Weekly Relative Value

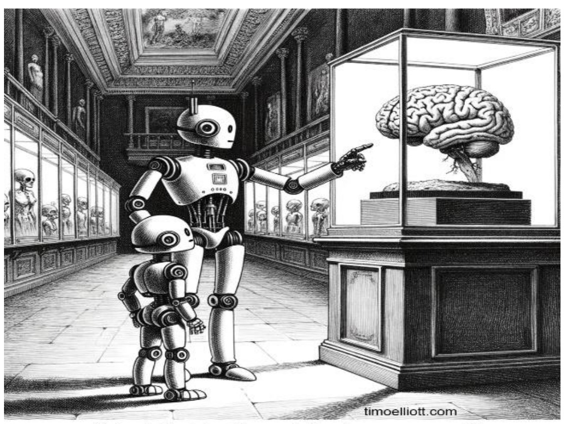
Tom Slefinger
Market Strategist

WEEK OF JULY 13, 2026

The New Golden Age

*“**Many are comparing this AI boom with the run-up to the dotcom crash of 2000.** This did not stop the emergence of internet giants such as Amazon and Google but **the Nasdaq stock market still fell 7% from the peak to trough and 4,800 internet companies went bust by 2003.** Open AI and Anthropic must be praying they have their timing right.”— John Thornhill, Financial Times, “**Why Titans of AI May Struggle to Float**”*

According to NOTUS — News of the United States — a digital news outlet focused on U.S. politics and government, the Treasury Department has a completed internal report that compares the artificial intelligence (AI) boom to the dot-com crash and warns it poses systemic risk to the U.S. financial system.



“And that is the original processor!”

The report has sat for weeks without approval. A Treasury spokesperson told NOTUS the findings are unvetted and not representative of the department’s views or policies. The official stance (under the current administration) is strongly bullish. Indeed Treasury Secretary Scott Bessent praised the $750 billion AI buildout on June 25. AI is seen as a key driver of productivity, growth and a “new golden age for America,” with emphasis on outpacing competitors (e.g., China) rather than bubble risks.

Comments from officials like Secretary Bessent highlight massive AI investments positively. However, his own department's analysts compared it to the dot-com crash in a report on his desk. His own department wrote the report.

THIS WEEK

- THE BUBBLE GROWS
- THE BAR IS HIGH
- WE’VE SEEN THIS MOVIE BEFORE
- NOT IN MY BACKYARD (NIMBY)
- REALITY CHECK
- THE DEEP FREEZE
- MOVING BACK HOME
- TARIFFS DO NOT WORK
- THE FED NEEDS ITS HEAD EXAMINED IF IT RAISES RATES
- MARKET OUTLOOK AND PORTFOLIO STRATEGY

The analysts found what the Bank of International Settlements (BIS) said last week and what anyone following the numbers already sees. The AI industry is concentrated in a few firms, financed through opaque private credit and dependent on infrastructure that communities blocked $130 billion of this year.

"Disappointment in returns could trigger a sudden pullback in financing and turn the capex book into a protracted investment bust, with potential knock-on effects on financial conditions." — BIS

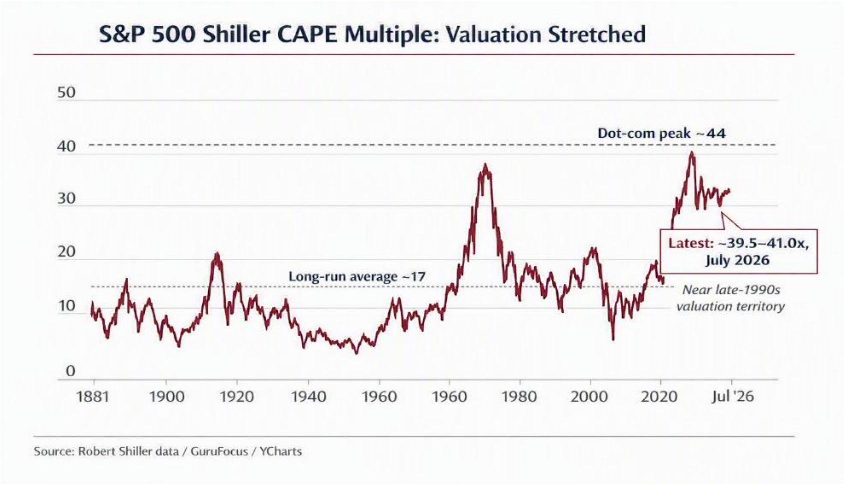
There is more to be concerned about than meets the eye. Or how about the fact that nearly 70%(!) of the market cap growth in the S&P 500 over the past 12 months has come from just two AI-driven sectors: tech and communication services. These are very similar concentration levels to what we saw at the bubble peak back in March 2000.

Bottom line: The Treasury's public position is that this is a "golden age." The Treasury's internal position is that the bubble could take the financial system with it. Meanwhile, the report is done and nobody will approve it for release.

THE BUBBLE GROWS

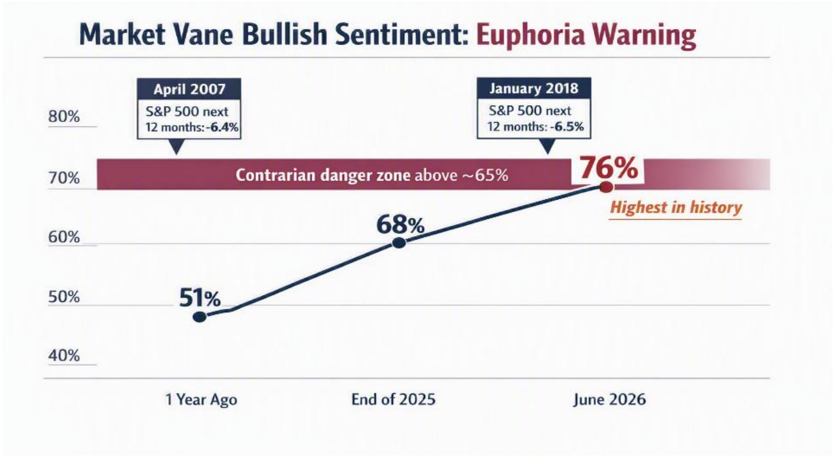
The bubble continued to grow. The cyclically adjusted price-to-earnings (CAPE) multiple is now 39.5x — only 2% of the time has it been this bubbly. Ergo, this classifies as a 2.5 sigma event. Only during the dot-com bubble in the late 1990s into 2000 has this metric been so lofty. But as they say, "valuations only matter when they matter." The thing is, once they start to matter, your head has been sliced off.

Bull markets climb by escalator; bear markets drop by elevator — often erasing nearly 70% of the prior gains. That matters in momentum markets, where nearly everyone thinks they can time the exit by staying long as long as possible.

