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Newsletter for Week Ending 8/21/26

Youtube Channel

A.I. Assistant Starting To Suspect Its Human Might Be A Bit Of A Moron

Thousands Of Accountants Board Higgins Boats In Preparation For 'Economic D-Day' Against Iran

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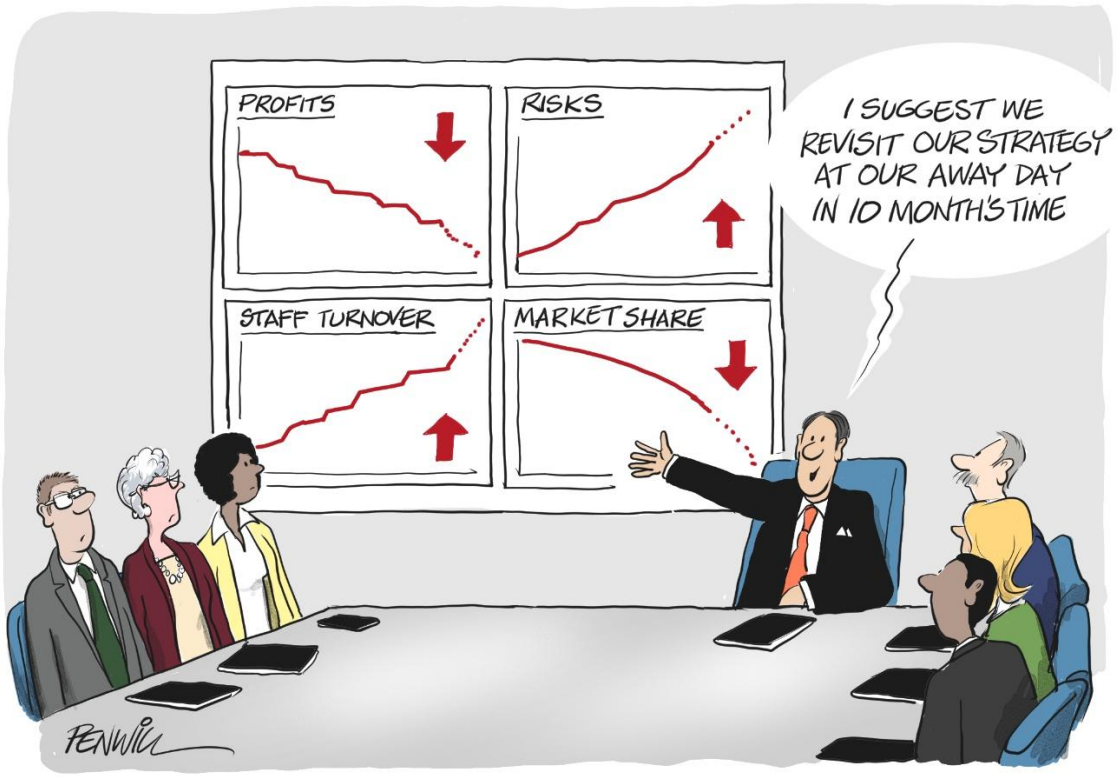

Disclaimer: I am not a financial advisor, and do not make any recommendations on what to buy or sell.

The information offered here is for educational purposes only and does not constitute financial, legal or professional advice. NO ONE, including me, has any idea what the market will do.

Each person must determine their own risk profile, trading/investing style and take responsibility for any trades they make. Always do your own research and due diligence before making any investment decisions.

Past performance does not guarantee future results!

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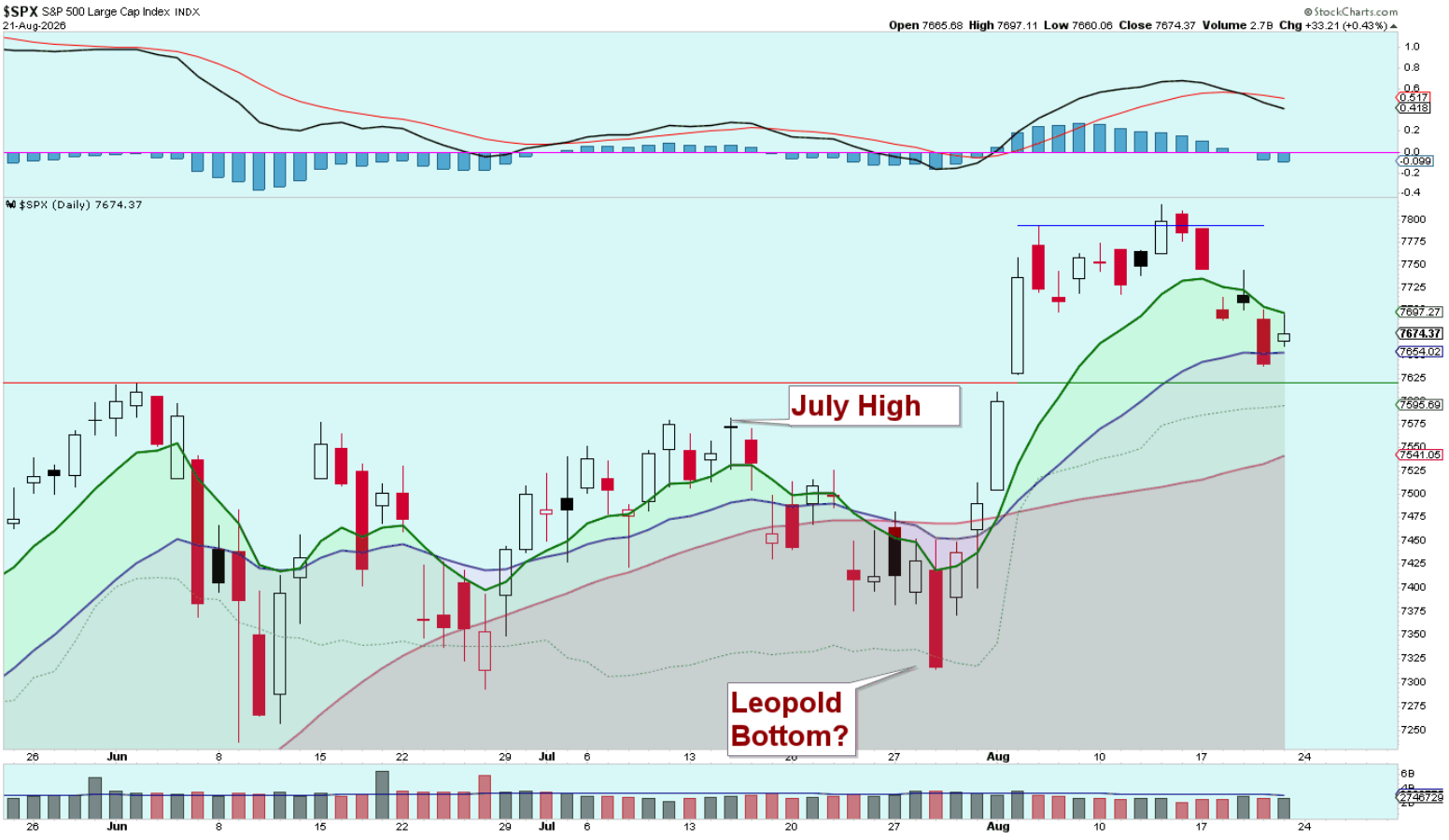
Most of the charts shown in this newsletter are courtesy of StockCharts.com and can be found on the website shown at the top of the page. Here is a link to the StockCharts.com pricing and if you sign up, I would appreciate if you used my email as a referral (danbyrd@comcast.net)

Service Levels, Data Plans and Pricing | StockCharts.com



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Economic Calendar for Last Week:

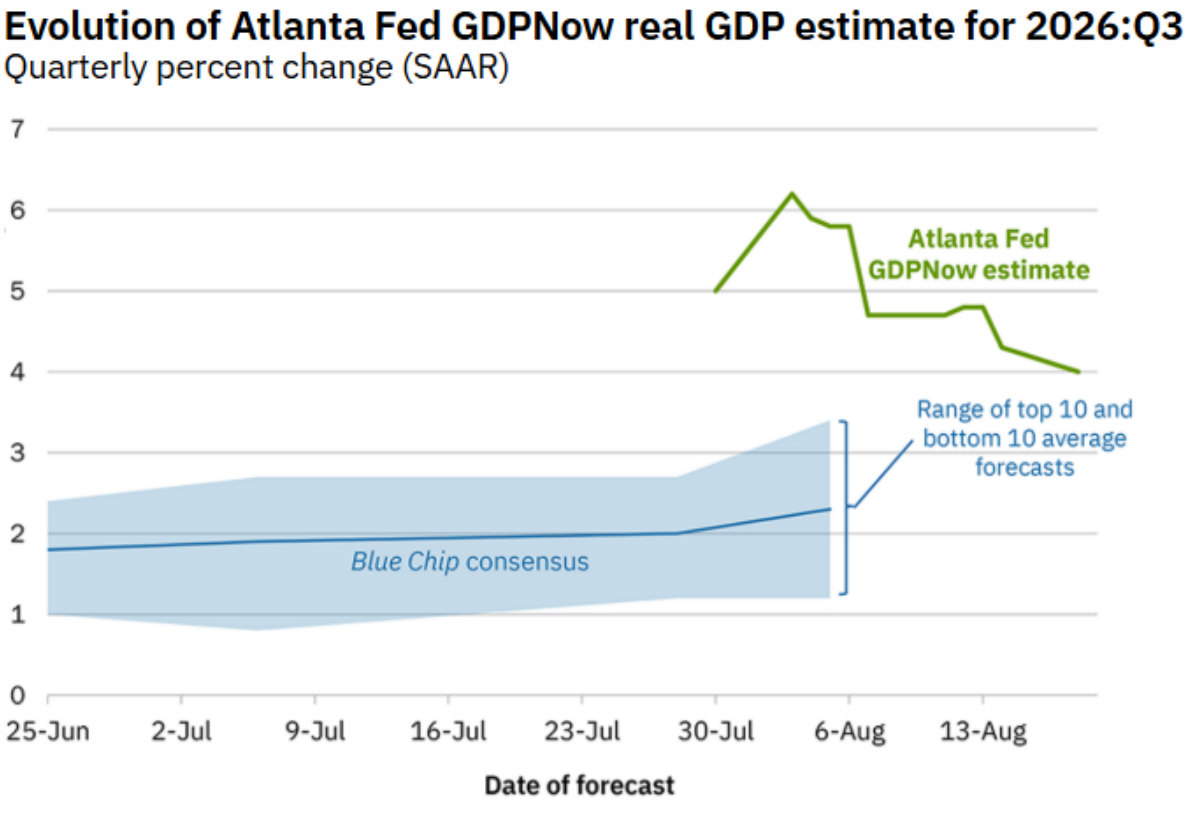
Time	Cur.	Event	Imp.	Actual	Forecast	Previous
		Wednesday, August 19, 2026				
10:30	US	Crude Oil Inventories	★★★	4.405M	0.200M	17.423M
14:00	US	FOMC Meeting Minutes	★★★			
14:30	US	U.S. President Trump Speaks	★★★			
		Thursday, August 20, 2026				
08:30	US	Philadelphia Fed Manufacturing Index (Aug)	★★★	47.4	24.1	41.4
08:30	US	Initial Jobless Claims	★★★	206K	210K	212K
		Friday, August 21, 2026				
09:45	US	S&P Global Manufacturing PMI (Aug) P	★★★	53.2	54.0	53.9
09:45	US	S&P Global Services PMI (Aug) P	★★★	56.8	53.9	54.6
19:00	US	U.S. President Trump Speaks	★★★			

Economic Calendar for Next Week:

Time	Cur.	Event	Imp.	Actual	Forecast	Previous
		Tuesday, August 25, 2026				
10:00	US	CB Consumer Confidence (Aug)	★★★		90.3	90.8
10:00	US	New Home Sales (Jul)	★★★		620K	628K
		Wednesday, August 26, 2026				
08:30	US	Core PCE Price Index (YoY) (Jul)	★★★		3.3%	3.3%
08:30	US	Core PCE Price Index (MoM) (Jul)	★★★		0.2%	0.1%
08:30	US	GDP (QoQ) (Q2) P	★★★		1.5%	2.1%
08:30	US	Durable Goods Orders (MoM) (Jul)	★★★		0.5%	0.3%
10:30	US	Crude Oil Inventories	★★★			4.405M
		Thursday, August 27, 2026				
08:30	US	Initial Jobless Claims	★★★		208K	206K
		Friday, August 28, 2026				
09:45	US	Chicago PMI	★★★		57.8	57.6

The probability of a Fed rate hike is now pushed to October and maybe even December. There are still an unemployment report and an inflation report before then, so anything could happen. Next week is PCE, which is forecast to come in flat.

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES		
MEETING DATE	350-375	375-400	400-425
9/16/2026	60.14 %	39.86 %	0.00 %
10/28/2026	38.00 %	62.00 %	0.00 %
12/9/2026	0.00 %	98.67 %	1.33 %
1/27/2027	0.00 %	78.00 %	22.00 %
3/17/2027	0.00 %	50.86 %	49.14 %
4/28/2027	0.00 %	38.00 %	62.00 %
6/9/2027	0.00 %	24.21 %	75.79 %
7/28/2027	0.00 %	22.00 %	78.00 %
9/15/2027	0.00 %	21.70 %	78.30 %
10/27/2027	0.00 %	24.00 %	76.00 %
12/8/2027	0.00 %	32.09 %	67.91 %



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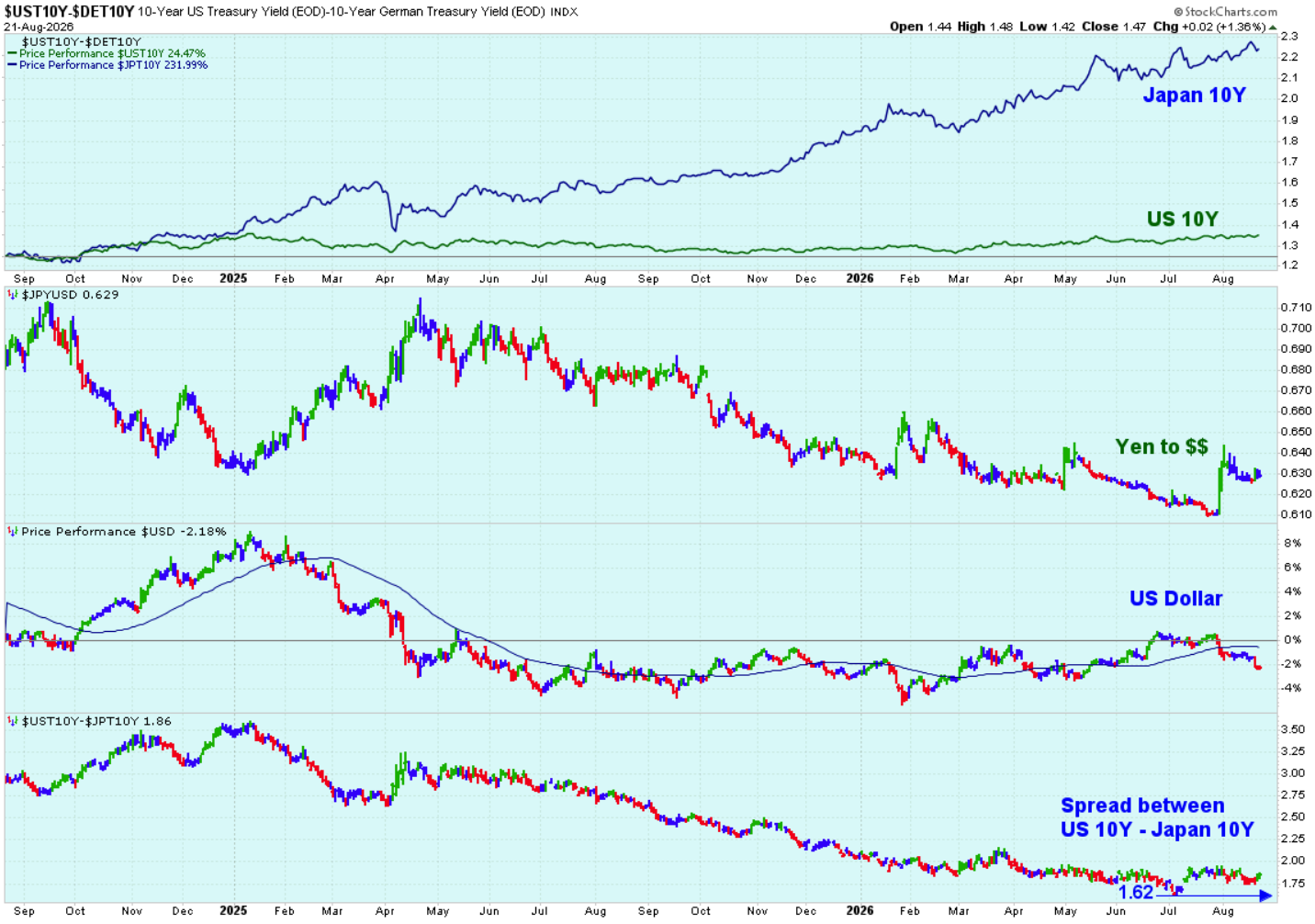
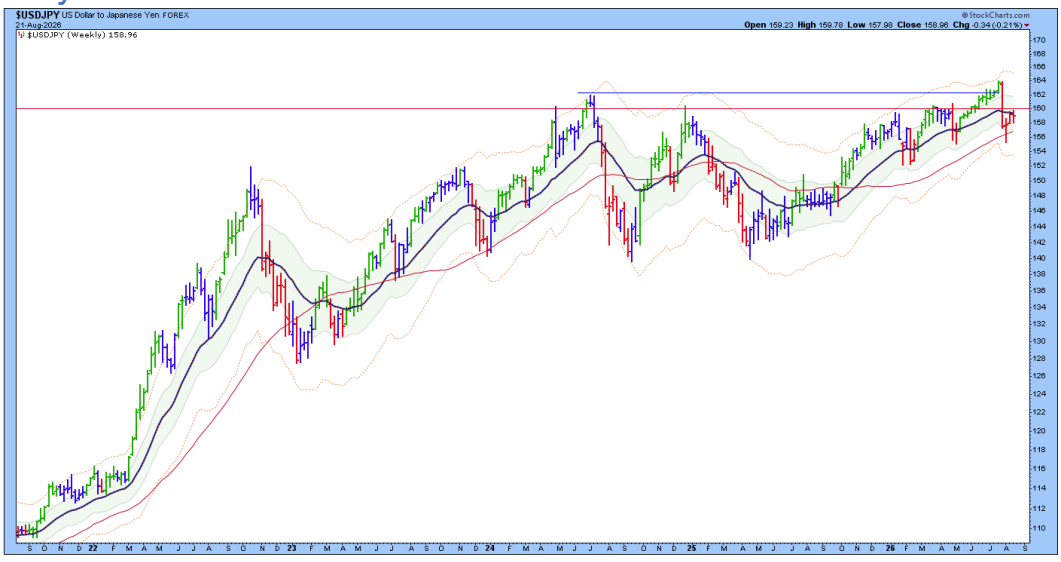
The next Fed move may hinge on what happens with the Japanese Yen. Bessent is exerting his own version of Yield Curve Control trying to keep things from getting out of hand.

Here is the Dollar/Yen chart. The 2nd panel shows the Yen recovering after the treasury move 2 weeks ago and the Dollar falling. These moves are usually temporary.



Dollar/Yen over 5 years.



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The Japanese 30 Yr keeps pushing above 4%, even as it gets knocked down by the moves from Treasury.

