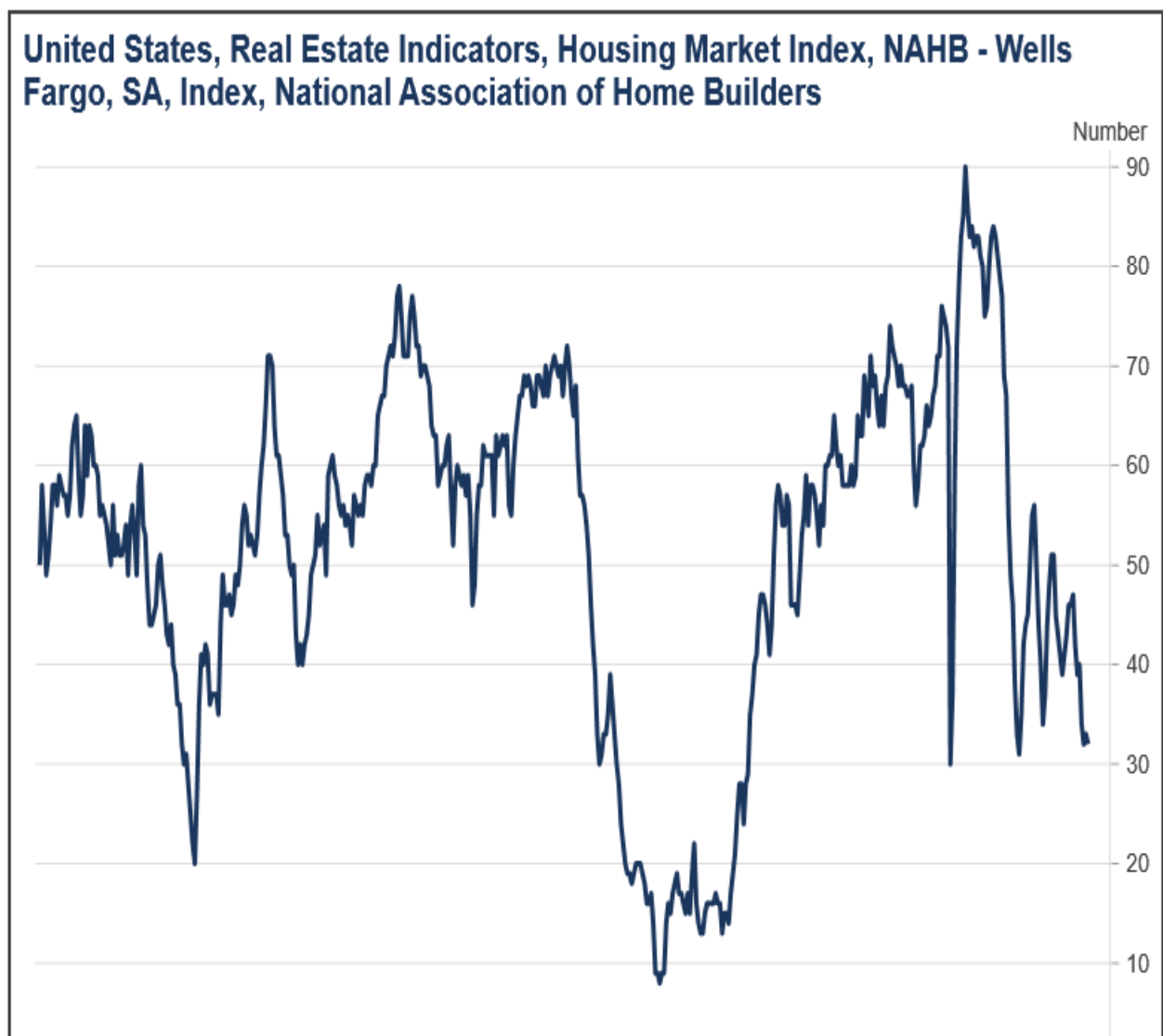


Homebuilders Are Pessimistic But Buffett Likes Them

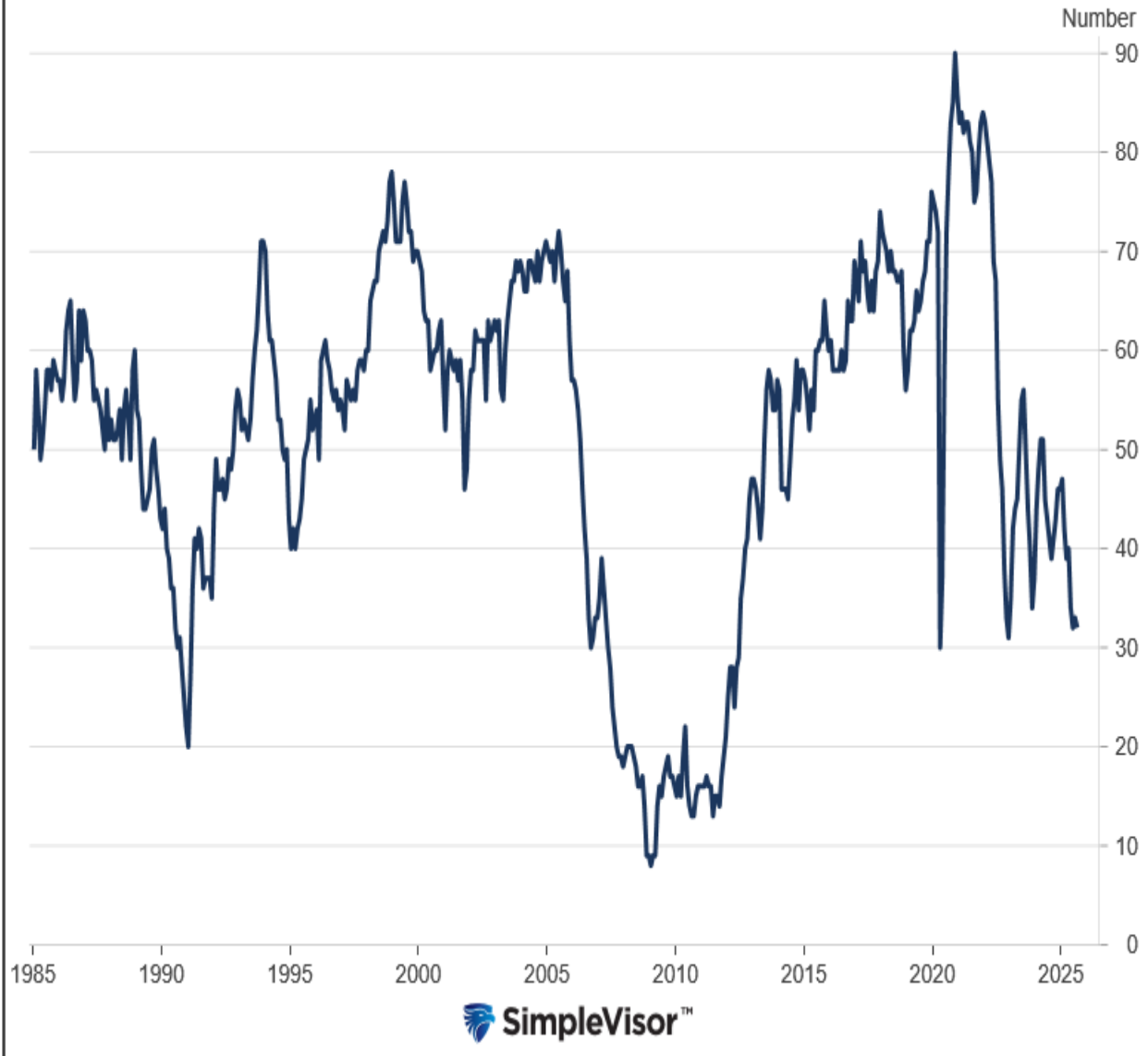
In Warren Buffett's Berkshire Hathaway's latest SEC disclosures, the company reported buying a nearly \$1 billion stake in homebuilders Lennar (LEN) and D.R. Horton (DHI). The purchases signal anticipation of a housing market rebound, possibly piqued by the possibility of the Fed starting a rate-cutting regime. However, while Buffett appears confident of the new home construction industry, homebuilder confidence is weakening.

Monday's NAHB homebuilder sentiment index fell to 32, matching its lowest level since December 2022. While mortgage rates have retreated slightly, homebuyers are not biting. Higher prices and relatively high mortgage rates are leading to a dearth of buyers. Additionally, factor in poor consumer confidence, and it's not surprising that many potential buyers are sitting on the sidelines. If the labor trends continue to weaken, we should expect the sentiment from potential buyers and homebuilders to remain poor.