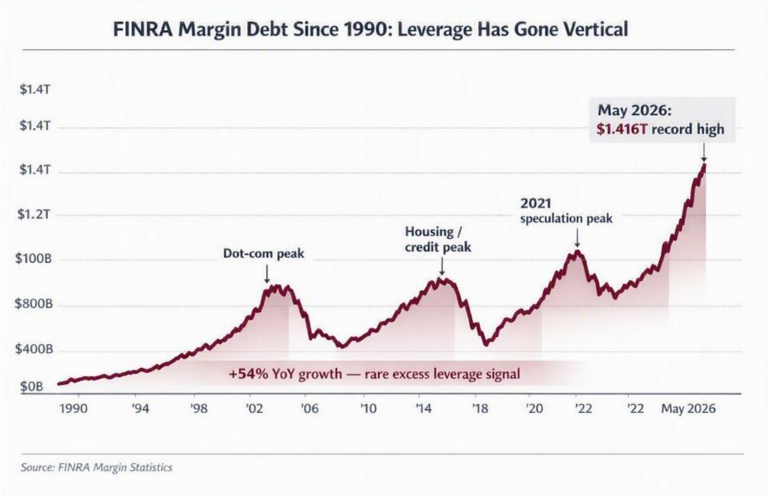


The bubble case is no longer just a feeling; it is visible across almost every classic excess metric**.** Valuation, concentration, leverage, household positioning and credit complacency are all flashing late-cycle signals at the same time. None of these indicators rings a bell at the top, but when this many are clustered in the danger zone, investors should at least stop pretending the punch bowl is filled with mineral water.

Market Vane bullish sentiment hit the highest level in its history in June at 76%. It was sitting at 68% at the end of 2025 and 51% exactly a year ago. Only two other times was the index close to where it is now — April 2007 and January 2018. In the year after the former, the S&P 500 was unexpectedly down -6.4%, and a year after the latter, down -6.5%. In both cases, nobody believed the stock market could ever go down again. In 2007, we had the housing mania, which was a version of today's AI mania, and in 2018, we were coming off the epic Trump tax cuts fueling euphoria at the time. Manias and euphoric behavior have this nasty historical tendency of mean-reverting.



Market leverage is breathtaking: Financial Industry Regulatory Authority (FINRA) margin debt now tops $1.4 trillion, with two-thirds of all margin debt created in just the past six years. Its +54% year-over-year growth has occurred only three other times — each before a major correction. Margin debt is now growing at twice the pace of the S&P 500, another warning that history says rarely ends well.



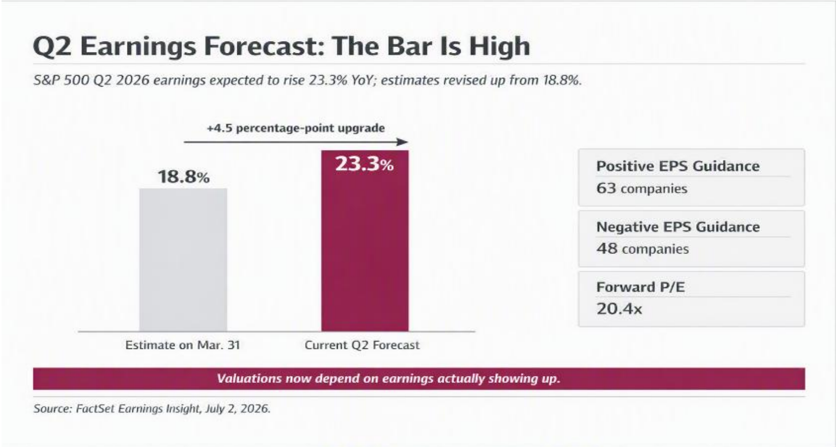
Bottom line: The sentiment and hype are wild, and what we have on our hands is emotion overtaking rational thought. There is a bubble evident in market sentiment, leverage and valuations. In my opinion, not debatable. And as we know from history, bubbles can last for a long while, but they ultimately end with a bust. Nobody can time the exit, even though most market participants believe in their own agility when they should probably be focused more on their own fragility. Nobody is superhuman.

The point is not that a crash must happen tomorrow. The point is that the market now requires heroic earnings (see below), endless AI euphoria and a permanently forgiving Fed just to justify prices already on the screen. Suffice it to say, that is asking for a whole lot.

THE BAR IS HIGH

*"It has been a comfort to stock investors for some time that runaway share prices have been supported by runaway corporate earnings expectations. But **what if expectations themselves are in a bubble**? Brokerage Panmure Liberum noted this week that **if you adjust valuation metrics for the apparent excesses in earnings expectations, you are left with 'a bubble that surpasses anything ever seen in US history by an extreme margin.** If valuations followed a normal distribution, this would happen 0.00019% of months or every 43,432 years.'" — Katie Martin, Financial Times*

With regard to earnings, it's true that earnings forecasts are off the charts. The consensus is now seeing S&P 500 earnings rising at a +25% pace for the coming year — the level of expected operating earnings per share has ballooned +20% in just the past six months, which is the biggest upward revision since coming out of the global pandemic in 2021. Outside of that, we last saw something this powerful back in the mid-2000's during the China-led commodity super-cycle. The big step-up in forecasts for Q2 2026 is more typical of recessions or at the beginning of new economic cycles — not the fourth year of a bull market phase.



Bottom line: Today's equity prices are being justified by aggressive profit forecasts, especially around AI and mega-cap tech. If those earnings fail to materialize, expensive multiples suddenly look even more stretched, leadership narrows further and investors may start questioning whether the "AI productivity boom" is more narrative than reality.

In that scenario, volatility likely rises, credit spreads widen and money could rotate out of richly priced equities and into Treasuries — where the starting yield finally offers a real cushion.

WE'VE SEEN THIS MOVIE BEFORE

Big Tech is on track to spend $725 billion on AI in 2026. Everyone keeps debating demand, but that is the wrong place to look. The answer is on the supply side. History has seen this movie before: big technology, capital flood and eventually wrecked returns.

Demand can be hyped, manufactured or faked. Supply is real capital being committed. You learn more by watching where capital floods than by staring at adoption charts.

