



The Times They Are A-Changin

Song by Bob Dylan (1964)

*“Come senators, congressmen, please heed the call
Don’t stand in the doorway, don’t block up the hall
For he that gets hurt will be he who has stalled
The battle outside ragin’
Will soon shake your windows and rattle your walls
For the times they are a-changin’*

*“Come mothers and fathers throughout the land
And don’t criticize what you can’t understand
Your sons and your daughters are beyond your command
Your old road is rapidly aging
Please get outta’ the new one if you can’t lend your hand
For the times they are a-changin’”*



Introduction

New highs in the stock market are as American as apple pie—greed is good. In the midst of headlines like Liberation Day, California wildfires, DOGE, TACO, “Bomb Iran,” Epstein, \$5 trillion added to the deficit, tariff inflation, and more—the outcome remains the same: new market highs. Is this new? Far from it. It's the historical norm. (See chart #3 below from Peter Mallouk at Creative Planning.)

But today's version of this familiar story has a twist. The senators and congressmen Dylan once sang about are now running personal trading accounts—outperforming most hedge funds in the world.

According to Tom Lee at Fundstrat, we've endured six “Mini-Black Swans” in just five years—compressing a decade's worth of volatility into half the time. Yet markets continue their march upward. American investors are seemingly immune to the noise, as 401(k) contributions hit all-time highs and retail stock buying reaches its highest level since 2018.

The second twist? The rise of the speculation economy—an ecosystem of crypto, gambling, prediction markets, and derivatives trading. As Dylan wrote, “Your sons and your daughters are beyond your command.” If you can't lend a hand, best to step aside. This is nowhere near a top yet.

We've said this in past letters, and it bears repeating: it can be argued that we haven't seen a traditional recession since the 1990s. Instead, we endure speculative frenzies—bubbles in tech, housing, crypto—that periodically burst. In between, the market delivers three 5% corrections a year, one 10–15% correction annually, and a 20–30% drawdown every five years.