Warren Buffett and his team at Berkshire have proven to be savvy investors. While they are often early to a trend, they are more often than not proven correct over time. Is Buffett making a smart bet, or might the homebuilder sentiment gauge warn of continued tough times ahead?



United States, Real Estate Indicators, Housing Market Index, NAHB - Wells Fargo, SA, Index, National Association of Home Builders



What To Watch Today

Earnings

Wednesday Aug 20	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time	
Salesforce CRM.US	2.78	2.56		10.13B	9.33B		\$237.28B	Q2	PM	★ 📉
TJX Companies TJX.US	1.01	0.96		14.12B	13.47B		\$150.38B	Q2	AM	★ 📉
Lowe's Companies LOW.US	4.26	4.10		23.99B	23.59B		\$136B	Q2	AM	★ 📉
Analog Devices ADI.US	1.93	1.58		2.75B	2.31B		\$110.79B	Q3	AM	★ 📉
Synopsys SNPS.US	3.85	3.43		1.77B	1.53B		\$95.32B	Q3	PM	★ 📉
Target TGT.US	2.03	2.57		24.88B	25.45B		\$48.77B	Q2	AM	★ 📉
Estée Lauder EL.US	0.08	0.64		3.36B	3.87B		\$32.61B	Q4	AM	★ 📉
Williams Sonoma WSM.US	1.77	1.74		1.81B	1.79B		\$12.75B	Q2	AM	★ 📉
Nordson NDSN.US	2.58	2.41		713.53M	662M		\$12.16B	Q3	PM	★ 📉
Dycom Industries DY.US	2.88	2.46		1.39B	1.2B		\$7.9B	Q2	AM	★ 📉
Coty COTY.US	0.01	-0.03		1.2B	1.36B		\$4.26B	Q4	PM	★ 📉
John B Sanfilippo Son JBSS.US		0.86			269.6M		\$726.2M	Q4	PM	★ 📉
Guess GES.US	0.31	0.42		759.19M	732.6M		\$697.2M	Q2	PM	★ 📉

