



Stratos S&P 500

Market Analysis

Primary Target:  
**7056**

Intermediate Target:  
**6813**

Initial Target:  
**6532**

Initial Support:  
**6203**

Intermediate  
Support:  
**5952**

Primary Support:  
**5692**

Base Camp:  
**5463**

Line in the Sand:  
**5252**

August 15, 2025

# WEEKEND AT BERNARD'S



## The Current Economic Issues for the U.S. Stocks

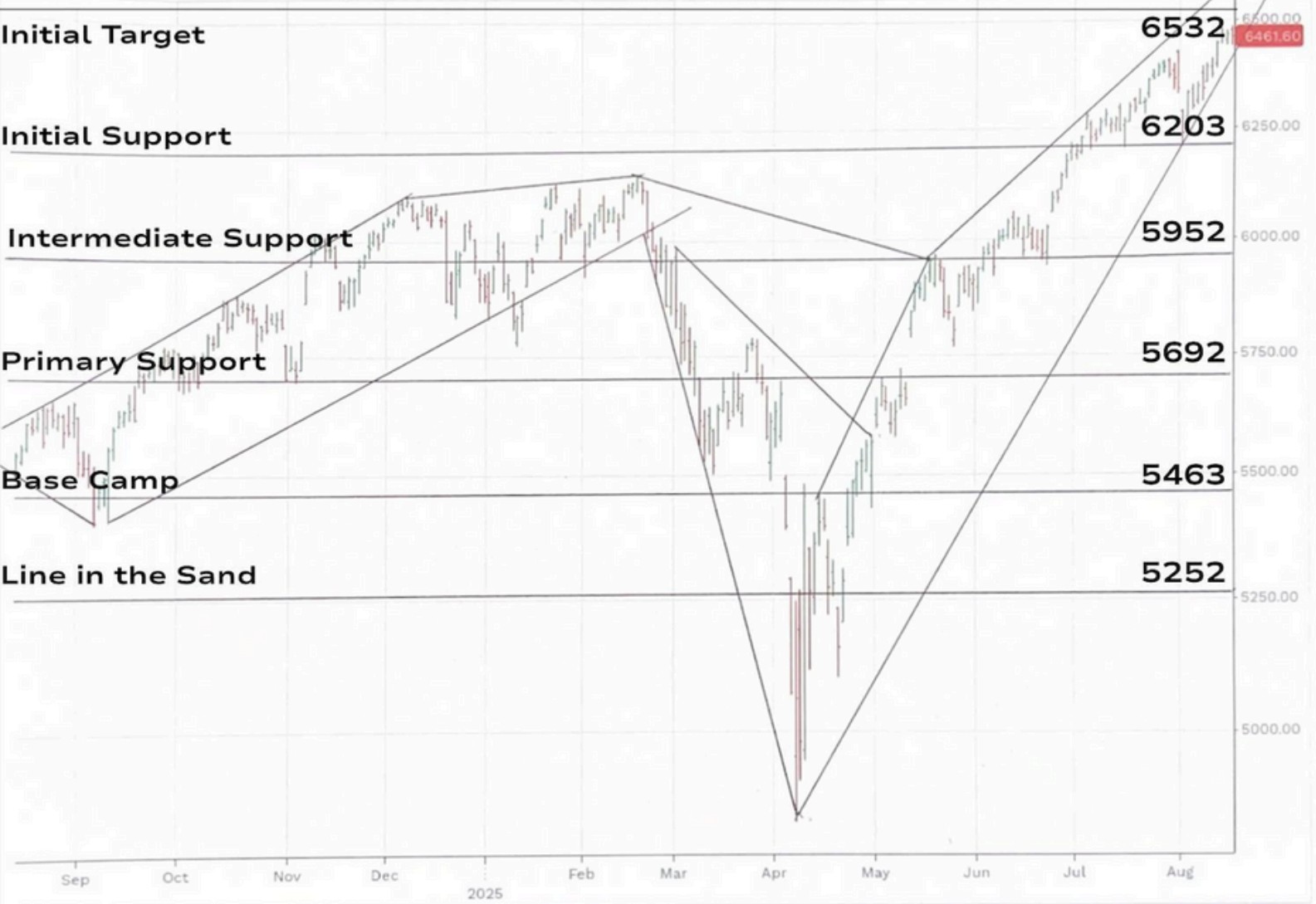
U.S. stocks have been unstoppable since April. As I predicted last month in Stratos "Hooray for the Summer Rally" blog in July, the U.S. stock market momentum continues to make new highs on a daily basis. Momentum continues to be the main driver to this rally, which cannot continue indefinitely. The advances are becoming historic in percentage terms, when considering the S&P 500 made new lows (4835) just four months ago, that has resulted in a classic V-shaped correction.