6 Mini-Black Swans in 5 Years

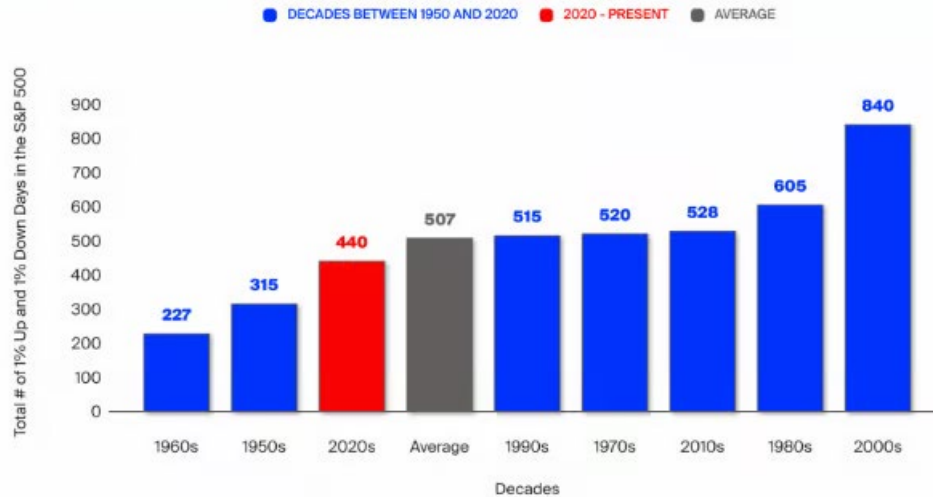


The S&P 500 witnessed a decade worth of volatility in 5 years

A Decade Worth of Volatility In The 2020s

Total # of 1% Up and 1% Down Days in the S&P 500 by Decade

Since the 1950s



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2025-06-19

This slide is for informational and illustrative purposes only. The data provided is believed to be accurate, but there is no guarantee of its accuracy, completeness, or timeliness. This is not a recommendation or offer of any financial product. Past performance is not indicative of future results, and investors should consider their own objectives and risk tolerance. Indices, if presented, do not include fees, are unmanaged, and not available for direct investment. Definitions & Methodology: The chart displays the number of ±1% daily moves in the S&P 500 by decade. Data for the 2020s is shown through the most recent market close. This visualization is intended to highlight the relative frequency of volatility in the current decade compared to prior periods. The chart is a recreation of an original post by Grant Hawkridge (@granthawkridge) on X, and is used here for illustrative purposes with attribution.



A Wealth of Common Sense

Not only are new stock market highs as American as apple pie, but volatility is the patriotic soul of the U.S. market. As Peter Mallouk illustrates in the chart below, seemingly world-ending events occur multiple times each decade—yet the S&P 500 continues to push higher.

Investors have fully embraced the “buy the dip” mentality in the 2020s. Until we experience a true second-leg selloff—like in 1999 or 2008 that breaks prior lows—the inflows keep coming.

For perspective: between 70 to 85 million people died in World War II, including more than 50 million civilians. Markets recovered and marched forward. Volatility isn't new—it's the price of admission for long-term gains.



Peter Mallouk • Following
President & CEO at Creative Planning
1h •



Always something, yet the market finds a way...

1930s Great Depression

1940s World War II

1950s Korean War

1960s/1970s Vietnam War

1970/1980s Hyperinflation

1970s/1980s Commodity Crisis

1980s Real Estate and Banking Collapse

1980s Emerging Markets Crisis

1987 Black Monday Crash

1990s Asian Contagion Crisis

2000 Tech Bubble Bursts

2001 9/11 Attack and Subsequent Afghanistan and Iraq Wars

2008/2009 Global Financial Crisis

2020s Coronavirus Pandemic, High Inflation, Tariffs

S&P 500 Annualized Total Return, 1930 - 2025: +10%

Peter Mollouk

Part I. Valuations, Automation, and a Weak U.S. Dollar

Valuations

Let's start with my favorite JP Morgan chart on market valuations: high equals expensive, low equals cheap. We're back to a forward P/E of 22x—right where we were in 2021. But there's a key difference: in 2021, the 10-year Treasury yield was 1.5%. Today, it's 4.4%. That means valuations are just as stretched, but now they're sitting atop much higher interest rates.

Does that mean markets are due to crash? Not necessarily. With potential deregulation, lower rates, and productivity gains from AI, we may even surpass the internet bubble highs. After all, it's been nearly a generation since the last true market bubble in 1999–2000. New highs are not bearish for the market.

S&P 500 valuation measures

GTM

U.S.

5

S&P 500 Index: Forward P/E ratio



Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.