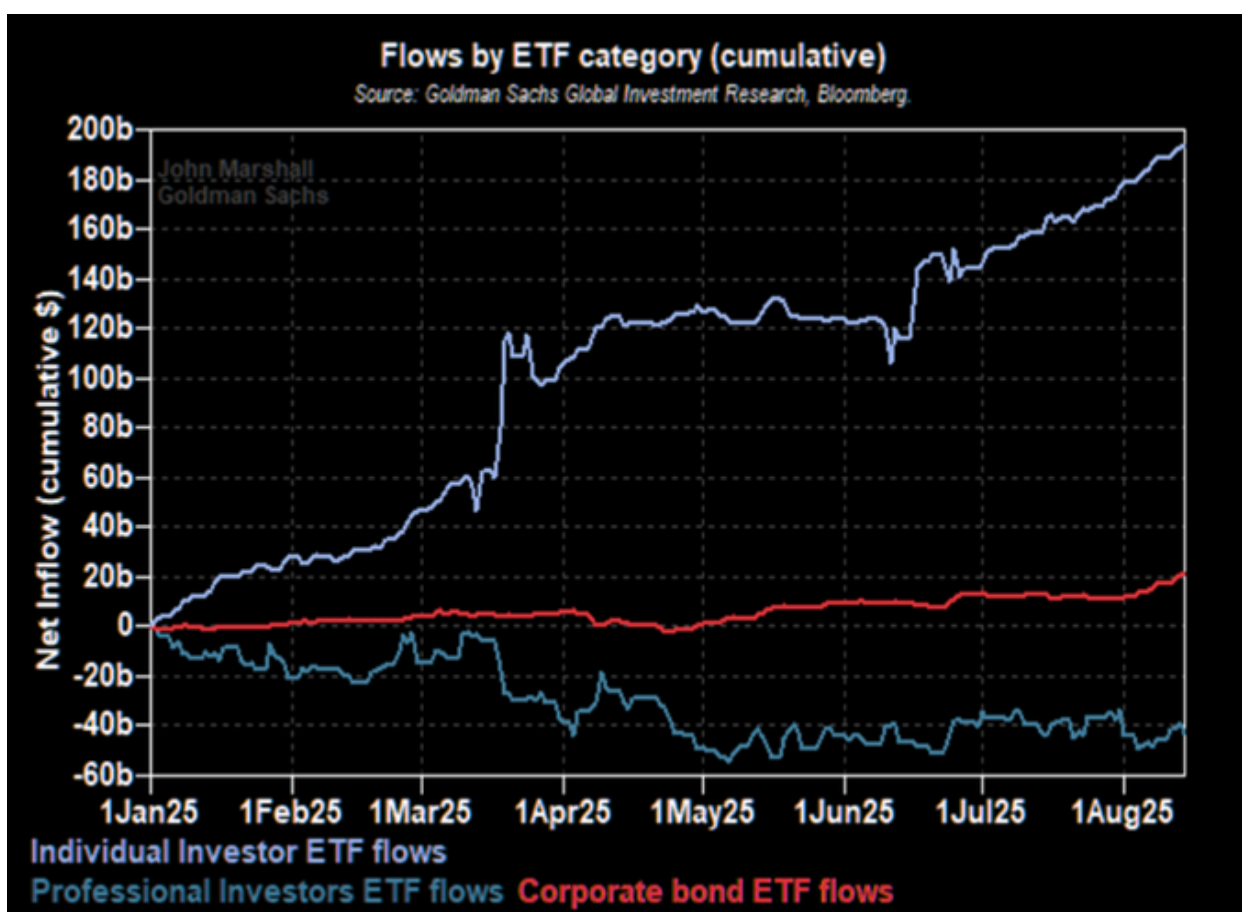
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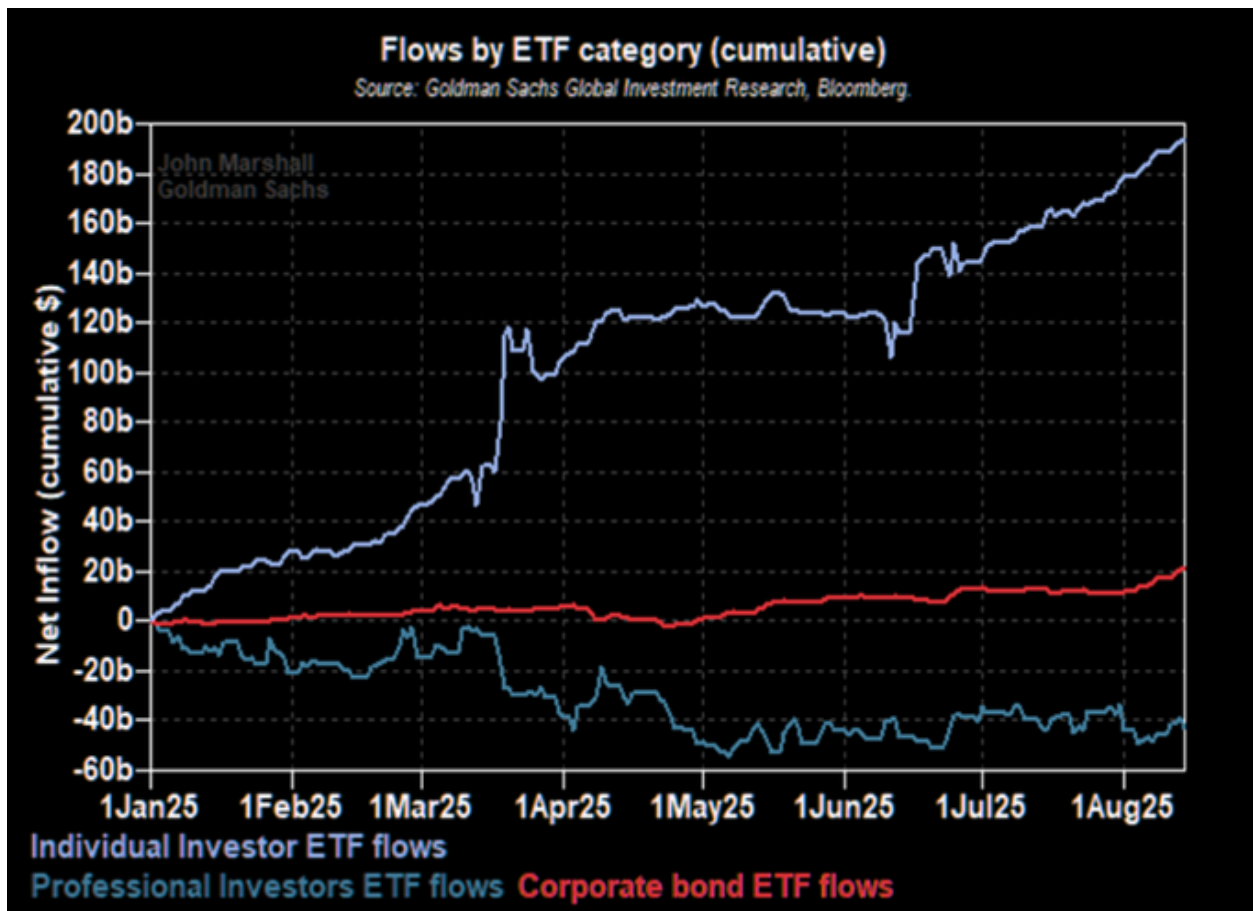
Economy

