

Today's Calendar

GMT-5	Event	Vol.	Actual	Consensus	Previous
TUESDAY, AUG 19					
07:30	Building Permits Change (Jul)				-0.1%
07:30	Housing Starts Change (Jul)				4.6%
07:30	Housing Starts (MoM) (Jul)			1.300M	1.321M
07:30	Building Permits (MoM) (Jul)			1.390M	1.393M
07:55	Redbook Index (YoY) (Aug 15)				5.7%
13:10	Fed's Bowman speech SPEECH				

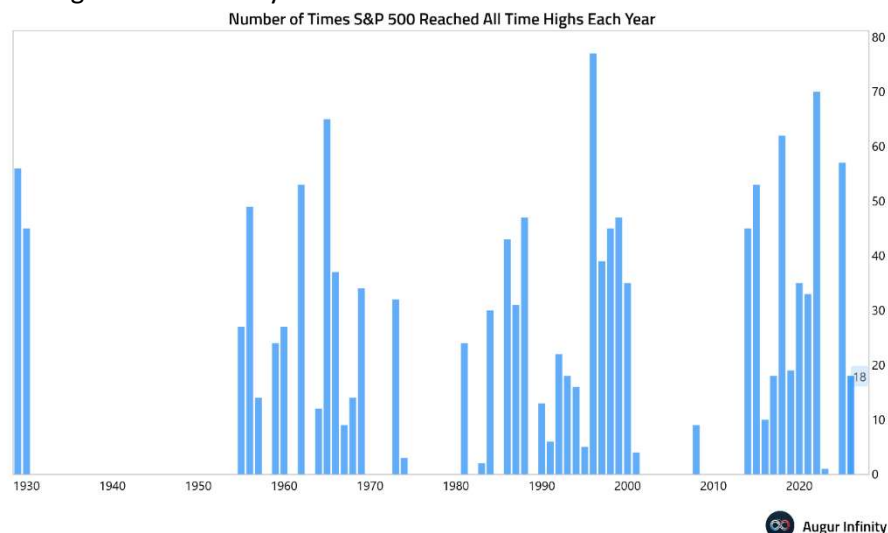
Notable earnings today:

Home Depot (before the opening)
 Toll Brothers (after the close)

Look Ahead: Friday is day 2 of the KC Fed Symposium in Jackson Hole, Wyoming. The markets will be watching closely whether or not Powell, who is scheduled to speak there that day, will give us any insight or clues as it pertains to the upcoming (September 17th) Fed meeting. Opinion: more than likely he'll mention how the Fed continues to monitor the various economic reports, being data dependent. We'll get one more NFP/Unemployment, CPI and PPI release before September 17th. Fed chair Powell to adopt a more cautious approach at Jackson Hole - MUFG

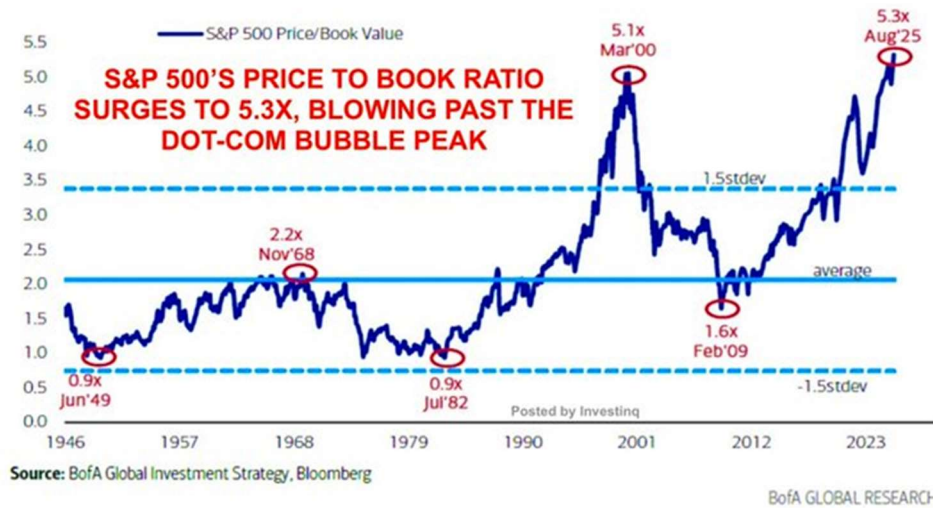
Red Flags

Yesterday I briefly mentioned Business Insider reported recently that Goldman was the second investment bank in just over a week with bearish comments in regards to the stock market. Bank of America was the first, pointing out the risks of a stock market correction possibly coming. This would be a correction off the all-time highs, looking at recording the 19th of the year.