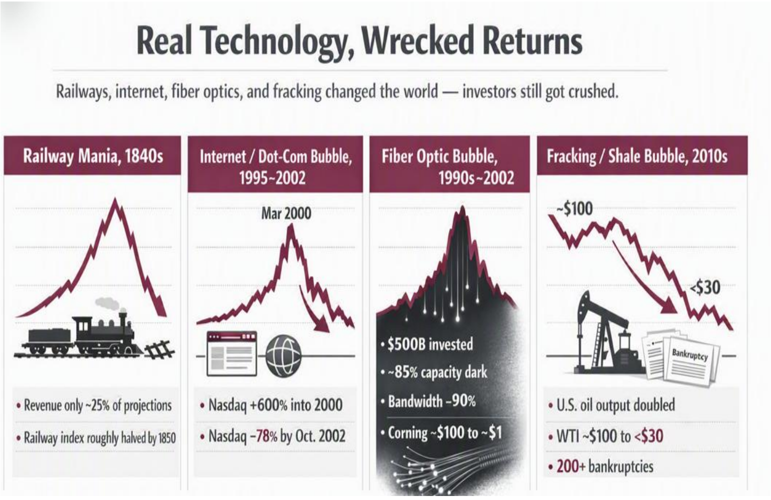
Capital cycles have followed the same four stages for 200 years:

1. **Flood:** New technology appears, returns look huge and money rushes in.
2. **Boom:** Capital and competitors arrive faster than demand can grow.
3. **Collapse:** Oversupply crushes margins, prices and weaker players.
4. **Inheritance:** Survivors buy distressed assets and profit from what others built.

Every major technology cycle follows this pattern.

The uncomfortable truth is that history's biggest bubbles were often built on its best technologies: Since 1825, 37 of 51 major breakthroughs sparked speculative bubbles. Railways transformed commerce, yet revenues reached only 25% of projections, and the railway index had been cut in half by 1850.

Fiber optics drew $500 billion in investment, left 85% of capacity dark, collapsed bandwidth prices 90% and took Corning from $100 to $1. The internet peaked in March 2000 and then fell 78% over two years. Fracking doubled U.S. oil output before crude dropped from $100 to $30 and more than 200 companies went bankrupt. The technologies were real. The returns were still destroyed because profits are driven by supply, not technological merit.



Now look at AI. Despite massive spending, there is still no clear business model for generating acceptable ROI. Leading AI firms continue to lose heavily, and some companies question whether automation can offset implementation costs and user friction.

Circular financing is everywhere: Nvidia invests in OpenAI, OpenAI pays Oracle and Oracle buys Nvidia chips. Meanwhile, OpenAI is reportedly burning billions while sales and marketing spending has surged 400%.

Past bubbles at least left useful assets: Railways still moved goods, and dark fiber eventually got lit. AI chips depreciate in three to five years, so when this cycle turns, there may be little worth inheriting.

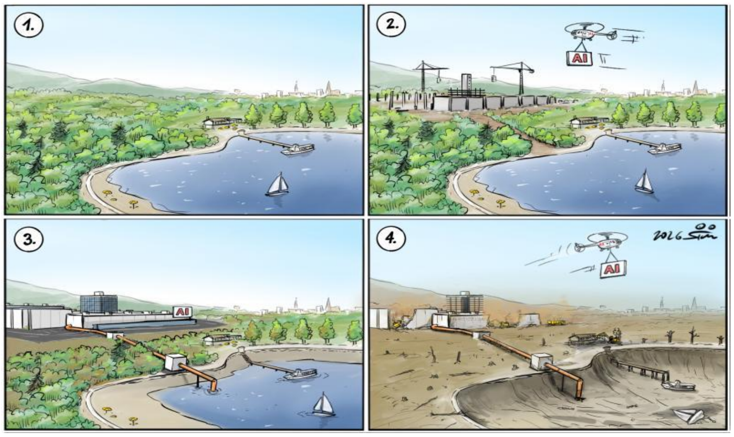
The pioneers rarely win: Remember it was AltaVista and Excite that built search; Google inherited it. The money is made after the flood, not during it.

Bottom line: The technology is real. The capital cycle does not care.

NOT IN MY BACKYARD (NIMBY)

Gallup reported in May that **seven in 10 Americans** oppose constructing AI data centers in their local area, including **48% strongly opposed**. Gallup also found the opposition is broad-based: Concerns center on electricity and water use, utility costs, pollution/noise, traffic and quality-of-life issues**.**

Generally speaking, the artificial-intelligence buildout is getting too extreme and is straining resources (not to mention the public backlash on environmental concerns), and as such, there are some new sober second thoughts taking place over all the ROI and total addressable market assumptions that have taken the tech sector into outer space (both literally and figuratively).



Bottom line: The AI boom may be beloved on Wall Street, but on Main Street it is starting to look like the new NIMBY trade — **everybody wants the chatbot, nobody wants the warehouse full of graphics processing units next door.**

REALITY CHECK

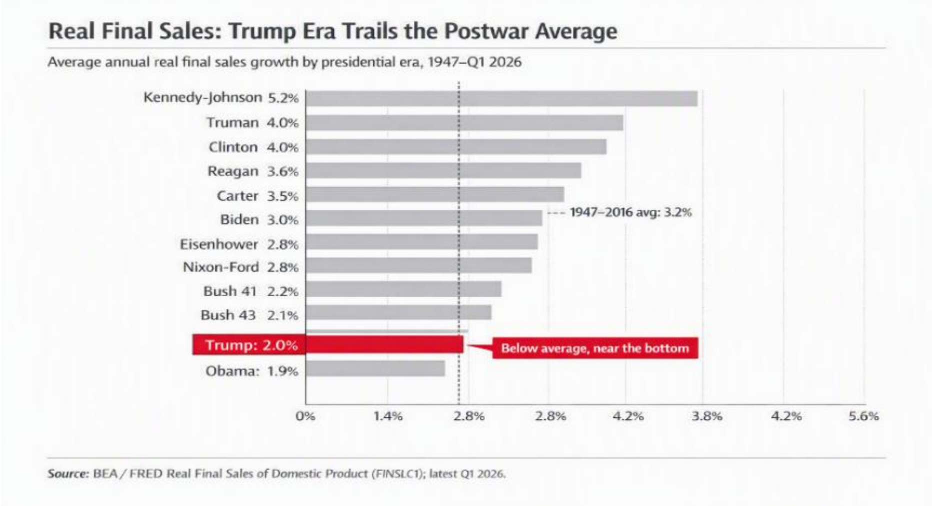
"Under my leadership, economic growth is exploding to numbers unheard of. They've never had them before."
— President Donald Trump

The summary table below is based on "real final sales of domestic product." Real final sales is basically real gross domestic product (GDP) minus the inventory noise. It shows what was actually sold to final buyers, making it a cleaner read on underlying demand.

REAL FINAL SALES = REAL GDP — INVENTORIES

The table speaks for itself. The post-war real growth rate average for all presidents from 1947 to 2016 was **+3.2%** per annum, while the average real growth rate during Trump 45 + Trump 47 to date is just **2.0%.** So, Trump's not at the top of the heap at all. In fact, his average growth rate is barely three-fifths of the prior seven-decade average. "Dumocrats" included!

