



Weekly Update

13-August-2025

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Managing Partner

- Not much has changed on the surface: Higher markets and lower Vol
- But rotations under the surface persist
- Economic data has worsened, the Fed is going to cut
- The first sign of debt being used to finance a data center
- Positioning flows and sentiment do not match
- Mania can be good
- Earnings have been great
- Credit card metrics slip in June
- Government data continues to erode
- Inflation ticks up in June but is more mixed in July
- Employment shocks to the downside
- Business surveys are mixed
- Housing: more Sellers than Buyers...but prices are not really dropping (yet)
- Durable Goods reverse lower; business spending slows
- Quick Hits
- Where did all the crypto money go?
- Chart Crime of the week

	Last	5d %	YTD %	1yr %
S&P 500	6,467	1.9%	10.6%	22.5%
QQQ	\$580.34	2.3%	13.8%	29.3%
US 10 YR	4.25%	4.23%	4.58%	3.84%
USD/DXY	97.8	98.2	108.5	102.6
VIX	14.5%	16.8%	17.4%	16.2%
Oil	\$62.74	-2.5%	-12.7%	-20.0%

*10yr, DXY, and VIX are levels not changes

** Oil is front month futures, beware

We are back from our boots-on-the-ground visit to Chalk Creek. Reading our last letter from July 23, we feel as though we could just repost it! That is, the market continues to grind higher with low index Volatility. But the news headlines tell another story (mostly Trump related: tariffs, chip export licenses, BLS firing, pressure on the Fed, peace in (the) Ukraine?, etc). And despite some relief in late July from the last mini-death rotation, the market is experiencing this dynamic all over again. Some say this is healthy...it points to a broadening of the

rally. But with winners being sold and losers being bought (or crowded shorts being covered), it is more plausible that quiet summer action is catching some weak-handed hedge funds off guard.

But this technical-rotation explanation ignores the recent economic data which has made a turn for the worse. The Employment Report was the lowlight with large negative revisions. Who knows what the real data is (more below), but similar to Chinese data, we believe in the directional trend. But this still does not explain the market rotation. If the market is trading with another stagflation bias, then the likely winners would still be the Quality Mega-caps that have growth and pricing power (both which buck the low growth and inflationary trends found in stagflation). This brings us back to it being August with weird trading dynamics. Of course, we recently noted that these “de-risking” rotations last shorter periods than they use to. Maybe this means they reemerge sooner, too!

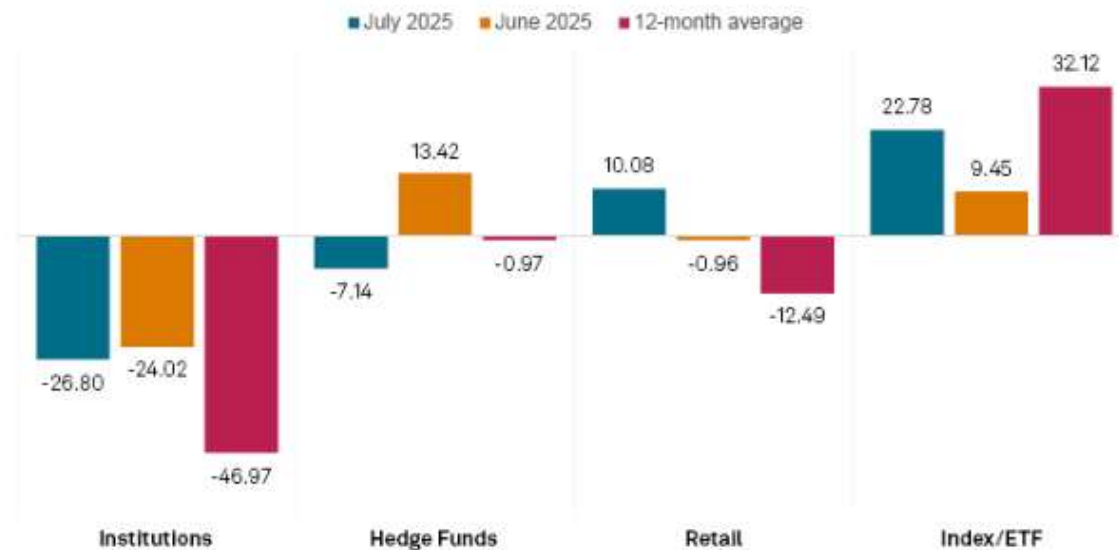
The market has also experienced a few Fed cycles in recent weeks. A month ago, there was a 60% chance of one rate cut in September. All of Powell’s pushback on tariffs and the refusal to acknowledge the slowing Labor market (despite slower growth appearing in the official Fed expectation) had slashed the market’s rate forecast. But some more Fed voices started acknowledging there might be a need to cut rates sooner or more than expected. And then the combination of the poor Employment Report and a benign inflation number moved the market to a guaranteed rate cut. Obviously, nothing is guaranteed, but the market’s probability (according to the futures market) of at least one rate cut in September is 100.0%!