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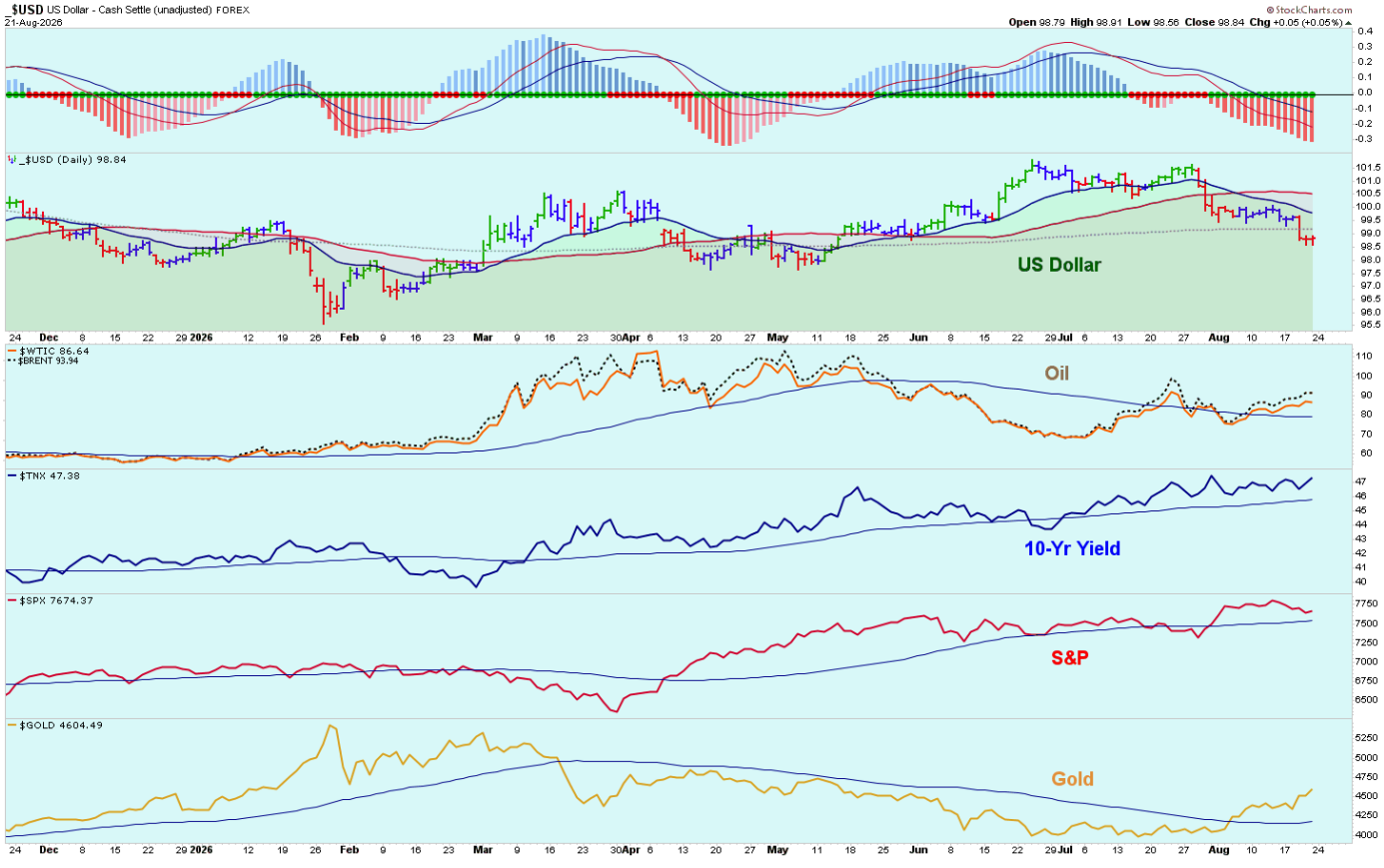
10-Year is at the top of the channel and seems to be unstoppable to 5%.

As the Dollar falls:



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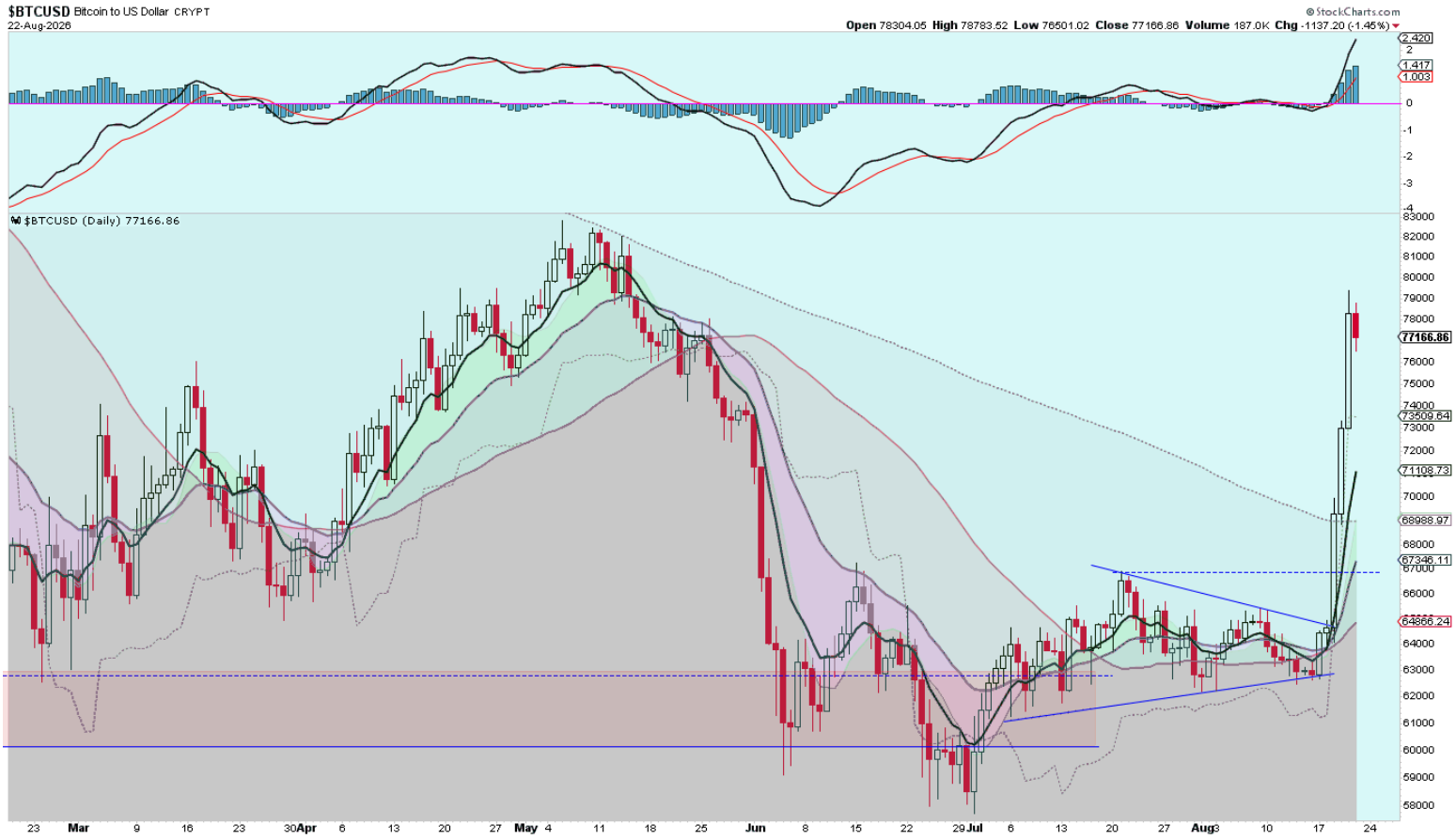
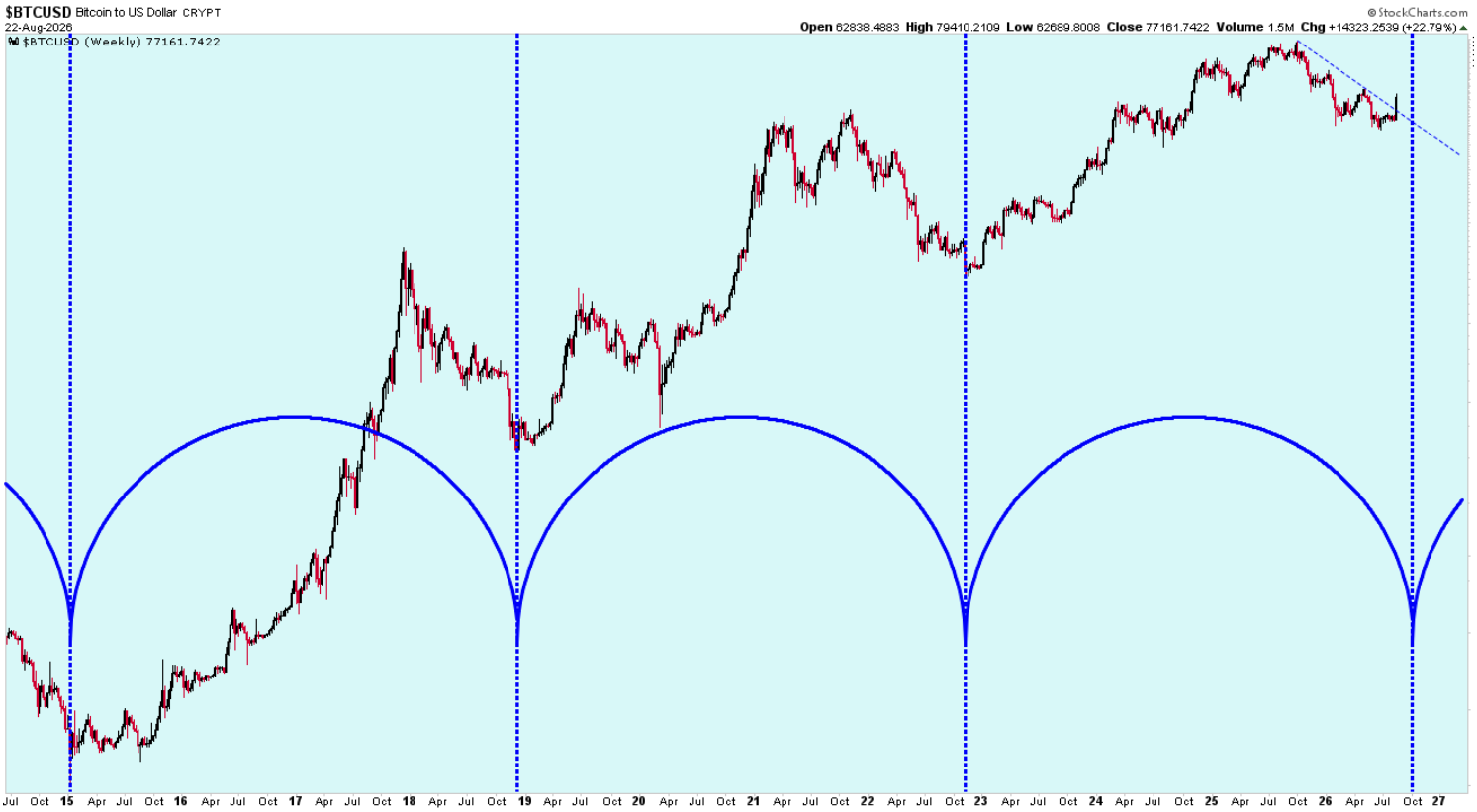
Bitcoin is getting a huge boost from potentially positive support from Washington, but could it be starting it's 4-Year Cycle move?





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Here is the VIX, which hit a low for the year last week, but slowly moving up. The bottom panel shows the Back Month (3 month out) vs Front Month (30 days out). The vertical lines shows the previous bottoms. Looks like still a ways to go. That indicator is usually a counter trend to the actual VIX (one goes up as the other goes down, & vice versa).

The Put/Call Ratio is also inversely correlated to the VIX.

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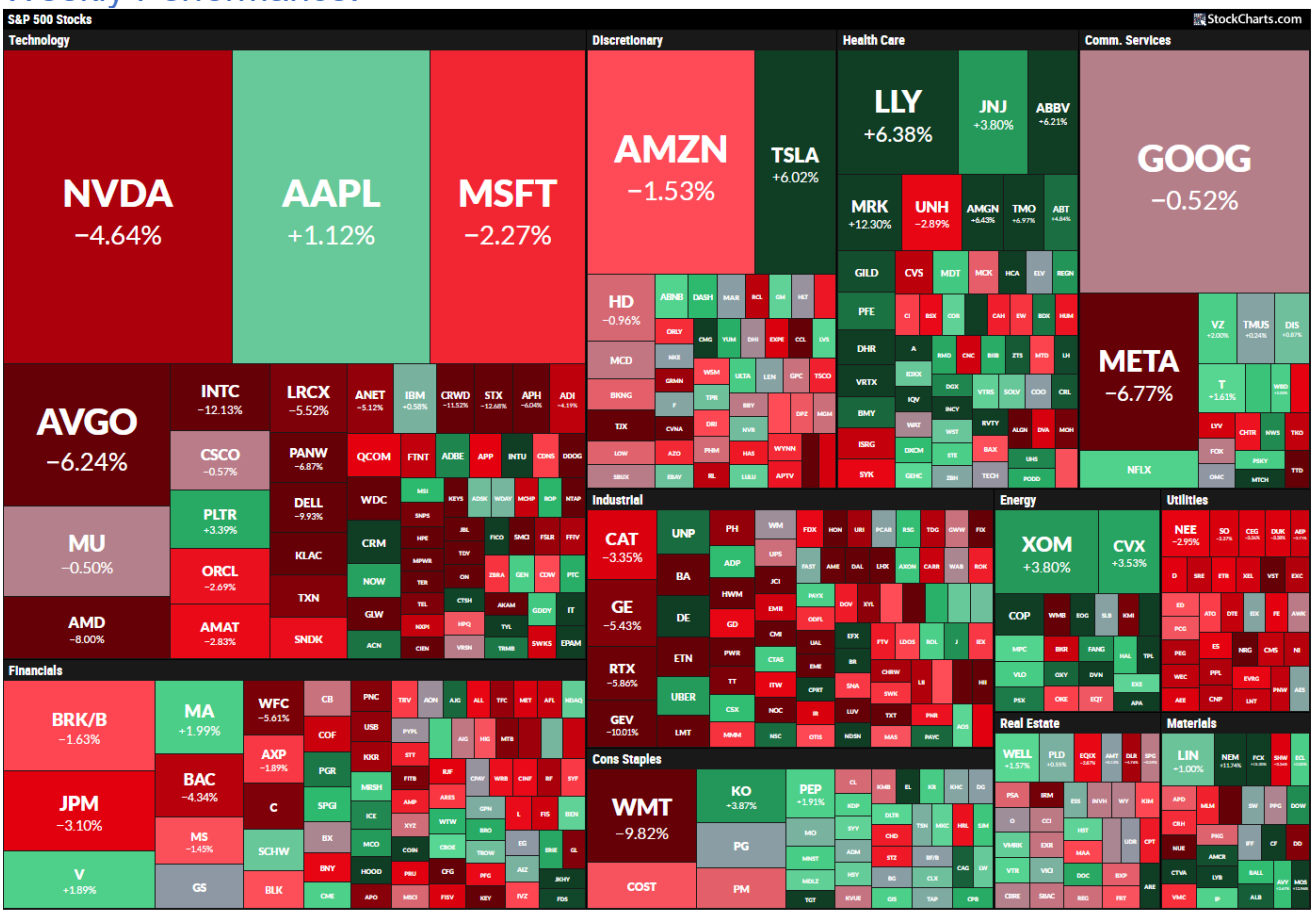
Weekly Performance:



SYMBOL	VALUE
MRNA Moderna	+129.20%
COIN Coinbase Gl...	+25.61%
EL Estee Lauder	+18.40%
FCX Freeport-M...	+15.30%
HOOD Robinhood ...	+13.15%
MOS Mosaic	+12.96%
MRK Merck	+12.30%
NEM Newmont	+11.74%
ARE Alexandria ...	+11.11%
CMG Chipotle	+10.15%
EPAM EPAM Syste...	+9.79%
IQV Iqvia Holdings	+9.79%
CF CF Industries	+9.55%
TRGP Targa Resou...	+8.45%
JKHY Jack Henry	+8.41%
VRTX Vertex Phar...	+8.36%
IT	+8.18%

Double click on a box to open the Symbol Summary for that ticker

8/14/2026 - 8/21/2026 20:37 ET

−6% −4.5% −3% −1.5% +0% +1.5% +3% +4.5% +6%

TIMEFRAME

One Week | Columns | Send Daily Report | Send Weekly Report | Search Table

	NAME	LAST	CHG	% CHG	+/-	DATE
☰	z5 $BTCUSD - Bitcoin to US Dollar	77,235.00	+14,251.39	+22.63%		08-21, 20:14
☰	z4 GLD - SPDR Gold Shares	423.32	+21.84	+5.44%		08-21, 15:59
☰	Defensive - 09 - XLV - Health Care Select Sector SPDR Fund	174.66	+7.29	+4.36%		08-21, 15:59
☰	Defensive - 11 - XLE - Energy Select Sector SPDR Fund	63.63	+1.73	+2.79%		08-21, 15:59
☰	Defensive - 10 - XLB - Materials Select Sector SPDR Fund	53.52	+0.98	+1.87%		08-21, 15:59
☰	Defensive - 06 - XLP - Consumer Staples Select Sector SPDR Fund	85.97	-0.12	-0.13%		08-21, 15:59
☰	Aggressive - 03 - XLY - Consumer Discretionary Select Sector SPDR Fund	118.00	-0.20	-0.16%		08-21, 15:59
☰	Defensive - 08 - XLRE - Real Estate Select Sector SPDR Fund	45.07	-0.20	-0.44%		08-21, 15:59
☰	Aggressive - 04 - XLF - Financial Select Sector SPDR Fund	57.49	-0.67	-1.14%		08-21, 15:59
☰	Aggressive - 02 - XLC - Communication Services Select Sector SPDR Fund	111.39	-1.56	-1.38%		08-21, 15:59
☰	z1 $SPX - S&P 500 Large Cap Index	7,674.37	-111.39	-1.43%		08-21, 16:14
☰	z3 IWM - iShares Russell 2000 ETF	300.05	-5.04	-1.65%		08-21, 15:59
☰	z2 $NDX - Nasdaq 100 Index	29,308.86	-737.28	-2.45%		08-21, 16:14
☰	Aggressive - 05 - XLI - Industrial Select Sector SPDR Fund	180.23	-6.28	-3.37%		08-21, 15:59
☰	Defensive - 07 - XLU - Utilities Select Sector SPDR Fund	42.76	-1.55	-3.51%		08-21, 15:59
☰	Aggressive - 01 - XLK - Technology Select Sector SPDR Fund	183.25	-6.76	-3.56%		08-21, 15:59

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NAME	LAST	CHG	% CHG	+/-
$BTCUSD - Bitcoin to US Dollar	77,244.96	+14,218.43	+22.56%	
$VIX - Volatility Index - New Methodology	15.13	+0.88	+6.18%	
$BRENT - Brent Crude Oil - Spot	93.94	+5.42	+6.12%	
GLD - SPDR Gold Shares	423.36	+21.88	+5.45%	
XBI - SPDR S&P Biotech ETF	165.73	+8.32	+5.29%	
DBC - Invesco DB Commodity Index Tracking Fund	31.26	+1.26	+4.20%	
XLE - Energy Select Sector SPDR Fund	63.64	+1.73	+2.79%	
DBA - Invesco DB Agriculture Fund	28.32	+0.55	+1.98%	
$TNX - CBOE 10-Year US Treasury Yield	47.38	+0.42	+0.89%	
TLT - iShares 20+ Year Treasury Bond ETF	82.05	+0.01	+0.01%	
IGV - iShares Expanded Tech-Software Sector ETF	103.37	-0.71	-0.68%	
DIA - SPDR Dow Jones Industrial Average ETF	532.22	-4.14	-0.77%	
$USD - US Dollar - Cash Settle	98.84	-0.80	-0.80%	
XLF - Financial Select Sector SPDR Fund	57.48	-0.68	-1.17%	
$OEX - S&P 100 Index	3,780.07	-49.77	-1.30%	
SPY - SPDR S&P 500 ETF	765.72	-10.62	-1.37%	
XRT - SPDR S&P Retail ETF	87.71	-1.24	-1.39%	
MAGS - Roundhill Big Tech ETF	67.28	-0.98	-1.44%	
IWM - iShares Russell 2000 ETF	299.96	-5.13	-1.68%	
$SML - S&P 600 Small Cap Index	1,789.38	-38.90	-2.13%	
XHB - SPDR S&P Homebuilders ETF	106.50	-2.52	-2.31%	
QQQ - Invesco QQQ Trust	713.44	-17.63	-2.41%	
$MID - S&P 400 Mid Cap Index	3,830.40	-96.58	-2.46%	
VGT - Vanguard Information Technology ETF	118.42	-4.14	-3.38%	
DTCR - Global X Data Center & Digital Infrastructure ETF	28.32	-1.01	-3.44%	
XLK - Technology Select Sector SPDR Fund	183.31	-6.70	-3.53%	
MTUM - iShares MSCI USA Momentum Factor ETF	305.17	-12.04	-3.80%	
SMH - VanEck Semiconductor ETF	560.42	-27.40	-4.66%	
CHAT - Roundhill Generative AI & Technology ETF	88.00	-5.52	-5.90%	