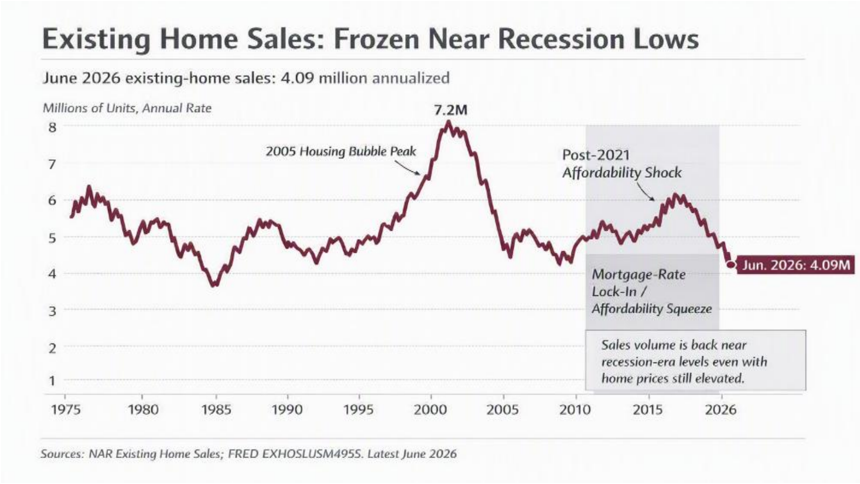
Indeed, the only presidential term with a weaker figure than Trump's 2.0% average to date was Obama's eight years, which came in a smidgen lower at 1.9%. And, of course, we are not mentioning the alleged Sleepy Joe "disaster," where according to the president, America's economy was going down the tubes. As shown below, Biden's economy grew at 3%.



Bottom line: Best economy ever? Not even close. The claim is so wildly false that it demands a reality check.

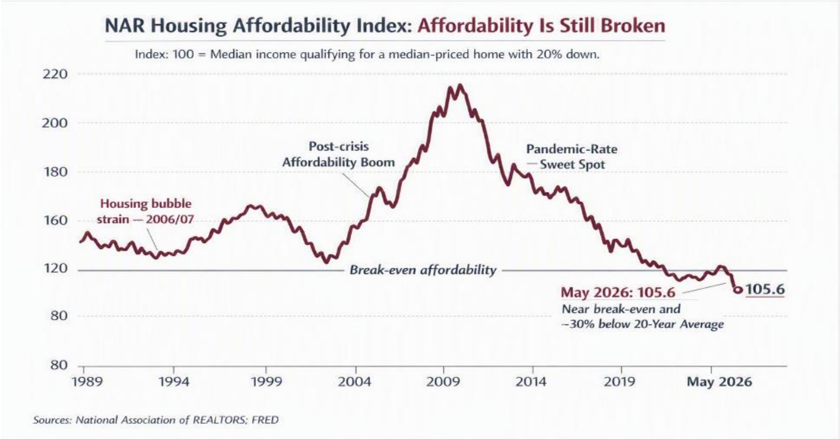
THE DEEP FREEZE

The constant narrative is that the U.S. economy is in boom mode, but I suppose that excludes what is happening in the depressed housing market. Existing home sales dipped -2.4% month over month in June to a 4.09 million annual unit rate, undercutting the consensus forecast of +1.0% to 4.20 million units. The Midwest and the South were the weakest regions by far.



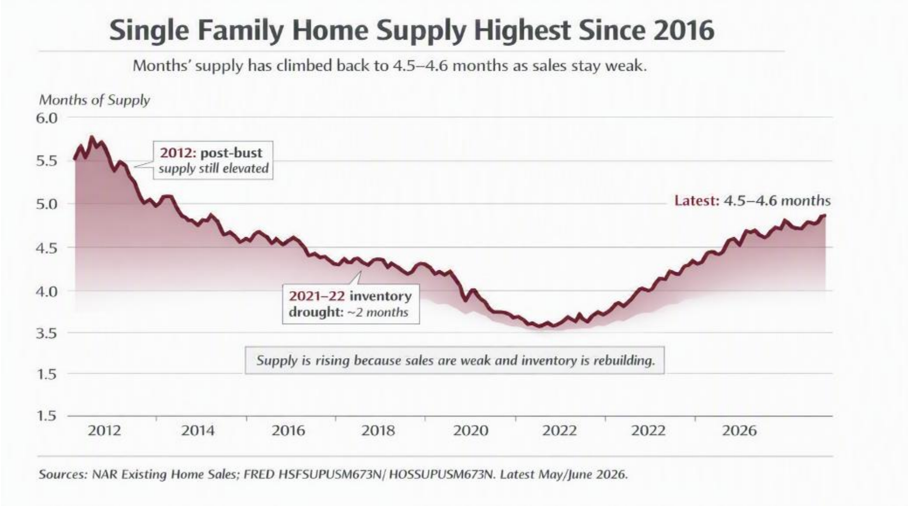
It really does say something that the level of sales activity is lower today than it was at the onset of the 2001 and 2008 recessions, and right in line with the very worst level posted in 2020 during the peak of the pandemic crisis. Transactions are depressed, affordability is broken and first-time buyers remain stuck between expensive rentals and an ownership market that still requires near-six-figure income just to qualify.

The combination of rising mortgage rates (thank you, Mr. Bond!) and super-inflated prices caused the NAR housing affordability index to become even more strained — by -2.7% — and this ratio has become more unfriendly to potential buyers for the fifth month in a row.



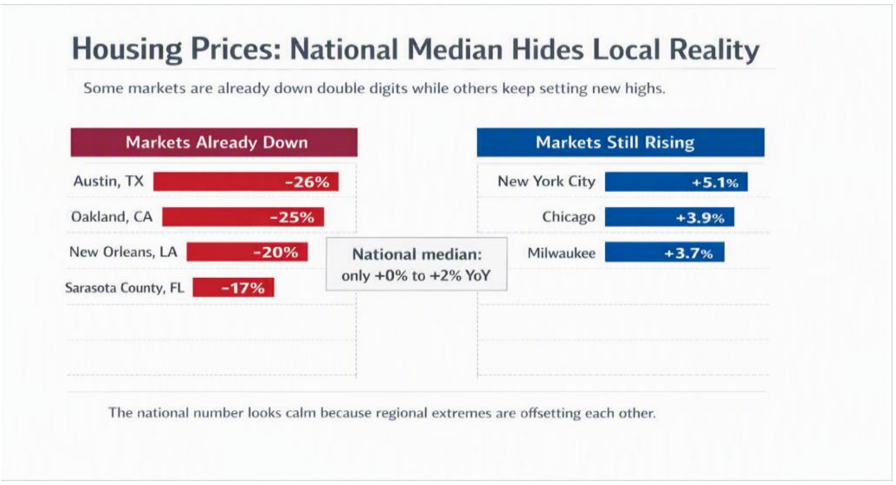
Affordability is now 30% below its two-decade average, and this series will eventually mean revert. The question is how: A surge in incomes seems unlikely; lower rates (my base case) and falling home prices look increasingly plausible. Lower rates may arrive because weaker housing prices hit confidence and spending — two forces joined at the hip.

