, leaving it ranked #6 globally and less attractive than cash. Most recently, Japan is up 12.7% for the quarter (13 weeks), and up 22.8% for the year (52 weeks). Technically, EWJ is very bullish at 83, above its short-term (50-day) average at 81, and above its intermediate-term (200-day) average at 74. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 60 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.

This week, EWJ gapped at Monday's open and posted a new high on Tuesday as President Trump met new Japanese PM, Sanae Takeichi. This week's anticipated Fed rate cut was dampened a bit when the prospect of a December Fed rate cut dimmed as chairman Powell tried to snatch the punchbowl during his presser. After a rocky political start, which included a new coalition partner, Takaichi's administration is expected to implement expansionary fiscal policies, promoting a "high-pressure economy" fostered by continued accommodative monetary policy from the BoJ. Even though Japanese headline inflation is still above the Bank of Japan's 2% target for a third straight year, a long anticipated 25-basis-point rate hike has apparently been pushed back to early 2026, with immediate hikes now unlikely. Meanwhile, the dovish BoJ lending at 0.5% gives Japan and EWJ a significant but shrinking advantage over the US, which has a 3.875% Fed rate. For Dollar investors, a bearish Yen vs. the Dollar makes the hedged version (DXJ) of Japanese equities preferable to EWJ as political momentum turns 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 Hosts Trump


**Asia-Pacific ex-Japan** AAXJ rose 0.3% this week, following last week's 1.7% gain, leaving it ranked #8 globally and less attractive than cash. The index is up 14.3% for the quarter (13 weeks), and up 24.2% for the year (52 weeks). Technically, AAXJ is very bullish and at 95, above its short-term (50-day) average at 91, and above its intermediate-term (200-day) average at 81. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 59 means AAXJ is neither overbought nor oversold. As for currency effects, the US Dollar strengthened this week, dampening returns for dollar investors in Asian stocks. Longer term, a bullish Dollar dampens return to Dollar investors in Asian stocks but improves the region's trade competitiveness.

AAXJ's rebound off its 50-day continued into a third week as the Fed cut rates and Trump took a victory lap in Asia, meeting the major players and touting new trade deals with Thailand, Malaysia and China. The prospect of December Fed rate cut, however, dimmed as chairman Powell tried to snatch the punchbowl during his presser. AAXJ settled lower afterward. Fed rate cuts and a weak Dollar have boosted Asian stocks over the last six months, but now the Dollar has broken above intermediate term resistance and further US rate cuts, according to the Fed chair, are no longer "a foregone conclusion". 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 +21). Taiwan (EWT +37), South Korea (EWY +69), Hong Kong (EWH +23), Singapore (EWS +17), China (FXI +16), and Australia (EWA +8) have the highest relative strength. India (PIN -2) 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's 3-week Rally Continues


**Latin America 40:** ILF rose 2.8% this week, following last week's 1.4% gain, leaving it ranked #2 globally and more attractive than cash. The index is up 18.8% for the quarter (13 weeks), and up 21.6% for the year (52 weeks). Technically, ILF is very bullish and at 29, ILF is above its short-term (50-day) average at 28, and above its intermediate-term (200-day) average at 26. Its momentum (PMO) is positive and improving, and its 14-day RSI of 66 means ILF is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, dampening return for dollar investors in Latin stocks. Longer term, the bullish Dollar dampens return to Dollar investors in Latin stocks but improves the region's trade competitiveness. It also makes repaying dollar-denominated debt tougher.

ILF's rebound off its 50-day continued for a 3rd week as the Fed cut rates as anticipated. The prospect of one more Fed rate cut this year dimmed, however, as chairman Powell tried to snatch the punchbowl during his presser. ILF settled lower after. Cheaper US money is good for Latin stocks, and the tariff situation is less of a problem for Latin exporters than it is for US consumers and business. Latin stocks have outperformed their US cousins (VTI +21) for nine months but are fading lately. Colombia (COLO +30), Mexico (EWW +16), Brazil (EWZ +15) and Chile (ECH +13) are relatively strongest. Only Argentina was bearish, but new elections this week tossed the lefties and gave capitalism a new lease (ARGT now at 8, up from -18 last week.) Even Canada (EWC +18) which is not in ILF, but a key player on the continent continues to do well despite facing deadlock over 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** | **79.8%** | 5.5% | 3.6% | -16.3% | 11.7% | 13.2% | -6.5% | 5.1% | 9.0% | -6.0% |
| Aggressive G&I (AOA) | 16.7% | 11.5% | 15.6% | -17.9% | 13.5% | 10.7% | 12.5% | -6.2% | 8.0% | 3.5% |
| S&P Benchmark | 16.4% | 24.5% | 24.3% | -19.5% | | | | | | |
| US Strategy Moose | 13.5% | 26.1% | 12.3% | -7.0% | 22.2% | 20.9% | 23.6% | 1.2% | 28.5% | -5.6% |
| Moderate G&I (AOM) | 10.3% | 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 second rate cut in the books, and possibly one more rate cut 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 leads in confidence index, rate of change, technical strengths and PMO, which is improving. The USES model thus holds Growth (IUSG) since 9/24/2025. USES model performance continues to lag the S&P in 2025 but is gaining with time.