One note of caution: Some AI data centers are starting to be financed with debt. This is how the dot.com bubble burst. One reason we thought this massive spending spree was sustainable (and thus extremely profitable for NVDA and TSM etc.) was that it was being financed with cash flow. A little debt is not a bad thing, and we still think the whole trade/trend has legs. But if the use of debt starts to creep up, that could be worrisome.

➤ Positioning flows and sentiment do not match

We are always getting an overdose of flow (hard) and sentiment (soft) data. We find it hard to use unless there is a strong consensus among the various sources. S&P has some data...we think it is pretty good because they are investor agnostic (vs say DB who only reports what DB clients are doing etc.). According to S&P, Retail has been selling about \$12.5b a month for a year through June. But July saw Retail reverse course and buy over \$10b. This conflicts with other sources that show Retail has been buying all year. But we think the difference is that the other data sets aggregate ETF buying into their buckets instead of having it broken out separately like it is here. Looking at Institutions (mutual funds, pensions, etc), there is certainly a consensus that they have been steady sellers. And yet, the Merrill Fund Managers Survey tells us that portfolio managers are extremely bullish! Their cash levels (not to be confused with the cash level in the overall market which does not exist) are low, the positioning is high, and their expectations for a recession have dipped near zero. And Retail sentiment according to the AAII shows Bearishness is on the rise again. We think this is a function of investors (all kinds) saying they are bearish, but they do not want to miss the rally, so they reluctantly buy. Typically, this would be a positive sign as they would buy more when they became more bullish. But if investors really are being forced to be long, a market selloff could be extended as people reverse out of positions.

Net capital flows (\$B)



Data accessed Aug. 7, 2025.
 ETF = exchange-traded fund.
 Source: S&P Global Market Intelligence.
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Also, Merrill says Emerging Market equities are the most overbought global asset. On a correlated note, the USD is the most oversold asset. We find ourselves in agreement with this sentiment which is never a good thing (since we are long EM and benefit from USD weakness).

Another aside: Goldman's prime brokerage unit (fancy word for hedge fund custodian and lender) says gross exposures were reduced by 6 percentage points three weeks ago. They note that a large move is 2-3ppts in the absence of a large market event. This confirms what we have been seeing in the market...mini death rotations have been taking their toll.

➤ Mania can be good

Goldman reports that the current mania in Fantasies & Frauds, Profitless Tech, SPACs, Memes, whatever has reached the third highest on record. Goldman puts the current buying spree behind the dot.com era of 1998-2001 and the post Virus Fear free-money parade of 2020-2021. Obviously, these previous periods of euphoria ended in crashes. But Goldman points out that stock market returns have been strong for three-, six-, and 12-month periods when their Speculative Trading Indicator is tripped. Outside of this indicator, Goldman points out that Call options have accounted for 61% of option volume recently (highest since 2021), IPO's have been flying, and SPAC issuance was \$9b in Q2 (highest since early 2021). As we always remind others and ourselves, this is not our cup of tea. We do not want to be left holding the bag and then kicking ourselves into kingdom-come for owning dogshit.com. But we will use the momentum factor to our advantage within our own framework.

Exhibit 1: Speculative Trading Indicator shows a recent increase in speculative activity



Source: Goldman Sachs Global Investment Research

➤ Earnings have been great

Here is the Earnings recap with about 90% of the S&P 500 having reported. The current 12.4% growth rate is much better than the 5.8% growth expected on April 1. It has even eclipsed the 12% expected at the beginning of the year when broad sentiment was extremely bullish. And the growth rate was about 8% after a third of the companies reported...so Earnings have accelerated throughout the reporting season. We have talked about the divergence in expectations...the analysts were conservative while the investor community was more optimistic. At least that is what we have been told. But as we have noted, this low bar of expectations became very outdated when the market rallied 25-30%!

Exhibit 3. 2025Q2 Blended (Reported & Estimated) Earnings Growth

Sector	Today	1 Jul	1 Apr	1 Jan
Consumer Discretionary	6.6%	-3.5%	3.7%	7.3%
Consumer Staples	0.7%	-2.7%	1.7%	5.2%
Energy	-13.5%	-25.4%	-7.6%	-4.6%
Financials	13.9%	2.7%	5.1%	3.2%
Health Care	8.6%	4.1%	10.6%	13.2%
Industrials	4.4%	2.0%	8.6%	13.6%
Materials	-1.2%	-3.5%	1.8%	10.0%
Real Estate	1.6%	2.6%	2.3%	5.2%
Technology	22.8%	17.7%	19.1%	20.7%
Communication Services	49.0%	31.8%	31.9%	33.4%
Utilities	-0.6%	-0.2%	2.8%	1.9%
S&P 500	13.2%	5.8%	10.2%	12.0%