The affordability gap is glaring. The qualifying income for a starter home is $93,264, while the median first-time buyer earns just $71,651 — a 30% shortfall. The last time actual income matched qualifying income was Q2 2021, what economists would call equilibrium. Today's market is in deep disequilibrium, stretched to a degree last seen in Q3 2007. The rest, as they say, is history.



Single-family median prices rose just 1.8% year over year in June to $446,400. Since late 2022, national home-price growth has lagged inflation and wages — a painfully slow way to ease the affordability crisis created by the 40% price surge from mid-2020 to mid-2022.

But national median price hides local reality: Prices are down 10% to 26% in several larger markets as shown below.



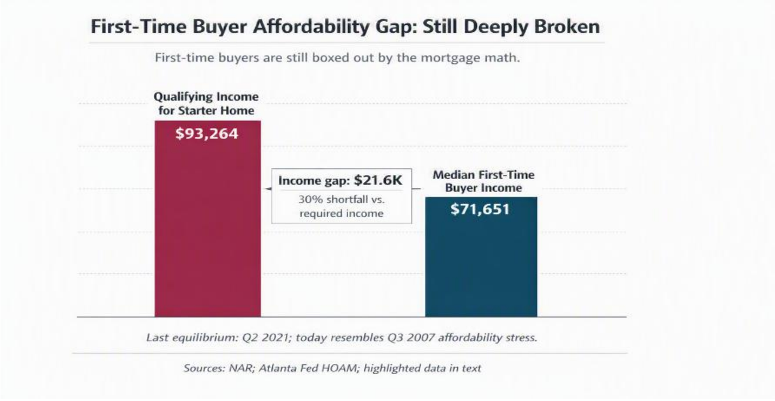
Bottom line: Housing is frozen. Supply is rising, sales are weak, prices remain elevated and affordability is still the real problem. Somehow, this was a forgotten item in the latest round of Federal Open Market Committee (FOMC) minutes, which were replete with the AI spending boom, ostensibly because nothing else matters.

MOVING BACK HOME

Moving back home used to be a sign of failure. Now it shows financial savvy. Nearly half of U.S. adults under 30 have moved back home, up 12% from pre-pandemic levels, and almost one-third are 25 or older. The reason is simple: 55% cited financial necessity.

Rents have eased from their cycle highs, but they remain painfully high for recent graduates already carrying heavy student debt — $1.7 trillion in total, now with less government support and a delinquency rate above 10%.

At the same time, and as a measure of the price excess in the housing market, homeowner affordability is still about +30% more stretched than the average of the past two decades. The median price of an existing home may be flattening out, but at an unsustainable $430,000 level. First-time buyer qualifying income is just over $93,000, which exceeds the actual first-time median income of under $72,000.



Here's another interesting and telling graph. It shows multigenerational homes that will home adult siblings, adult children, parents and grandparents.

Bottom line: The affordability crisis is on full display. First-time buyers remain boxed out by the mortgage math. With the 30-year fixed mortgage rate at 6.43%, even a plain-vanilla purchase requires a household income far above what many first-time buyers earn. The affordability gap is the difference between qualifying for a mortgage and remaining in the rental pool, moving back home or waiting for either prices or rates to blink first.

Yet, NAR chief economist Lawrence Yun says affordability is rising.

What a hoot!

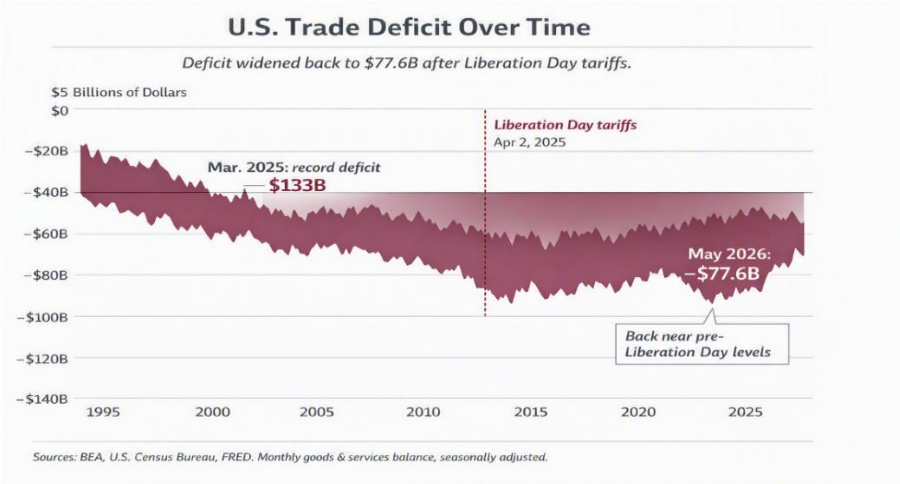
TARIFFS DO NOT WORK

I have repeatedly and openly criticized the administration's tariff policy as being ineffective and likely to cause more harm to the economy.

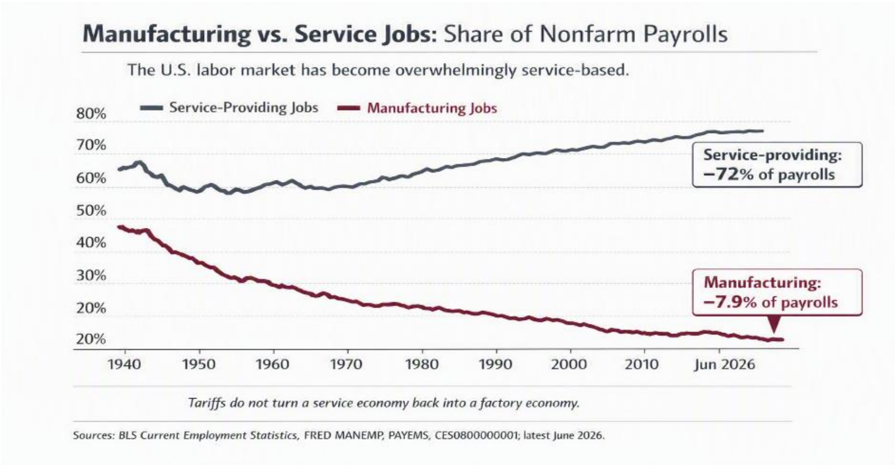
Here's a brief recap of why tariffs are ineffectual and likely to do more damage than good.