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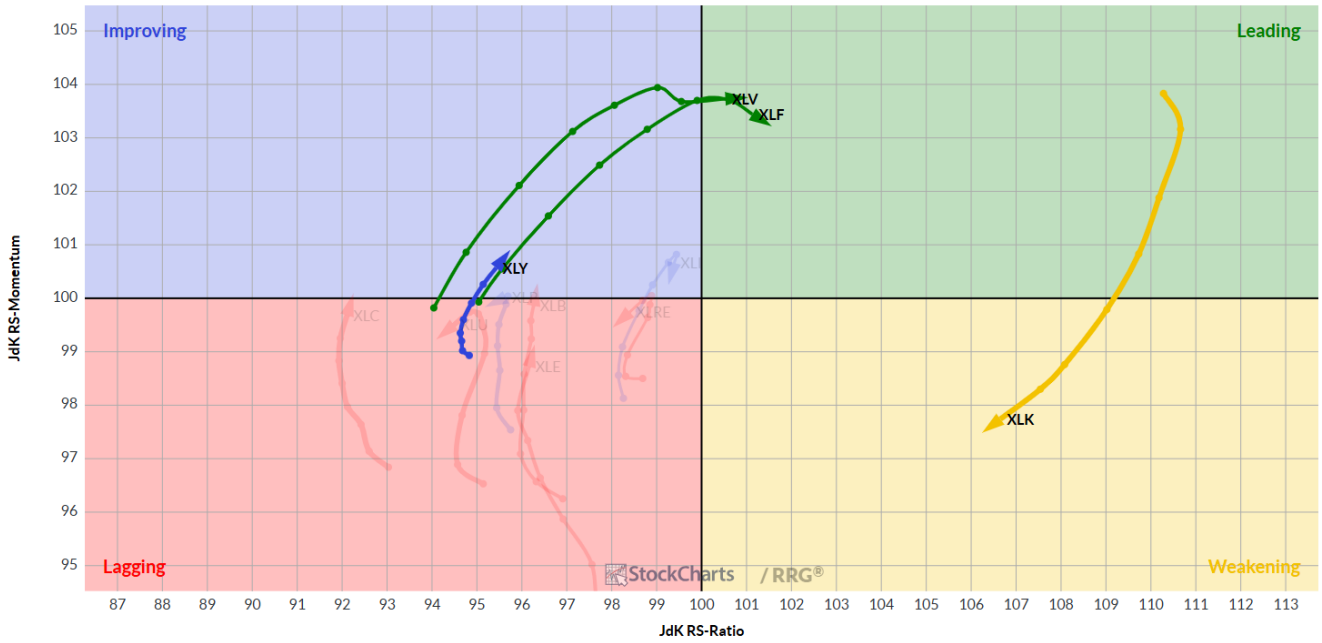

CHART	VISIBLE	TAIL	SYMBOL	NAME	SECTOR	INDUSTRY	PRICE	% CHG
	☑		XLV	Health Care Select Sector SPDR Fund			$174.62	+6.64%
	☑		XLF	Financial Select Sector SPDR Fund			$57.48	+3.34%
	☑		XLK	Technology Select Sector SPDR Fund			$183.31	+1.51%
	☑		XLC	Communication Services Select Sector SPDR Fund			$111.40	+1.64%
	☑		XLU	Utilities Select Sector SPDR Fund			$42.77	-6.53%
	☑		XLE	Energy Select Sector SPDR Fund			$63.64	+19.58%
	☑		XLB	Materials Select Sector SPDR Fund			$53.54	+2.94%
	☑		XLRE	Real Estate Select Sector SPDR Fund			$45.08	+0.90%
	☑		XLY	Consumer Discretionary Select Sector SPDR Fund			$118.02	+0.77%
	☑		XLP	Consumer Staples Select Sector SPDR Fund			$85.99	+1.18%
	☑		XLI	Industrial Select Sector SPDR Fund			$180.25	-1.99%
			SPY	SPDR S&P 500 ETF			$765.72	+2.81%

Growth and Value have swapped places!

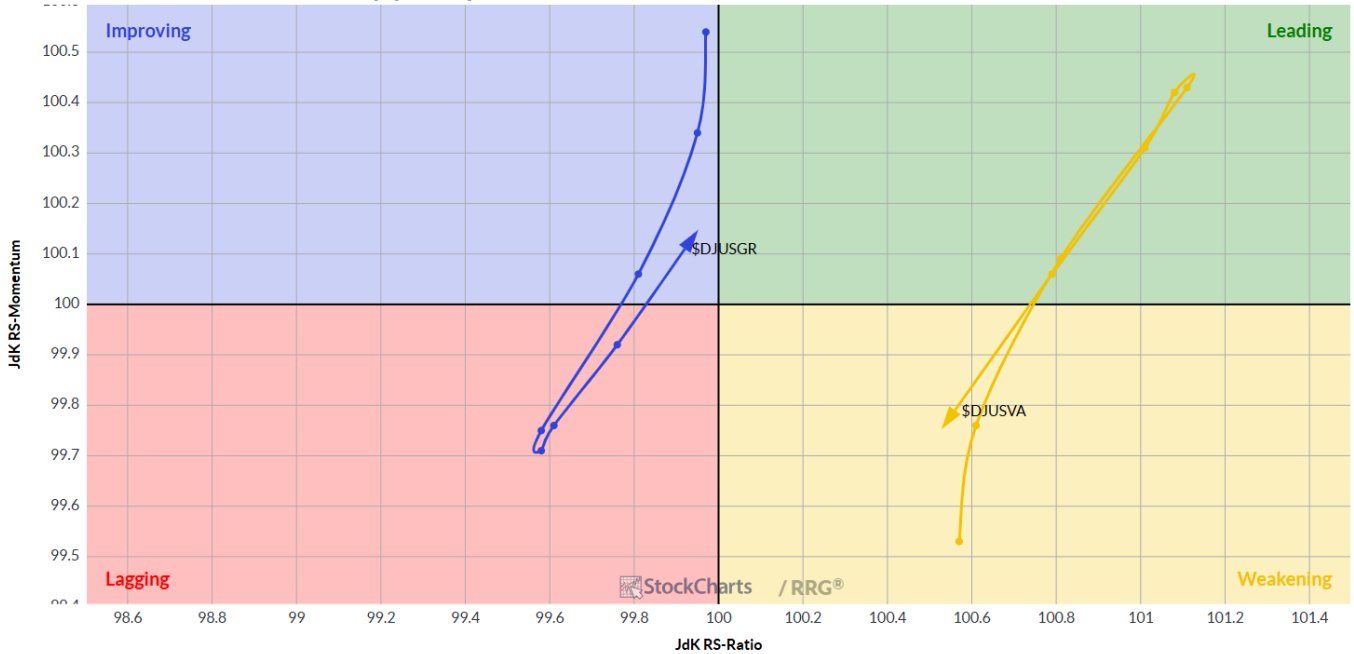

CHART	VISIBLE	TAIL	SYMBOL	NAME	SECTOR	INDUSTRY	PRICE	% CHG
	☑		$DJUSVA	Dow Jones US Value Index			$6287.77	+1.63%
	☑		$DJUSGR	Dow Jones US Growth Index			$11126.12	+3.36%
			$DJUS	Dow Jones US Index			$1867.58	+2.55%

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New 3-Month Highs and Lows with a PEG < 2.

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-
TOST - Toast Inc.	Technology	Computer Services	36.64	+1.89	+5.44%	
CRM - Salesforce.com, Inc.	Technology	Software	209.17	+12.96	+6.61%	
INTU - Intuit, Inc.	Technology	Software	367.00	+21.34	+6.17%	
ADBE - Adobe Systems, Inc.	Technology	Software	275.30	+11.28	+4.27%	
PLTR - Palantir Technologies, Inc.	Technology	Software	179.94	+5.90	+3.39%	
KGC - Kinross Gold Corp.	Materials	Gold Mining	32.76	+5.49	+20.12%	
B - Barrick Mining Corporation	Materials	Gold Mining	47.60	+6.00	+14.42%	
NEM - Newmont Corporation	Materials	Gold Mining	131.58	+13.82	+11.74%	
SCCO - Southern Copper Corp.	Materials	Nonferrous Metals	216.00	+31.39	+17.00%	
FCX - Freeport-McMoRan, Inc.	Materials	Nonferrous Metals	76.66	+10.17	+15.30%	
MOS - Mosaic Co.	Materials	Specialty Chemicals	24.41	+2.80	+12.96%	
UBER - Uber Technologies, Inc.	Industrial	Transportation Services	78.80	+2.85	+3.75%	
REGN - Regeneron Pharmaceuticals, Inc.	Health Care	Biotechnology	834.04	+31.50	+3.92%	
DXCM - DexCom Inc.	Health Care	Medical Supplies	92.34	+2.59	+2.89%	
FIGR - Figure Technology Solutions Inc.	Financial	Consumer Finance	39.10	+7.67	+24.40%	
ICE - IntercontinentalExchange Group, Inc.	Financial	Investment Services	161.25	+6.52	+4.21%	
SCHW - Charles Schwab Corp.	Financial	Investment Services	112.30	+1.21	+1.09%	
COP - ConocoPhillips	Energy	Integrated Oil & Gas	134.87	+8.93	+7.09%	
MELI - MercadoLibre Inc.	Discretionary	Special Consumer Services	1,922.73	+78.15	+4.24%	
DASH - DoorDash Inc.	Discretionary	Special Consumer Services	223.49	+6.47	+2.98%	
CHWY - Chewy Inc.	Discretionary	Specialty Retailers	24.02	+1.60	+7.14%	
VZ - Verizon Communications	Comm. Services	Fixed Telecommunications	49.45	+0.97	+2.00%	
T - AT&T, Inc.	Comm. Services	Fixed Telecommunications	25.29	+0.40	+1.61%	

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-
TXN - Texas Instruments, Inc.	Technology	Semiconductors	264.36	-1.24	-0.47%	
ON - ON Semiconductor Corp.	Technology	Semiconductors	74.21	-0.50	-0.67%	
APP - Applovin Corp.	Technology	Software	305.77	-3.00	-0.97%	

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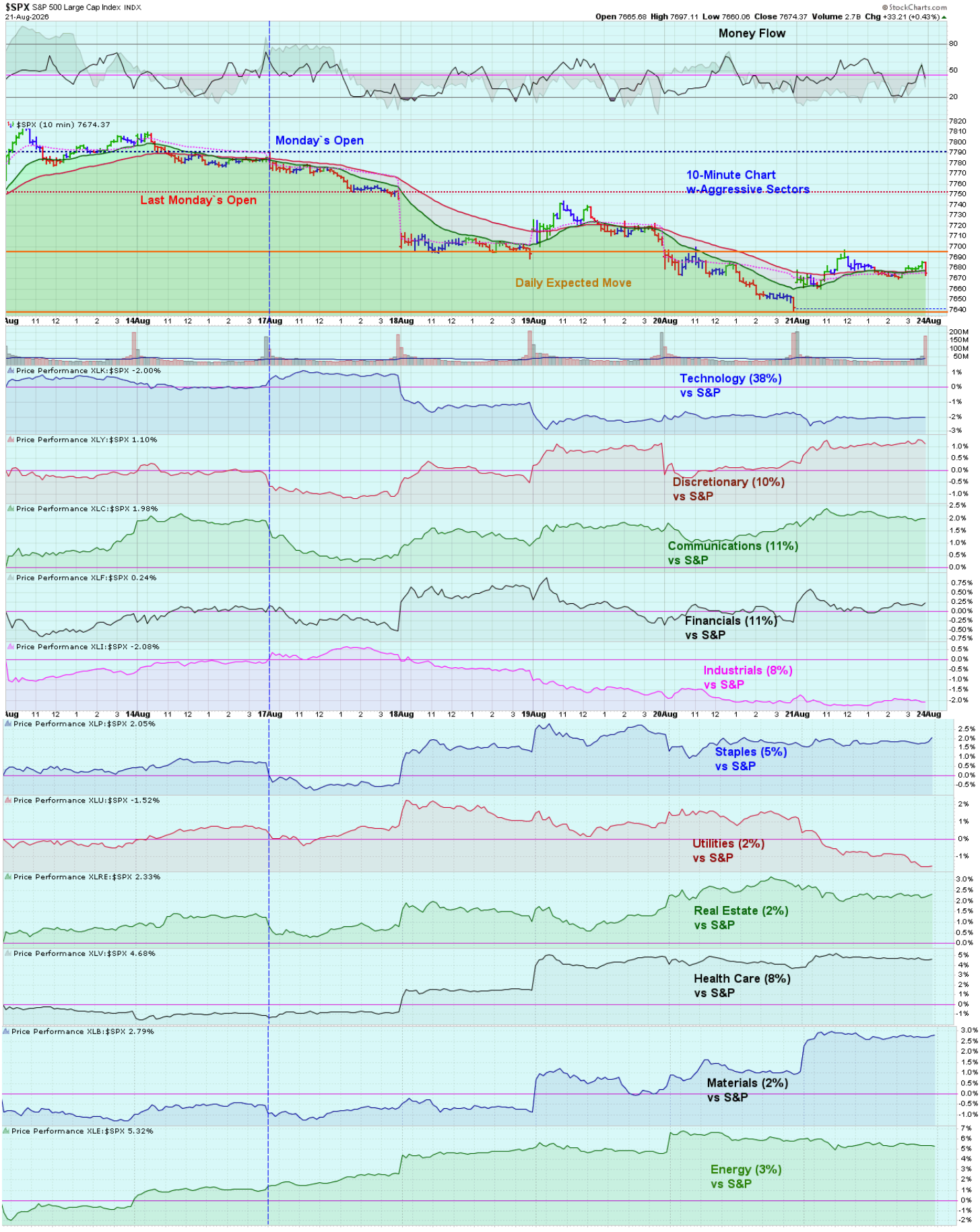
10-Minute Charts:



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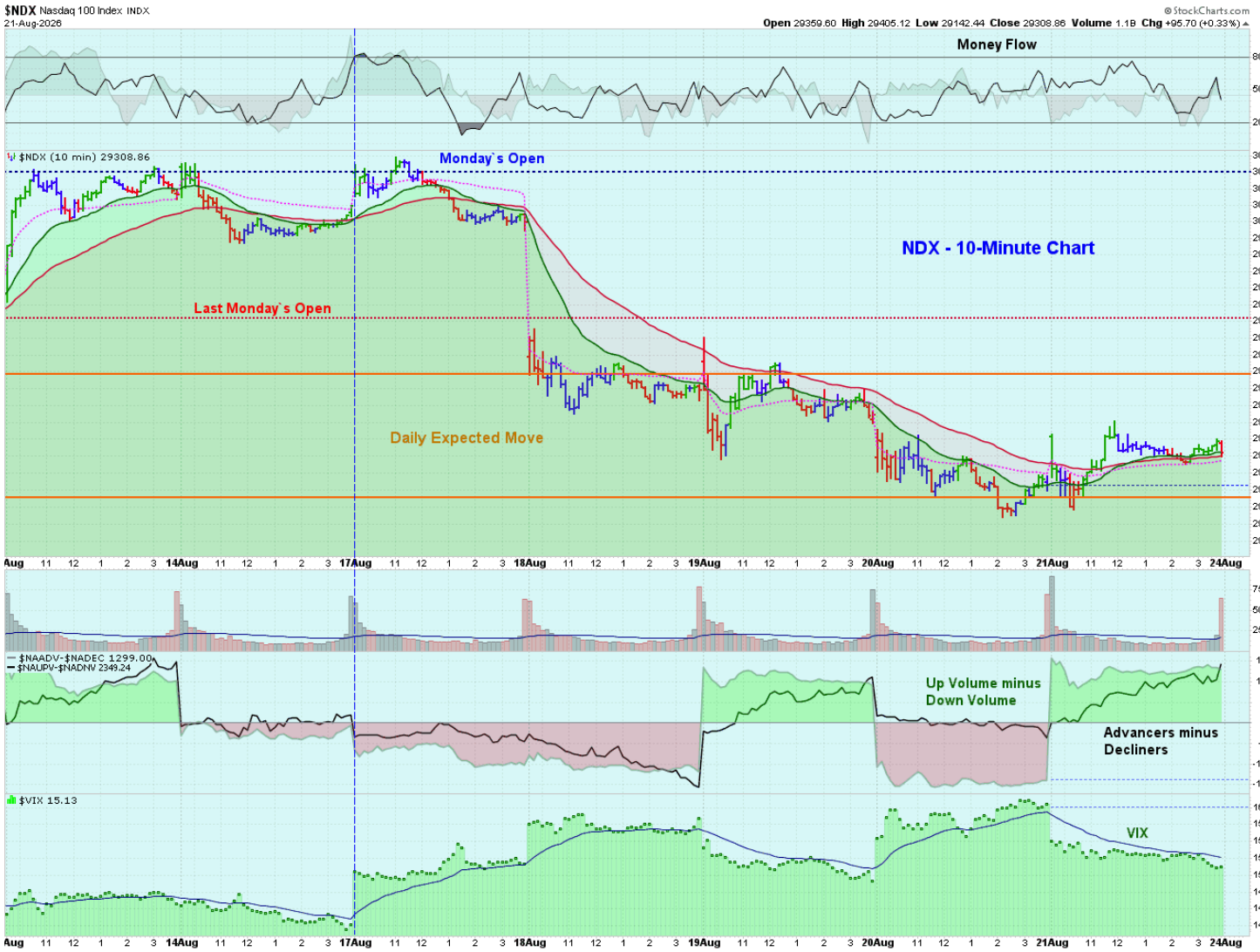