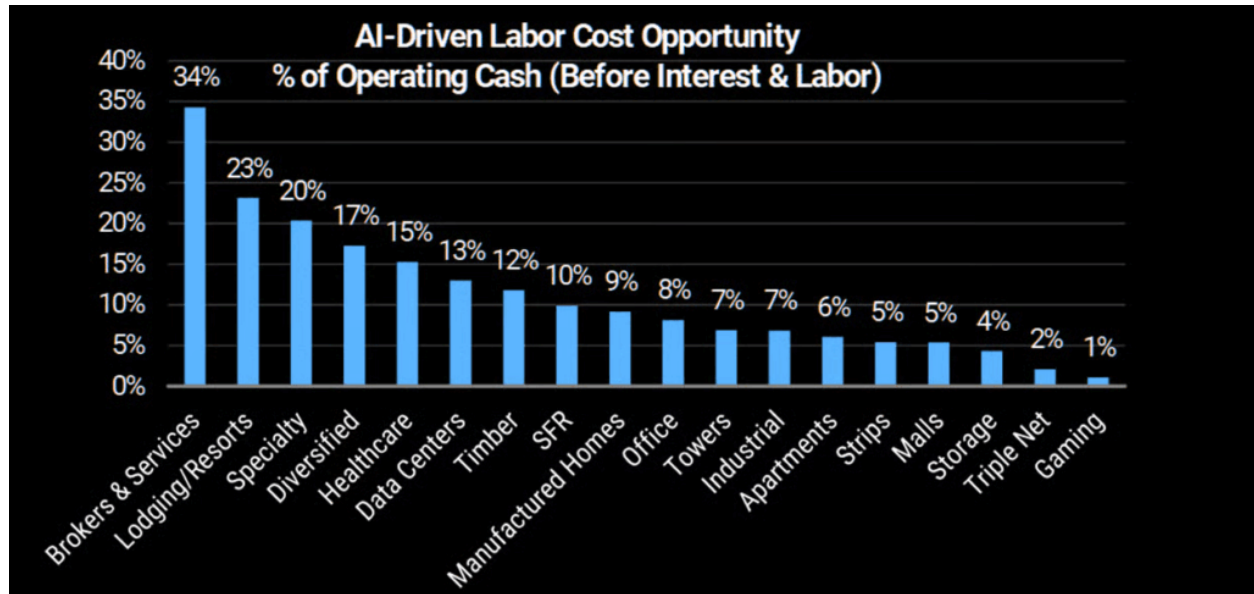
Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since March 1994 and by FactSet since January 2022. Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Bloomberg US corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. *Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability.

Guide to the Markets – U.S. Data are as of June 27, 2025.

J.P.Morgan
ASSET MANAGEMENT

Automation

AI-driven automation is expected to lower costs and increase productivity. The chart below illustrates projected increases in operating cash flow from labor cost savings due to AI adoption.

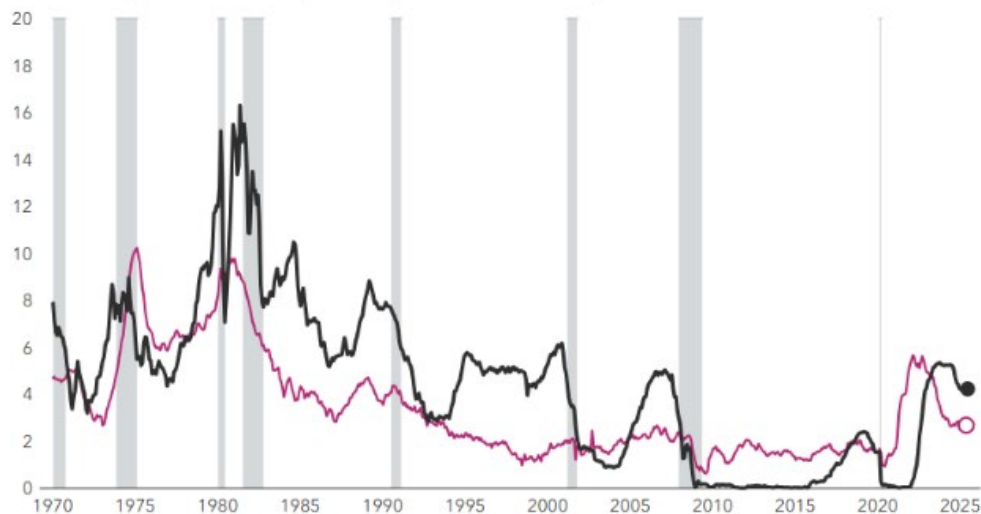


But this isn't just about a single technology—it's about a long-term deflationary trend. Since the tech boom began in the 1990s, inflation has been on a consistent downward trajectory. While the Fed deserves credit, much of the long-term pressure on inflation has come from innovation itself.

