

# CORE Comments

ON PLANNING AND INVESTING FOR THE TWENTY-FIRST CENTURY

September 15, 2025

## Valuations Reach Extremes

*Mr. Trump's attacks on the Federal Reserve will almost certainly cause greater inflation and economic instability. The independence of central banks has long been shown to be crucial to the economy in general and to low inflation in particular.*

Core's portfolios have enjoyed substantial gains in the several weeks since I last wrote, boosted once again by increases in prices of gold and the gold miners. You will have read that President Trump turned his ire against the Federal Reserve to Lisa Cook. He 'fired' her 'for cause', based on allegations of irregularities in her applications for mortgages for two homes. She refuses to be cowed and has sued Trump and, separately, the Department of Justice which has opened a criminal investigation. As we have recently learned, Ms. Cook did not list two homes as her primary residence. The second is shown to have been categorized as a vacation home. As I have written before, Mr. Trump's attack on Jerome Powell, chair of the Fed, and his insistence that the Fed cut rates very sharply will almost certainly give rise to greater inflation. It has been shown beyond doubt that the independence of central banks is necessary to have reasonably stable inflation. The economy in the US and globally and all us will suffer from his mindless attacks.

*Mr. Trump's harassment of the Fed and attempt to fire Lisa Cook has propelled higher the price of gold.*

What has been the effect of Mr. Trump's absurd 'firing' of Lisa Cook? Consider the price of gold. As I have written, gold has increased significantly in price in the last couple of years. In the three months leading up to Ms. Cook's 'firing,' the price had stalled between \$3300 and \$3400 per ounce. On August 25, the date of Mr. Trump's 'firing,' gold traded at \$3373 per ounce. As I write, it trades at \$3715, an increase of more than ten percent. As I have written previously, Mr. Trump's actions have essentially destroyed the 'safe-haven' aspects of the US dollar and US Treasury bonds. Thus, gold is the only real safe haven these days. The ten percent increase in gold's price since Mr. Trump's attempt to remove Ms. Cook from the Federal Reserve illustrates plainly the damage caused by Mr. Trump's actions against the Fed, Mr. Powell and Ms. Cook.

From the point of view of Core's investments, his actions benefit us, in that we all hold large positions in gold and gold miners. Since Mr. Trump's 'firing' of Ms. Cook, Core's portfolios in the aggregate have increased by more than five percent. During this president's administration, gold is a useful investment.

**By**

**Jack Mayberry**

Early in September, the Bureau of Labor Statistics—the BLS, a part of the Department of Labor—issued its monthly employment report. Job growth has essentially ground to a halt. In the last three months, the average of new jobs has been 29,000 per month, far below the level of about 100,000 per month to keep up with the increase in working-age people. You will remem-

ber that after the previous month's report, also very weak, Mr. Trump fired the head of the BLS because, as Mr. Trump stated, the weakness reported was 'rigged.' Shortly thereafter, the BLS issued its annual revision of job growth in the year through March 2025. It showed the largest ever downward revision to the previously reported monthly figures. Thus, we now have confirmation that the economy was weaker than initially reported.

BLS economic reports have long been regarded as the gold standard of such reports. Mr. Trump fired the widely respected head of the BLS, Erika McEntarfer, and nominated an utterly unqualified lackey to succeed her. It could take Mr. Trump a while, but he may succeed in destroying the credibility of the BLS. It is akin to his attacks on America's great universities and on the serious work within the Department of Health and Human Services. He has some skill in destruction of fine American institutions, as he works to make America great again.

Enough ranting on my part, back to our investments: our European investments in their banks and their defense industries continue to thrive. Trump's tepid response to the defense of Ukraine and his seeming disinterest in NATO have spurred Europe to expand its defense sector. As a result our defense investment has appreciated strongly. Our positions in cash, a high-yielding oil pipeline fund and utilities continue to generate their favorable dividends. We also have a position in the Swiss franc, another safe-haven investment. And, as remarked, our gold investments glitter.

I am increasingly concerned about the US stock market. By many measures, it has reached valuation levels akin to other major stock market bubbles of the past. The enthusiasm for artificial intelligence propels the market higher. Against this, we see the weak employment data and declines in consumer confidence. The strong forward momentum in equity markets may well continue for some time, but as the economy weakens, a Wile E. Coyote moment lies ahead. When comes that moment, it is likely to bring down the prices of our European holdings as well. Hence, I am keeping a close watch as things develop and am prepared to take action.

*Mr. Trump fired the head of the Bureau of Labor Statistics after it reported very weak employment growth. His actions against federal agencies is akin to his attacks on America's great universities.*

*Why?*

*Core's investments have been Strong, but stock market valuations have reached extreme levels.*

*This does not bode well for the stock market.*

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