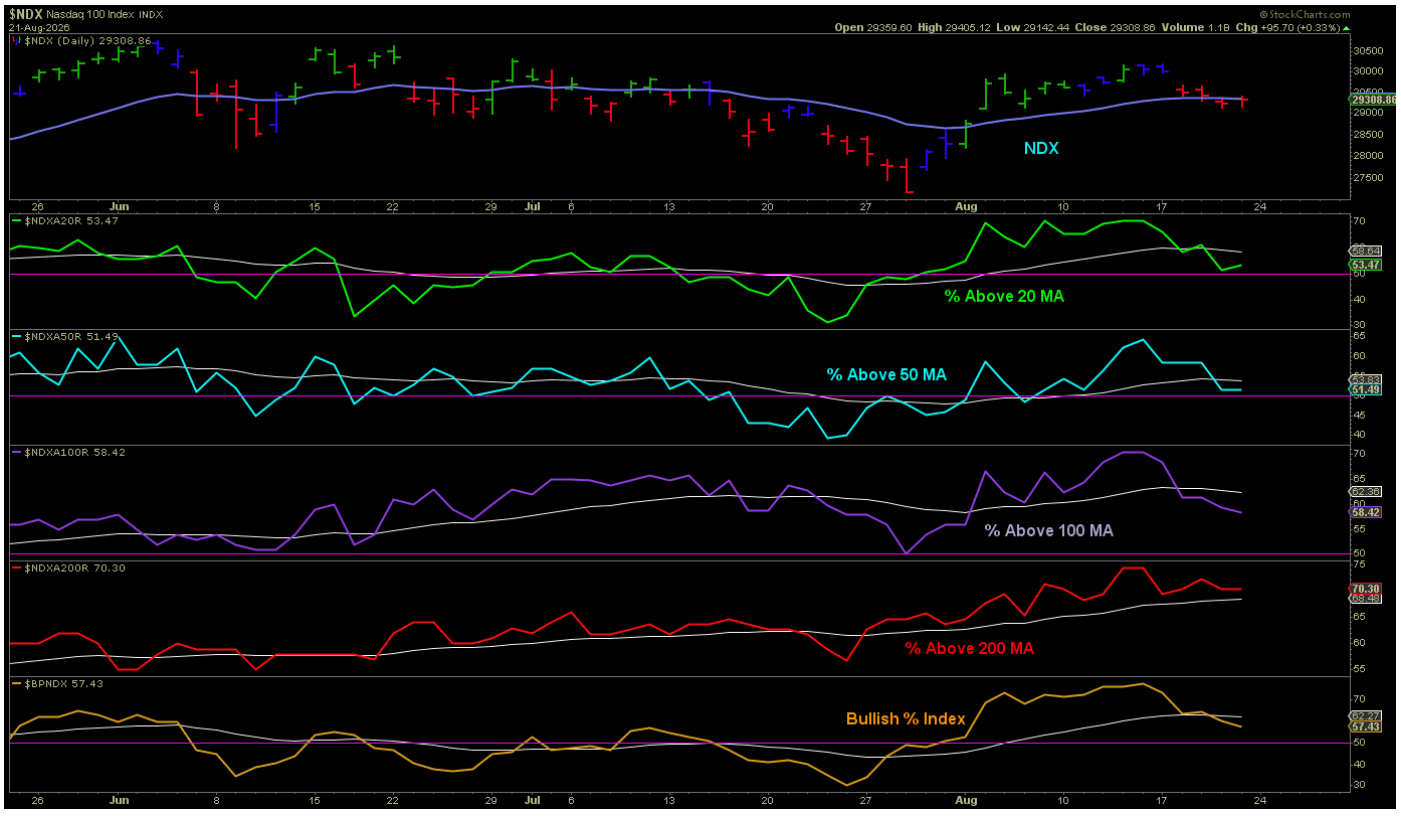

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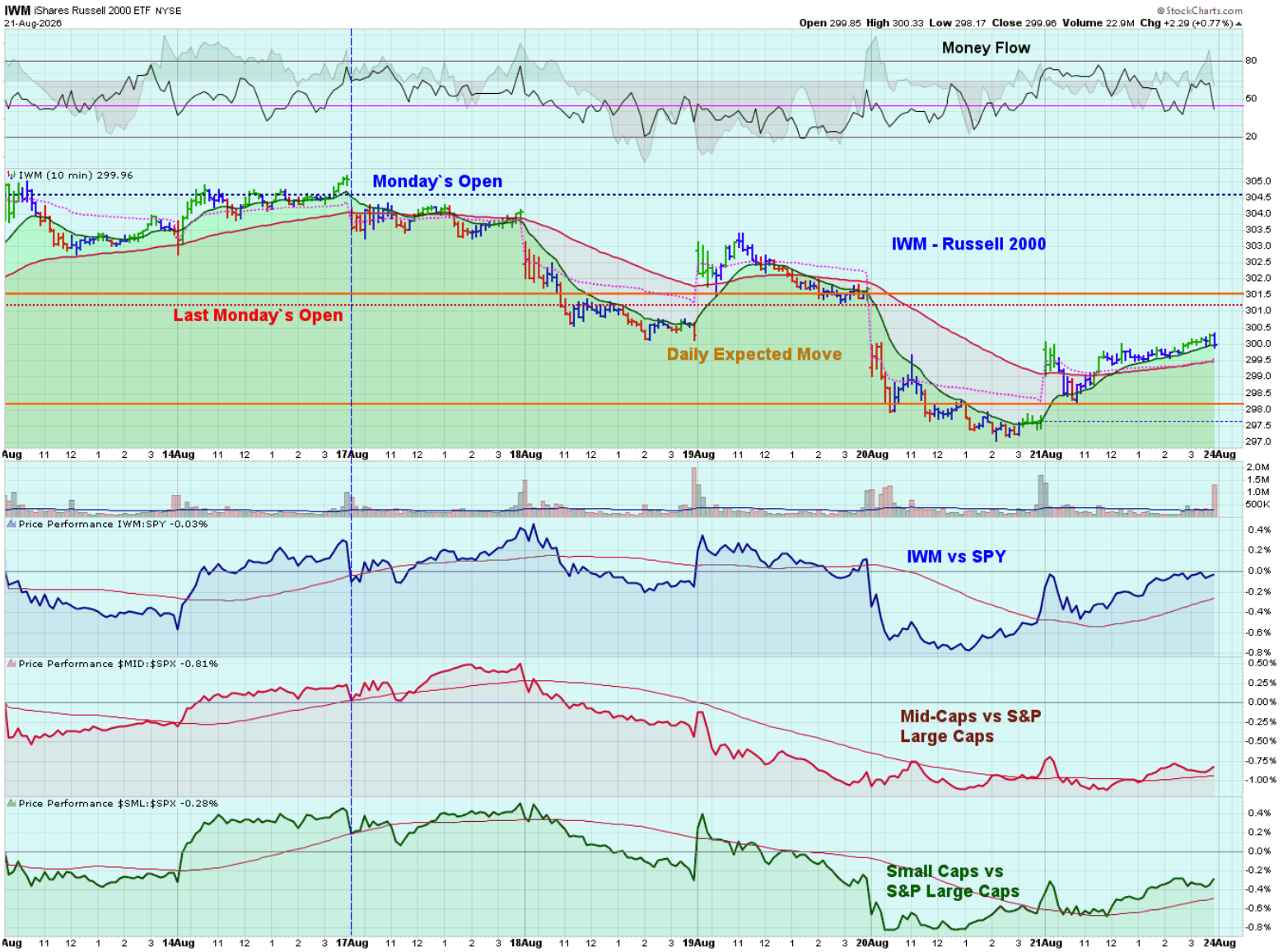

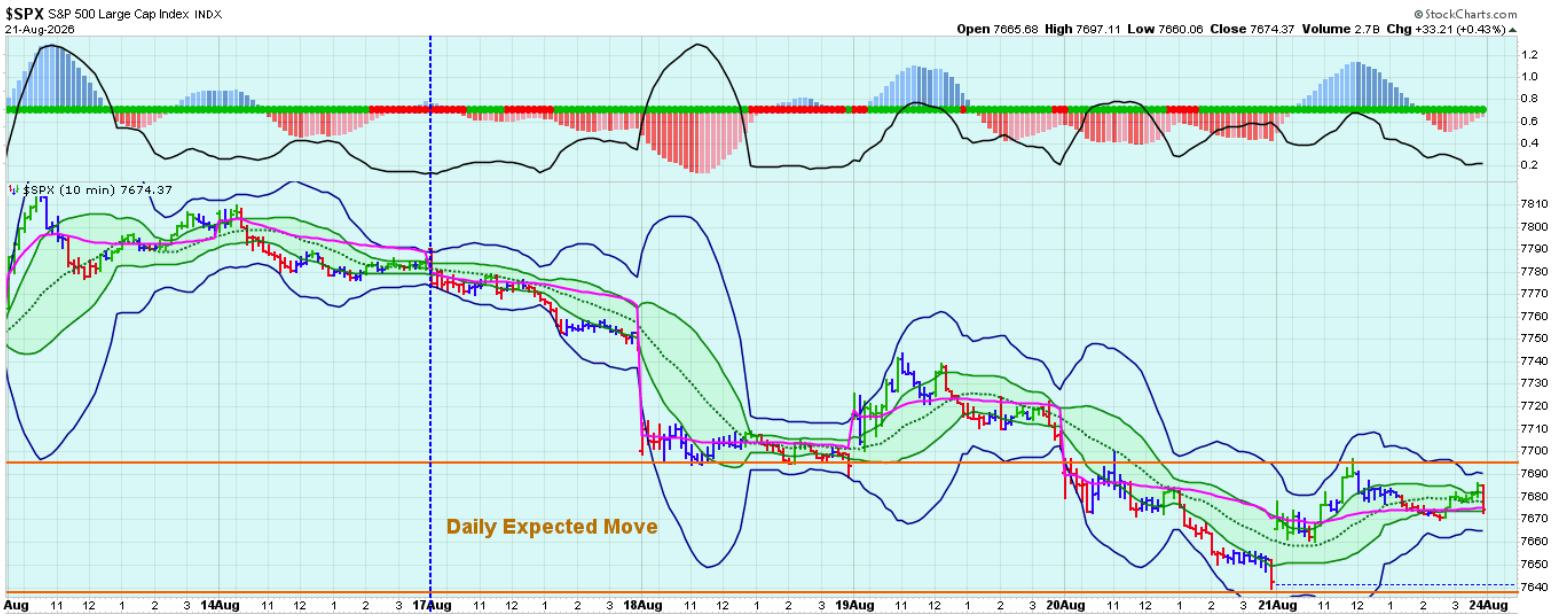

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Top 10 Best & Worst Large Caps for the Week:

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-
MSTR - Strategy Inc	Technology	Software	119.25	+26.21	+28.17%	
MRK - Merck & Co., Inc.	Health Care	Pharmaceuticals	152.55	+16.71	+12.30%	
VRTX - Vertex Pharmaceuticals Inc.	Health Care	Biotechnology	548.05	+42.30	+8.36%	
DHR - Danaher Corp.	Health Care	Medical Equipment	218.85	+16.40	+8.10%	
COP - ConocoPhillips	Energy	Integrated Oil & Gas	134.87	+8.93	+7.09%	
TGT - Target Corp.	Staples	General Retailers	165.44	+10.96	+7.09%	
TMO - Thermo Fisher Scientific Inc.	Health Care	Medical Equipment	629.27	+40.98	+6.97%	
CPRT - Copart, Inc.	Industrial	Transportation Services	33.80	+2.19	+6.93%	
MRVL - Marvell Technology Inc	Technology	Semiconductors	237.04	+15.02	+6.77%	
CRM - Salesforce.com, Inc.	Technology	Software	209.17	+12.96	+6.61%	

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-
ARM - Arm Holdings Plc	Technology	Semiconductors	243.32	-36.12	-12.93%	
INTC - Intel Corp.	Technology	Semiconductors	90.07	-12.43	-12.13%	
GFS - GlobalFoundries Inc.	Technology	Semiconductors	48.05	-6.53	-11.96%	
CRWD - CrowdStrike Holdings, Inc.	Technology	Software	191.95	-25.00	-11.52%	
ON - ON Semiconductor Corp.	Technology	Semiconductors	74.21	-8.45	-10.22%	
WMT - Walmart Inc.	Staples	Food Retailers	103.70	-11.30	-9.82%	
KLAC - KLA Corp.	Technology	Semiconductors	183.99	-19.50	-9.58%	
AMD - Advanced Micro Devices, Inc.	Technology	Semiconductors	473.25	-41.14	-8.00%	
DDOG - Datadog Inc.	Technology	Software	235.62	-19.84	-7.77%	
HON - Honeywell International, Inc.	Industrial	Diversified Industrials	215.90	-18.06	-7.72%	

DAILY VIEW

DAILY VIEW

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Top 10 Best & Worst Small/Mid-Caps for the Week:

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-
AMR - Alpha Metallurgical Resources, Inc.	Energy	Coal	210.01	+43.96	+26.47%	
MARA - Marathon Digital Holdings Inc	Industrial	Business Support Services	11.26	+2.06	+22.39%	
HIMS - Hims & Hers Health, Inc.	Health Care	Health Care Providers	33.78	+5.63	+20.00%	
HAE - Haemonetics Corp.	Health Care	Medical Supplies	108.80	+18.00	+19.82%	
XNCR - Xencor, Inc.	Health Care	Biotechnology	27.80	+4.46	+19.11%	
CRGY - Crescent Energy Company	Energy	Integrated Oil & Gas	14.06	+1.98	+16.39%	
PPC - Pilgrims Pride Corp.	Staples	Food Products	32.25	+4.35	+15.59%	
ILMN - Illumina, Inc.	Health Care	Biotechnology	219.40	+28.51	+14.94%	
CELH - Celsius Holdings Inc.	Staples	Soft Drinks	33.36	+4.27	+14.68%	
CNH - CNH Industrial NV	Industrial	Commercial Vehicles	11.87	+1.43	+13.70%	

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-
CABO - Cable One, Inc.	Comm. Services	Fixed Telecommunications	22.82	-11.66	-33.82%	
AAP - Advance Auto Parts Inc.	Discretionary	Specialty Retailers	42.58	-13.97	-24.70%	
FN - Fabrinet	Technology	Electrical Components	436.67	-133.55	-23.42%	
MXL - MaxLinear Inc.	Technology	Semiconductors	66.61	-18.23	-21.49%	
TTMI - TTM Technologies, Inc.	Technology	Electrical Components	110.54	-29.46	-21.04%	
LZB - La Z Boy, Inc.	Discretionary	Furnishings	33.71	-8.14	-19.45%	
CCOI - Cogent Communications Holdings, Inc.	Comm. Services	Internet	9.17	-2.12	-18.76%	
MTRN - Materion Corp.	Materials	Nonferrous Metals	231.96	-51.01	-18.03%	
MRCY - Mercury Systems Inc.	Technology	Computer Hardware	91.36	-19.76	-17.78%	
PENG - Penguin Solutions, Inc.	Technology	Semiconductors	52.62	-11.18	-17.52%	

DAILY VIEW

DAILY VIEW

From Real Investment Advice:

The Basis Trade: Is The Bond Market Signal Distorted? - RIA

Excerpt:

🏛️ Market Brief – A Bond Scare

The week belonged to the bond market. Long-dated Treasury yields spiked to levels not seen in decades, with the 30-year touching a 19-year high above 5.30% mid-week and the 10-year closing Friday at 4.738%, near a 20-month high. Those seem to be really scary numbers, but as discussed on Friday, *this is just a return to normalcy* after 15 years of abnormally low rates.

Nonetheless, the move forced the Treasury's hand. On Wednesday, Secretary Bessent doubled the size of the government's long-bond buybacks to calm the selling. As I flagged a few weeks ago in *Are US Treasuries Still A Safe Asset?,* the risk in this cycle has migrated out of stocks and into the plumbing of the bond market. This week made that migration impossible to ignore. *(We will discuss another risk momentarily).*

The reaction told the story. Money did not flee to cash; it fled to hard assets, and the scoreboard was lopsided: bitcoin ripped roughly 23% higher in its best week since 2023 to close in on $79,000, gold added 5.5%, finally reclaiming $4,500, and oil gained more than 6% as the Iran stalemate kept a supply premium in the price.

Equities were the mirror image. The S&P 500 slipped 1.33% on the week to 7,674, the Nasdaq 100 dropped 2.41%, and the Russell 2000 lost 1.63%, while the Dow held up better at down 0.80%. Here is the tell that matters. The equal-weight S&P fell just 0.45%, far less than the cap-weighted index, leaving the damage concentrated in the previous momentum names rather than the average stock. A rising discount rate hits the longest-duration assets first, and right now, that is big tech.

Sector leadership confirmed the rotation. Health care led, up 4.4%, with energy up 2.9% on the oil bid and materials up 1.9%. The laggards were exactly what a rate spike punishes: technology fell 3.5%, rate-sensitive utilities dropped 3.4%, and industrials lost 3.3%.

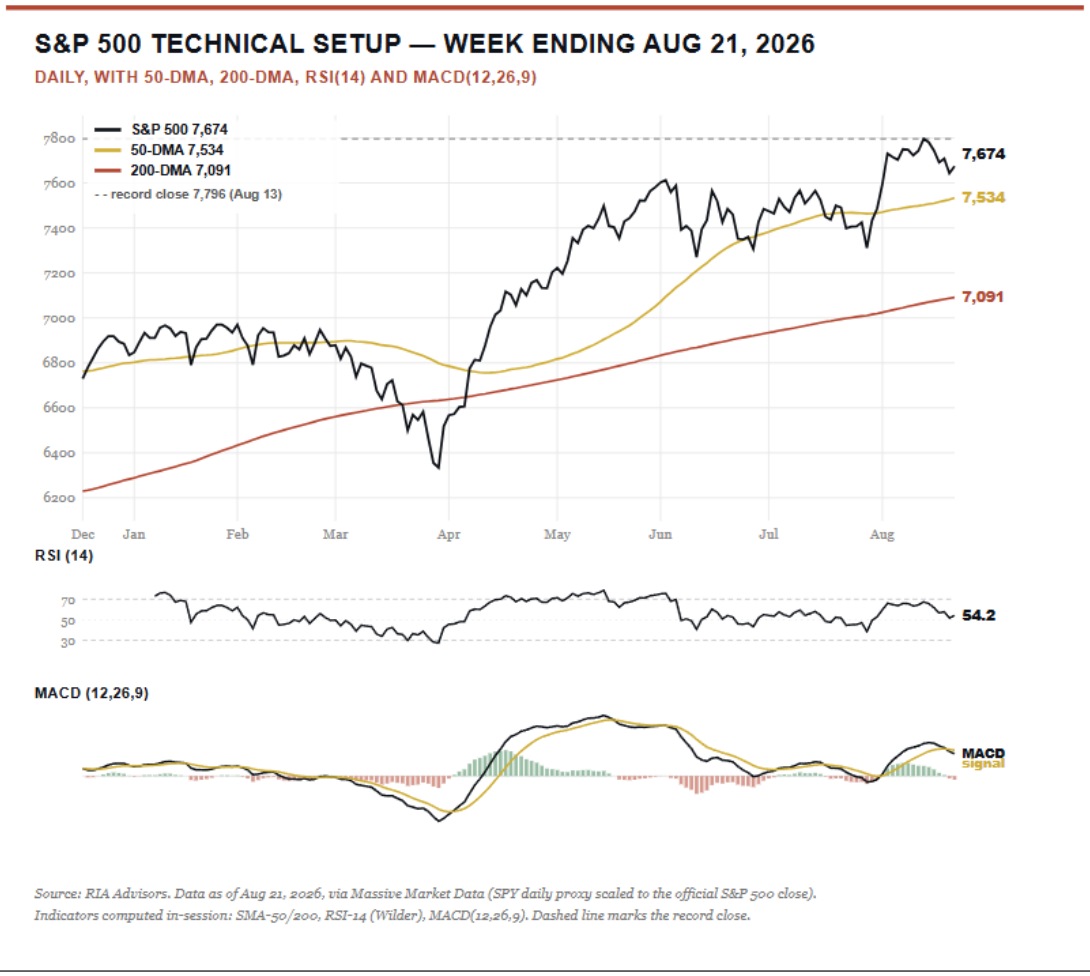
📈 Technical Backdrop – Momentum Rolls Over, What Next?

As noted above, while the overall market was only down mildly this past week, the momentum trade remained under pressure. Despite all the seemingly brutal headlines this past week, the S&P 500 is only down ~1.6% from the record close of 7,796 it set on August 13. However, it still sits about 1.9% above a rising 50-day moving average and

a comfortable 8.3% above the 200-day, so nothing about the trend structure is technically broken.

Underneath, though, the momentum picture has quietly deteriorated. The MACD rolled over this week and crossed below its signal line, the first bearish crossover since the spring, with the histogram sliding to negative 9 index points. That is the kind of shift that tends to show up before price, not after it.

The 14-day RSI has cooled to 54, squarely neutral and well off the overbought readings that came with the August run to new highs. In plain terms, the buyers are getting tired even though the tape has not cracked. Volatility stayed notably calm through the decline, with the VIX easing on the week rather than spiking, which suggests the selling has been an orderly rotation rather than panic. This is worth noting because the market *"calm"* tends to last right up until it does not. September tends to be the weakest trading month of the year.



Good Luck Trading… The following was sent to me by a subscriber. I strongly encourage you to read it if you want to be armed with the truth. The highlights are mine.

AI In Your Backyard: The Water and the Wires

Artificial intelligence is the topic of the day. It seems everyone has an opinion but not much actual factual knowledge. I've been dragging emails and research into my AI folder for a very long time. Today (and next week) I review those emails, as we are going to look at the reasons there is so much opposition to AI data centers. Some of it is because of the hype that the AI hyperscalers offer in their fantastic views of the future. They breathlessly tell us how much AI is going to be doing for us and to us. They see a future where AI and robots do everything. (I'm looking at you, Sam Altman, Peter Diamandis and Elon Musk.) "We are moving to a post-work future." They see the world evolving into some Star Trek-like world of abundance, where whatever work we do is because we want to do it.

Then there are the naysayers who believe that we are moving into a Blade Runner existence, where a few elite live incredible lives and the rest of us are scraping by. The pessimistic case about any new technology is always the easiest to make and it's almost always wrong. But it shapes opinion.

In my opinion, neither scenario is realistic. One of our essential human qualities is our adaptability. AI is just another tool, like electricity or cars or the Internet. It's up to us to decide what we do with it. AI is the platform, not the artist.

All that being said, there is an enormous amount of angst. This week we will look at the actual pushback on the infrastructure surrounding AI, and next week we will look at whether AI in fact is going to kill jobs or create jobs (Hint: it will do both. Just like steam engines and automobiles.)

