

What We're Seeing Right Now - July 2025

Produced exclusively for clients and friends of Triad Investment Management

The poker game continues. King Donald—well, that's what some folks call him—just laid down a big bet. In the Middle East. A bunch of B-2 bombers delivered “bunker buster” bombs that “obliterated”—DJT's word—the underground nuclear weapons enrichment facilities of the Iranian Dictatorship. We try to be objective and steer clear of any obvious bias, but who in this world believes that Iran has only useful non-weapons plans for these facilities? Not us.

Trump kept the Iranians guessing. He surprised them when he acted quickly and didn't wait for them to run the clock out. Again, as is their pattern. If we've learned one thing about the Iranian dictatorship since the overthrow of the Shah in 1979—yes, another dictator—their modus operandi has been “delay, delay, delay.”

Let's not forget Israel's contribution to neutering the menace of the Middle East. Iran is the foremost instigator of Middle East turmoil, providing weapons, military training and financial assistance to a host of terrorist organizations. Such as Hezbollah in Lebanon. Hamas in Gaza. The murderous Assad Syrian regime—finally overthrown last year. Dictator Assad is now in comfortable exile in Russia. And of course we have the Houthis in Yemen. And Iran has had its fingers in Iraq.

But now the Iranians are facing a more difficult future. Their proxy fighters in these various countries have been severely impaired by Israel. And Iran is itself less lethal as many of its top military and scientific people have now been assassinated by the Israelis.

Why mention all of this? The Middle East has likely been transformed by this action, and the repercussions will reverberate for years, perhaps decades, in other parts of the world.

For example, what does this mean for China, the number one global military and economic threat for the United States and global freedom? Ever since Winnie the Pooh—sorry Xi Jinping—came to power in China, he's been salivating over the prospect of invading and “reclaiming” Taiwan.

Unfortunately for Winnie, the Taiwanese have little interest in his hostile takeover. And we must recognize a Chinese takeover of Taiwan would result in a major global recession, if not depression, given our current dependence on Taiwan semiconductors and other electronics. China must now reassess the potential American response to an invasion of Taiwan. China has long-held aspirations to “own” the Asian region in military and economic terms. Trump might play a “trump card” in Taiwan, so to speak. This scenario isn't far-fetched; China is rumored to be eyeing a 2027 invasion.

Likewise, Russia needs to think long and hard about its war in Ukraine. If Russia continues its immoral war, it could face an emboldened Donald Trump increasing military assistance to Ukraine. Vladimir Putin, the murderous Dictator of Russia, also doesn't know if Trump is friend or foe. Another poker play by Trump. Keep the Russian Bear off balance.

In addition, Trump played poker with the Europeans, convincing them that they need to spend far more money on self-defense. After months of Trump threats to leave NATO and abandon Ukraine, the Social Democracies of Europe have collectively decided that spending more on weapons and less on social welfare is a reasonable tradeoff compared to a Russian bear hug. Greater sharing of the defense burden is long overdue for Europe, in our opinion.

It's possible that the transformational events in the Middle East could lead to more responsible behavior among the larger dictatorships, such as China and Russia. It seems less likely that the U. S. will allow let these dictators to have relatively free rein. The Trump card has been played.

We're guessing the TACO label for Trump—**Trump Always Chickens Out**—is no longer applicable. It's also possible that label played a part in Trump's Iran decision.

Meanwhile, on the home front, tariff poker discussions continue, and it appears that Trump has softened his approach considerably while also making progress in rebalancing the global terms of trade. There are months of negotiations left to be concluded, but it does appear that the United States will benefit from new trade terms. Another apparent win for the poker player.

The U.S. economy is still growing, and inflation seems to be moderating, although it's still to be determined what impact the tariffs will have on inflation. As an aside, longer-term inflation might be reduced through widespread adoption of Artificial Intelligence as AI assists workers and alleviates worker shortages in many areas of our economy.

Congress is still working on the Big Beautiful Bill that Trump has proposed. We have serious concerns about the ginormous budget deficits which are adding to our growing national debt, set to be inherited by future generations. Unfortunately, politicians on both the left and the right don't seem to share our concerns. The result is tax cuts and spending plans. Good luck, Gen Z and Millennials.



NO MORE TACOS FOR ME, THANKS

You've probably noticed that the stock market has roared back from its mid-February to early April decline. It took just 45 days for the market to drop roughly 20%. Yet another example—how many do we need?—of the absolute futility of guessing what the market will do in the short-term. Utterly useless to guess. And guess is about all anyone can do. There is way too much randomness in the short-term. And plenty of historical proof of the benefits of sticking to a long-term game plan.

We'll also remind you that your investments aren't just pieces of paper to be traded on a stock exchange. Your investments are in some of the world's best companies and a strong defense against long-term economic adversity. Many of these businesses are global leaders with enormous potential for long-term growth and prosperity. And quality companies have historically provided excellent inflation protection.

We appreciate your loyalty and patience during these periodic—but always temporary—setbacks.

Remember, CNBC and other electronic talking heads exist primarily to sell ads. They require your eyeballs and ears to profit, using screaming, hysterical headlines for anatomical capture.

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

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