Let's look at some more charts that might explain some of those risks Goldman might be keeping an eye on. The S&P broke a record not seen since the dot-com bubble of 2000. The Price-to-Book Value ratio hit a record 5.3x, surpassing 5.1x in March of 2000. The price to book value is a metric used to evaluate a company's market value relative to its book value. A low P/B ratio (<1) suggests the stock may be undervalued. A high ratio (>1) suggests the stock may be overvalued. Needless to say, 5.3x suggests bubble-like conditions (like we saw in 2000 dot-com).

Chart 2: It better be different this time
 S&P500 price-to-book value ratio

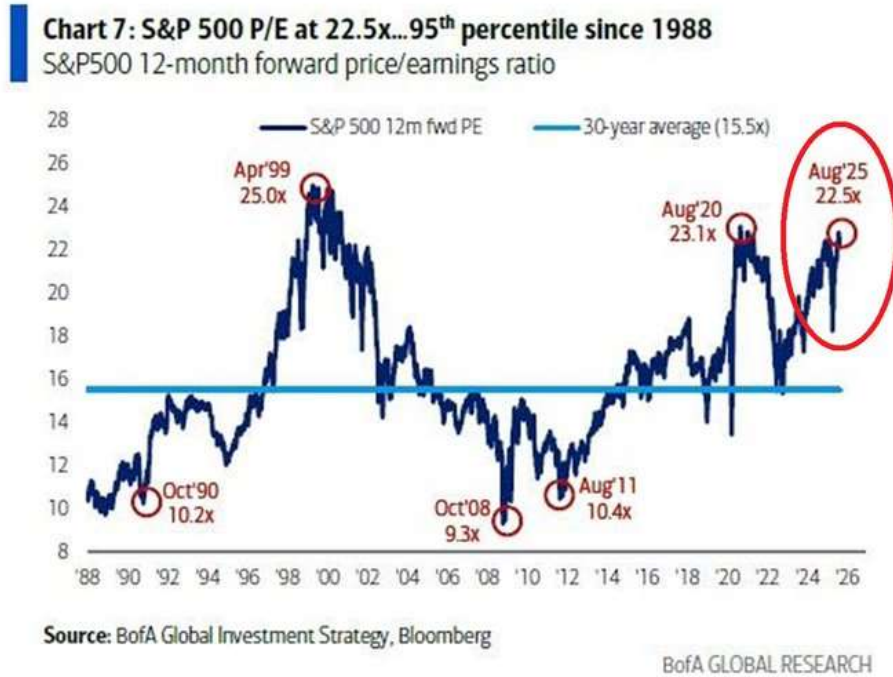


I mentioned last week (included the chart below) that there is a concern over a small number of stocks propping up the stock market. 10 stocks have captured 40% of the market.

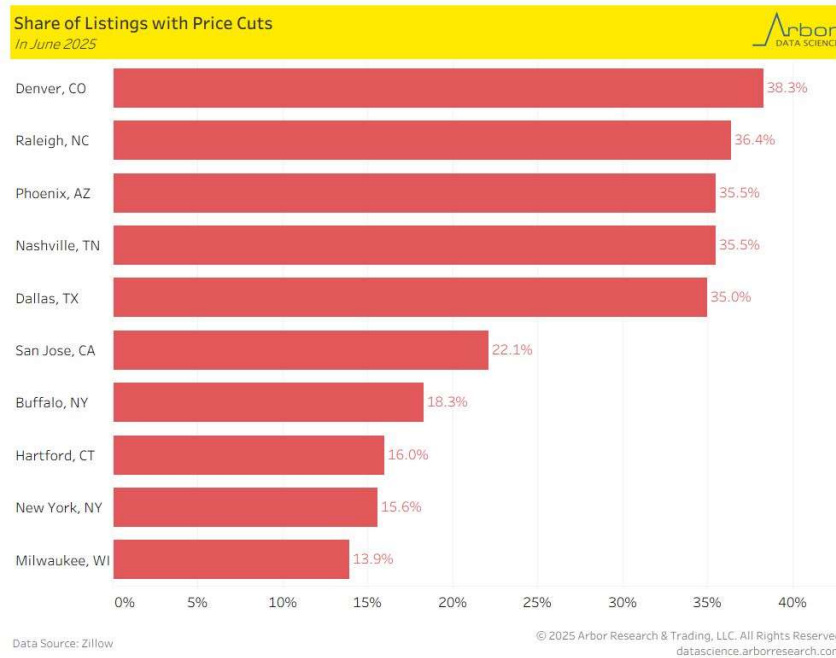
Exhibit 22: Concentration of S&P 500 market cap and earnings in the 10 largest index constituents