- *No notable economic reports.*

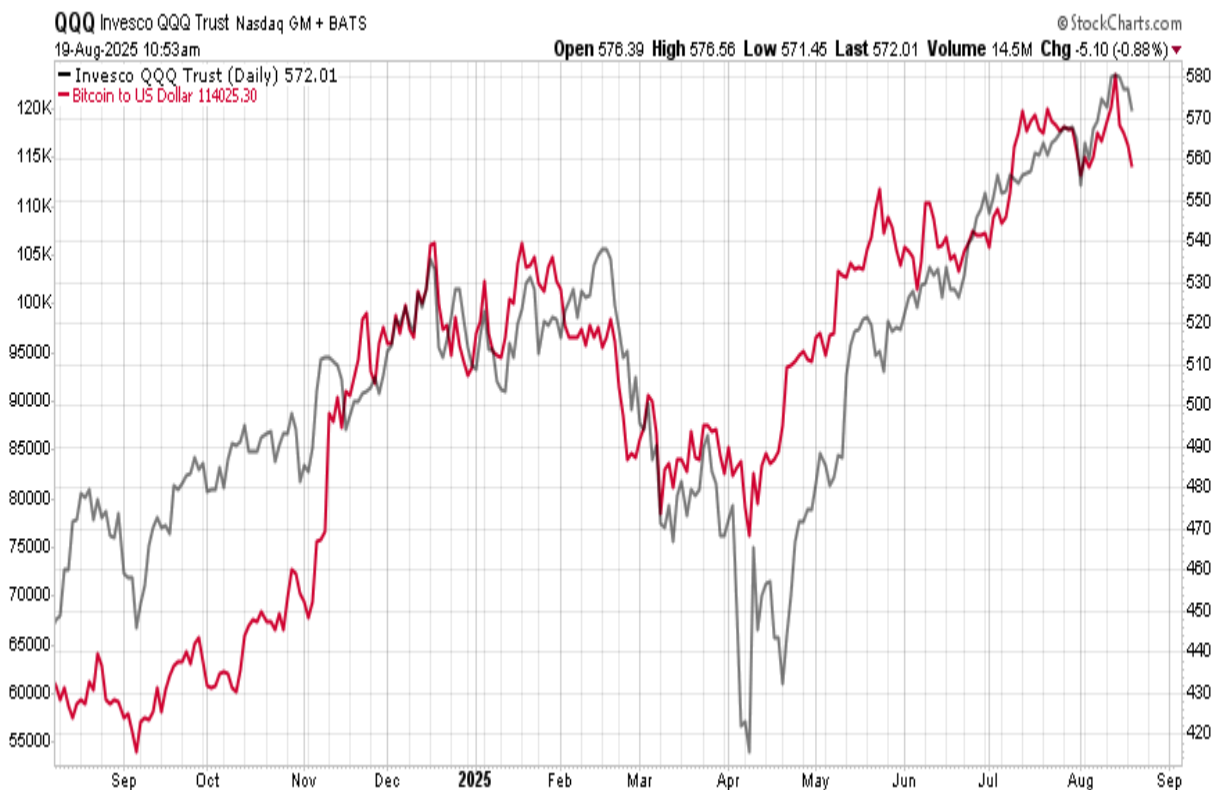
Market Trading Update

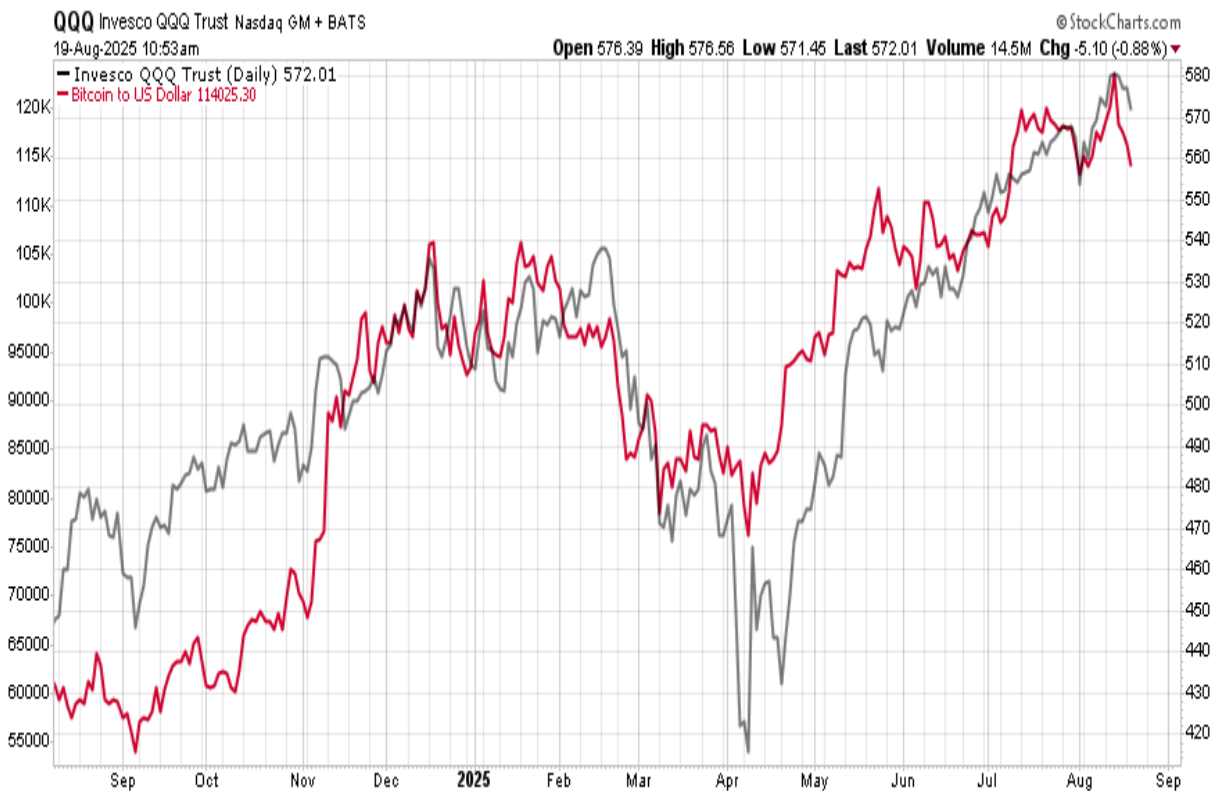
[Yesterday, we discussed](#) the current positioning of CTAs and professionals, which suggests they remain somewhat underweight regarding equity exposure. However, retail investors have been piling into markets extraordinarily, as the flows into ETFs show. Of course, as discussed in [in� ?The Bull Market Is Alive And Well,](#)? the composition of ETFs fuels the most prominent capitalization-weighted names in the market. This creates a virtual loop as asset prices rise, attracting more flows into ETFs, pushing the underlying stocks higher, and so forth. That is, until something causes a reversal of those flows.





So far, a catalyst of consequence has failed to shake the confidence of retail investors. While August tends to be a weaker-performing month of the year, that weakness has yet to manifest itself. However, a good proxy for risk-taking over the last few years has been Bitcoin, which has a decently high correlation to the Nasdaq. While there are no guarantees of outcomes, the recent weakness in Bitcoin may suggest a short-term reversal of speculation.





There are certainly a couple of reasons for that. Friday is the largest August options expiration day in history, which will likely increase market volatility as options need to be restructured for the next month. Also, on Friday, Jerome Powell's Jackson Hole Symposium speech will likely provide clues as to the Fed's next FOMC policy changes in September. As such, it is unsurprising that risk managers are taking some profits from positions ahead of that meeting.