Here's the problem. Seventy-one percent of Americans say they oppose a new data center being built anywhere near them. That's a supermajority, and it now runs higher than the share of Americans who oppose a nuclear plant in their backyard. If you have followed my writing for any length of time, you know I am generally allergic to consensus opinions, especially ones formed faster than the facts that are supposed to support them. So, let's look at what is driving that 71%, because when I dug into the underlying data, I found a gap between the sentiment and the substance that is almost as wide as the "power gap" I'm about to show you.

The two objections I read most often, data centers are draining our water supplies dry, and data centers are going to wreck the power grid and spike everyone's electric bill, turn out to be a mix of real-but-manageable engineering problems and outright misinformation. Let's take them one at a time, and then next week we'll tackle the third objection, the one that scares people most: that AI and the data centers powering it are coming for their jobs.

The Water Math Doesn't Support the Panic

Start with water, because it's the objection I see repeated most confidently and understood least well.

The best current estimate is that U.S. data centers directly consumed roughly 17 billion gallons of water on-site in 2023 for cooling. Add the indirect water used to generate the electricity that powers them, power plants are themselves thirsty, particularly thermal ones, and you get to a total footprint of somewhere around 228 billion gallons a year. That sounds like a lot, doesn't it?

Now compare that to golf. America's golf courses consume something like 425 to 493 billion gallons of irrigation water every year, depending on whose evaporation assumptions you use. Run the numbers every way analysts have tried — counting only direct water, or including the water embedded in the electricity each industry consumes — and golf comes out using anywhere from 24 to over 100 times more water than data centers, depending on the framing. I don't say this to pick on golf, which I enjoy as much as the next person. I say it because a hobby practiced at roughly 16,000 courses across the country, one almost nobody is protesting at the county zoning board, uses dramatically more water than the industry currently at the center of every "water crisis" op-ed.

And golf itself is a rounding error next to irrigated agriculture, which consumes something on the order of 73 billion gallons a day, 27 trillion gallons a year, across the United States. Data centers, at the highest estimate of 228 billion gallons annually, amount to well under 1% of that.

There's also a useful way to think about value per gallon. By one estimate, data centers generate roughly 92 cents of economic output for every gallon of water consumed, versus roughly 8 cents for golf — better than an 11-to-1 advantage. I'd stack up a lot of American industries against that ratio.

None of this means water use is irrelevant, or that every data center is a good neighbor on this score — some, particularly in drought-stressed regions like the Southwest, deserve real scrutiny about site selection and sourcing. But the technology is also moving fast in the right direction. Direct-to-chip liquid cooling (coming soon to a data center near you) can cut a facility's water needs by up to 95% compared to older evaporative systems. Immersion cooling — submerging servers in a non-conductive fluid — eliminates evaporative water loss almost entirely. And a growing number of new builds use closed-loop systems that recycle the same water indefinitely rather than continuously drawing fresh supply. The industry most likely to fix its own water footprint quickly is one with $50 billion facilities and shareholders who read utility bills. If you want to worry about American water use, I would point

you toward almonds, alfalfa, and fairways long before I'd point you toward server farms.

Sidebar: large corporate California farmers (including George Soros) grow alfalfa which is extraordinarily water intensive. They then put that alfalfa into otherwise empty containers and ship them back to China, where China uses it to feed their cattle. While exact figures will vary by year and source, estimates suggest California ships 70-100 billion gallons of water per year in the form of alfalfa. This is enough to supply a year's water for about a million households. That is several times the direct use of AI data centers.

Don't get me started on almonds. A single almond takes 1.1 gallons to produce. The next time you snack on almonds realize you are consuming 20 gallons of water. California uses over 1.6 Trilliongallons of water annually to grow almonds. That is 13% of California's water usage. A typical airline first-class cabin will use 320 gallons of water or more serving almonds. Not to mention the other nuts. Literally, cry me a river about data centers' usage of water.

Technology is fixing the data center water usage. It is not fixing almonds or alfalfa or any of the other things we want and use.

The Grid Problem Is Real — But It Isn't What You've Been Told

The power story is more nuanced, and I want to give the skeptics their due here, because they're not entirely wrong.

It is true that data center electricity demand is growing at a pace the American grid was not built to handle. The Electric Power Research Institute (EPRI) projects data centers could rise from about 4% of total U.S. electricity consumption in 2023 to as much as 20% by 2035. It is also true that connecting new large loads to the grid has become painfully slow — what took about 15 months two decades ago can now mean a multi-year wait, and in parts of

Texas, ERCOT's (the Electricity Reliability Council of Texas) own interconnection queue, some new requests aren't expected to get power until 2031 or 2032. As one energy analyst put it, "poles and wires have not become an exponential technology" — unlike chips, the physical grid doesn't get cheaper and faster on a predictable curve. That's the legitimate and very relevant core of the "grid" objection.

Where the popular narrative goes wrong is in assuming the industry is simply going to grab power off the shared grid and let residential ratepayers eat the consequences, with no adaptation. That's not what's happening on the ground.

First, a large and growing share of new data center capacity isn't drawing from the public grid at all. Developers are increasingly generating power behind the meter, on-site, precisely to route around interconnection queues, which can be years. States like Florida and Georgia currently have more grid capacity than people assume, and Texas has been able to supply grid power to data centers even as it builds out enormous behind-the-meter generation in parallel. Where new gas turbines are unavailable — and large 400-megawatt turbines are essentially sold out seven years into the future — operators are turning to repurposed jet engines (Boom Supersonic, the supersonic aviation company, now builds turbines for data centers) and Caterpillar reciprocating engines, the same technology used in backup generators, just deployed at scale.

Second, utilities and grid operators are actively redesigning the rules to speed up connection rather than slow it down. ERCOT passed a rule in June 2026 allowing data centers to accept "interruptible" status, agreeing to be curtailed when the grid is stressed, in exchange for a dramatically faster interconnection timeline, cutting the wait from five-to-seven years down to twelve-to-eighteen months. FERC (Federal Energy Regulatory Commission) has sent letters encouraging six other regional grids to adopt similar rules. This is exactly the kind of market-based adaptation you'd expect capital to produce when it runs into a bottleneck, and tens of gigawatts of projects are already lining up to use it.

Third, and this is the part that gets lost in most of the coverage, nuclear power is experiencing a genuine renaissance because of data center demand, not despite it. Microsoft has already signed a power purchase agreement tied to restarting a reactor at Three Mile Island. France, for comparison, generates about 80% of its electricity from nuclear and exports the surplus to the rest of Europe — proof the model works at scale when a country commits to it. (The US is woefully behind.)

Small modular reactors and fully factory-built reactors are still a few years from commercial scale, but as one energy forecaster put it, "AI data centers might be the best thing that's ever happened to the nuclear industry" — because for the first time in decades, there is a large, creditworthy buyer willing to sign long-term contracts for firm, round-the-clock, carbon-free power.

But Will It Raise My Electric Bill?

This is the question underneath the question, and it deserves a straight answer, not a talking point from either side. The answer is nuanced and depends on the locality.

Senator Elizabeth Warren made headlines this year claiming residential electricity bills near data centers had risen "as much as 267%" over five years. PolitiFact rated that claim Mostly False: the 267% figure was a cherry-picked wholesale price, not what anyone actually pays, and wholesale costs make up only 30–50% of a typical residential bill, the rest is transmission, distribution, and taxes, which don't move with data center demand. Nationally, residential electricity prices did rise about 42% over five years (think rising oil and natural gas prices), and in some data-center-heavy regions, Washington, D.C. (94%), Maryland (74%), the increase was steeper.

But a rigorous 2026 study from the energy consultancy E3 found something that should surprise anyone who's absorbed the "data centers are hiking your bill" narrative uncritically: states with the largest data center load growth, like

Texas and Virginia, saw the smallest electricity rate increases, while states with declining load growth, like California and New York, saw the largest.

That's economics 101. As noted above, the infrastructure to deliver electricity is a huge sunk capital cost. The first watt of electricity costs a great deal to deliver. Spread that over gigawatts and the price per watt falls. If some states build huge power infrastructure to deliver electricity, and then demand falls because your population and business decreases, you still have to charge for that infrastructure to deliver the electricity. Yes, rising demand can, and often will, also increase cost in the short term, but over time? Not so much. One of the main culprits is inflation, which is not a data center problem.

In the mid-Atlantic PJM market, E3 attributed only about half of recent capacity price increases to load growth at all — the rest came from power plant retirements, market design changes, and supply-side constraints that predate the AI boom. And in Virginia — the current data center capital of the world (soon to be Texas), with more capacity than any other state — E3 found no evidence of a historical cost shift from data centers onto residential customers. If anything, the analysis found individual large data center accounts generating millions of dollars in net surplus revenue for their utilities, money that helps hold down costs for everyone else on the system.

None of that means every data center deal is priced fairly, or that every state's rate design gets the incentives right, some clearly don't, and that's a legitimate area for regulators and legislators to keep pushing on. But the evidence does not support the blanket claim that data centers are quietly picking the pockets of ordinary electricity customers nationwide. The states building the most data centers are, on average, seeing the least rate pain, the opposite of what the popular narrative would predict.

The AI Bottom Line

The grid genuinely needs to grow faster than American infrastructure has grown in decades, and that is a real, difficult, and worthwhile policy challenge,

one I'd rather see us solve with faster permitting, smarter interconnection rules, and more nuclear than with a moratorium on the industry that's currently the largest source of private capital investment in the country, not to mention the driving technology of the future.

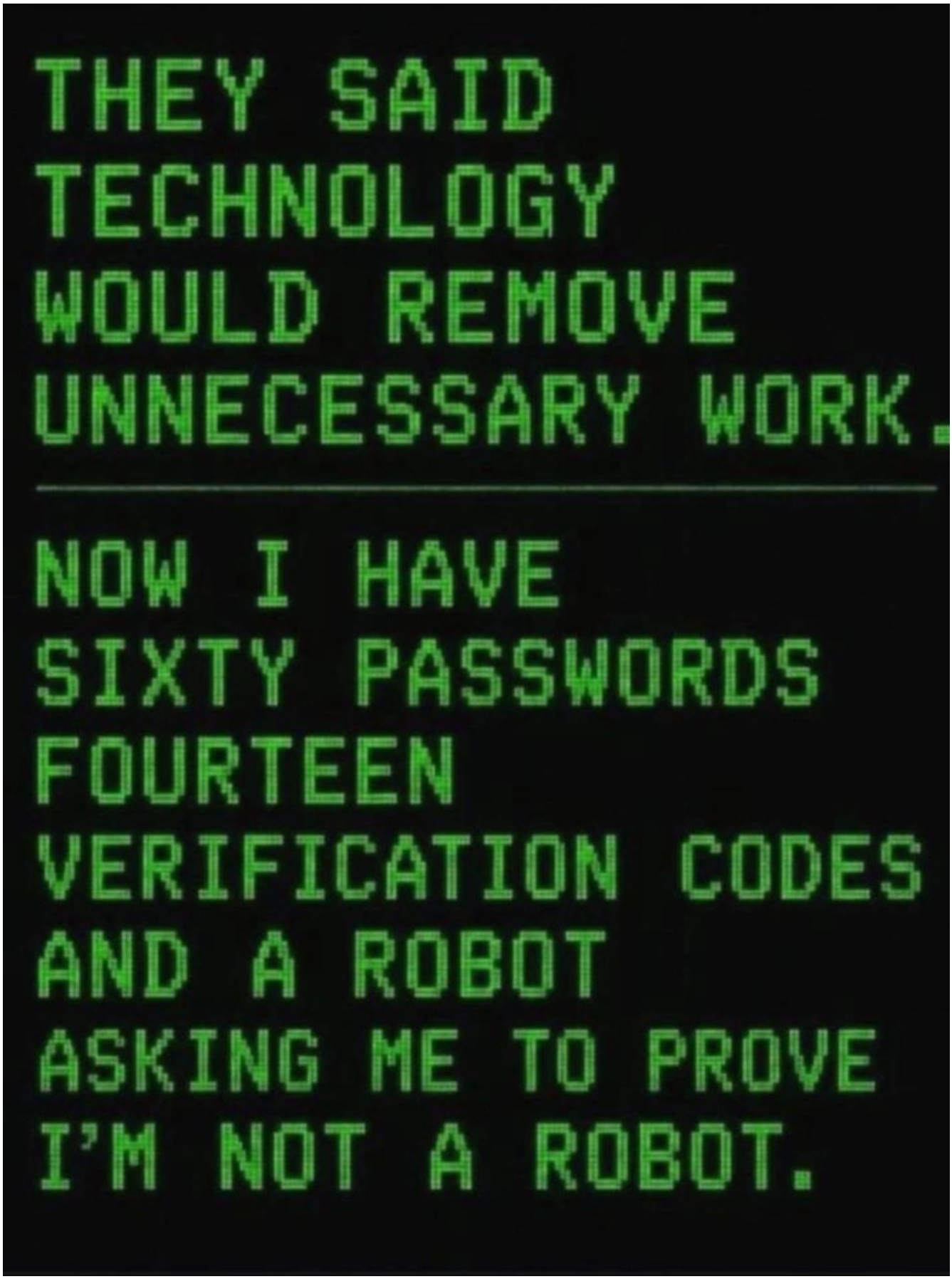
But "data centers are draining the aquifers and blowing up your power bill" is not what the data shows. On water, they're a rounding error next to golf and agriculture, and the technology is getting more efficient by the year. On power, the bottleneck is real, but it's the poles and permitting, not some unsolvable physical limit — and the regions leaning hardest into data centers are, so far, not the ones paying the highest price for it.

Next week, in Part 2, we'll take on the objection that worries people most: jobs. Is AI actually taking them, is it creating them, and what does the data, as opposed to the headlines, actually say?

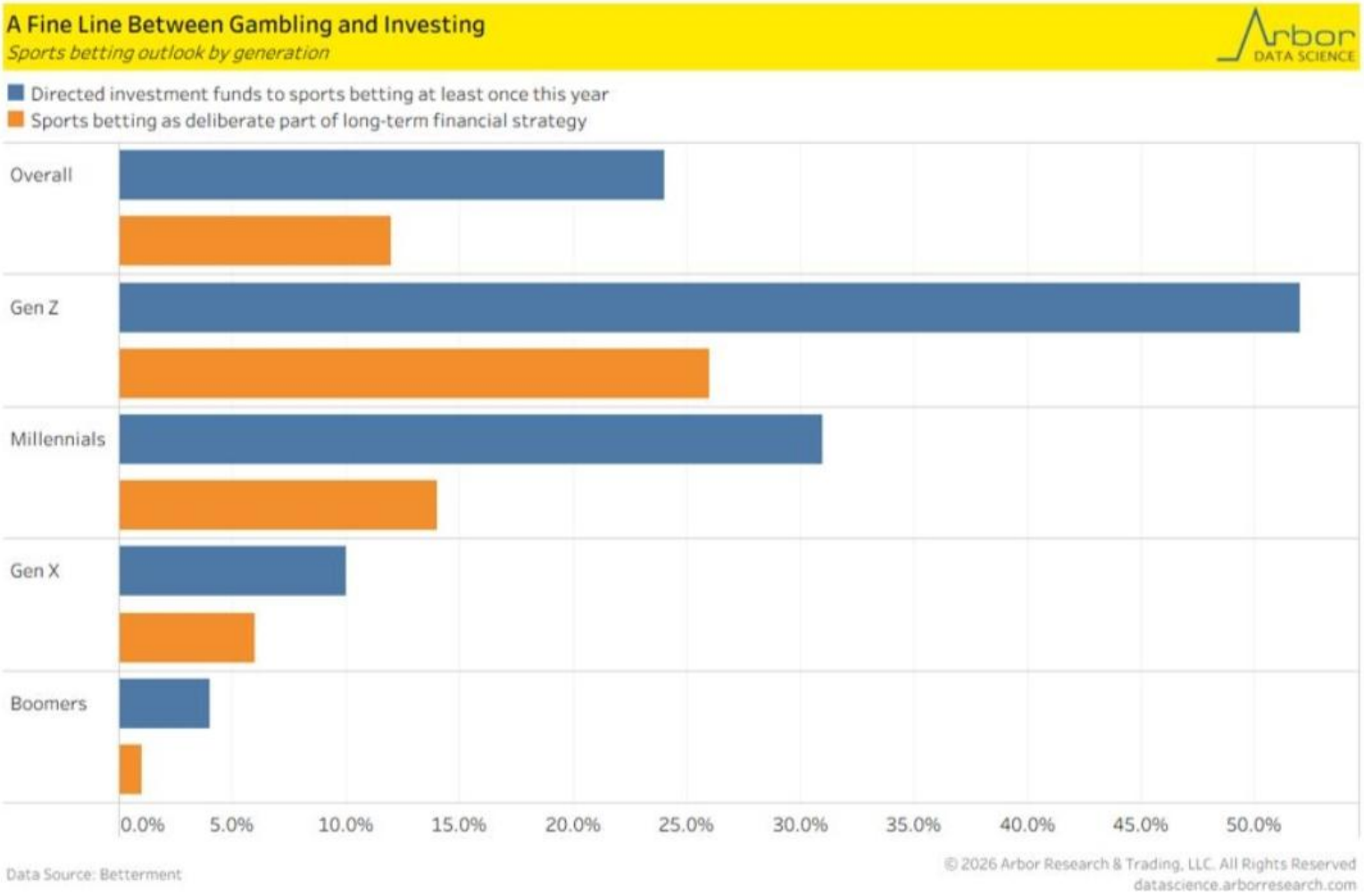
At the end of the letter I provide sources for some of the data above.

Geopolitics At the Speed of Light

*AI isn't the only sector moving at the speed of light. It seems the pace of change of everything is accelerating. This unfortunately includes geopolitics. A few months ago, Ed D'Agostino and I agreed - we need to add a weekly letter at Mauldin Economics focused on geopolitics. And it needs to be free for all. We were lucky to catch the interest of Jacob Shapiro. If you aren't reading his excellent weekly letter, called **The World Isn't Ending**, you should be. (I love the name of the letter. It so fits my personal philosophy.)*

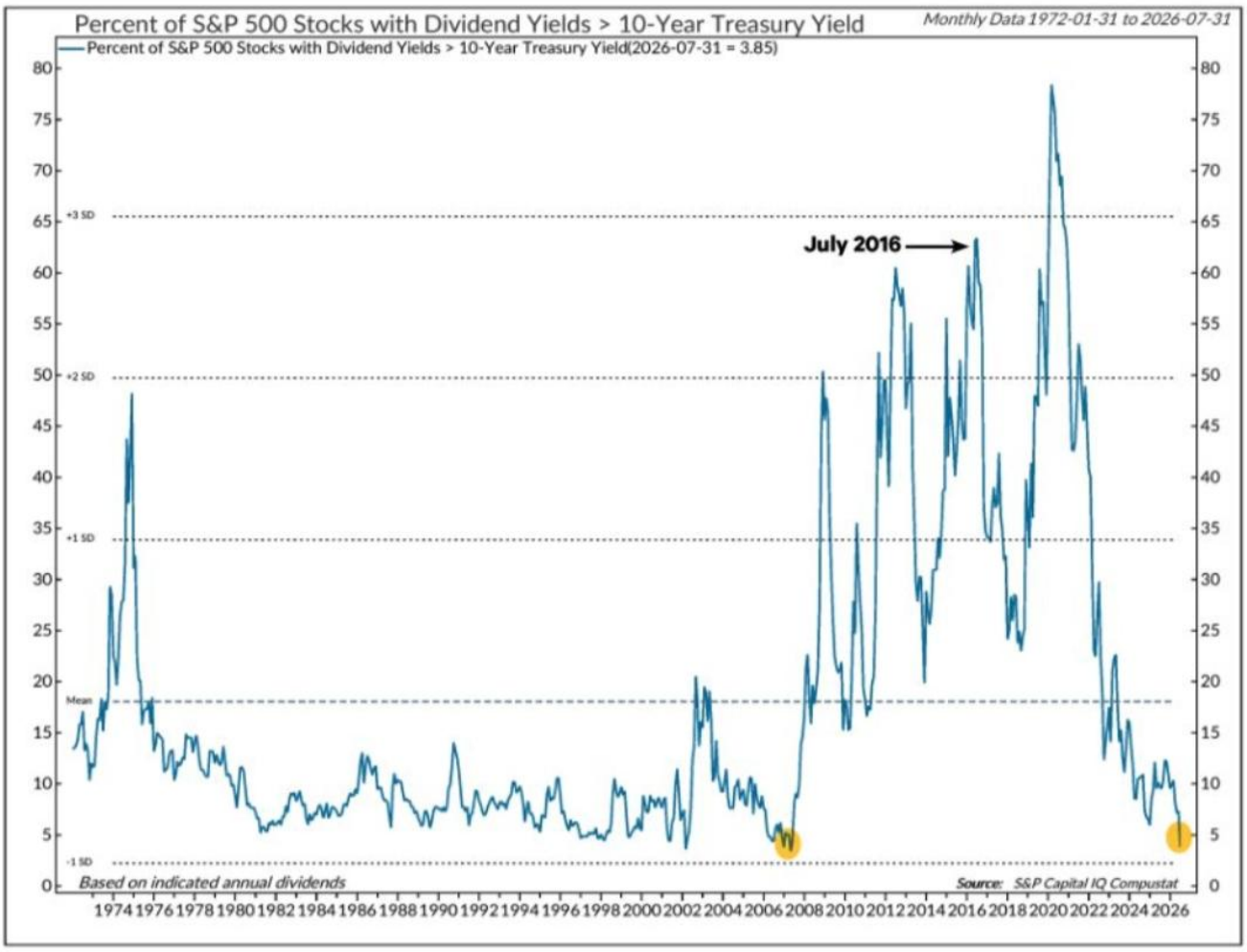

THEY SAID
TECHNOLOGY
WOULD REMOVE
UNNECESSARY WORK.
NOW I HAVE
SIXTY PASSWORDS
FOURTEEN
VERIFICATION CODES
AND A ROBOT
ASKING ME TO PROVE
I'M NOT A ROBOT.

