



STRATOS

Investments of OneSeven



Stratos S&P 500

Market Analysis

**Primary Target:
7056**

**Intermediate Target:
6813**

**Initial Support:
6471**

**Intermediate
Support:
6212**

**Primary Support:
5942**

**Base Camp:
5692**

**Line in the Sand:
5476**

October 17, 2025

**WEEKEND AT
BERNARD'S**



**The Glass Continues to be
Full. Why Worry?**

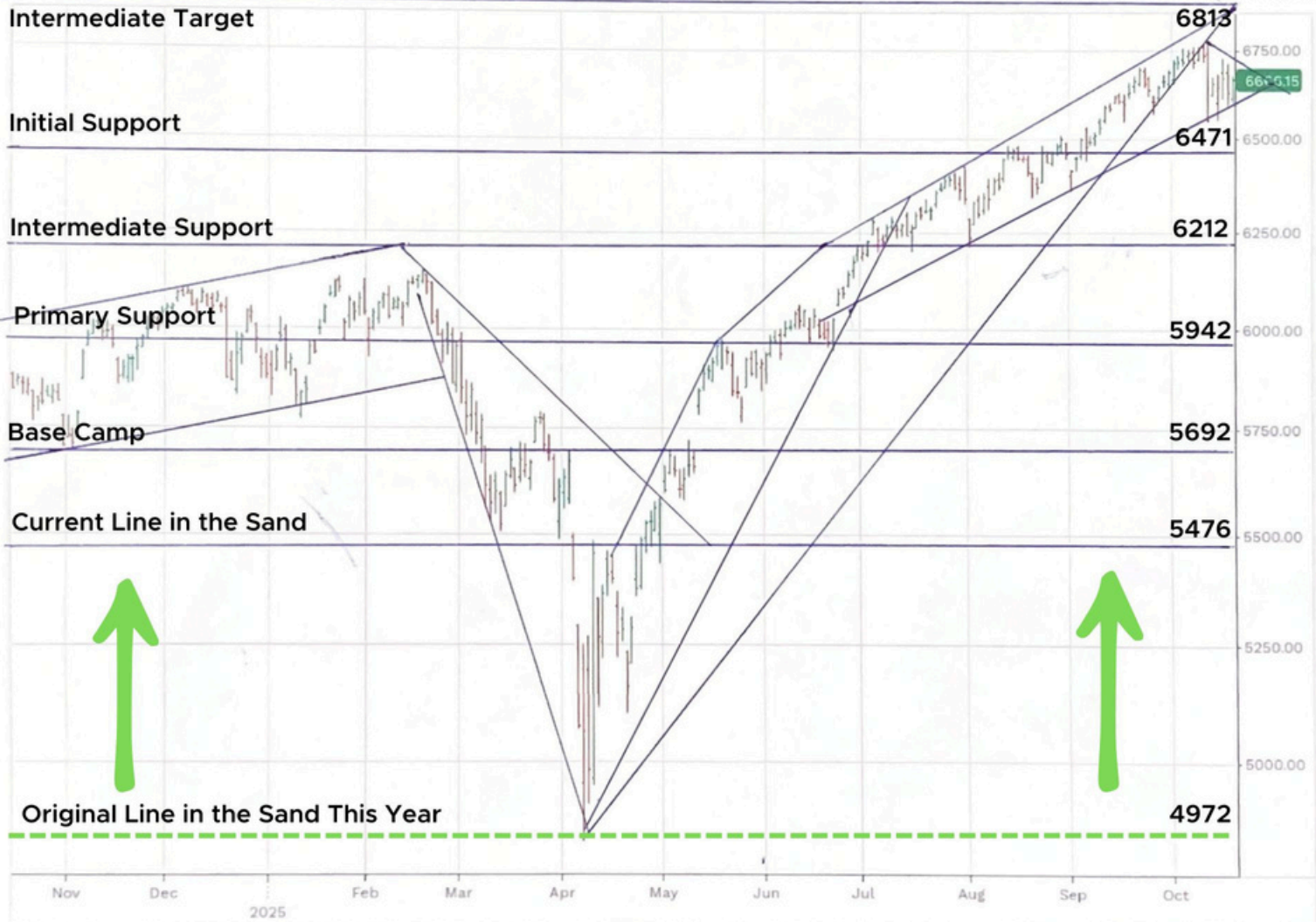
Even though there has been a lot of negative news over the last month, the U.S. stock market continues to show remarkable resilience. The glass is still more than half-full. Momentum continues to dominate investors' optimism and I now believe a short-term top in the S&P 500 is starting to take place. The recent high in the S&P 500 of 6764 was only 1% from Stratos intermediate target of 6813. I expect the possibility of a technical correction that will test my initial new support level of 6471, or perhaps, test my intermediate level at 6212. I continue to expect the U.S. market to close near the highs by year-end. Any trade above 6813 does open the door for a potential year-end testing my primary target of 7056. I am also raising my Line in the Sand again to 5476.