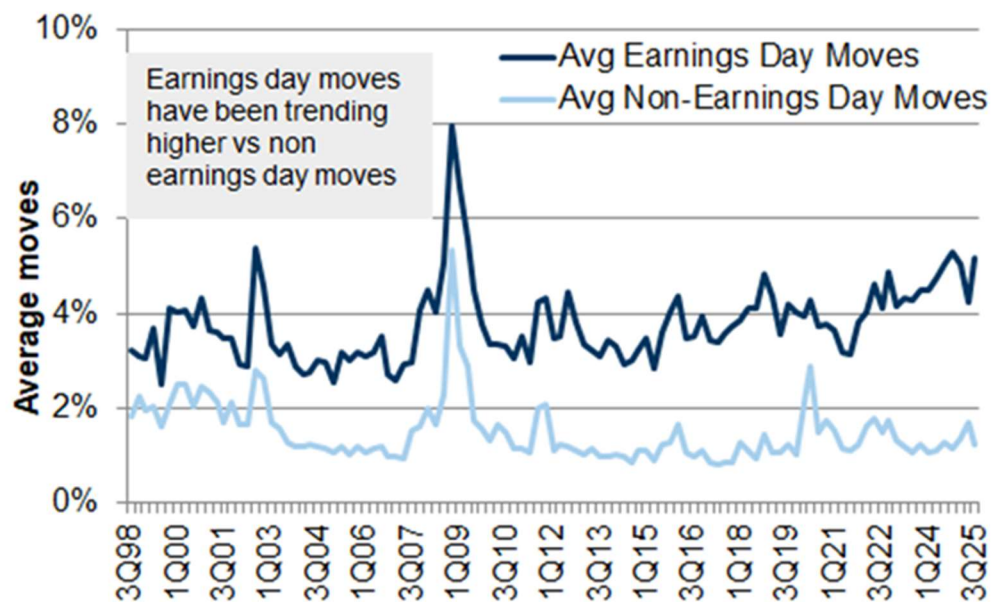
Source: LSEG I/B/E/S

Exhibit 4. 2025Q2 Actual Earnings Growth

	S&P 500
Today	12.4%

Source: LSEG I/B/E/S

We do not have much to add to this next chart other than to say we believe it.



Source: Bloomberg, Goldman Sachs Global Investment Research

➤ Credit card metrics slip in June

The average credit card delinquency and charge off rates moved higher in June vs May and against the pre-Virus Fear comp (we think using this measure is getting a little long in the tooth now, but the analysts still do it for now). In particular, Discover skewed the data to the downside, while the higher-end cards all improved. Capital

One, which now owns Discover, fell in the middle. We think there are some synergy dynamics at play here, but there is some mild weakness for the bottom of the K-shape economy. We have not talked about this dynamic too much lately (we were mentioning it every week seemingly for a while there). We do not expect it to worsen, but some consumer-facing earnings calls are still highlighting the discrepancy (notably McDonald's).

			2025				2024	2019	change, June '19 to June '25
Company	Ticker	Type	June	May	April	3-month average	June	June	
Capital One	[[COF]]	delinquency	3.92%	3.85%	3.95%	3.91%	4.14%	3.40%	52
		charge-off	5.29%	5.57%	5.66%	5.51%	5.93%	4.55%	74
Discover (domestic card)		delinquency	3.60%	N.A.	3.50%	3.55%	3.69%	2.34%	126
		charge-off	4.96%	N.A.	5.04%	5.00%	5.67%	3.54%	142
American Express	[[AXP]]	delinquency	1.3%	1.3%	1.4%	1.33%	1.3%	1.4%	-10
		charge-off	2.1%	2.1%	2.0%	2.07%	2.3%	2.5%	-40
JPMorgan	[[JPM]]	delinquency	0.84%	0.85%	0.89%	0.86%	0.82%	1.13%	-29
		charge-off	1.69%	1.84%	1.67%	1.73%	1.60%	2.42%	-73
Synchrony	[[SYF]]	delinquency	4.20%	4.2%	4.3%	4.23%	4.5%	4.0%	20
		adjusted charge-off	5.70%	5.2%	6.3%	5.73%	6.1%	5.5%	20
Bread Financial	[[BFH]]	delinquency	5.70%	5.7%	5.7%	5.70%	6.0%	4.3%	140
		charge-off	7.80%	8.0%	7.8%	7.87%	8.4%	7.4%	40
Citigroup	[[C]]	delinquency	1.38%	1.39%	1.41%	1.39%	1.36%	1.57%	-19
		charge-off	2.12%	2.33%	2.70%	2.38%	2.47%	2.56%	-44
Bank of America	[[BAC]]	delinquency	1.38%	1.37%	1.42%	1.39%	1.41%	1.56%	-18
		charge-off	2.26%	2.44%	2.70%	2.47%	2.50%	2.71%	-45
		Avg. delinquency	2.79%	2.33%	2.82%	2.65%	2.90%	2.19%	60
		Avg.charge-off	3.99%	3.93%	4.23%	4.05%	4.37%	3.90%	9
		Avg. delinquency ex-BFH	2.37%	2.16%	2.41%	2.31%	2.46%	2.20%	17
		Avg. charge-off ex-BFH	3.45%	3.25%	3.26%	3.32%	4.01%	3.40%	5