According to a recent Betterment survey, more than half of Gen Z investors redirected investing funds to sports betting at least once this year, far exceeding the overall rate...Gen Z was also the mostly likely generation to view sports gambling as a deliberate part of long-term financial strategy

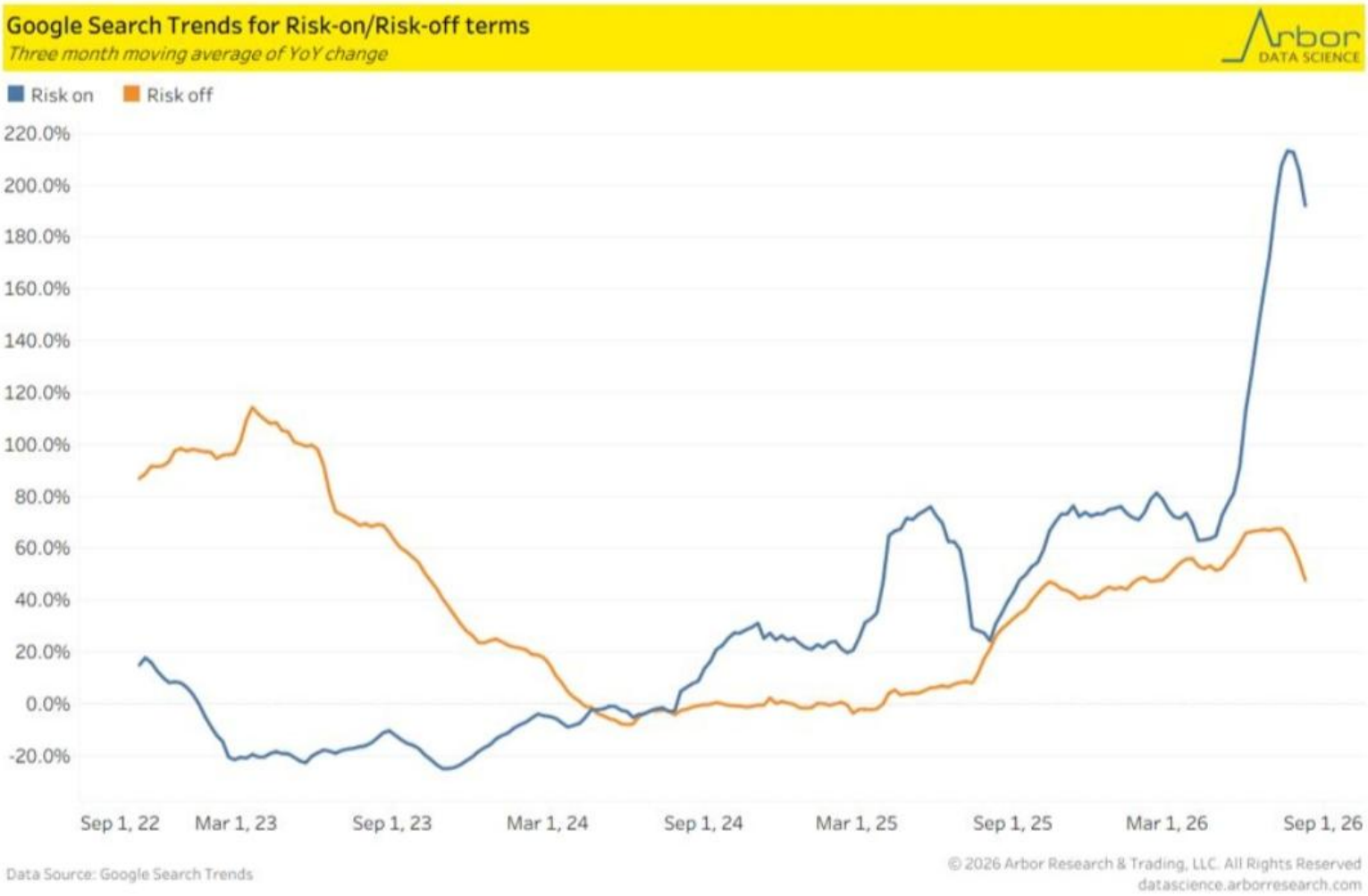


S&P 500 stocks with dividends yields > 10-year Treasury yields hit a record high of 63.4% (excluding the COVID-19 crash) back in July 2016...a decade later, that figure has fallen to less than 4%, lowest since May 2007

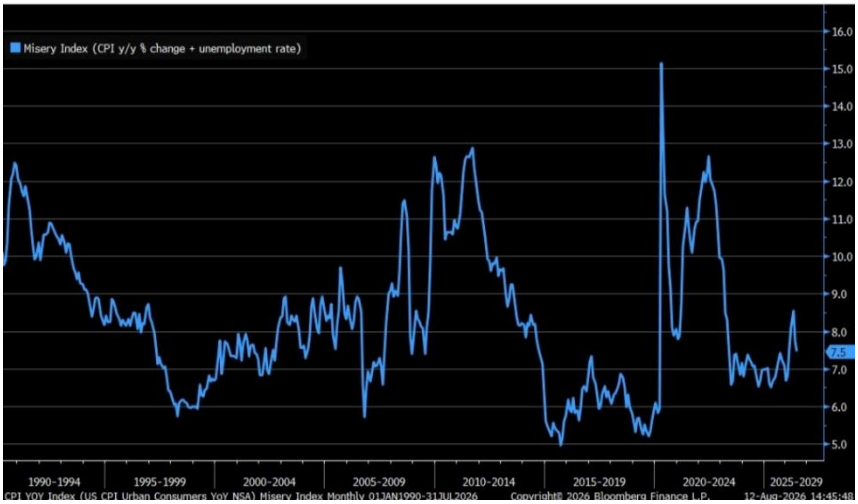
Ned Davis Research



Using Google Search Trends, investor interest in "risk-on" terms has significantly outpaced "risk-off" terms



Misery Index (calculated as the sum of y/y CPI and the unemployment rate) rolled over again in July and now stands at +7.5%, supported by moderating inflation and a slight downtick in unemployment

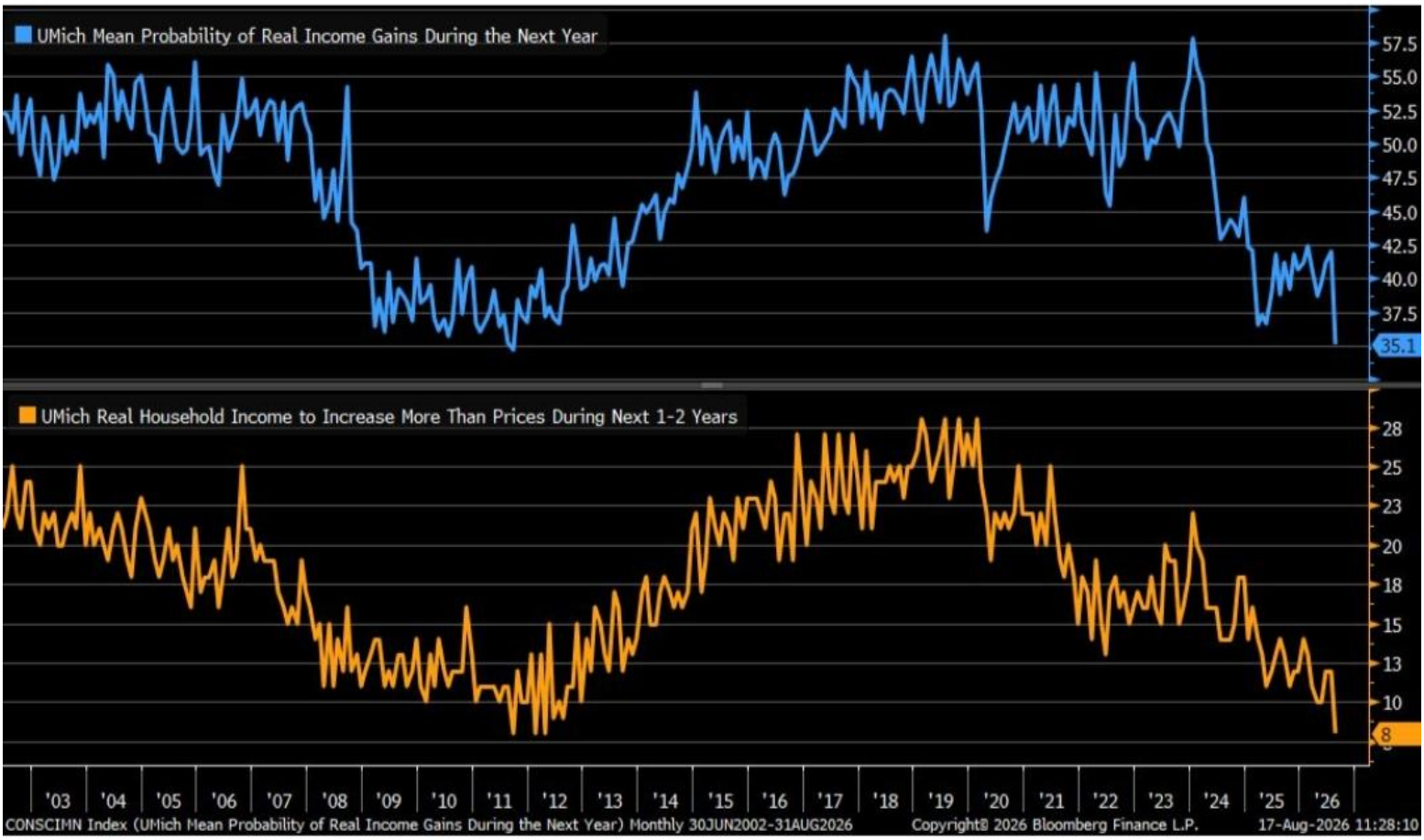


Firms' year-ahead business #inflation expectations were unchanged at +2.2% in August but remain slightly above their pre-pandemic average of +2.0% per Federal Reserve Bank of Atlanta

July supercore #inflation eased to +2.84% y/y and continued its sharp decline from the recent May peak but remains above pre-pandemic average

MBA purchase activity for week ended Aug. 14 showed continued softness, down -3.4% from a year ago...30-year mortgage rate unchanged at 6.77%

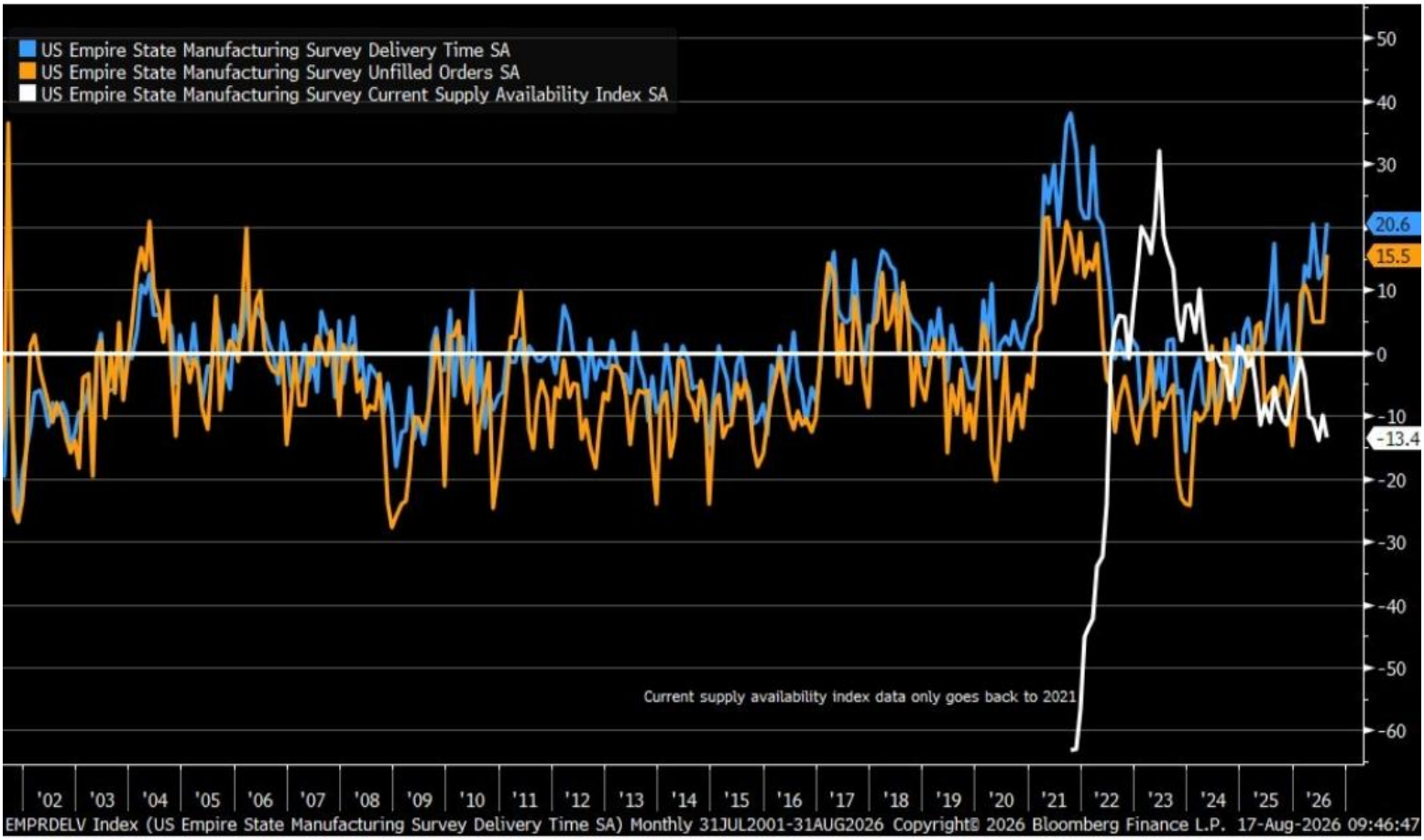
Consumer expectations for higher income over the next year dropped to 35.1% in August while only 8% expected their income growth to outpace inflation



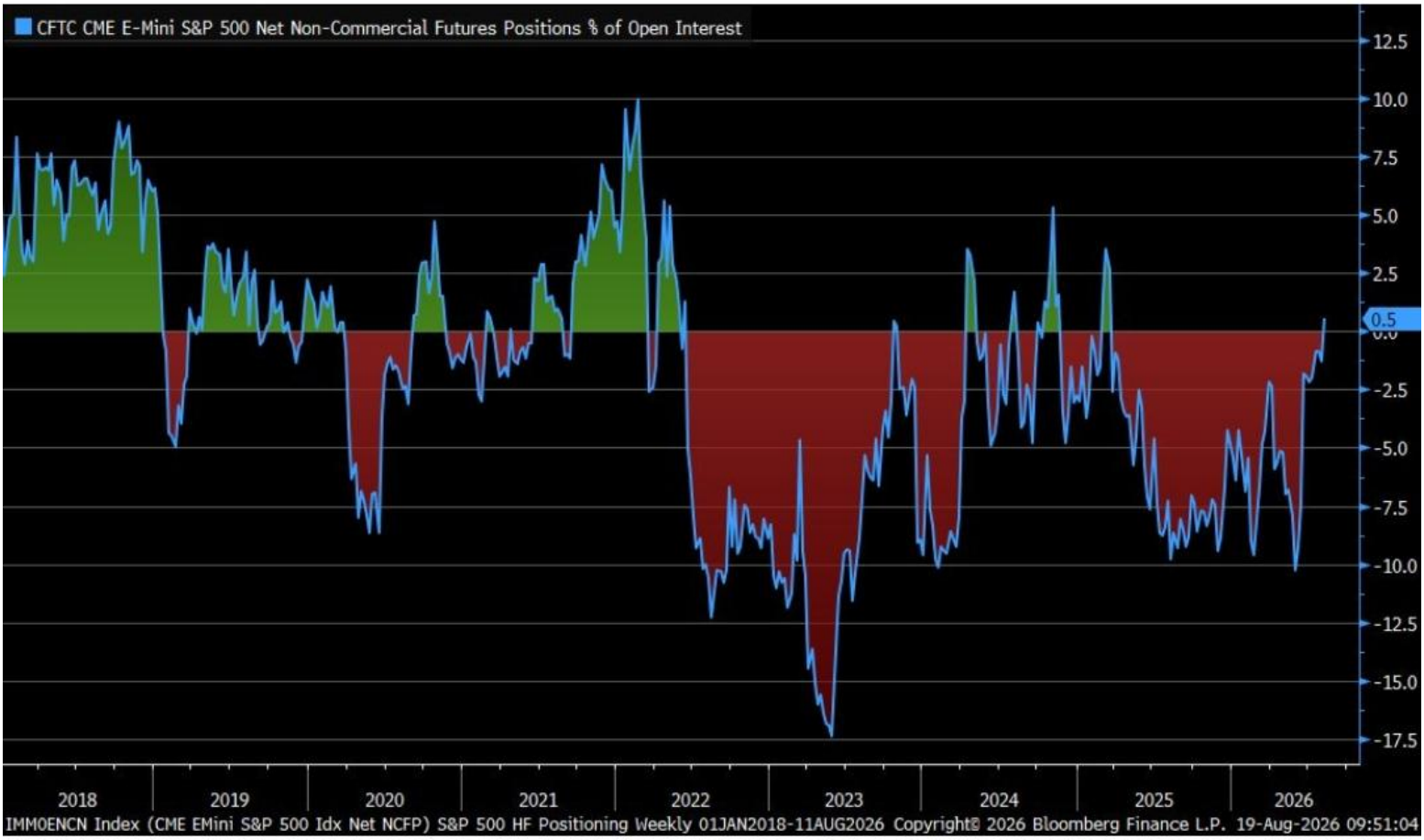
Wage quartile dispersion continues to narrow, with the top and bottom income quartiles now separated by just 10 basis points (+3.8% vs. +3.7%), according to latest Federal Reserve Bank of Atlanta Wage Growth Tracker

www.breakpointtrading.net

Latest Empire Manufacturing Index report pointed to significantly longer delivery times, rising backlogs and worsening supply availability in August



Large speculators' net positioning for S&P 500 futures popped into positive territory for the first time in over a year



Pending home sales fell 2.5% y/y in July and moved into negative territory for the first time since January