Fed has been committed to controlling inflation since the 1970s

U.S. inflation vs. risk-free rates (%)

— Recessionary period — Inflation (year-over-year) — 3-Month Treasury Bill rate



Source: Capital Group, Bloomberg Index Services Ltd., Bureau of Labor Statistics, National Bureau of Economic Research. Inflation is represented by the year-over-year change in Personal Consumption Expenditures (PCE), excluding Food and Energy (Chain-Type Price Index). The 3-Month Treasury Bill rate is based on secondary market rates on a discount basis. As of June 30, 2025.

I know what your thinking, automation and less inflation is good, but won't we lose millions of jobs? It's a fair concern, but history tells a different story. In *Economics in One Lesson*, Henry Hazlitt outlines how innovation doesn't eliminate jobs—it shifts them. Mark Cuban recently addressed this same concern: yes, there will be displacement, but total employment has historically expanded with each wave of innovation.

Just look at the past 25 years of tech advancement—despite rapid automation, we're sitting at 4.1% unemployment and facing labor shortages across key industries. The jobs always follow the invention.



Mark Cuban

@mcuban.bsky.social



Someone needs to remind the CEO that at one point there were more than 2m secretaries. There were also separate employees to do in office dictation.

They were the original white collar displacements.

New companies with new jobs will come from AI and increase TOTAL employment.



News HQ @newshq.bsky.social

AI Executive Declares People 'Should be Worried' About Losing Jobs to AI: Government Needs to 'Stop Sugar-Coating' It. "We... Have a Duty and an Obligation to be Honest About What is Coming," the CEO of Anthropic Said. #news #worldnews



www.latintimes.com

AI Executive Declares People 'Should be Worried' About Losing Jobs to AI: Government Needs to 'Stop Sugar-Coating' It. "We... Have a Duty and an Obligation to be Honest About What is Coming," the CE...

Dario Amodei, the CEO of Anthropic, declared that people "should be worried" about losing their jobs to AI, insisting the need to "stop sugar-coating" the truth.

Mark Cuban

The Weak Dollar

The U.S. dollar posted its worst first half of the year since 1973. Whether that's good or bad depends on sector, market cap, and global exposure. For large-cap global companies—especially the Mag 7—a weaker dollar is a tailwind.

Big Tech's Foreign Exchange Exposure

Meta and Apple are the most exposed to exchange rates

	% of International Revenue
Meta Platforms / Meta	63.7%
Apple / AAPL	63.6
Nvidia / NVDA	53.1
Alphabet / GOOGL	51.3
Microsoft / MSFT	49.1
Amazon.com / AMZN	31.3

Sources: FactSet, company reports

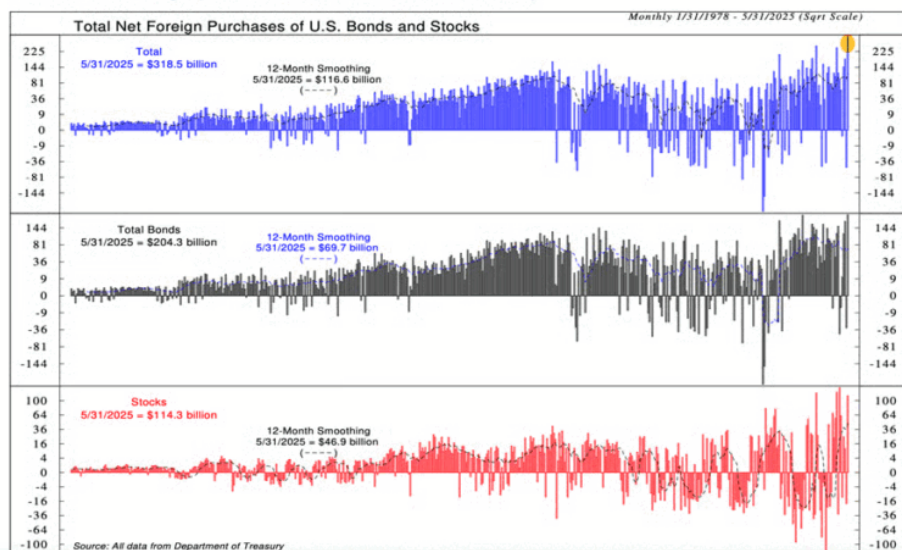
Barron's

As I've argued in previous letters, the idea that U.S. economic leadership is fading is overblown. After predictions of capital fleeing the U.S. in response to Trump's economic agenda, we're now seeing the opposite: **net foreign purchases of U.S. securities hit a record in May 2025.**