➤ Government data continues to erode

We have long lamented the diminishing veracity of the official employment data. It is all survey based, and the response rate has been declining at a rapid pace. Now Apollo tells us that the same is happening to inflation data. The Bureau of Labor Statistics is responsible for compiling the Consumer Price Index (CPI inflation). It seeks to get 90,000 different prices for 200 different product categories. Much of this data collection is manual...store visits, phone calls, landlord surveys, etc. Historically, the government has had to estimate about 10% of the prices. Now, they have to guess at 30%. We have two points: Do not trust the data...trust what the market believes. And why in the world is the BLS doing manual price checks and surveys? (This segment was written before Trump fired the head of the BLS.)

➤ Inflation ticks up in June but is more mixed in July

Inflation ticked up in June as expected (per the change in the Personal Consumption Expenditure index (PCE)). Both the headline and the "Core" ticked up to +0.3% from the +0.2% increases in May. This was expected and the data are roughly equal to the June CPI data.

Personal Income and Personal Spending both improved in June from the lackluster readings in May. Income increased +0.3% vs the -0.4% drop in May. Spending also increased +0.3% in June after being flat in May (which was revised up from -0.1%).

More importantly, the July CPI report decreased on the headline from +0.3% in June to +0.2% in July. The "Core" was a little hotter at +0.3% which is up from +0.2% in June. The annualized rates are +2.7% on the headline (same as June) and 3.1% on the "Core" (up from +2.9%). Core Goods increased from +0.7% to 1.17% on the year. Core Services (which strips out Housing...awful silly but the Fed talks about it) increased +0.3%. The

inflation bears (think it is moving higher) point to the 3.59% annual rate which is up +0.5% over the last three months. We are not dismissive of this number...we just know slicing and dicing the data can be self-reinforcing.

Food prices were flat on the month (At Home flat; Away From Home down slightly). Energy was down over -1%. Electricity prices actually fell -0.1%...hallelujah. There are plenty of media reports blaming tariffs for the +0.5% increase in Used Car prices (their annual increase went from 2.8% to 4.8%) . But New Vehicles prices were flat (a great example of looking at data vs narratives). Shelter prices increased +0.2% which is the same as June. Rent increases were a little cooler (+0.2%) than Owners's Equivalent Rent (+0.3%...that kooky stat that requires homeowners to guess the rental values of their homes). Hotel prices dropped -3.6% (this price point is volatile). Medical Services costs are increasing across the board.

Recap: Despite all the media hoopla around tariffs...we are withholding judgement until we actually see substantial price increases. Moreover, most Fed members have admitted that any price increases will likely be one-offs. Even though the consumer (or the company eating the margin) will feel that pain, the Fed only concerns itself with trends (we can see both points).

➤ Employment shocks to the downside

The Employment Report for June was a big disappointment. The NonFarm Payrolls headline was a miss with only 73k new jobs being added. But the real story is the large revisions to May and June. Together, there were 258k fewer jobs added. June was revised down from 147k to only 14k. And May was lowered from 144k to 19k. Recall that State and Local Government jobs had been growing while DOGE hit Federal jobs. These revisions reverse the government job growth to the tune of about -100k. Most of the revisions were outright reversals, but about 30% is attributed to seasonal factor adjustments.

Private Payrolls were decent at +83k. A silver lining to the revisions data is that Private Payrolls were only downgraded by 73k in June. This means Government jobs took the brunt of the change. Of course, the downside to the Private job gains is that Healthcare and Social Assistance continue to lead the gains (while these jobs are necessary, they do not have a large multiplier effect...they do not spur on other economic growth).

The Unemployment Rate remained the same at 4.2%. The Labor Participation Rate fell from 62.3% to 62.2%. This means overall employment inched up by about 100k. But full-time employment fell by over 440k! Part-time work surged by about 250k. But also, the number of multiple job holders fell by around 500k. Also, Average Hourly Earnings ticked up as did Average Weekly Hours.