Going forward into the second half of the year, there are certainly a lot of concerns. As Goldman Sachs recently noted:

*?Narrow breath, expensive valuations, potential 2H macro headwinds like weak labor market, latent tariff impacts on growth & inflation, volatility around Fed direction and weak seasonality come to mind ?#2013266080;all of these are technical downside risks in the very short term and warrant hedging, **especially as vol has reset to YTD lows and hedges are cheap.**#2013266080;But this is to protect YTD returns rather than take directional downside bets.#2013266080;I continue to believe dips will be shallow & bought in short order.?*

Only time will tell if that is the case. However, for now, the bullish trend remains positive, and we still firmly suggest risk management as a regular process.

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SoftBank Follows Uncle Sam And Takes A Stake In Intel

On Monday night, SoftBank announced it will be making a \$2 billion investment in Intel. The move follows the recent announcement by President Trump that the US government may buy 10% of Intel shares. The news that SoftBank would buy the stock at \$23 a share sent the price up over 5% to nearly \$25 in pre-market trading. The following quote from Masayoshi Son, Chairman and CEO of SoftBank, helps appreciate their investment rationale:

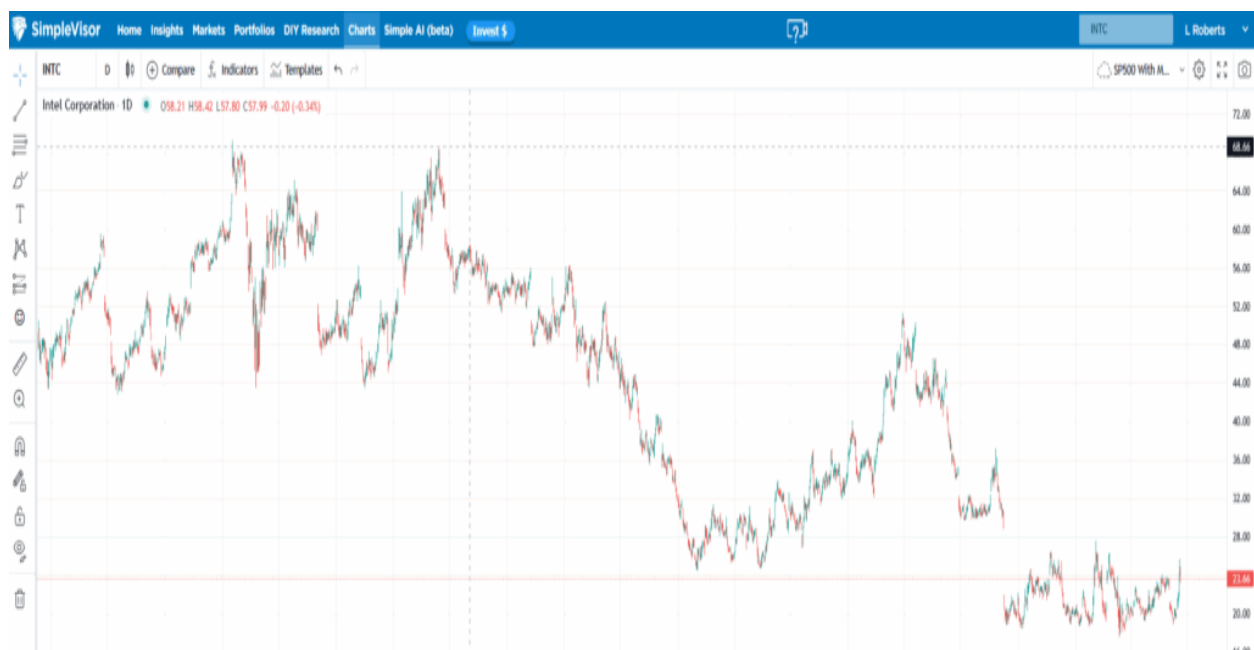
Semiconductors are the foundation of every industry. For more than 50 years, Intel has been a trusted leader in innovation. This strategic investment reflects our belief that advanced semiconductor manufacturing and supply will further expand in the United States, with Intel playing a critical role.