Key Takeaways

- Net foreign purchases of U.S. long-term securities surged to a record \$318.5 billion in May.
- After repatriating funds in April, U.S. investors ventured back overseas with net purchases of \$59.1 billion of foreign securities.
- We introduced a new report that shows net U.S. purchases of foreign bonds and stocks by economy and region.

Record net foreign purchases of U.S. securities in May



Ned Davis

Part II. Speculation Economy

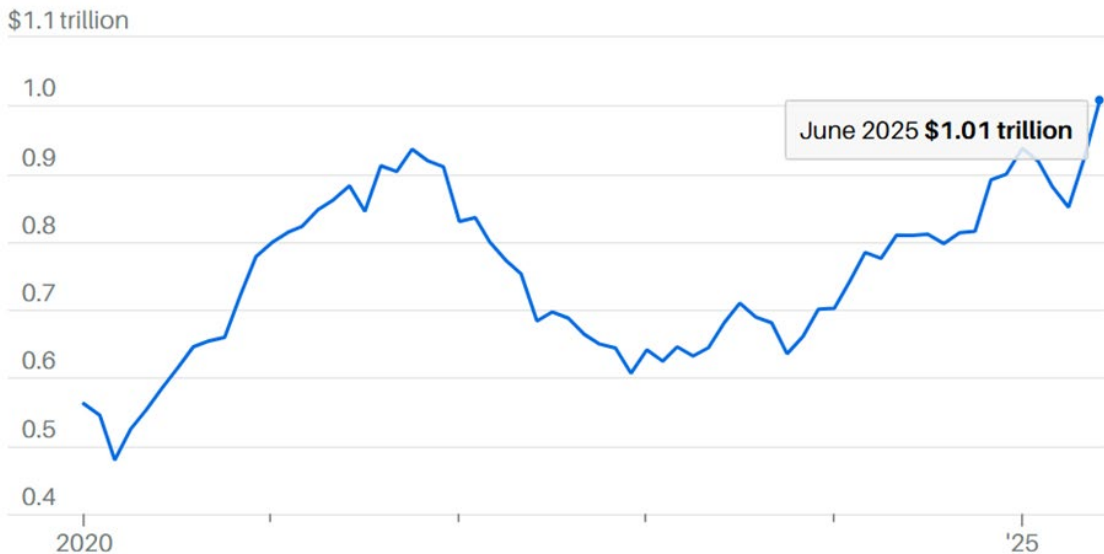
The rise of crypto, phone-based gambling, prediction markets, and high-speed derivatives trading is fueling a new wave of risk-taking that may ultimately surpass the dot-com bubble in scale. Welcome to the speculation economy.

It's been 25 years since the internet bubble burst. That's just enough time for a new generation to forget how these things end. Meme stocks and SPAC IPOs are back with a vengeance. Margin debt just crossed \$1 trillion, surpassing the 2021 peak. While debt-to-GDP ratios aren't yet at crisis levels, the cost of borrowing has risen dramatically—margin rates were around 1.5% back then, and today they're closer to 4.5%.

Strategists at Deutsche Bank are sounding alarms. According to *Barron's*, the recent 18% surge in margin usage is one of the fastest on record—comparable only to late 1999 and mid-2007. We all know how those ended. Again, this is not near the end, we could have massive move higher before it gets bubbly.

Margin Debt Soars to New Record

Investors' appetite for risk has been rising.