A lot of this data seems strange to us. Some pundits think the seasonality has not been applied correctly. Trump obviously thinks there is manipulation in the numbers (we are not sure about this, but we certainly believe the survey methodology is severely flawed). Ultimately, we think the Fed looks at the headline Unemployment Rate (and thus will be cutting rates as long as inflation is under control).

Jobless Claims have zig-zagged a bit recently: 21k, 217k, 218k, and up to 226k last week. These moves are rounding errors. Continuing Claims are more worrisome hitting 1.97mm last week. This has been one of the interesting splits in data. People are not getting fired (Initial Claims are low). But people are not being hired. We think this means businesses are a bit cautious in the short-term but know they need to keep their current staffing level for a pickup. That said, the Challenger Job Cuts did increase a touch, but they are in line with the historical average (and way below previous times of stress).

Job Openings (JOLTs) fell to 7.44mm in June after decent increases in April and May. Quits fell more than expected in June from 3.27mm (revised down from 3.29mm) to 3.14mm. This is not bad data in isolation, but it is no relief for the weak Jobs numbers.

➤ Business surveys are mixed

The early readings (July) on the business surveys (PMIs) diverge in a surprising manner. The S&P's gauge for Manufacturing fell sharply from 52 to 49.5. This is the first negative (below 50) reading of the year. Conversely, Services jumped from 52.9 to 55.2. The final reading for Services improved further to 55.7.

But the ISM survey is a different story. Services in July fell from 50.8 to 50.1 compared to an expectation of an increase to 51.5. And all the components disappointed: Business Activity, Employment, New Orders (all down), and Prices (up).

The Dallas Fed's Manufacturing index for July bounced into positive territory (-12.7 to +0.9). Services also bounced albeit by a smaller margin (-4.4 to +2.0). The Kansas City Fed's Manufacturing index reversed into negative territory (+5 to -3).

➤ Housing: more Sellers than Buyers...but prices are not really dropping (yet)

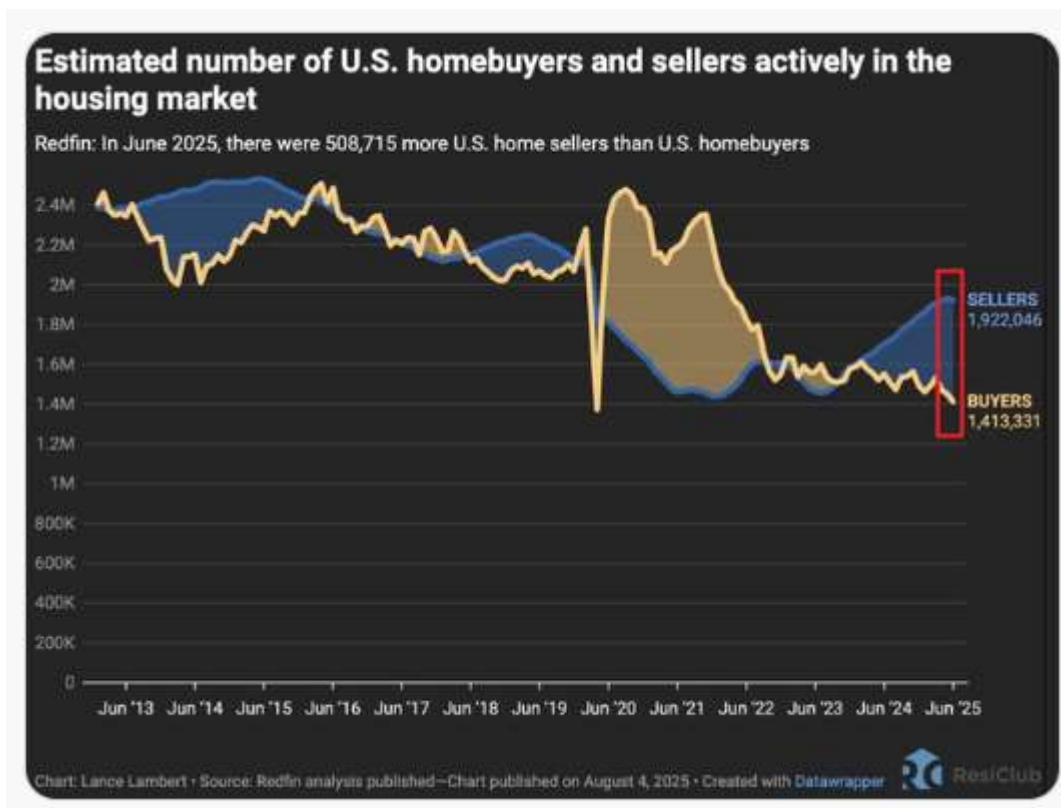
New Home Sales in June were up a hair to 627k (annual run-rate). They are still wallowing near two-year lows. And they missed expectations for a gain to 650k. Building Permits were down a bit to 1.393mm. The number of unsold New Homes on the market hit an 18-year high of 511k. Unlike Existing Homes (another record high), New Home prices fell almost 3% compared to last June.