**THIS WEEK was the 1st Risk-MIXED week after two Risk-ON: US Stocks MIXED Foreign Stocks MIXED, Bonds DIOWN, and Gold DOWN.**

| | CI% | Description | ROC | TS | READ | RSI | PMO | +/- | Condition |
|---|---|---|---|---|---|---|---|---|---|
| **1** | **100%** | **US Growth (IUSG)** | **29%** | **111%** | **very bullish** | **61.6** | **1.53** | **positive** | **improving** |
| 2 | 93% | US Momentum (MTUM) | 24% | 104% | very bullish | 50.4 | 0.69 | positive | deteriorating |
| 3 | 67% | US Large-caps (SPY) | 19% | 109% | very bullish | 61.4 | 1.27 | positive | improving |
| 4 | 42% | US Fundamentals (QUAL) | 13% | 106% | very bullish | 54.4 | 1.01 | positive | improving |
| 5 | 30% | US Value (IUSV) | 8% | 103% | very bullish | 55.2 | 0.86 | positive | improving |
| 6 | 29% | S&P Equal Weight (RSP) | 7% | 96% | very bullish | 46.1 | 0.33 | positive | deteriorating |
| 7 | 11% | Cash (SGOV) | 3% | 88% | very bullish | 98.4 | 0.16 | positive | deteriorating |
| 8 | 2% | Short Income (SHY) | 0% | 95% | very bullish | 54.6 | 0.18 | positive | deteriorating |
| 9 | -4% | US High Dividend (SPYD) | -2% | 66% | slightly bullish | 37.2 | -0.28 | negative | deteriorating |
| 10 | -12% | US Low Volatility (SPLV) | -4% | 31% | bearish | 36.4 | -0.46 | negative | deteriorating |

**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*
### *IUSG leads in all four quarters & MTUM over 3 years*

**This week:** IUSG leads over 52, 39, 26, and 13 weeks. Edged out by Momentum YTD and over 3 years. US equities catching up with offshore stocks. Among US strategies, Momentum outperforms the S&P benchmark over 3 years.

| | YTD | Description | 13wk | 26wk | 39wk | 52wk | 3Y |
|---|---|---|---|---|---|---|---|
| **1** | **24%** | US Momentum (MTUM) | 5.9% | 23.5% | 18.4% | 24.5% | **90.8%** |
| 2 | 22% | **US Growth (IUSG)** | **9.0%** | **32.0%** | **18.9%** | **26.3%** | 88.3% |
| 3 | 17% | US Large-caps (SPY) | 7.4% | 24.6% | 13.8% | 18.7% | 69.6% |
| 4 | 11% | US Fundamentals (QUAL) | 5.4% | 17.6% | 7.6% | 9.8% | 56.5% |
| 5 | 11% | US Value (IUSV) | 4.9% | 15.7% | 6.8% | 8.3% | 46.1% |
| 6 | 9% | S&P Equal Weight (RSP) | 1.1% | 13.2% | 5.0% | 7.0% | 43.6% |
| 7 | 4% | Short Income (SHY) | 1.5% | 2.1% | 3.8% | 4.7% | 10.6% |
| 8 | 4% | Cash (SGOV) | 1.1% | 2.2% | 3.3% | 4.4% | 10.1% |
| 9 | 3% | US Low Volatility (SPLV) | -2.5% | -0.4% | 0.6% | 1.0% | 26.2% |
| 10 | 2% | US High Dividend (SPYD) | -1.1% | 4.7% | -0.5% | -1.1% | 38.3% |