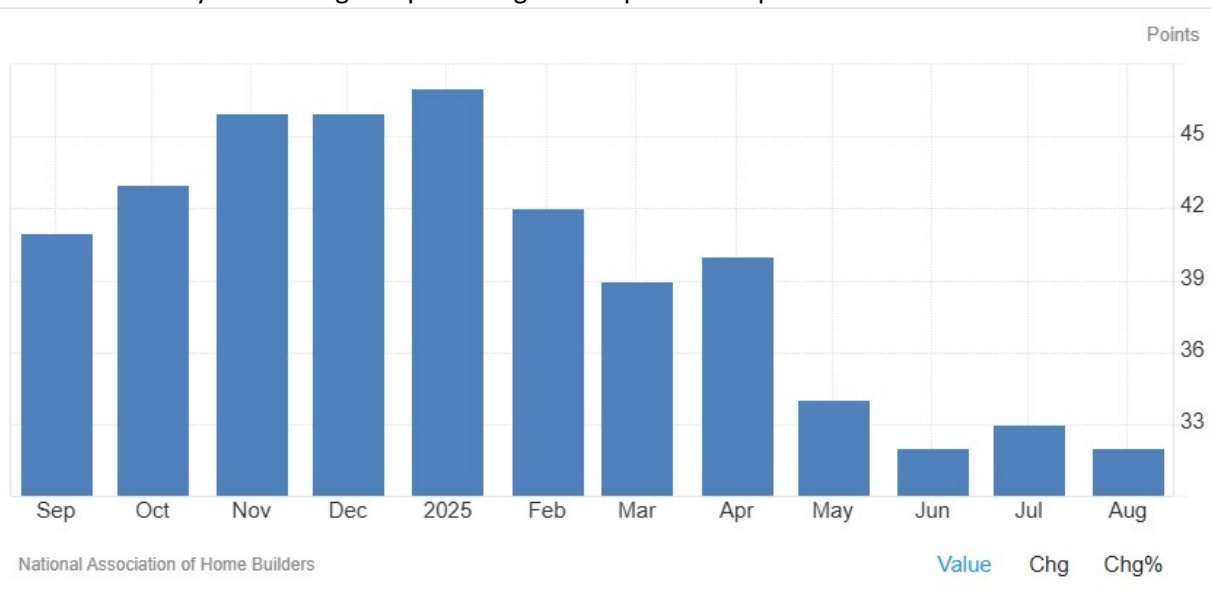
Lastly, the S&P forward P/E is now 22.5x, the second highest since the 2000 Dot-Com bubble (which peaked at 25.0x)