Pending Home Sales in June fell about 1%. This is about a 3% drop on the year.

Mortgage Applications are still sitting at a muted level. But this last week saw a jump almost to its 1-year high.

The average 30-year mortgage rate moved lower to 6.83% and then 6.77% and now sits at 6.67%.

Here is a chart that we have been trying to convey with the data. Supply has been increasing, but prices have not cracked yet. It is only a matter of time. Some expect a 20% drop in prices...this is the approximate math on a \$500k house with a 2.5% interest rate differential with the aim to keep the monthly payment the same. However, we expect buyers to come out of the woodwork when prices start falling, so we doubt the pain gets anywhere near this level (consumer debt is low, wealth is high, etc). Falling interest rates obviously help mitigate these price levels (and thus the price drops might not be as severe).



- Durable Goods reverse lower; business spending slows

Durable Goods Orders in June fell sharply. But the -9.3% fall was better than expected. And recall May had that abnormally large 16.5% gain because of Transportation goods (one-offs). That said, Core Capital Goods (aka business spending) did slip -0.7% vs the 2% gain in May. The market expected a slight increase. Even this Core number can be volatile, so we need to see a trend before we worry about business spending.

- Other economic data is better

The first reading of Q2 GDP has growth at 3.0% which is markedly better than the 2.5% expected. We have discussed the give-and-take from Q to Q with respect to the front running of tariffs (see trade data below) and some gold imports. Net Imports without concurrent sales appear as a drag on GDP. That is why Q1 GDP looked so bad (-0.5%). And the current quarter's data is probably exaggerating the current growth rate. Real Consumer Spending, a measure which tries to strip out these calculation quirks and just looks at spending, increased +1.4%. This is up from the small +0.5% gain in Q1. But it is still below the +2-4% range in 2024.

The June Trade Deficit shrank from -\$71.7b to -\$60.2b. The March Trade Deficit was -\$138.3b

For the headline GDP, we have noted the wide dispersion of guesses. For what it is worth, the Atlanta Fed's GDPNow tracked called for 2.9% growth. Its current tracking Q3 growth at 2.5%.

Weekly Redbook Retail Sales: +5.1%, +4.9%, +6.5%, and +5.7% over the last four weeks.

Total Vehicle sales in July increased from 15.3mm to 16.4mm (annualized run-rate).

Factory Order fell sharply in June (+8.3% to -4.8%). Factory Orders ex-Transportation increased from +0.3% to +0.4%. (This data is basically a repeat of the Durable Goods headline fake).

Small Business Optimism (NFIB) increased modestly (98.6 to 100.3). This continues to the recent stability after the volatility around the election (up) and the tariff scare (down).

➤ Where did all the crypto money go?

More details have emerged about one of our favorite crypto stories of all time. Recall the two crypto bros that kidnapped and tortured the Italian tourist trying to get his crypto passwords. When the tourist escaped and grabbed a traffic cop, one of the bros was arrested in his robe and bare feet. Apparently, he asked to call his mom while he unwittingly ratted out his bro partner. Ultimately, the two pleaded not-guilty and explained that the alleged acts were all part of a “bizarre yet consensual party atmosphere” according to the NY Post. According to one defense lawyer, it was just a “long running frat party.” This “party” included lighting the Italian on fire while bound to a chair, pointing a gun at his head (the police found polaroids of this), and **CUTTING HIM WITH A CHAINSAW**. (We love this story...except for the torture part).

We have been highlighting the new “Bitcoin Treasury” companies coming to market recently. We thought the foray into “tokens” was bad enough. But, apparently, there are 100 new listings every week!

In old school fraud news, the latest scam from Chinese hackers is stock pump and dumps. We are not sure why anyone buys a stock from a random WhatsApp message, but it is happening. These are Nasdaq listed “companies that get pumped into the billions of dollars. And then they lose 90% of their value. But the kicker is that once you have been fleeced, the scammers follow-up impersonating SEC officials. They get you to turn over your data and the fleecing cycle goes for another spin. Some of the recent scams include: WAI, PHH, CIGL, EDHL, PCLA, and OST.

We do not talk much about NFTs anymore. These are/were the digital art pieces that were in vogue during the free money parade of 2021-2022. There was a website (OpenSea) that featured up-and-coming or hot NFTs. One of its employees started front-running the website releases. He would buy the NFTs before they were featured and then sell them for huge gains immediately after publication. He was arrested and convicted for insider trading. Actually, he was charged and convicted with wire fraud. But on appeal, the conviction was overturned by the Second Circuit. The court concluded that the actions did not rise to fraud because the commercial property that was stolen “**HAD NO VALUE**” (the court’s words).