Note: Debit balances in customers' securities margin accounts

Source: Finra

[Barron's](#)

Meanwhile, the **crypto ecosystem hit \$4 trillion** this year. The bulls were right: crypto is becoming institutionalized. There are now 28 crypto-related ETFs, 12 crypto companies scheduled to IPO in 2025, and institutional buyers—from pensions to endowments—are quietly building positions.

Crypto as an asset class is here to stay, but a significant percent of their ecosystem is still corrupt and extremely speculative. But like the early internet era, many crypto players will go to zero before we reach the promised land.



This was a huge week for the crypto economy. This chart captures it best as the total crypto market hit \$4 trillion:

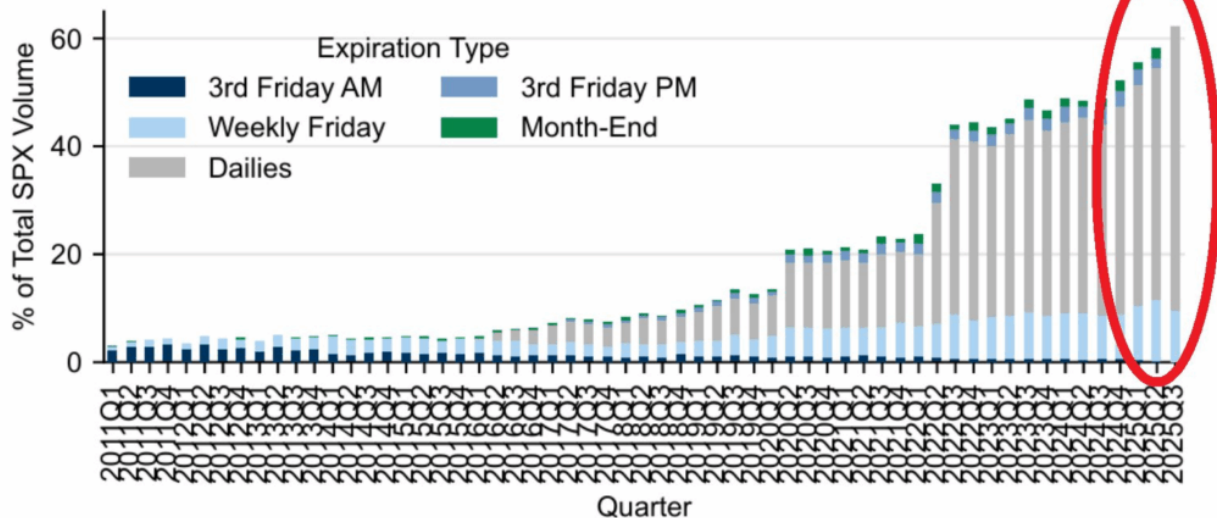


[Howard Lindzon](#)

One area to watch closely: zero-day options. Retail traders are diving into this high-speed, high-risk corner of the market—often with little understanding of the odds. These trades are structured in ways that heavily favor market makers. When even the world's top hedge funds are banning their own professional traders from using these tools, it should give pause to anyone using a Robinhood app to try their luck.