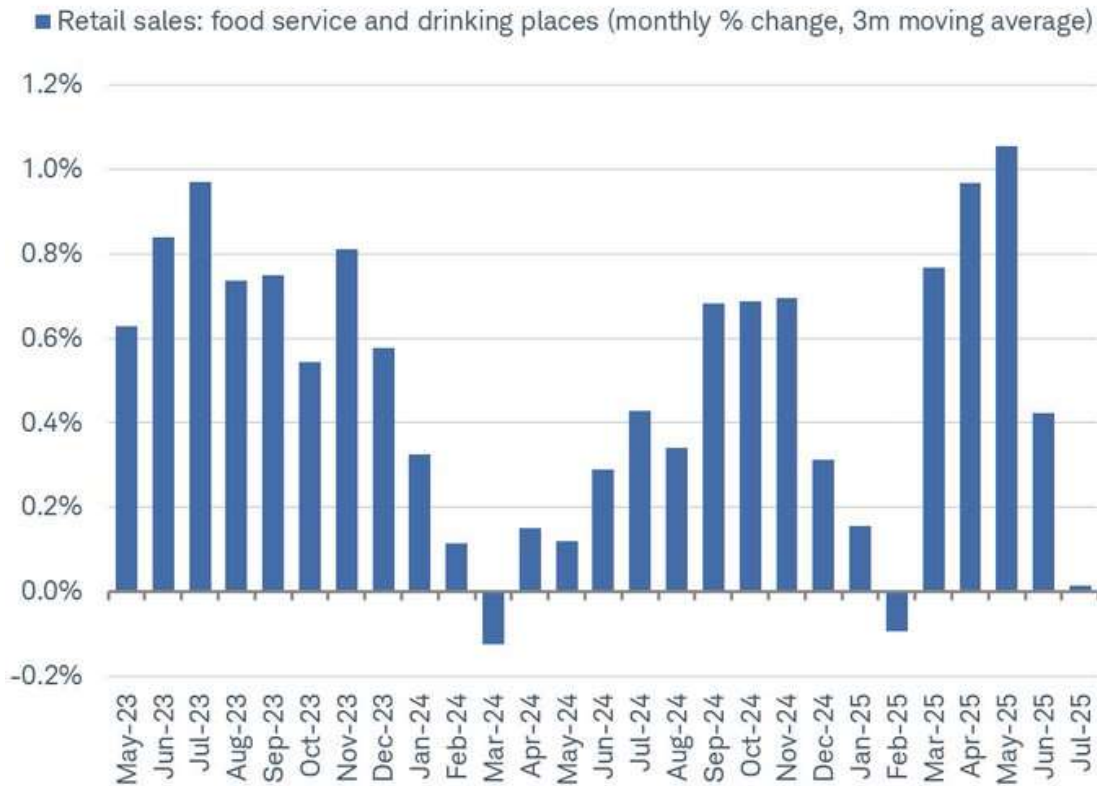
These are definitely some red flags to consider. Obviously, there are red flags in housing as well. Here's the latest from Zillow and Arbor. As of June, Denver had the largest % (38.3%) of for-sale home listings with a price cut. I personally have a friend who bought a house outside of Charleston, SC after he retired (to get closer to his wife's aging mother) from Fed Ex. Ultimately, they made the mistake first of buying the house first before selling their old house. They've now had to reduce their price twice, still no serious hits.



The NAHB/Wells Fargo Housing Market Index slipped one point to 32 in August from 33 in July. This was a miss, guesses were a rise of one point to 34. Current sales conditions fell one point to 35, and sales expectations in the next six months held steady at 43. Meanwhile, Traffic of prospective buyers posted a two-point gain to 22 but remains at a very low level. 37% of builders reported cutting prices in August down from 38% in July. This share has remained at 37% or 38% for the past three months. Meanwhile, the average price reduction was 5% in August, the same as it's been every month since last November. The use of sales incentives was 66% in August, up from 62% in July and the highest percentage in the post-Covid period.



Added bonus, let's go ahead and throw in the latest retail sales 3m average: Pretty big slowdown in growth for restaurants and bars



Source: Charles Schwab, Bloomberg, as of 7/31/2025.

All that said, I did recently read something that would counter the recession is coming theory. **According to FactSet Document Search: 87% Decline in S&P 500 Companies Citing “Recession” on Earnings Calls for Q2 Compared to Q1.** Through Document Search, FactSet searched for the term “recession” in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from June 15 through August 7. Overall, the term “recession” was cited on 16 earnings calls conducted by S&P 500 companies during this period. This number is well below the 5-year average of 74 and the 10-year average of 61. In fact, this number reflects a quarter-over-quarter decline of 87% compared to Q1 2025, when the term “recession” was cited on 124 earnings calls (March 15 through June 14). On a percentage basis, the term “recession” has been cited on just 4% of the 442 earnings calls conducted by S&P 500 companies from June 15 through August 7. At the sector level, the Financials (5) and Industrials (5) sectors have the highest number of earnings calls where “recession” was cited, while the Real Estate (10%), Financials (7%), and Industrials (7%) sectors have the highest percentages of earning calls where “recession” was cited. In 6 of the 11 sectors, no companies have cited the term “recession” on their earnings calls for Q2 to date. So, we have that going for us.

NTG Macro Minute commentary provided by Mark Sigman. For questions or comments, Mark can be reached at msigman@nesvick.com or on Trillian at [msigman@nesvick.com](https://www.trillian.im).

Thanks for reading.

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