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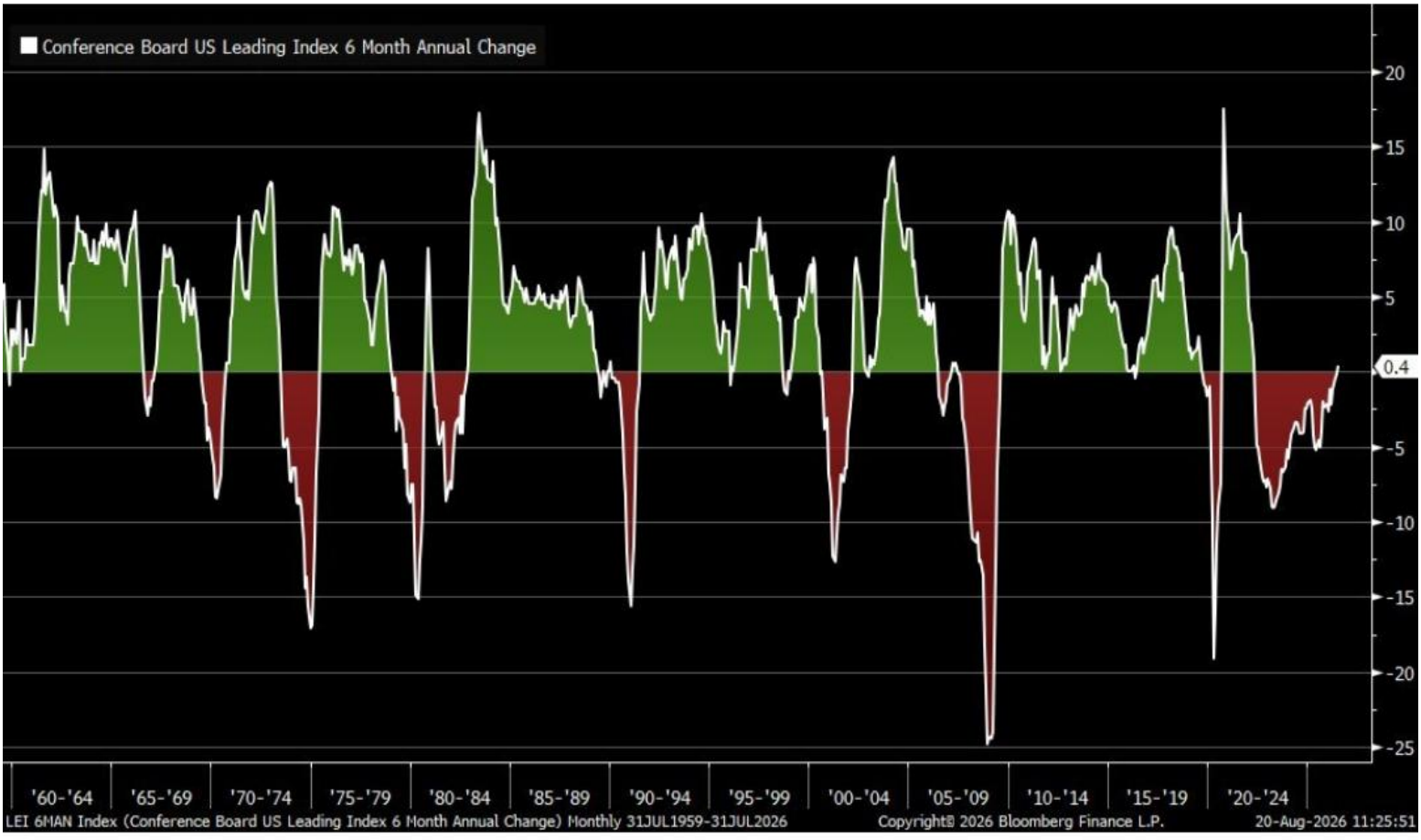
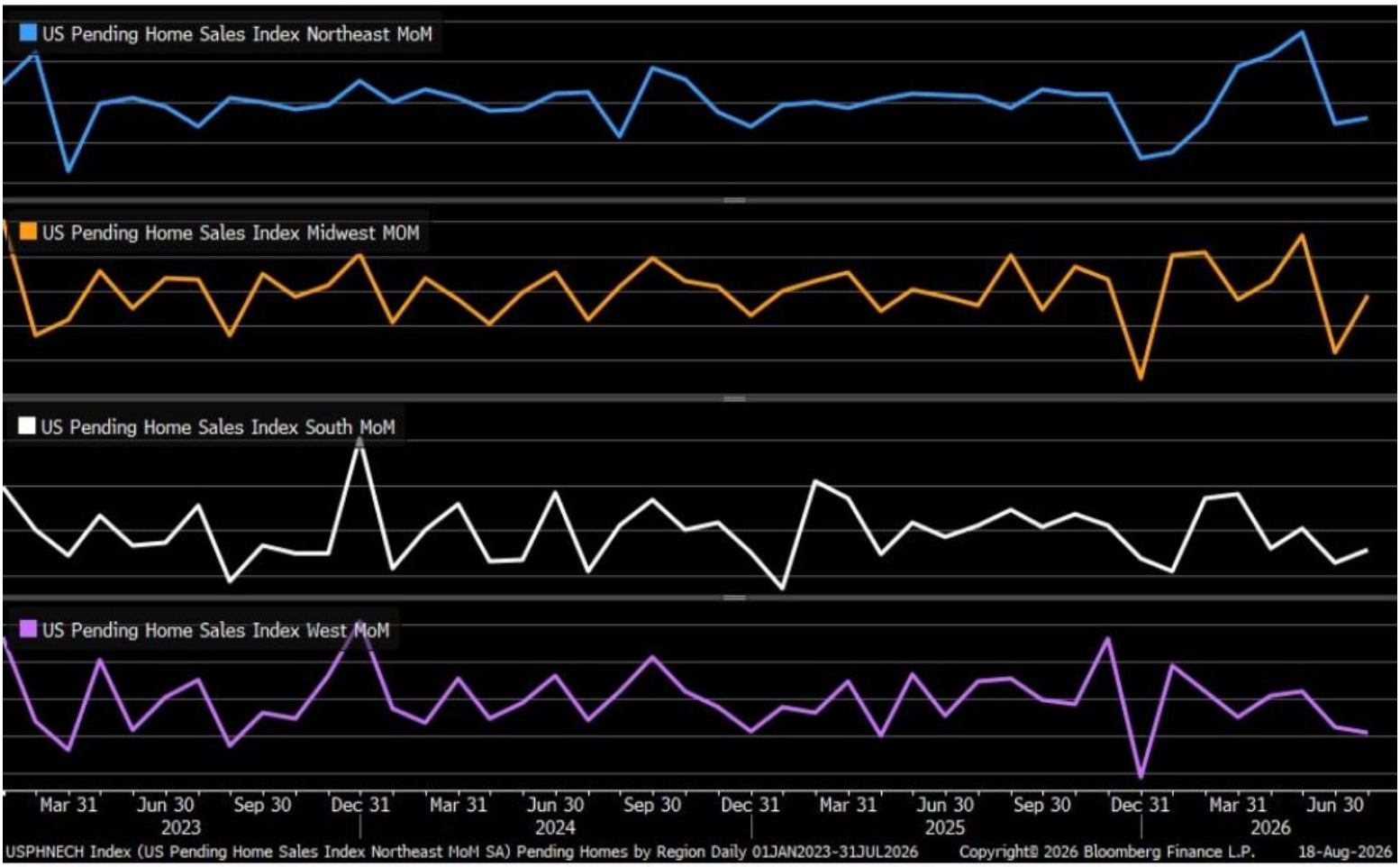
Six-month annual change in The Conference Board Leading Economic Index turned positive for the first time in over four years… strength was widespread with 9 out of 10 components advancing



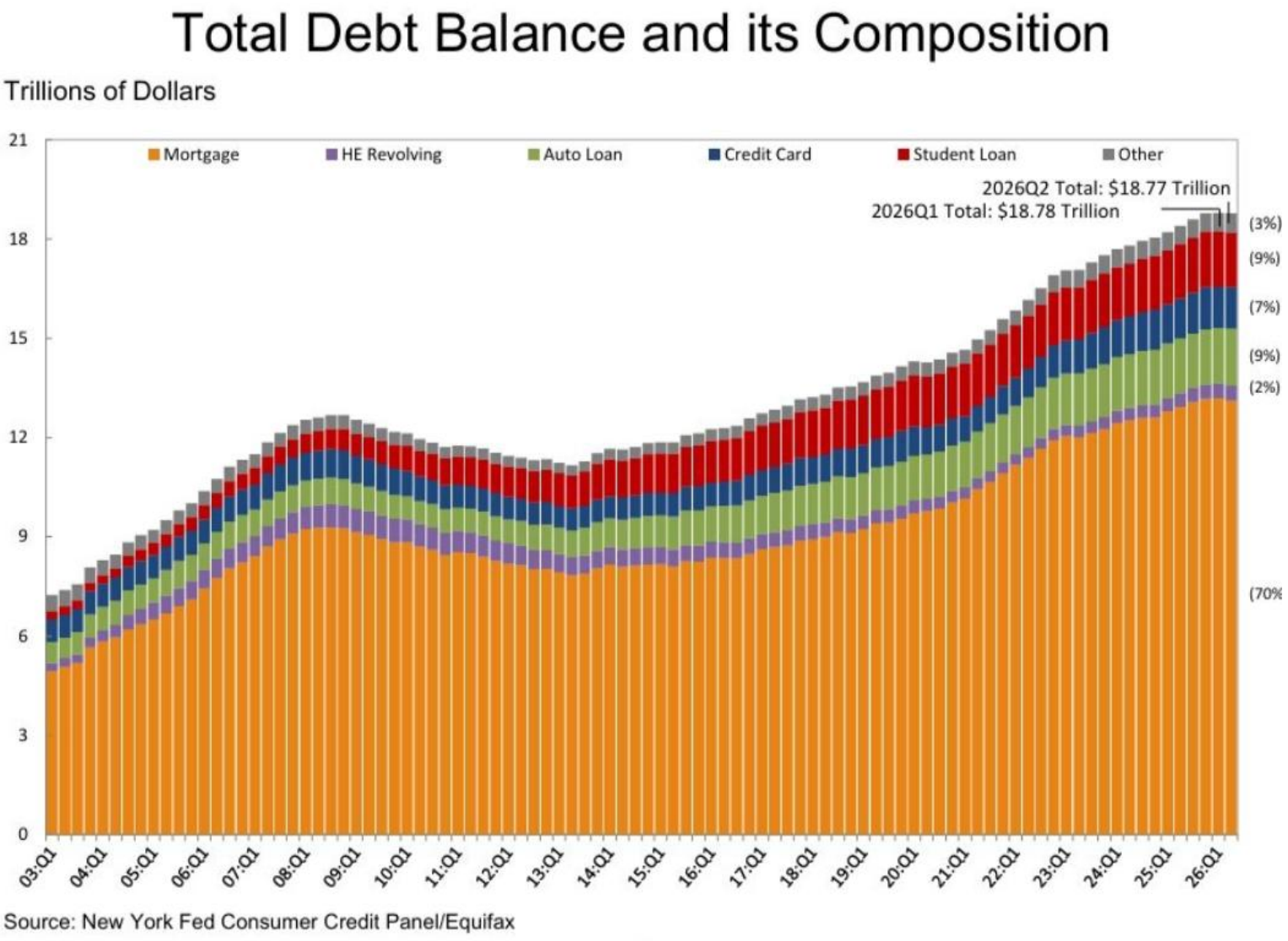
Large speculators have been net short Russell 2000 futures for much of 2026, with current positioning deep in negative territory

Existing homes sales growth slowed to +0.7% year/year in July, down from +3.8% in the prior month

Pending home sales declined in all four regions in July, led by a 4.7% m/m drop in the West and a 2.2% m/m decline in the South, the nation's largest home-selling region



Total debt balances declined marginally in 2Q26 according to latest report on household debt and credit from Federal Reserve Bank of New York



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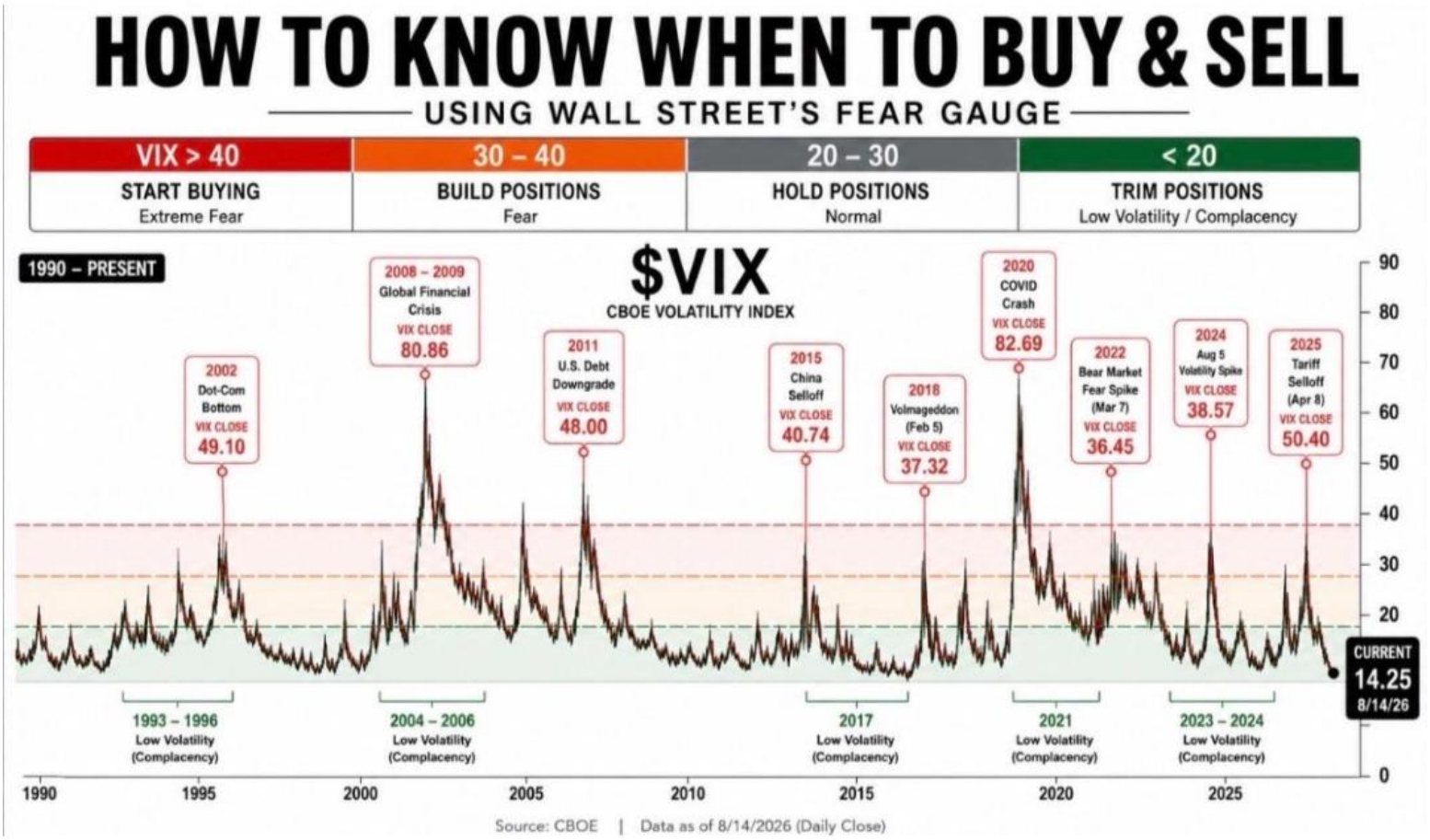


The world's projected POPULATIONS IN 2100

Total inhabitants and demographic change - by the United Nations

1 

India
1.505 B
+2%

2 

China
633.4 M
-55%

3 

Pakistan
511.0 M
+97%

4 

Nigeria
476.7 M
+97%

5 

DR Congo
430.7 M
+270%

6 

USA
421.3 M
+21%

7 

Ethiopia
367.3 M
+164%

8 

Indonesia
295.5 M
+3%

9 

Tanzania
262.8 M
+262%

10 

Bangladesh
208.6 M
+17%

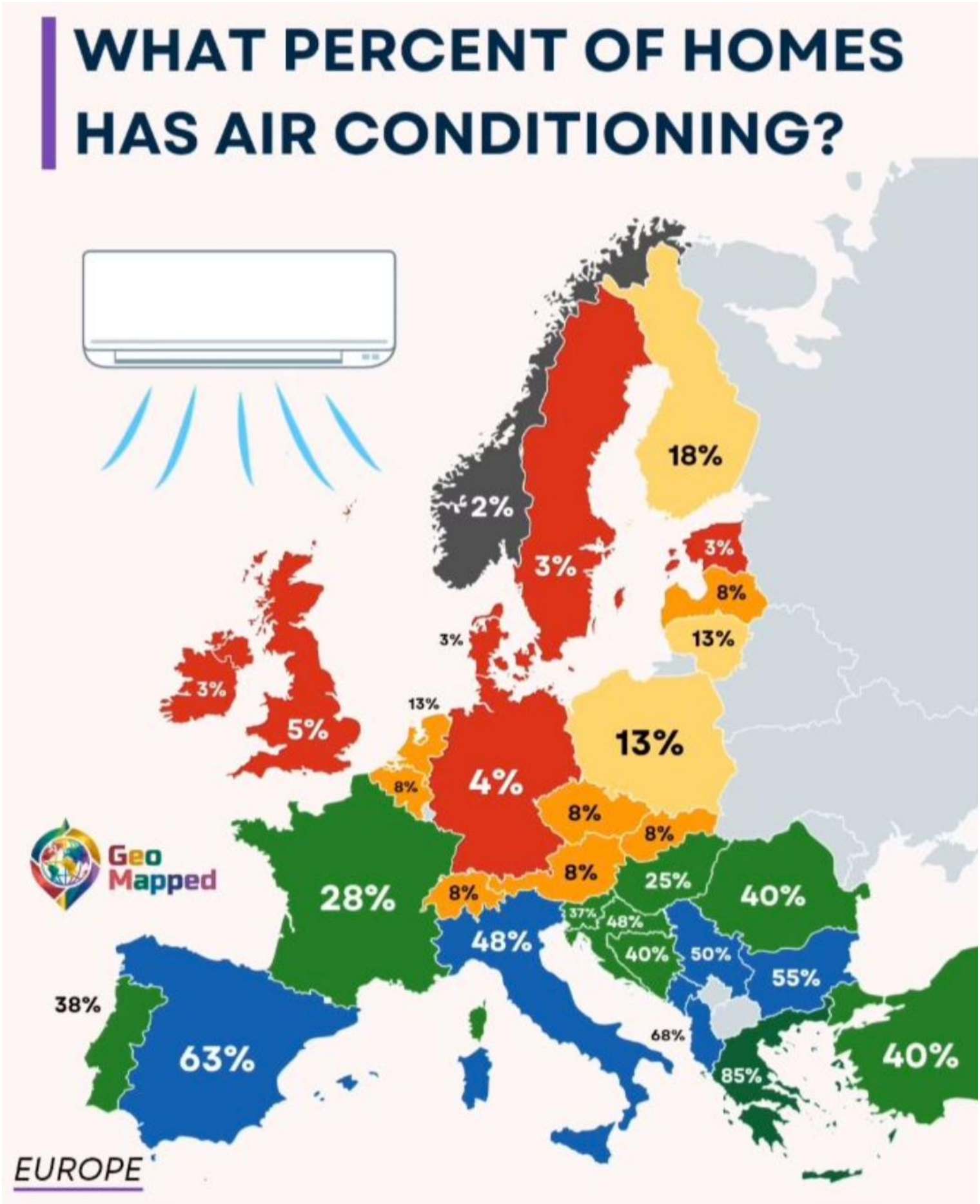
11 

Egypt
201.9 M
+68%

12 

Brazil
163.4 M
-24%

United Nations - World Population Prospects


WHAT PERCENT OF HOMES HAS AIR CONDITIONING?
2%
3%
18%
3%
8%
13%
3%
3%
5%
13%
13%
4%
8%
8%
8%
8%
8%
25%
40%
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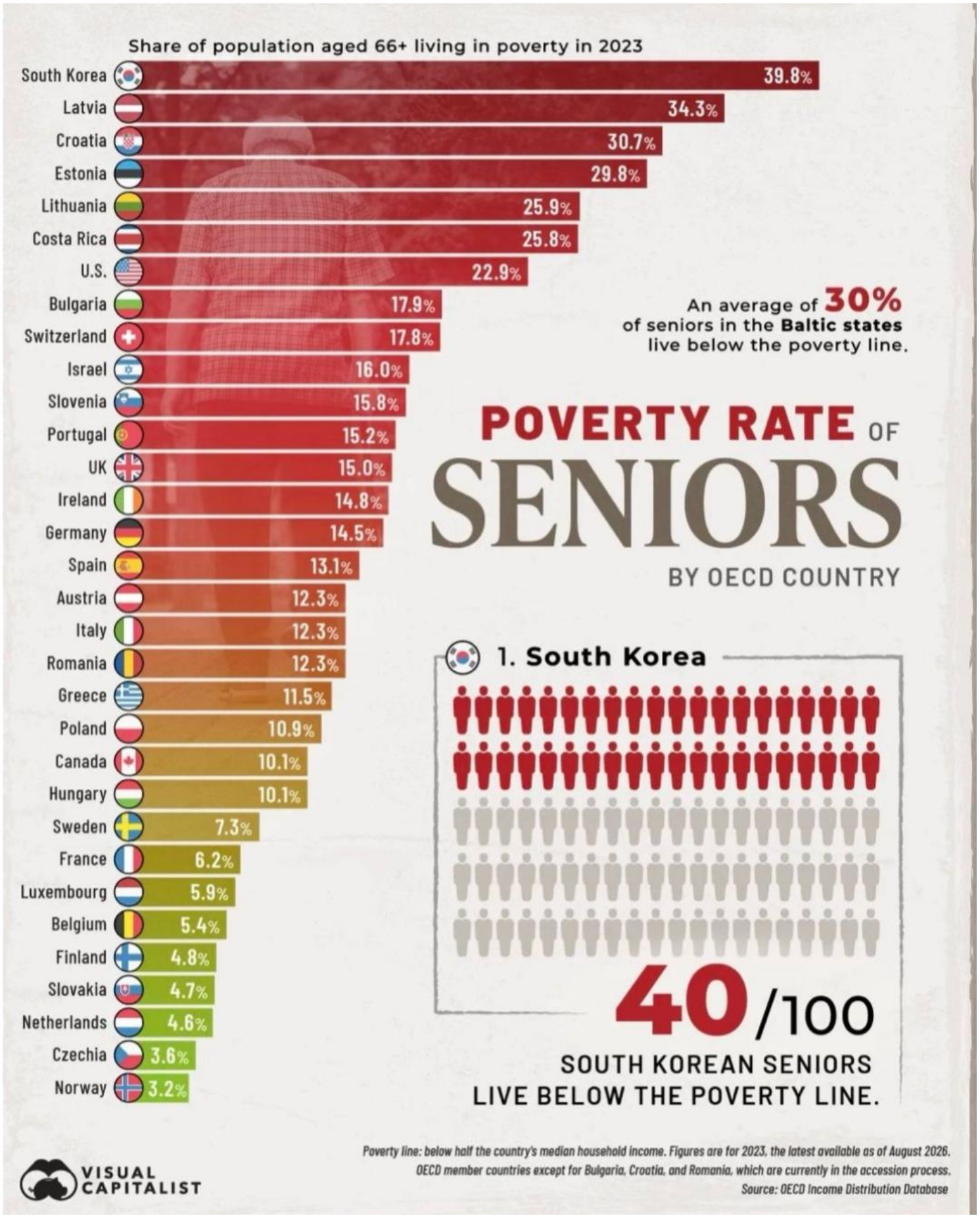
68%
85%
40%
Geo Mapped
EUROPE