## *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 is no longer overbought.

**THIS WEEK was the 1st Risk-MIXED week after two Risk-ON: US Stocks MIXED Foreign Stocks MIXED, Bonds DIOWN, and Gold DOWN.**

| | CI% | Description | ROC | TS | READ | RSI | PMO | +/- | Condition |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 100% | Gold Bullion | 28% | 98% | very bullish | 51.0 | 3.04 | **positive** | **deteriorating** |
| 2 | 59% | Emerging Markets | 22% | 113% | very bullish | 59.9 | 1.99 | positive | improving |
| 3 | 48% | US Small-caps | 18% | 105% | very bullish | 52.4 | 1.37 | positive | deteriorating |
| 4 | 43% | US Large-caps | 19% | 109% | very bullish | 61.4 | 1.27 | positive | improving |
| 5 | 35% | Developed Markets | 12% | 104% | very bullish | 52.1 | 0.82 | positive | deteriorating |
| 6 | 7% | Short Income | 3% | 88% | very bullish | 98.4 | 0.16 | positive | deteriorating |
| 8 | -2% | Very Long Bonds | -1% | 103% | very bullish | 48.8 | 1.53 | positive | deteriorating |

| | YTD | Description | 13wk | 26wk | 39wk | 52wk | 3Y |
|---|---|---|---|---|---|---|---|
| **1** | 52% | Gold Bullion | **20.5%** | 20.8% | **44.3%** | **43.7%** | **100.1%** |
| 2 | 34% | Emerging Markets | 12.4% | **28.5%** | 31.4% | 25.7% | 59.3% |
| 3 | 27% | Developed Markets | 5.8% | 14.3% | 21.5% | 21.5% | 52.0% |
| 4 | 17% | US Large-caps | 7.4% | 24.6% | 13.8% | 18.7% | 69.6% |
| 5 | 12% | US Small-caps | 10.2% | 27.2% | 9.1% | 11.9% | 53.1% |
| 6 | 6% | Very Long Bonds | 9.2% | 4.4% | 5.3% | -0.1% | 16.2% |
| 8 | 4% | Short Income | 1.1% | 2.2% | 3.3% | 4.4% | 10.1% |

## *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)*

**THIS WEEK was the 1st Risk-MIXED week after two Risk-ON: US Stocks MIXED Foreign Stocks MIXED, Bonds DIOWN, and Gold DOWN.** TSP Moose HOLDS International equities (Fund I) via CI since 4/29/25 (@45.54).

**The Moose likes to dance with them that brung 'ya.** Fund S is challenging for the #1 spot this week (10/24) with the highest confidence index and rate of change. The previous leader and incumbent, Fund I, however, still has the highest technical rating, non-overbought RSI, and Price Momentum. Since Technical strength, RSI and PMO are more current indicators (0-20 days) than ROC and CI% (130-155 days) and do not confirm the switch to Fund S, the TSP model sticks with Fund I. The fact that S Fund PMO is currently lower and deteriorating while I Fund PMO is higher and improving also played a role. No funds in the model are overbought or oversold. Moreover, all of the funds in the TSP universe triggered buy-stops this week.

| | CI% | Fund | ROC | TS+ | READ | RSI | PMO | +/- | condition |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 100% | US Small-caps (S) | **17%** | 99% | very bullish | 57.21 | 0.71 | positive | deteriorating |
| **2** | **99%** | **International stocks (I)** | 16% | **107%** | very bullish | 62.97 | **0.95** | **positive** | **improving** |
| 3 | 96% | Lifetime 2060 | 16% | 102% | very bullish | 62.57 | 0.84 | positive | improving |
| 4 | 93% | US Large-caps (C) | 16% | 101% | very bullish | 63.01 | 0.81 | positive | improving |
| 5 | 80% | Lifetime 2050 | 14% | 102% | very bullish | 63.17 | 0.74 | positive | improving |
| 6 | 70% | Lifetime 2040 | 12% | 101% | very bullish | 63.42 | 0.67 | positive | improving |
| 7 | 58% | Lifetime 2030 | 10% | 102% | very bullish | 63.82 | 0.58 | positive | improving |
| 8 | 26% | Long-term Inc (L) | 4% | 102% | very bullish | 66.56 | 0.35 | positive | improving |
| 9 | 10% | Fixed Income (F) | 2% | 103% | very bullish | 67.05 | 0.47 | positive | improving |
| 10 | 0% | Short-term Income (G) | 0% | 88% | very bullish | 100.00 | 0.15 | positive | improving |

**TSP RECENT PRICE ACTION: The Moose likes to go with what's working.** Fund I may have dropped to #2 in CI, but it still has the highest performance year-to-date, over 52-weeks, 39 weeks, and 13 weeks. Fund S has been a laggard but has made up for lost time since Fed rate cuts were promised. Fund S is leading over 26 weeks—which is close to the CI and ROC time frames. Based on performance and secondary technicals, then the TSP model sticks with International equities for one more week.