The question Intel investors should consider is whether SoftBank invested for political purposes. In other words, trying to get on President Trump's good side for future favor. Or is Intel a legitimate piece of their AI portfolio, which includes stakes in Nvidia and Taiwan Semiconductor, among others? Below, we share two quotes from investment analysts to help appreciate both arguments.

Aaron Rakers, Wells Fargo: We think the positive move in INTC post this announcement is justified as we think investors would consider this to reflect a vote of confidence in INTC's long-term transformation efforts, which includes the company's focus on improving its balance sheet positioning.

Amir Anvarzadeh, Asymmetric Advisors: SoftBank's investment helps, but it is not what is going to move the dial for Intel. It's more to maintain this very good relationship he has with Trump

As we share below, Intel shares are down nearly 65% from their 2019 highs and have been oscillating between \$20 and \$28 for the last year. While the SoftBank purchase is good news for shareholders, the stock still has a long way to go for longer-term investors to recoup their investments.





How To Build A Multigenerational Wealth Strategy That Will Last


Creating wealth is a remarkable accomplishment, but preserving it across generations is a different challenge altogether. Families who want to build a lasting impact must go beyond investment portfolios. They need a clear, cohesive plan to pass on not just money, but purpose, values, and financial confidence. That's where multi-generational wealth planning comes in.

At RIA Advisors, we help high-net-worth individuals and families craft strategies that stand the test of time, ensuring that each generation can thrive while preserving the legacy built by the ones before. In this post, we'll break down the key components of building family legacy wealth, from trusts and education to governance and communication.

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One stock not among the recent surge is Berkshire Hathaway.

A retiring legend and record cash balance during a momentum market are deadly for returns.

The ratio of that stock to the S&P 500 has plunged more than 20% over 90 days. 5 out of 6 previous times, BRK rallied at least 20% over the following six months.

[Read @jasongoepfert's Aug 18 article "Investors ignore Berkshire, buy everything else" - full report available: \[payhip.com/b/PLWiJ\]\(https://payhip.com/b/PLWiJ\)](#)



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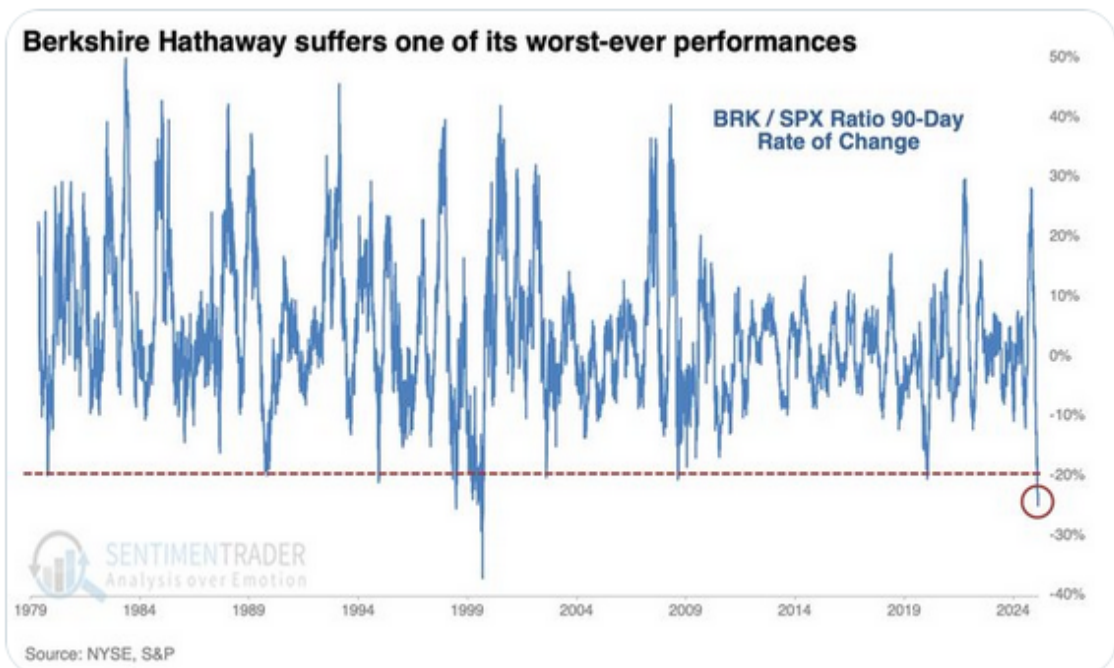


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