Share of population aged 66+ living in poverty in 2023
South Korea 39.8%
Latvia 34.3%
Croatia 30.7%
Estonia 29.8%
Lithuania 25.9%
Costa Rica 25.8%
U.S. 22.9%
Bulgaria 17.9%
Switzerland 17.8%
Israel 16.0%
Slovenia 15.8%
Portugal 15.2%
UK 15.0%
Ireland 14.8%
Germany 14.5%
Spain 13.1%
Austria 12.3%
Italy 12.3%
Romania 12.3%
Greece 11.5%
Poland 10.9%
Canada 10.1%
Hungary 10.1%
Sweden 7.3%
France 6.2%
Luxembourg 5.9%
Belgium 5.4%
Finland 4.8%
Slovakia 4.7%
Netherlands 4.6%
Czechia 3.6%
Norway 3.2%
An average of 30% of seniors in the Baltic states live below the poverty line.
POVERTY RATE OF SENIORS
BY OECD COUNTRY
1. South Korea
40/100
SOUTH KOREAN SENIORS LIVE BELOW THE POVERTY LINE.
Poverty line: below half the country's median household income. Figures are for 2023, the latest available as of August 2026.
OECD member countries except for Bulgaria, Croatia, and Romania, which are currently in the accession process.
Source: OECD Income Distribution Database
VISUAL CAPITALIST

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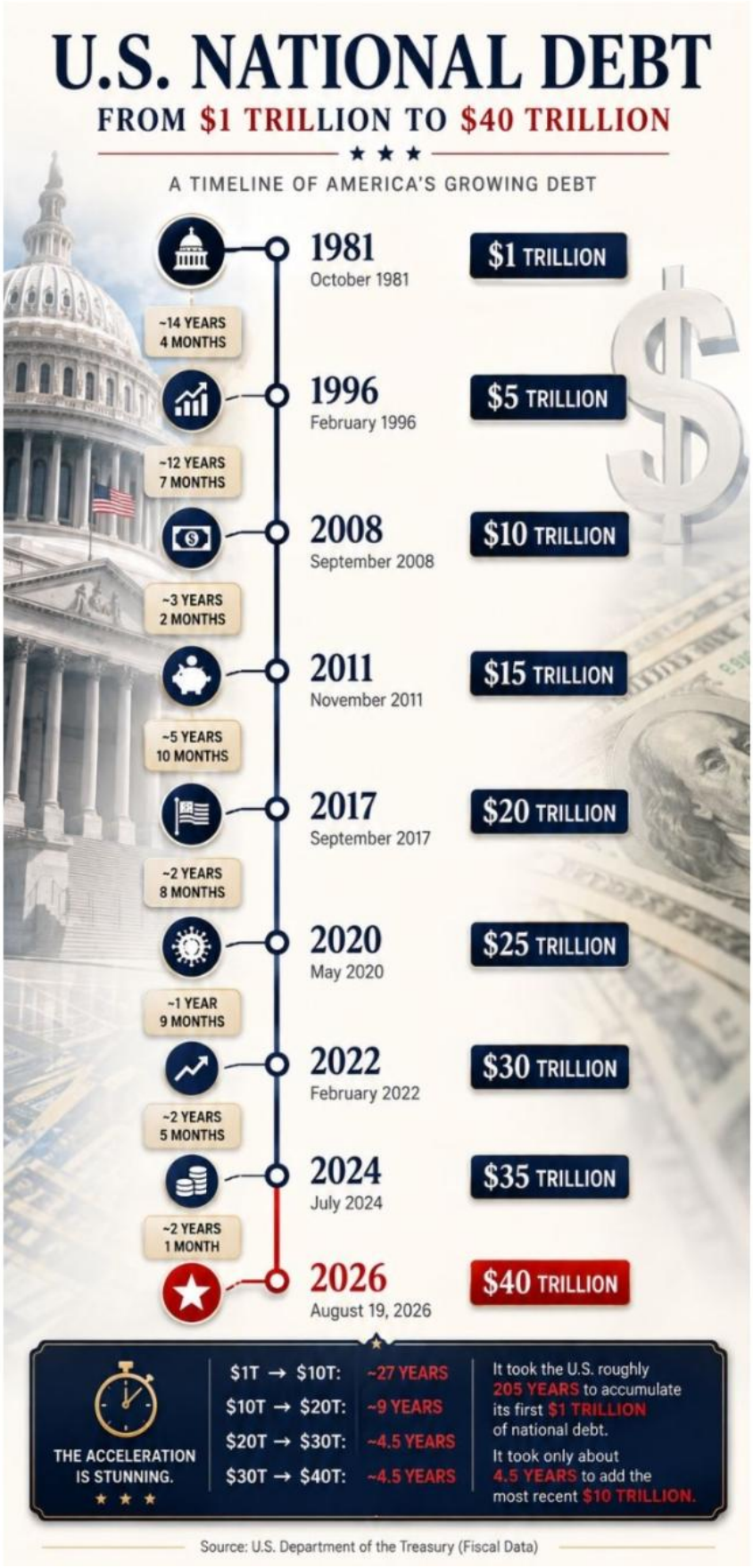
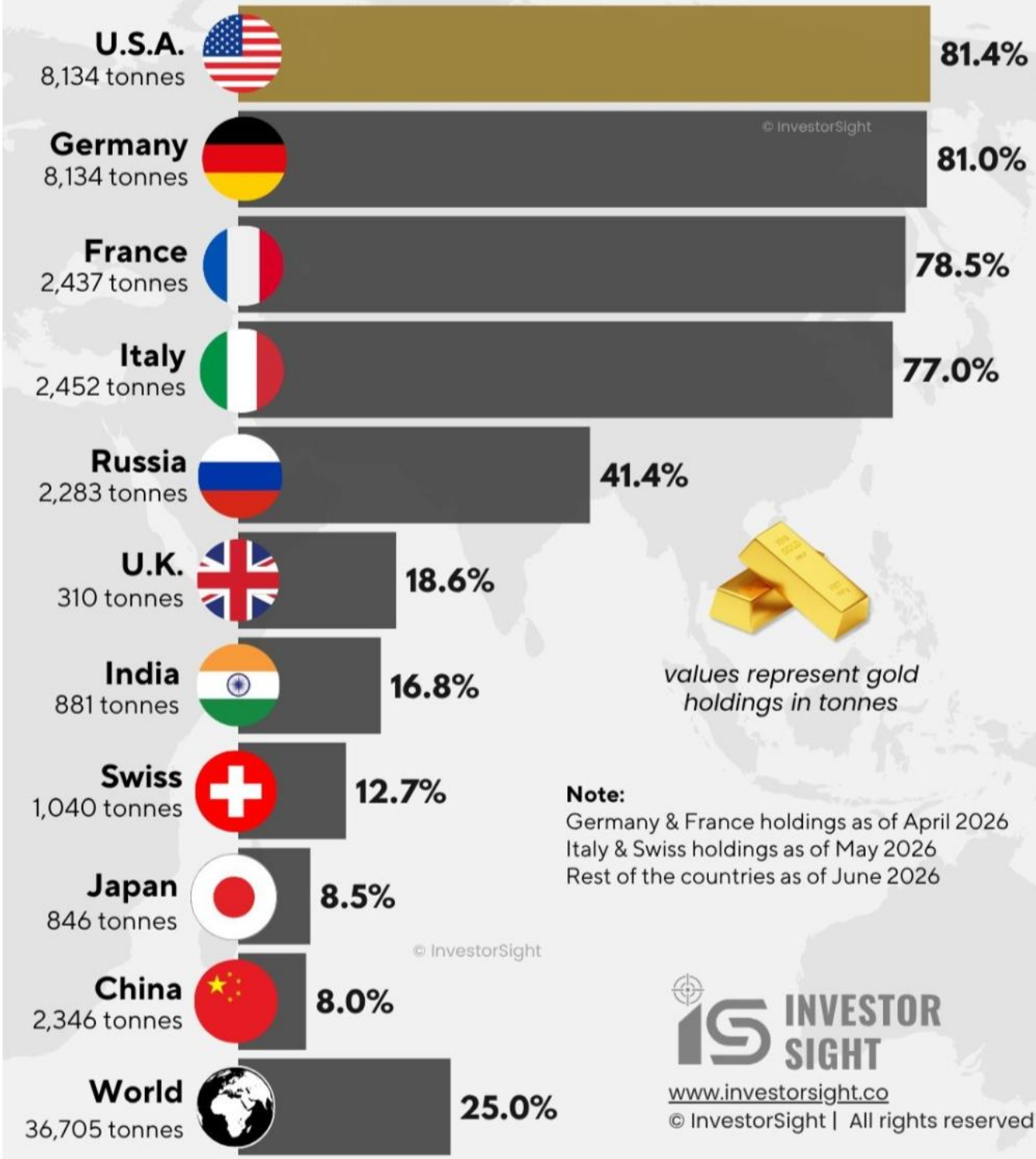


GOLD HOLDINGS
AS A % OF RESERVES



Source: World Gold Council, InvestorSight Research as per latest published data

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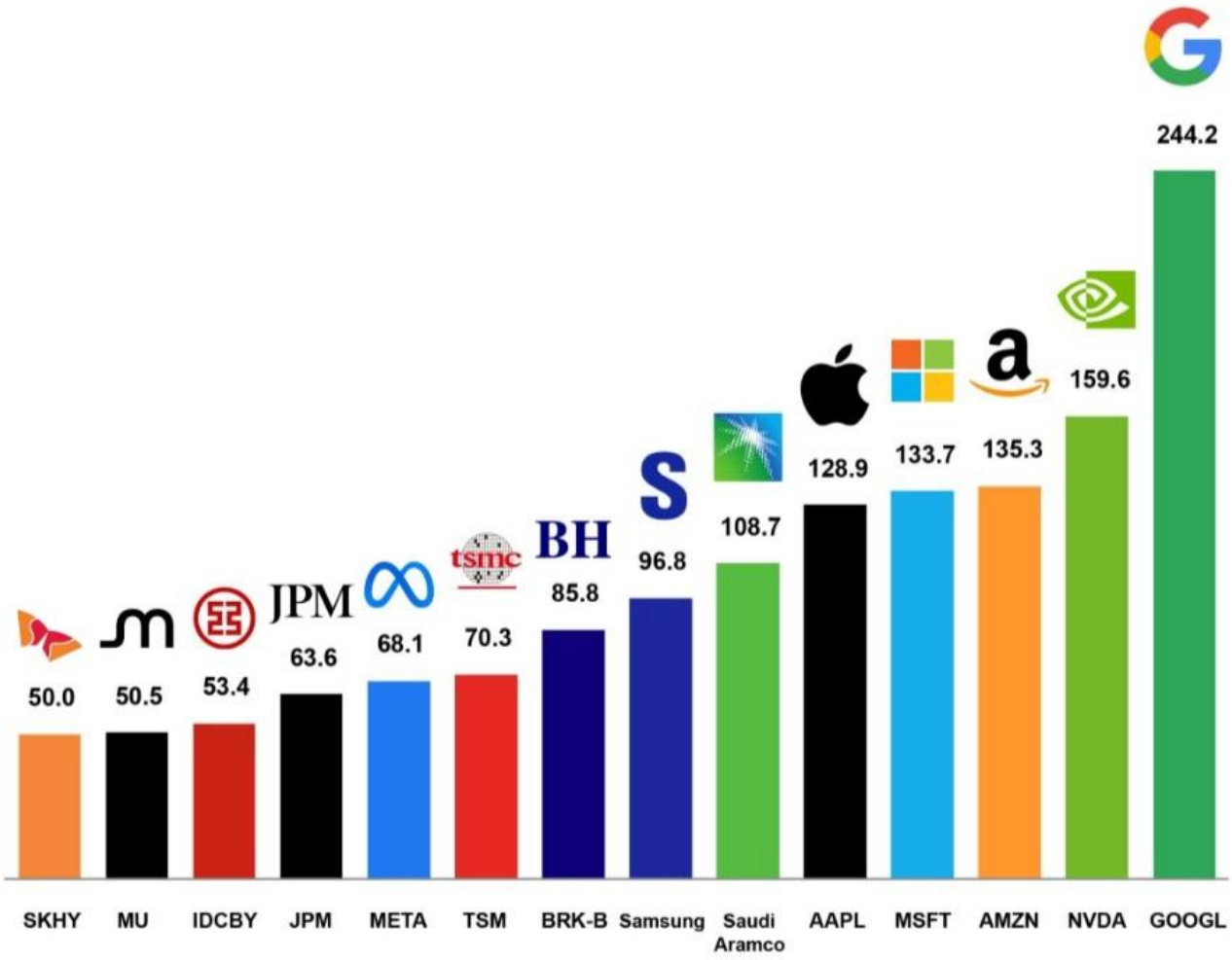
TOP PROFITABLE

COMPANIES IN THE WORLD

by **TTM** Net Profit, in $ Billions



@SergeyCYW SergeyCYW.substack.com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THE WORLD'S LARGEST STOCK MARKETS 2026
MARKET CAP (USD)
% OF GDP
1 UNITED STATES $79.47 T 227.0%
2 CHINA $17.75 T 62.7%
3 JAPAN $8.70 T 156.7%
4 HONG KONG $7.25 T 1,118.2%
5 INDIA $5.15 T 131.2%
6 TAIWAN $5.04 T 190.0%
7 SOUTH KOREA $4.99 T 262.6%
8 CANADA $4.53 T 157.8%
9 UNITED KINGDOM $3.94 T 98.6%
10 FRANCE $3.45 T 103.3%
Source: World Bank, Ceic Data, 2026

TOP BENEFITS OF COCA COLA

- ✓ CLEANS THE TOILET
- ✓ REMOVES INK STAIN
- ✓ IT REMOVES CONCRETE STAINS
- ✓ IT LOOSENS RUSTY BOLTS
- ✓ WORKS AS GLASS CLEANER
- ✓ REMOVES STAIN FROM THE TILE

@FredsFarm247

The Last 20 Best Picture Oscar Winners

2026
One Battle after Another

2025
Anora

2024
Oppenheimer

2023
Everything Everywhere All at Once

2019
Green Book

2020
Parasite

2021
Nomadland

2022
CODA

2018
The Shape of Water

2017
Moonlight

2016
Spotlight

2015
Birdman

2011
The King's Speech

2012
The Artist

2013
Argo

2014
12 Years a Slave

2010
The Hurt Locker

2009
Slumdog Millionaire

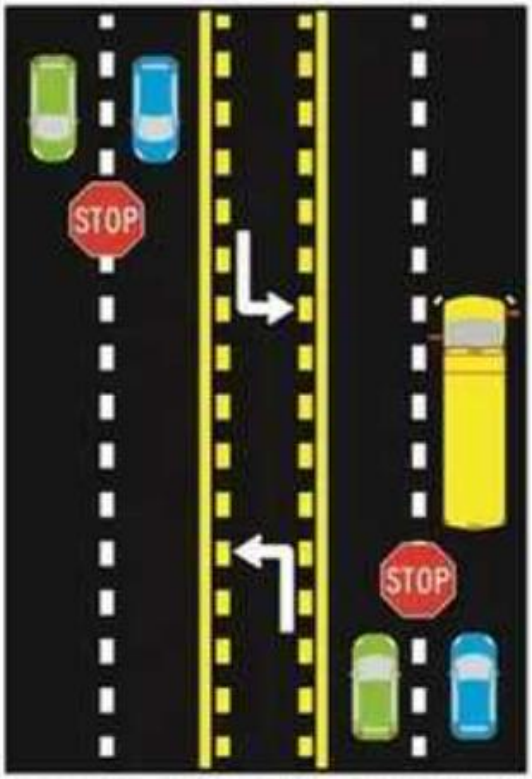
2008
No Country for Old Men

2007
The Departed

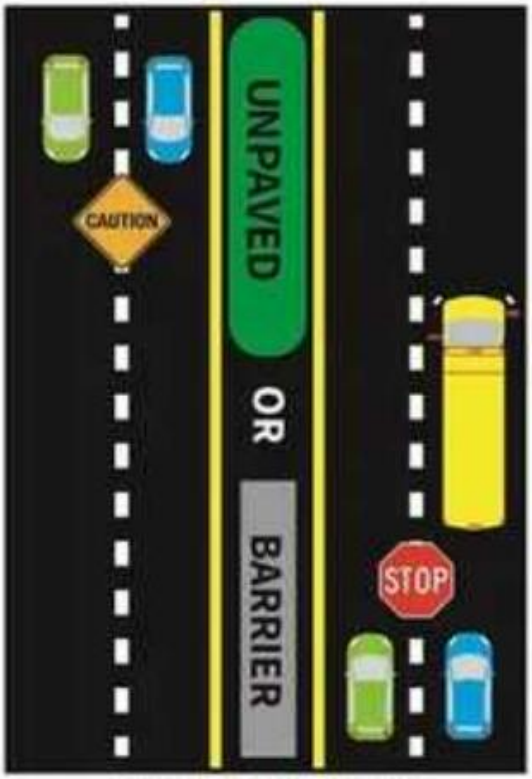
scars.

Motorists are required to stop when approaching a school bus that is stopped with its red lights flashing and STOP arms extended. (See the different situations in the diagram below)

TWO LANE
Vehicles traveling in both directions MUST stop.



MULTI-LANE PAVED ACROSS
Vehicles traveling in both directions MUST stop.



DIVIDED HIGHWAY
Unpaved space 5 ft+/raised median/physical barrier.
Vehicles behind bus MUST stop.
Vehicles traveling in the opposite direction must proceed with caution.