- **Trade deficits are macro imbalances.** The U.S. consumes more than it produces and imports capital to fund the gap; tariffs do not fix that math.
- **Consumers and businesses pay.** Tariff costs usually pass through as higher prices, squeezed margins or both.
- **Supply chains reroute.** Production often shifts to Vietnam, Mexico, India or elsewhere; the import label changes, but the deficit often does not.
- **The U.S. is a service economy.** Tariffs cannot reverse automation, globalization or decades of labor-market evolution.
- **Retaliation hurts exporters.** Trading partners hit back, punishing U.S. farmers, manufacturers and multinationals.
- **They can weaken demand without improving competitiveness.** A recession can shrink imports, but that is not an industrial victory.

Short of causing a recession and thus reducing demand, tariffs will do nothing to improve trade imbalances. Indeed, the U.S. trade deficit expanded by 44% to $77.6 billion. The deficit is now right back to where it started from before Liberation Day!



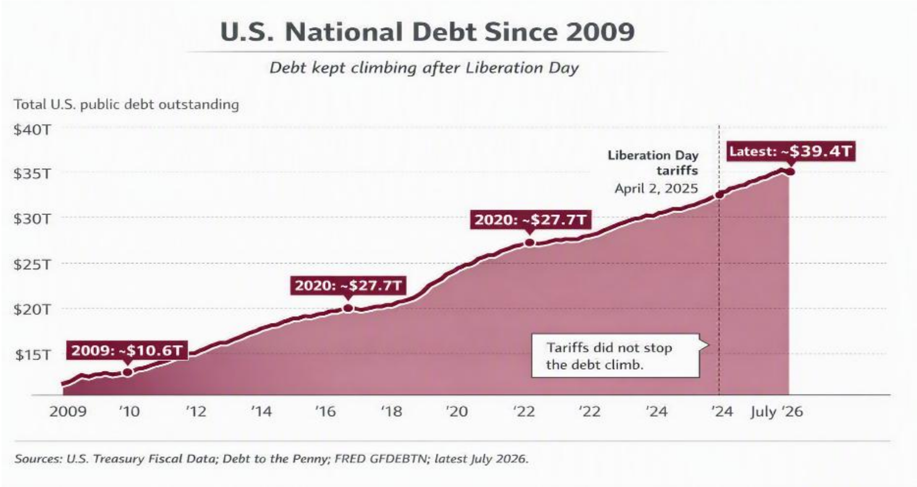
Tariffs will not restore manufacturing jobs either, also undoubtedly proven. Tariffs make imports more expensive and politicians feel tougher, but they do not rebuild factories, train workers, lower costs or reverse automation. If tariffs were enough to revive manufacturing, the Rust Belt would already be Silicon Valley with blast furnaces.



Finally, if you think Trump's tariffs are going to pay down that debt or do much to reduce deficit spending, you are more than a bit crazy. Nearly a year has passed since Liberation Day, and U.S. national debt just topped $39 trillion and is growing fast.

Looking at recent history, by decade, the U.S. added $1 trillion to the debt:

- Every **24 months** in the **2000s,** on average
- Every **11 months** in the **2010s,** on average
- Every five **months** in the **2020s,** on average



Bottom line: Tariffs are a blunt-force tax dressed up as industrial policy. They can raise prices and scramble supply chains, but unless they are paired with serious investment and productivity gains, they mostly just make imports more expensive while pretending that is the same thing as making America more competitive.

THE FED NEEDS ITS HEAD EXAMINED IF IT RAISES RATES

The FOMC minutes that came out for the June 17 meeting were predictably hawkish**.** Nothing here that we didn't know from the tone of the press statement back then and all the Fed speak ever since. At the same time, this was a tortured set of minutes and totally convoluted. Here are some examples:

In one breath…

"The majority of participants commented that most measures of medium- and longer-term inflation expectations remained at levels consistent with the Committee's 2 percent objective."

And then in the next breath…

"Many participants remarked that the labor market was not currently a source of inflationary pressures, or that nominal wage growth remained consistent with inflation moving toward 2 percent."

Then this…

"The majority of participants highlighted the possibility that, after several years of inflation above 2 percent, continued elevated inflation rates could begin to affect inflation expectations and wage- and price-setting decisions.

Come on, Mr. Fed. Make up your mind.

Markets also keep treating +4.2% inflation as permanent, even though the rebound from February's +2.4% has largely been retraced. Given the post-2020 shock parade — pandemic supply chains, policy stimulus, Ukraine, tariffs and the U.S.-Iran war — it is almost remarkable inflation is only +4.2%.

Strip out those shocks and their lagged effects, and headline inflation would be closer to +2%, with core near +2.2% versus the actual +2.9%. So, unless policymakers keep manufacturing new shocks, the underlying trend is moving toward target —not toward an inflation basket case.

Then consider "As Consumers Pare Spending, Grocery Stores Race to Cut Prices" (*The New York Times*). It all comes down to how you want to define inflation: Is it the prices that companies want to charge or the willingness and ability of consumers to pay higher prices? That is the balance. And a just-released CNN poll told the tale, finding that over 60% of American households have balked at higher prices but are shifting their grocery shopping patterns (including flocking to the discount chains, which seems to have caught Walmart's eyes recently — Costco, Kroger and even Whole Foods too) to "stay within budget."

Moving on. This is what the Fed said about economic growth:

"Most participants remarked that growth in economic activity that exceeded that of potential output, owing in part to strong AI business investment, could contribute to more persistent inflationary pressures."

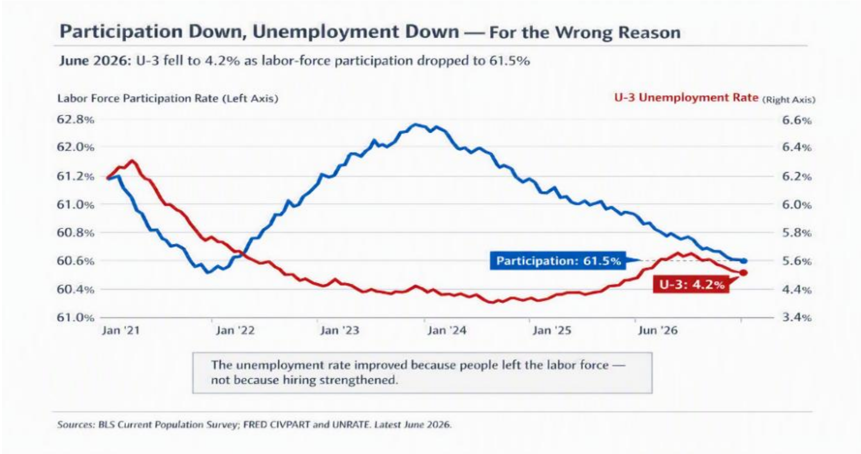
Really?

Is +1.3% real GDP growth right now really above potential? This speaks to just how stale these minutes are.