### *TSP Lifetime & Index Funds: Performance Progression*

| | Fund | 13wk | 26wk | 39wk | 52wk | YTD | 3Y |
|---|---|---|---|---|---|---|---|
| 1 | **International stocks (I)** | **8.0%** | 18.3% | **24.1%** | **22.7%** | **28.2%** | 53.4% |
| 2 | Lifetime 2060 | 7.4% | 21.9% | 16.4% | 19.4% | 20.1% | 61.5% |
| 3 | Lifetime 2050 | 6.4% | 18.4% | 14.5% | 17.1% | 17.5% | 52.2% |
| 4 | US Large-caps (C) | 6.9% | 23.6% | 13.5% | 17.9% | 16.6% | **66.6%** |
| 5 | Lifetime 2040 | 5.8% | 16.3% | 13.2% | 15.6% | 15.9% | 46.4% |
| 6 | Lifetime 2030 | 4.9% | 13.9% | 11.5% | 13.7% | 13.8% | 39.7% |
| 7 | US Small-caps (S) | 7.6% | **25.8%** | 8.5% | 16.3% | 13.4% | 64.0% |
| 8 | Long-term Inc (L) | 2.9% | 7.3% | 7.1% | 8.7% | 8.3% | 22.0% |
| 9 | Fixed Income (F) | 3.3% | 4.3% | 6.8% | 6.7% | 7.4% | 18.4% |
| 10 | Short-term Income (G) | 1.0% | 2.2% | 3.3% | 4.4% | 3.7% | 9.1% |

***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*

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. Lately, 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** | **20.4%** | 16.3% | 23.3% | -15.9% | 19.9% | new | -- | -- | -- |
| L2050 | 17.7% | 14.0% | 20.0% | -13.4% | 16.3% | 14.8% | 23.3% | -6.0% | 18.8% |
| TSP Moose | 16.4% | 11.8% | 16.5% | -3.4% | 13.3% | 21.8% | 14.9% | 6.5% | 21.0% |
| L2040 | 16.0% | 12.9% | 18.1% | -11.4% | 14.5% | 13.2% | 20.7% | -4.9% | 16.8% |
| L2030 | 14.0% | 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 prevalent. When the reckoning does eventually come, however, it can be far worse, shaking our national institutions as well as the economy.

*Moospeak*

# *The Week’s Action*

As expected, the Federal Reserve on Wednesday cut interest rates by a quarter percent and ended its "quantitative tightening" effective December 1. Just as expectedly, a policy tiff within the US central bank, coupled with a lack of federal government data may have put another interest rate cut out of reach this year. After delivering the expected 25 bps rate cut on schedule Wednesday, Chairman Powell tossed the proverbial wrench into the monkey by noting in his follow-up presser that another rate cut in December was hardly a "foregone conclusion". "Far from it", he added.

Huh?

Did I miss something? What exactly happened between Tuesday and Wednesday? How do we go from a 91% probability of a Fed rate cut at the December meeting to the Fed Chairman insisting a December rate cut is “not a foregone conclusion... far from it”?

Just when we were expecting to stroll joyously into the holiday shopping season with the promise of a third rate cut, Mr. Grinch says, "Not so fast, Bucko."

I swear that will go down as this Fed Chairman's mantra. I haven't decided whether he's just massively cautious or completely out of his depth. Either way, the guy certainly takes his time even after he's ostensibly already made up his mind.

One wonders if it's a function of professional mindset. For bankers and economists time is money. Delay costs you. For lawyers like the chairman, time is billable hours. Delay makes you money. Bankers and economists are used to making decisions under uncertainty, while lawyers like to have their ducks in a row, never asking questions they don't already know the answer to and demanding hard evidence before they jump to any conclusions.

Unfortunately, by the time there's undeniable evidence that a particular change in monetary policy is warranted, you're already screwed. Good Fed policy needn't be prescient, but it can't be totally reactionary either.

The US still has some of the highest interest rates in the world among developed nations, rates that exceed our rate of inflation. That's our own fault, because since Obama, our government has been spending money like a drunken sailor. That spending hasn't stopped yet, despite the last election. What’s worse, the people who have to write the bills for Congress to change all that are sitting at home.

Thus there will always be an argument to be made against further rate cuts. Using it to "jawbone" and temper inflationary spirits is acceptable, but it isn't the sole driver of the monetary debate and shouldn’t be taken as such.