Exhibit 4: Zero-day options volume reached a historic high this quarter

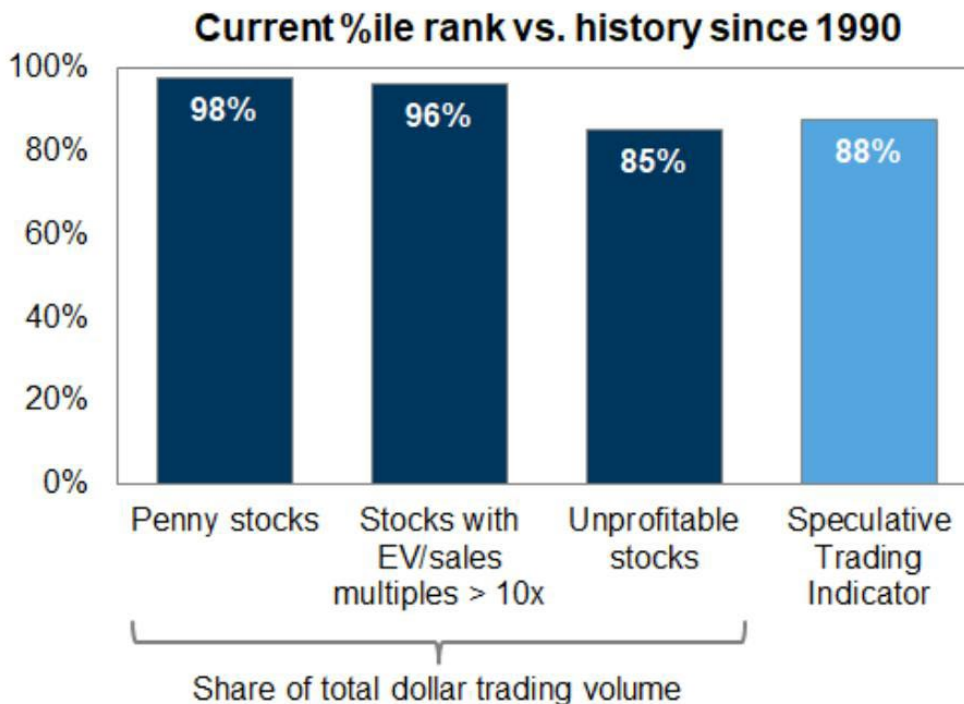
% of S&P 500 listed volume expiring within 24 hours, by expiration type



Source: Goldman Sachs Global Investment Research, OptionMetrics

Goldman Sachs summarizes the speculative surge best. Their latest chart highlights the four riskiest pockets of the market—and all four are now in the top decile of risk. If history rhymes, they're heading toward 100% before this bull market is over.

Exhibit 2: Each component of the Speculative Trading Indicator screens as elevated vs. history



Source: Goldman Sachs Global Investment Research

[Goldman Sachs](#)

The bull remains intact. Momentum is strong. At Lansing Street, we continue to believe U.S. equities offer the best long-term returns over inflation anywhere in the world. But to earn those returns, you must endure the volatility—and resist the temptation to treat investing like a casino.

And then there's **Michael Saylor**—a figure who makes Gordon Gekko look like a cautious Vanguard investor.

At a recent conference, Saylor took the stage as the Bitcoin zealot, delivering a slideshow of 21 instructive axioms, each paired with AI-generated images. Phrases like *“Master artificial intelligence”* and *“Domicile where sovereignty respects your freedom”* flashed on the screen, creating a surreal mashup of libertarian futurism and investment hype.

The core message? Forget your own business ideas. “Do not chase your own good ideas,” he told the audience. There is only one mission: sell or mortgage everything you own, take out loans upon loans, and buy as much Bitcoin as fast as you possibly can. One slide declared: *“Raise and reinvest capital relentlessly — velocity compounds wealth.”*



"He who has the most bitcoin at the end of the game wins," said Michael Saylor, the tech executive who has borrowed billions of dollars to turn his enterprise software company MicroStrategy into one of the world's largest holders of bitcoin. David Becker for BI

In one particularly jaw-dropping moment, Saylor laid out how a dentist making a few hundred thousand dollars a year could—in theory—become a Bitcoin billionaire through an aggressive sequence of corporate maneuvers, margin loans, share sales, and revolving lines of credit. "Why aspire to be merely rich," he asked, "when you could be the first billionaire dentist on your block?"

This isn't investing. It's something closer to evangelism. "Give me all your money to enter heaven." The story here is very much *to be continued*.



Conclusion

This quarter's letter is far from bearish—it's uniquely American. No other country in the world swings this big. Our entrepreneurs risk everything to chase their dreams, and that's exactly why global capital continues to pour into both our public and private markets. The byproduct of this ambition? Volatility. But volatility equals opportunity.

