



Executive Summary on Published Research

Q3'2025

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Forbes Articles by Chief Investment Officer, Ivan Illán, AIF®, CFS®



“The Components of GDP Reveal Hard Economic Truths”

Published July 1, 2025

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ARTICLE SUMMARY

Most people treat GDP as the go-to scorecard for the economy, but its numbers can be misleading. That’s especially true when you look at how certain components like net exports are calculated. GDP growth doesn’t always reflect real economic strength, it often just shows whether certain components, like the trade deficit, are improving on paper. That can make the overall numbers look better or worse than what’s actually happening on the ground.

- **Net exports and the illusion of growth**

A smaller trade deficit counts as a boost to GDP even if the U.S. is still importing far more than it exports. The improvement, not the total, is what matters to the metric.

- **Simple analogy**

Spending \$1,000 over budget in January and \$500 over in February is still a deficit, but GDP would treat that as financial progress, even though the reduction in exports maybe be driven by companies anticipating a slowdown in demands for their goods. GDP figures never tell the whole story.

- **Tariffs and timing distort the data**

Tariff pauses and reimpositions cause businesses to shift their buying patterns, which leads to large swings in net exports. In the current environment, these shifts inflate GDP numbers without reflecting an actual improvement in economic strength.

- **GDP Now's Q2 2025 estimate and the political spin**

The Atlanta Fed's model projects 3.4 percent GDP growth, mostly due to net export changes. That's likely to be celebrated, even though the underlying trade figures remain heavily negative.

- **Trade deficits aren't the real issue**

The U.S. gains far more from international corporate revenues, over \$2 trillion a year, than it collects from tariffs. Chasing a lower trade deficit may be missing the bigger picture.

- **What investors should really watch**

With consumer debt delinquencies ticking up, headline GDP numbers should be taken with a grain of salt. The story they tell isn't always the full one.

In short, don't get too excited about strong GDP figures, especially when they're driven by accounting quirks rather than meaningful gains.



“The Velocity Conundrum: What Slowing Money Velocity Means For Your Portfolio”

Published August 27, 2025

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ARTICLE SUMMARY

We are in one of the most unusual periods in modern economic history: trillions of dollars are sitting idle in corporate and personal accounts, while money velocity remains stuck near historic lows. This disconnect helps explain why inflation has proven persistent and why traditional portfolio strategies, like the 60/40 mix, have struggled.

Our research highlights that businesses are hoarding cash, consumers are stretching credit, and the Fed’s policies have slowed money supply growth without reviving velocity. In this environment, cash yields around 4% look attractive but also reflect an economy running at a slower gear.

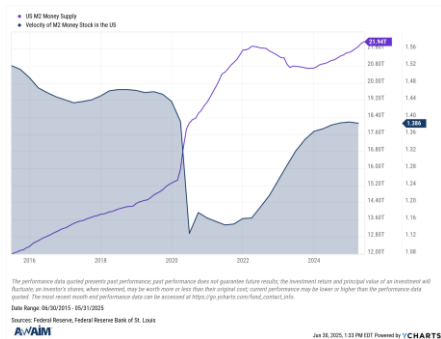
For investors, this means rethinking portfolio construction: shorten duration, stay defensive by focusing on companies with strong balance sheets, and selectively add risk when the cycle provides opportunity. The bottom line is that velocity may never return to pre-pandemic norms, and investors who adapt to this “new normal” will be better positioned for what lies ahead.

Research Highlights

Money Supply vs. Money Velocity: What's Holding Back Growth?

Published July 1, 2025

[Click Here to Read Full Article](#)



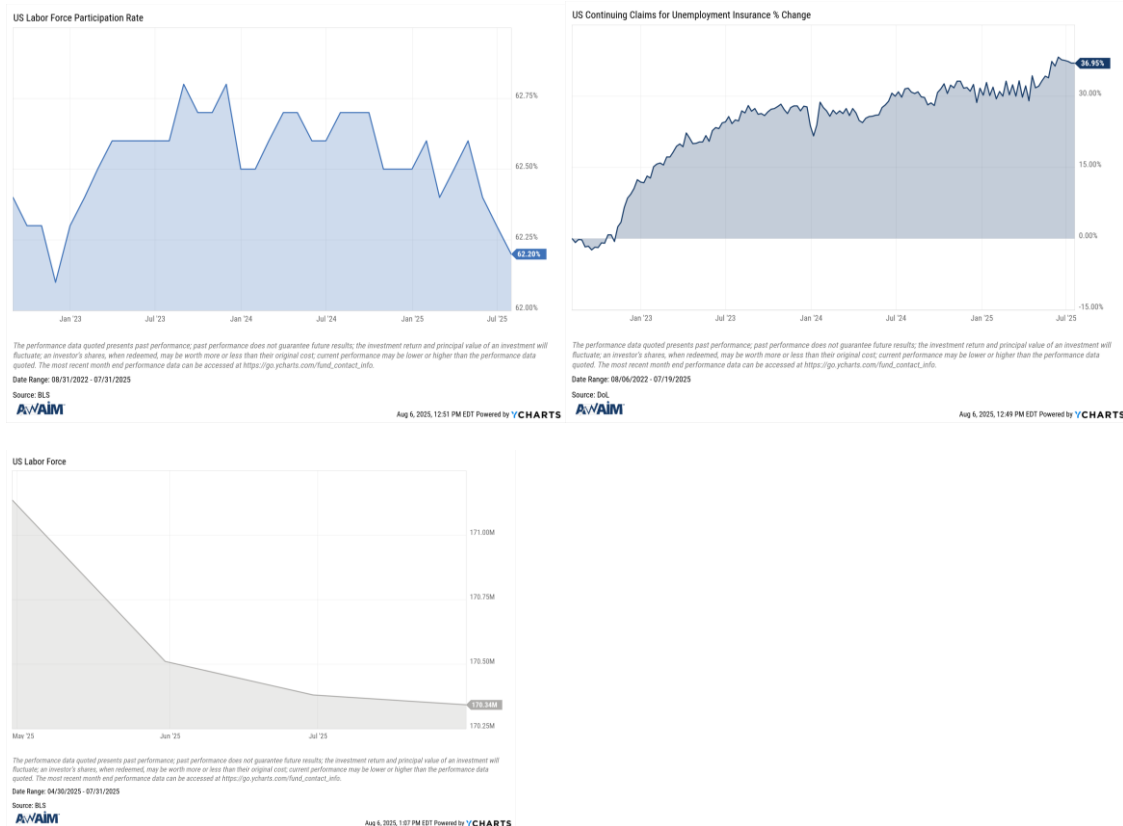
Research Highlight Summary:

A key concern we have in today's economy: there's plenty of money out there, but it's not moving the way it should. Since the financial crisis and the pandemic, the money supply has increased significantly, but money velocity has stayed unusually low. In simple terms, people and businesses aren't spending or lending enough, even though cash is available. Some of this comes from long-term changes like cautious saving habits, an aging population, and wealthier households choosing to invest rather than spend. Other causes are more structural, like the fact that banks earn 4.4 percent just by holding reserves at the Fed, which gives them less incentive to lend. For investors, this means that while the economy may look like it's flush with cash, that money is mostly boosting asset prices rather than fueling real economic growth.

Rising Unemployment Claims and Declining Labor Force Participation

Published August 6, 2025

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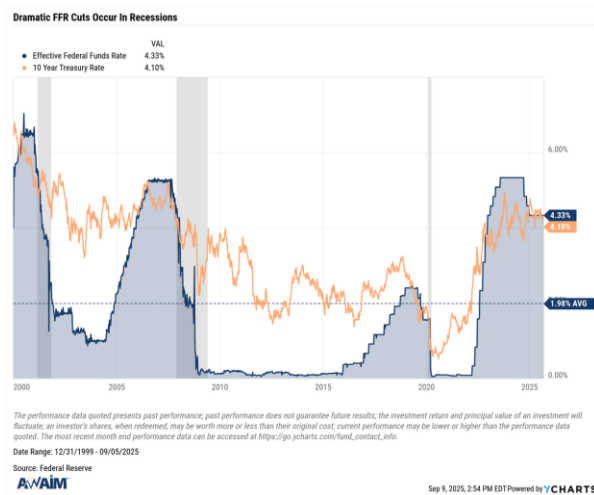
Research Highlight Summary:

Recent data shows a concerning trend in the U.S. labor market: as continuing unemployment claims for unemployment insurance is rising, the labor force participation rate is falling. As more individuals remain unemployed for longer periods, a growing number are leaving the workforce altogether pointing to ongoing challenges in reemployment and potential structural shifts in the labor market. These trends indicate growing weakness in the labor market, which could pose a risk to long-term economic resilience in the U.S. if not properly addressed.

The Fed's Recession Playbook is Written in Rate Cuts

Published September 9, 2025

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Research Highlight Summary:

History shows a clear pattern: when the U.S. economy approaches a recession; The Federal Reserve typically responds by cutting interest rates quickly and sharply. While rate cuts may seem like good news, they often indicate that the economy is under stress and that a downturn may be underway.

For investors, this pattern has clear implications. Interest-rate-sensitive sectors such as utilities and real estate often benefit from falling rates, while banks can face pressure on their margins. At the same time, high-quality bonds tend to increase in value when rates drop, making them an effective hedge during economic slowdowns.

Understanding the Fed's historical response provides an early signal of potential recession and helps investors make more informed decisions. Recognizing this pattern encourages portfolio diversification and highlights the defensive role of bonds to help protect investments before and during an economic downturn.

YouTube Channel



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Peculiar Trends In U.S. M2 Money Supply & Money Velocity – July 8, 2025



Peculiar Trends In U.S. M2 Money Supply & Money Velocity

Ivan Illán breaks down how the U.S. money supply (M2) has increased significantly in recent years, but that money isn't moving through the economy like it used to. Consumers and businesses are holding back on spending, which is slowing down overall economic activity. As a result, all that extra money is mostly fueling inflated asset prices rather than driving real growth.

Podcasts



Deep Economic Thoughts

Ivan Illán

★ 0.0 (0) · INVESTING

Forbes thought leader and bestselling Dummies author, Ivan Illán, shares timely capital markets and economic perspectives for sophisticated investors and financial advisors alike.

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