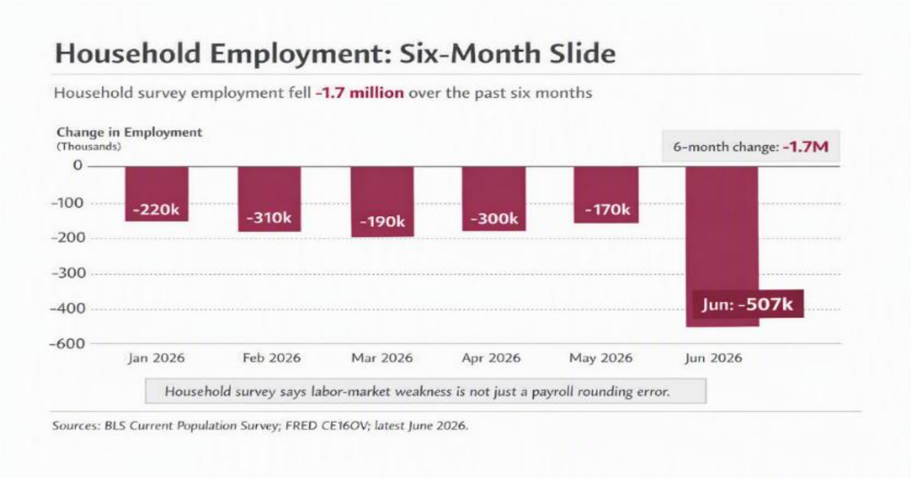
Then we had this comment on the labor market:

"With regard to the labor market, participants generally observed that the unemployment rate had remained relatively stable over the past year at a level near participants' estimates of its longer-run level. Participants generally remarked that payroll employment gains had strengthened this year and appeared roughly consistent with underlying labor force growth."

While the FOMC claims that labor market is fine, I beg to disagree. The June jobs report showed unemployment at 4.2%, but that number fell because people stopped looking for work, not because hiring improved. About 1.83 million workers are now classified as marginally attached to the labor force, including 499,000 discouraged workers who gave up because they believed no jobs were available. The labor force participation rate hit its lowest point in five years.



The household survey was worse: Jobs fell -507,000, down -1.7 million over six months, mostly full-time. Quits hit a 10-month low, wage growth stayed tame, and with productivity near +2.5%, there is no labor-market inflation impulse.



Let me add this: Claims remain low at 215,000, giving the Fed comfort. But the Job Openings and Labor Turnover Survey tells a weaker story: May layoffs hit 1.71 million, up 30% from the cycle low. The gap likely reflects layoffs shifting from goods jobs, which show up quickly in claims, to services.

Employment growth has stalled as layoffs spread through AI-exposed services such as tech, professional services and finance. Challenger reports nearly 160,000 AI-related layoff announcements over the past year. Severance may be delaying claims.

Bottom line: Remember: This meeting was prior to the weak and meek +57,000 nonfarm payroll print for June — half the consensus, along with hefty downward revisions — and a -507,000 slump in the household survey. Not exactly signs of stepped-up momentum.

Best to fade these minutes. They range from being stale to being ridiculous.

MARKET OUTLOOK AND PORTFOLIO STRATEGY

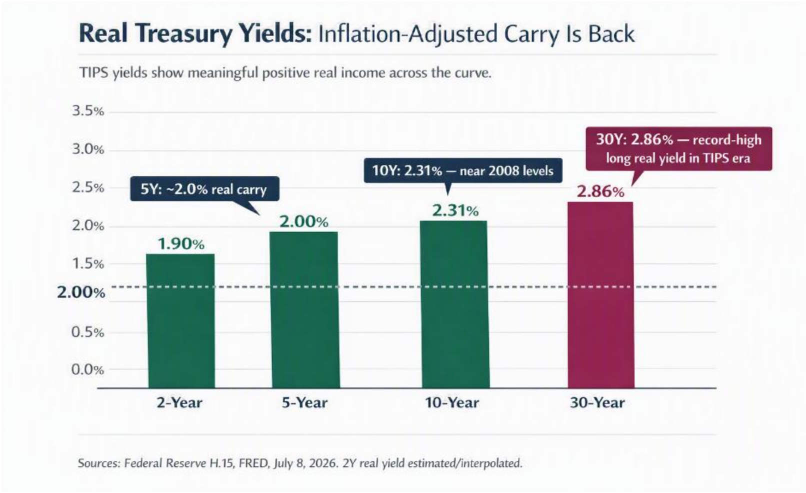
"At the moment I like government bonds as protection against a major fall in stocks if traders turn sour on artificial intelligence. A big drop would be a much more traditional type of shock, slowing the economy, slowing inflation and making the solid yield of Treasurys look attractive." ***— James Mackintosh, Senior Columnist, The Wall Street Journal, excerpted from How to Invest When the Global Crises Never Stop***

The next few days should be busy, with June Consumer Price Index (CPI) and Kevin Warsh's first congressional testimony tomorrow, followed by Producer Price Index (PPI) and the Fed's Beige Book on Wednesday. Together, the price data should offer a solid read on the month's Personal Consumption Expenditures and core deflator.

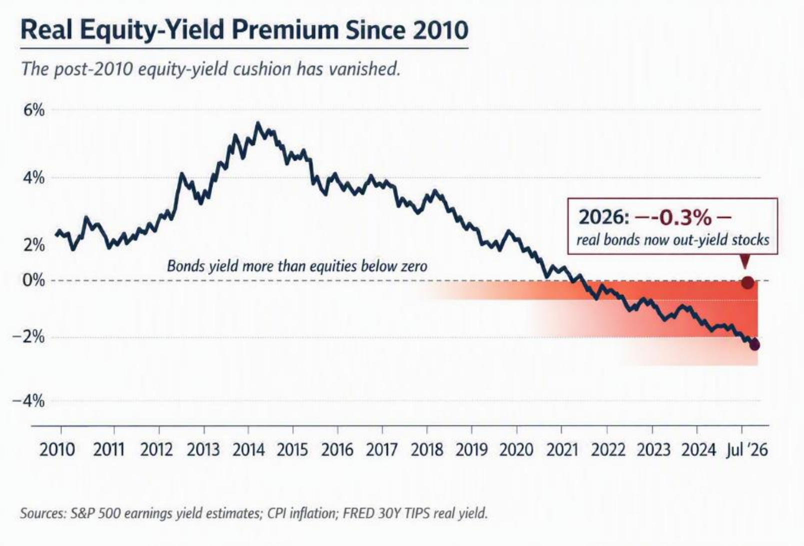
Second quarter earnings season kicks off with 28 S&P 500 companies reporting — including JPMorgan Chase, Goldman Sachs, Morgan Stanley, Bank of America, Citigroup, Wells Fargo, Bank of New York Mellon, Regions Financial and Fifth Third Bancorp. We will also hear from Netflix, Johnson & Johnson and UnitedHealth.