I am worried that tariffs are going to start affecting the way the U.S. consumer spends. The uncertainty is beginning to become more certain with tariffs. The average tariff is now 13% with Europe, much higher in other countries, and over the next 12-18 months, I forecast the majority of these costs to be slowly transferred to the consumer on a monthly basis, which will be long-term inflationary. The U.S. economy continues to show incredible strength, but recent changes within the political system will start to affect our credibility. Important numbers on unemployment, consumer inflation, retail sales... are no longer available because the government is closed. The authenticity behind these numbers is now in question as well.

In reviewing this year's volatile activity, the U.S. stock market during the first four months felt double digits testing Stratos Line in the Sand, which held like a rock. I was fortunate enough to invest in the S&P 500 market on the day that it traded its lows this year. Therefore, I am equally surprised by the remarkable strength the U.S. market has shown since April 7th. Because I believe earnings cannot keep up, the last quarter of 2024 advances in the S&P 500 will more likely go into next year's returns. With the Federal Reserve pressure to potentially cut interest rates, at least three or four more times over the next six months, investors will no longer benefit from high-money markets. At the same time, the likelihood is that once the 10 year treasury trades above 5%, it will probably double. Interest rate cuts will have a negative effect on the dollar and the probability of a weaker dollar will lead to worries about double-digit inflation, not 3%, which is where we're at right now.

I expect that if we do enter into a short-term recession that's partially tied to immigration and other unfounded economic policies that Herbert Hoover believed in, we know all the results of those, which lead to the crash of 1929. I was working for Kidder Peabody in the stock market crash of 1987 and some of the issues then are present in today's market.

With precious and industrial metal prices soaring over the last quarter, the thought of inflation being under control is not very logical. Gold prices blew through our intermediate target level of \$3838, and has traded above \$4300 this week, potentially testing our primary target of \$4392. Precious metals are outperforming everything, which is very rare.



Good Trading for the Long Term


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Food prices continue to go higher, but for the short-term, energy prices have moved slightly lower. Oil is currently testing its lows of the year, anticipating, I believe, a mild recession that was forecasted in the beginning of the year. The uncertainties that have affected businesses are reflective in new jobs, but the stability of the workforce is part of the strong foundation that we have in the U.S economy. Further government lay-offs have not yet been factored into the likelihood of lower growth, and earnings on stocks for next year. I predict oil stocks are undervalued and provide investors a unique opportunity in growth with income. The precious metal sector has done excellently in 2025, and I expect the metal industry to have a continued lift as inflation will be a concern for the next few years. The fact that the government is likely to increase the U.S. deficit by trillions is not reason to expect inflation, interest rates, or the dollar to benefit.

In spite of all this, momentum continues to dominate the U.S. stock market. For now, optimism seems to be much more prevalent than pessimism. As I wrote last month, **ride the trend**. The less the market pulls back on a technical correction, the more likely we close the year near the highs. Investors are willing to pay for higher multiples for U.S. stocks. It's clear the glass is more than half-full, and as long as investors continue to think that, the market will trend higher. I continue to be optimistic for the short-term for U.S. stocks. Good Trading for the Long Term.

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