



## What We're Seeing Right Now - August 2025

*Produced exclusively for clients and friends of Triad Investment Management*

Turmoil may be too strong of a word. Perhaps upheaval is better. Or maybe flux which means something that is constantly changing, uncertain and in transition. In any case the world continues to evolve with its everchanging list of positives and negatives.

Let's talk about some of each.

On the positive front it's clear to us at this early stage that artificial intelligence (AI) will in fact revolutionize many aspects of life, including business, labor markets, medicine, healthcare delivery, education, transportation...really every aspect of modern life. And on balance, we think it will be hugely positive. Yes, there are threats that AI will become so smart that it will figure out how to do away with humans. To which we say just pull the plug on the damn thing. No electricity, no AI threat.

If AI becomes the revolutionary force we expect, it could have a massive positive impact on business productivity—which has historically led to reduced inflation. Lower inflation usually leads to lower interest rates—a big benefit for the global economy.

AI could also have dramatic benefits for many regions of the world—think Africa, parts of Asia and South America—where living standards are much lower than ours. Improved educational resources, enhanced worker productivity and greater economic opportunities for impoverished countries would be good news for all. Why? We would have higher global output of goods, along with higher global demand for U.S. goods and services. Goodbye trade deficits? Reduced desire to immigrate to the U.S. for better living conditions? This might seem “pie in the sky” silliness. We'd politely say, “we don't think so.” We do believe AI will be a massive benefit for humanity. We'd guess the benefits will start appearing as soon as two to three years from now and will build over the years to come.

But against that we have an array of human flaws, foolhardiness, faults, failings, frailties, follies and foibles. Such as invasions, ongoing wars, coups, revolutions, territorial claims/counterclaims, genocide, dictatorships, etc.

Speaking of dictatorships, China, Russia, Iran, North Korea, also known as CRINK, are the global leaders in dictatorship and repression, and will likely continue to be for the foreseeable future.

Continuing issues include Russia's invasion, partial occupation and desire to control Ukraine. China's desire to take over Taiwan—this is the big one in our opinion. Were a military led Taiwan takeover occur, we could find the planet entering World War III. North Korea still desires to be...global troublemaker? Iran has been neutered for the time being, and hopefully that brings relative stability if not eternal peace to the Middle East.

On the geopolitical/economic front, tariffs appear to be an ongoing feature of the Trump administration. Businesses and consumers will need to adjust accordingly. The immediate impact is potentially an increase in inflation, hopefully by a modest amount.

Businesses have understandably been uncertain about the future impact of tariffs and have been in “wait and see” mode. Consumers in some cases have done the same.

The recent weaker job growth indicators now suggests that the Federal Reserve Board will

likely lower interest rates over the coming months, by .5% to perhaps 1% or so. Which doesn't sound like much, but businesses and investors would most likely celebrate any reduction in interest rates.

Where does this leave us? We always preach that the short term is almost always foggy. Clarity only comes about over the longer term. That will always be the case since we humans are involved and make emotional short-term decisions. One of our primary jobs is to continue to communicate the financial and emotional benefits of remaining calm and rational amid a constantly changing landscape.

We're optimistic that the less-heralded forces of progress will triumph over the always visible—thank you media—but ultimately short-term challenges that tend to get resolved. Primal survival instincts cause us humans to put more weight on short-term negatives instead of the more consequential long-term positives. That's just our Cro-Magnon caveman survival instincts kicking in. Nothing wrong with those feelings. We should recognize them but resist the impulse to act on them as they can cause serious long-term financial harm.

Resist the temptation. It's better for your mental and physical health to go for a walk.

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