For Treasury markets, Warsh takes center stage — even ahead of the data — since the reversal in oil prices should help contain CPI and PPI. Middle East developments remain a headline risk: The ceasefire is over, peace talks continue and oil is stuck in limbo. Under the interim deal, both sides have 60 days to reach a final nuclear agreement, though that deadline could be extended.

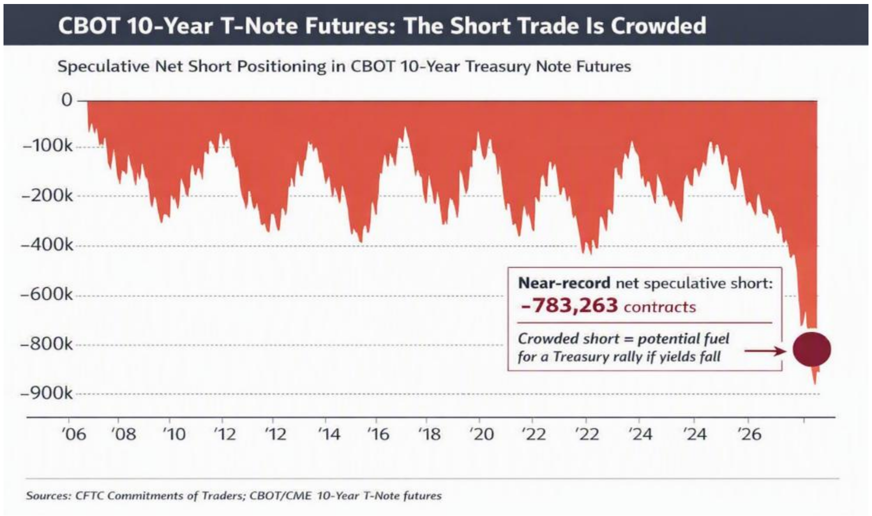
Meanwhile, bond markets continue to price too much hawkishness. Yields remain elevated despite softer inflation, weakening labor markets and moderation in Kevin Warsh's rhetoric, suggesting that markets are overly focused on inflation risks. To wit: The real long-term interest rate has ballooned to a record-high 2.86%. We have never been here before, at least not during the history of the Treasury Inflation-Protected Securities market. The real 10-year yield at 2.3% is where it was back in…wait for it…October 2008!). Even at the front end of the curve, real inflation adjusted yields look attractive.



Relative value now favors bonds: The real long bond yield is nearly 2.9%, while the real equity yield is barely above 2.5%, leaving the equity risk premium more than 30 basis points negative. That is bubble-peak behavior — investors treating equities as safer than Treasuries, just as they did in the late 1990s. Treasuries carry inflation, duration, cyclical and fiscal risk, but NOT capital repayment risk: Coupons arrive on schedule and principal is returned at maturity.



Meanwhile, the most detested asset class on the planet (a near-record -783,263 net speculative short 10-year T-note contracts in the Chicago Board of Trade (CBOT) futures and options pits), completely unique in their guaranty/assurance characteristic. But who needs a margin safety in today's AI craze, right, when the consensus view in the marketplace is that the S&P 500 has entered the bucket of riskless assets?



The Wall Street mantra is to always buy the S&P 500 on the price dips. I believe the right strategy is to buy Treasuries on the dip.

The table below helps quantify the risk/reward of various Treasury benchmarks over the next 12 months. A 50-basis point rate rise does not necessarily mean negative 12-month returns. The 2-year offers the cleanest carry-versus-duration profile, while the 10-year is close to breaking even under this shock scenario.

Risk/Reward: Treasury Returns If Rates Rise 50 Basis Points					
Treasury	**Approx. Yield**	**Est. Duration**	**Income Over 12 Months**	**Price Hit if +50 bps**	**Approx. 12-Month Total Return**
2-Year	4.21%	1.9	+4.21%	-0.95%	**+3.26%**
5-Year	4.31%	4.5	+4.31%	-2.25%	**+2.06%**
7-Year	4.43%	6.0	+4.43%	-3.00%	**+1.43%**
10-Year	4.56%	8.0	+4.56%	-4.00%	**+0.56%**

If yields fall 50 basis points, duration becomes your friend rather than your problem. The 2-year still clips solid income, but the 10-year delivers the best upside because the price gain from duration stacks on top of the carry.

Risk/Reward: Treasury Returns If Rates Fall 50 Basis Points					
Treasury	**Approx. Yield**	**Est. Duration**	**Income Over 12 Months**	**Price Gain if -50 bps**	**Approx. 12-Month Total Return**
2-Year	4.21%	1.9	+4.21%	+0.95%	**+5.16%**
5-Year	4.31%	4.5	+4.31%	+2.25%	**+6.56%**
7-Year	4.43%	6.0	+4.43%	+3.00%	**+7.43%**
10-Year	4.56%	8.0	+4.56%	+4.00%	**+8.56%**

Bottom line: As I have highlighted numerous times, bonds are unloved, underowned and attractive; stocks are over-owned and expensive. The bond market still seems too focused on inflation and higher rates, while the bigger risk may be slowing growth and disinflation and the bursting of an epic bubble.

As the labor market weakens and wage pressure cools, the Fed should eventually sound less hawkish — creating a better setup for owning as much duration as your risk profile allows. Moreover, if the equity bubble breaks, money should rotate into Treasuries and drive rates meaningfully lower.

I remain unapologetically bullish on bonds. If the Fed tightens again, I would treat it as a chance to add exposure to the intermediate and long end of the Treasury curve.

WHY SUBSCRIBE TO THE WRV?

The financial world is full of opinions that emphasize rewards and ignore risks. I try to cut through that noise by offering a critical read on market headlines and economic reality, with risk always front and center. That is what makes *Weekly Relative Value (WRV)* different. Subscribers receive timely updates on market trends and key risks. To receive future *WRV* issues in your inbox, subscribe here.

MORE INFORMATION

For more information about credit union investment strategy, portfolio allocation and security selection, please contact the author at **tom.slefinger@alloyacorp.org** or (630) 276-2753.

As Alloya's Market Strategist, **Tom Slefinger** leverages nearly 40 years of investment strategy expertise to deliver insightful commentary on the economy and market events to optimize balance sheet performance at the credit union level. With thousands of subscribers, Tom's daily and weekly publications are widely read amongst credit union executives.

Prior to becoming the corporate's Market Strategist, Tom served as the Senior Vice President of Institutional Fixed Income Sales at Alloya Investment Services, a division of Alloya Solutions, LLC. In this role, Tom developed and managed operations associated with institutional fixed income sales in addition to developing investment portfolio strategies, identifying appropriate sectors and securities, and optimizing portfolio performance at the credit union level.

Tom holds a B.S. in business administration from the University of Maine. In addition, he holds a Series 7 and 63 through ISI.