As I predicted last month, I do expect my initial target of 6532 in the S&P 500 (6450) to be tested possibly before the end of the month. I do not expect my intermediate level of 6813 to be tested until perhaps the end of this year. I am raising my initial support level by 200 points, to 6203. Stratos Line in the Sand is now 5252, up 280 points since April. Revised negative unemployment numbers and higher-than-expected wholesale numbers indicate that the economy is slowing down, but inflation is still, more likely, to go up. With GDP potentially slowing down because of the eventual effect of tariffs, I **expect September and October to provide a technical correction to the S&P 500.**

I consider tariffs an attack and tax on the consumer and an act of war on our trading partners. China's exports have increased significantly this year, while the exports to the U.S. have declined at the same time. China, which is considered our biggest trade problem, has not been affected much by the tariffs, which was supposedly, our target of unfair trading partners. This indicates that our trade policies are pushing business away from the U.S. Since the tariffs have not been fully enacted and are constantly changing, the real effects have not been in the numbers that are already declining. The frontrunning by many large U.S. companies, that were prepared, can only last so long. Companies like Apple, Meta, Amazon, and Nvidia all participated in the "Trump donation group" and have been protected from most tariffs. Now, they are going to be expected to pay profits from sales, which is unamerican and against the free market. This clear lack of respect will eventually have a negative effect on S&P 500 companies and their profits.

Because the economy was so strong in 2024, it's almost impossible to really understand the effects of new, unfounded policies to the U.S. economy. It will most likely take 1-3 years before we see the real results, which may not be what we want. Commodities are an indicator of inflation and my Stratos Global Commodity portfolio has the best returns this year that I have ever had. I do not believe, based on these gains, that inflation is going away. If the Federal Reserve cuts interest rates based on concerns of unemployment slowing down, and a possible recession, my main concern is the likelihood that the value of the dollar will continue to go lower, and long-term interest rates will go much higher. This stagflation scenario in effect, will lead to the negative results of tariffs and lack of confidence in our basic government institution. Like the head of the Bureau of Labor Statistics, who was recently fired because the unemployment numbers did not meet this administration's expectations.

As I stated last month, gold made new all-time highs, and I continue to expect my initial target of 3800 to be tested within the next two quarters. I still expect silver, palladium, platinum, and copper to outperform physical gold and would recommend investing in material equities that represent



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As of August 15, 2025 in USD 12:14:11 P

# Good Trading for the Long Term

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exposure to metals. Agricultural prices are low because of the lack of trade with China, but I expect most commodities to move higher over the next 3-5 years, in particular, oil.

I continue to recommend energy stocks based on underperformance, attractive valuations and excellent dividends. I expect material and energy stocks will be insulated during a recession and a potential market correction. The likelihood of commodity prices going much lower seems unlikely and higher more likely. Therefore I expect inflation to go higher and do not believe a Fed rate cut is necessary when the S&P 500 is literally at all-time highs. This medicine should be used at a better time and not under political pressure. Changing the Fed members for political gains to lower interest rates is a great example of how the confidence we have had in the past in government numbers, may not be there in the future.

For now, enjoy the summer rally. I will continue to ride the sugar high that has pushed the S&P 500 to record highs. I have a positive long-term outlook and believe the market is pricing in the best-case scenario and ignoring many issues for the time being. Since momentum is one of the strongest factors in investing, we may get through the fall without a significant pull back. The likelihood is still for a positive ending for the year.

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