The democratization of information has brought investment tools to the fingertips of every American with a smartphone. And now, with AI, that access is accelerating. But here's the reality: even with 100 years of data, elite educations, and institutional resources, professional investors still haven't consistently beaten the index.

So what's the likely outcome for retail traders trying to time bubbles? The same as always—pain. History doesn't repeat, but it often rhymes. Every cycle *feels* different, but the endgame tends to look the same: grave financial wounds for individual investors who believed it was different *this* time. We're not at the top yet—but mark it down, this story is far from over. Expect a wild IPO market before this bull is over, as venture and private equity unleash all the Unicorns (\$1B private companies) to the public markets.

Michael Saylor isn't new. In fact, he's as American as apple pie. And as Dylan reminds us: *"Don't criticize what you can't understand."*

Right now, your kids may be the ones who "get it." Most investors over 50—myself included—can't clearly explain crypto. Institutional allocators still call it "speculative," and 99% of the finance community can't articulate the value prop beyond "you just have to be there."

That's why this crypto-AI-market cycle could dwarf the internet bubble. Senators and Congresspeople are following Dylan's call to *"not block the doorway."* We are heading into what may be the least regulated market run-up since before the SEC was created in 1929.

How many Gen Z or Millennial investors have studied the history of financial bubbles? Maybe 1%. So if you're over 50, prepare to be called "stupid" for a little while longer—because we're not in the ninth inning yet. Again with limited regulation and massive liquidity, we are not near bubble territory.


There's a reason we just packed a decade's worth of volatility into five years. This is likely the new normal. And it's not over until the "buy the dip" strategy gets crushed.

Legendary investor Howard Marks put it best:

"You never get a bubble until the public, the brokerage community, the financial institutions, the pension funds, and even the universities are all involved."

Top 5 Investing Bubbles in History and Their Length

Below are the five most famous investing bubbles in history, along with the approximate duration from the speculative build-up to the eventual collapse:

Name	Years of Main Bubble/Crash	Approximate Length	Brief Description
Tulip Mania	1636–1637	1–2 years	Speculation on rare tulip bulbs in the Dutch Republic saw prices skyrocket and collapse ¹ .
South Sea Bubble	1719–1721	2 years	British speculation in the South Sea Company, a trading venture, leading to dramatic loss ¹ .
1929 U.S. Stock Market Crash (Great Crash)	1922–1932 (peak: late 1929)	~7–10 years from ramp to full recovery	The “Roaring Twenties” bull run peaked and crashed, starting the Great Depression ¹ ² .
Japanese Asset Bubble	1985–1992	~7 years	Real estate and stock prices soared and collapsed, leaving two decades of stagnation ¹ .
Dot-Com Bubble	1998–2000 (build-up from ~1995)	2–3 years for main bubble, full recovery took 15 years	U.S. tech stocks soared then crashed; Nasdaq peak in March 2000, bottomed Oct 2002 ³ ⁴ ¹ .
U.S. Housing Bubble	2002–2007 (crash: 2007–2009)	5–7 years, with recovery by 2012 	Home prices surged on easy credit, collapsed, and triggered the global financial crisis ⁵ ⁶ ⁷ .

[Perplexity](#)

Meanwhile, America is leading in crypto, AI, and setting the stage to dominate quantum computing. That innovation fuels our markets—but also our greed. So let’s remember: don’t bet the entire wad.

All innovation eventually gets expressed through the U.S. stock market. Declines are temporary. Gains are permanent. And as we always say at Lansing Street Advisors:
“Investing is a psychology game—not an IQ game.”

Great companies find a way through every crisis. Weren’t tariffs supposed to be the death of U.S. stocks?

Warren Buffett: *“Be fearful when others are greedy, and greedy when others are fearful.”*

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