To repeat our oft stated position on NFTs, we think there is some legitimate value to digitizing art and other intellectual property. This protects artists and other creators. But buying and selling Bored Apes with real money was and forever will be risky speculation (we are being polite).

The pure schmuck that threw away his hard drive that contained the codes to 8,000 Bitcoin has finally given up his mission to retrieve the bounty. This \$1b loss might be the all-time woulda/coulda/shoulda.

➤ Chart Crime of the week

We hate politics. But this is a doozy from ol’ Bernie.

IT IS HARDER THAN EVER TO AFFORD A HOME

Real Weekly Wages vs. Median Home Price (2023 Dollars), 1967-2023



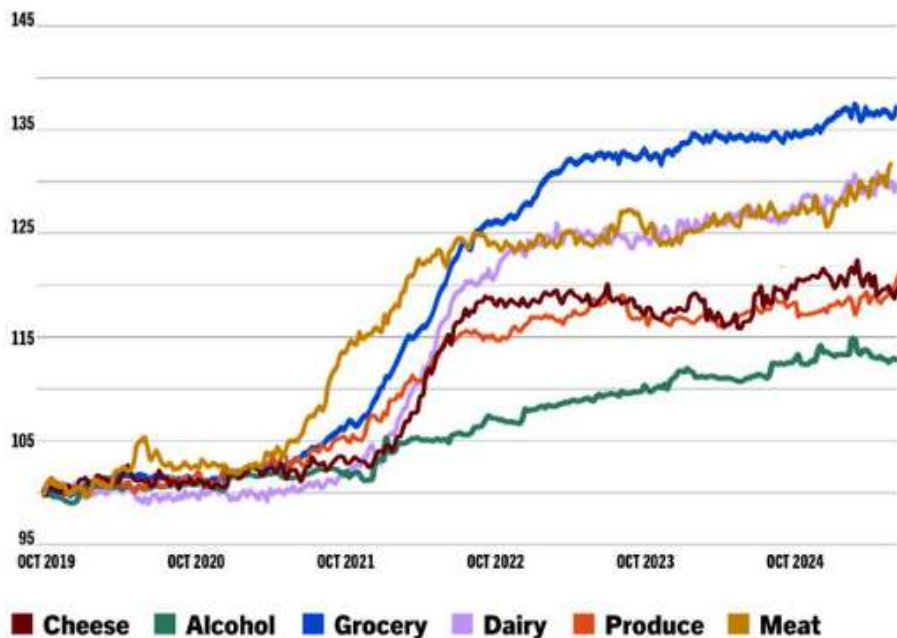
Source: Federal Reserve Bank of St. Louis, US Census

Bernie

And here is another political one (ugh). Apparently, we are to believe that the increase in Food prices since July 2024 is somehow worse than the increase since late 2021?

U.S. Grocery Prices Reached Record Highs In 2025

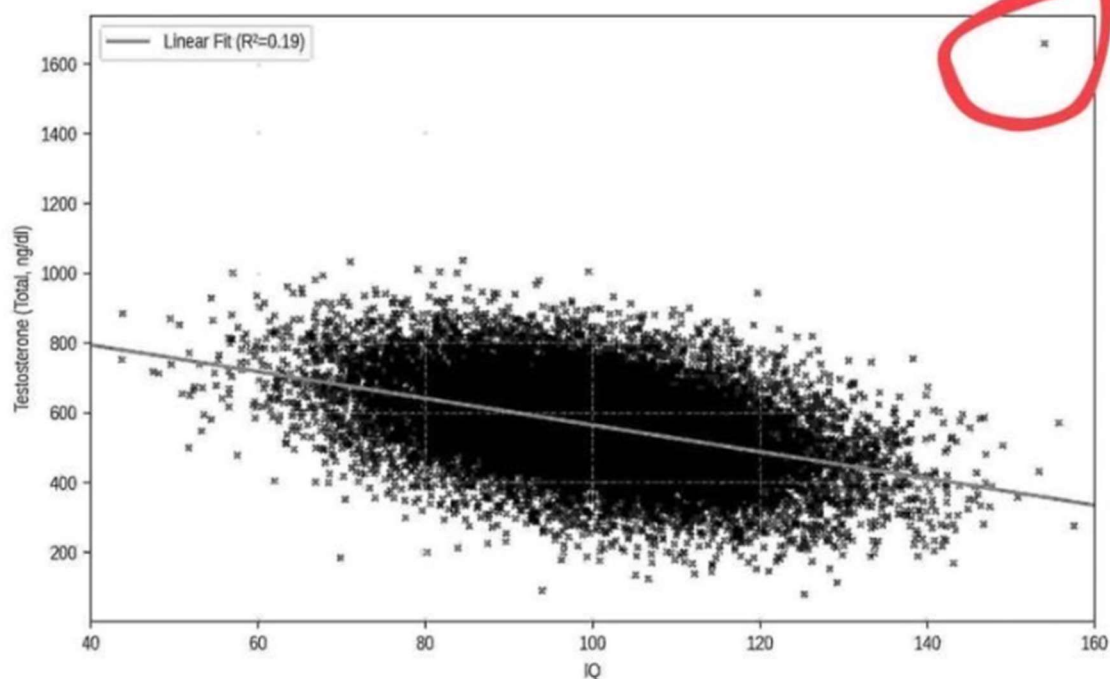
Prices are higher today than they were on July 2024 all in major categories listed below:



On the lighter side, the caption to this X post was “Who is this guy?”

Testosterone vs IQ

Sample from 15,439 Lifetime Natural Men,
from The Nat. Long. Study of Adolescent to Adult Health (Add Health, Wave 5, 2018)



On the much lighter side, here is a recent shot of a Cleveland Indians \$2 beer promotion. This did not end as infamously as the \$0.10 beer night in 1974 against the Texas Rangers (2023 World Champs). Our first thought was... this is fake. But we see the promotion on the MLB website. We are secondary fans of the Indians. But we still would not wear a free Ramirez jersey.



➤ Quick Hits

- McDonald's will be testing a new drink this fall in the category of "dirty sodas."
- Boyd Gaming recently sold its 5% stake in FanDuel back to its parent Flutter. When combining licensing income on top of the sale price, Boyd made about \$2b. They bought the stake for \$10mm.
- The running tally on federal money spent on EV chargers is \$19mm...for each one. 384 have been rolled out.
- Two members of the band *The Chainsmokers*, are private equity investors. We have talked about this one before (and others like it). They have just raised a third fund with \$100mm. Total AUM for the firm is \$225mm. Apparently, these guys are real investors unlike most celebrity pitchmen. We still would not give them any money.
- A two-year-old in India killed a cobra by biting it in self-defense.
- New York City is creating a Department of Sustainable Delivery.

- High Noon, an alcoholic seltzer drink, accidentally put some of its product into Celsius energy drink cans (nonalcoholic).
- The giant dam about to be built in western China (otherwise known as Tibet) will supposedly use the amount of cement equivalent to a two-lane highway that would circle the world five times. (Technically it will be a string of five dams which will incorporate a 2,000 meter drop in the river over a 50km stretch...we apologize for the silly use of the metric system).
- China accounts for 30% of the world's hydroelectric power.
- China's Three Gorges dam took over 18 years to bring to full operating capacity. The communists "relocated" over 1mm people during its construction.
- The Netherlands use to have a water slide at an amusement park that kept riders/swimmers/divers submerged underwater for 15-20 seconds. It was decommissioned in 2010.
- Sam Snead's record-setting tournament win tally includes a tournament that had four participants.
- Chevy Chase was in the predecessor band to Steely Dan while in college.
- The most used word on the New Jersey Wikipedia page that does not appear on any other state's page is Forms.
- Two almost identical Roberto Clemente baseball cards sold over the weekend. One went for \$9k. The other went for \$1.15mm. (Clearly, we will never be PSA graders.)
- Yemen has the second highest gun ownership per capita in the world.
- It cost more to build Grand Theft Auto 6 than to build the tallest building in the world (Burj Khalifa).
- Calvin Peete only hit one ball out of bounds during his 1200 rounds on the PGA Tour.
- There is a new world record for smashing walnuts in 60 seconds while holding a raw egg in the crushing hand: 293.

Trading: We have moved a few more pieces in the portfolio. We shifted more of our Big Tech. We sold some Energy but bought some Data Center infrastructure (a different Energy trade). We trimmed some of our long-running Staples after some mild Earnings stumbles. We added to some Emerging Markets. We bought some Consumer Discretionary. We also bought a midcap in Health Care (despite having a very bearish view on the sector as a whole). We juggled some Financials...moved more to money center banks vs regionals. We even bought some crypto-adjacent stock! Overall, we are not fighting the rotation that much. We will be more comfortable in a few weeks when investors are back at their desks (so we might try to front-run this a bit.)

TLAQ: While Tesla makes headlines about rolling out its robotaxi business in Austin, it is also starting a taxi business in San Francisco. They call it something like robotaxi with a chauffeur. That is a taxi.

Musk's AI dreams are being disrupted. He is giving up on his supercomputer project named Dojo. He says the efforts will be concentrated in the AI division. It is hard to keep up with the moving coconuts.

Lastly, Musk lost his bid to dismiss OpenAI's claims of harassment. Conversely, Musk is claiming Apple is shunning Musk's Grok AI tool from the App Store. These AI guys make Alec Baldwin's character in Malice look humble ("I am God").

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