RECESSION INTO ALL TIME HIGHS

September 23, 2025 By Samantha LaDuc, Founder of LaDucTrading

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Dip Before The Melt-Up

I have been warning in anticipation of getting to $6666 SPX:
PROTECT when you can not when you have to!

This just in -

> ***Nomura's McElligott sees massive deleveraging flow risk as leveraged ETF AUM is in the 100%tile, and estimated rebalancing needs for a 1% spot move is sitting at a record of $7 bln.***

THIS is exactly what I warned about when I wrote about a rising risk of a QUANT QUAKE just one week ago fo
September 30th, ahead of likely government shutdown:

TIME TO PROTECT IS NOW

If that wasn't warning enough, then might I introduce...

> *Goat farmer and 40 cheese awards winner Mark Spitznagel expects the S&P 500 rally to 8,000 and then collapse in a 1929 crash scenario.*

Take that with a grain of Fleur de Sel, but even little 'ol me already posted that a meltup into $7000 then $8200 by y
end would set up a meltdown scenario.

And that call was JULY 7th - with best reasons to be tactically long:

[SPECULATING LIKE IT'S 2021]

AI Deals Fuel Sky-High Valuations Against AI Boom Warnings

I also noted of late how mainstream FinTwit and Wall Street analysts are starting to tire of the Nvidia/OpenAI/
Coreweave/Oracle et al ROUND-TRIPPING:

> *OPENAI TO BUY $100B OF CHIPS FROM NVIDIA

> *NVIDIA INTENDS TO INVEST UP TO $100B IN OPENAI

Rich Privorotsky, Goldman's head of Delta One

> *"... definitely not old enough to have been around trading during the tech bubble and let's level set, multiples are no where near that point in time. That said, vendor financing was a feature of that era and when when the telecom equipment makers (Cisco, Lucent, Nortel, etc.) extended loans, equity investments, or credit guarantees to their customers who then used the cash/credit to buy back the equipment...well suffice it to say, it did not end well for anyone."*

And some are even warning it is unsustainable. Lol

FORTUNE

The AI boom is unsustainable unless tech spending goes 'parabolic,' Deutsche Bank warns: 'This is highly unlikely'

Jim Edwards
Tue, September 23, 2025 at 6:59 AM EDT
4 min read

With many more saying they have no idea how to monetize. Yup.

Artificial intelligence Add to myFT

America's top companies keep talking about AI – bu can't explain the upsides

FT analysis of hundreds of filings suggest the S&P 500 businesse are clearer about the risks than benefits

Put all that together and I can see a case of RECESSION INTO ALL TIME HIGHS

Recession Into All Time Highs

Despite the crashing lower 3 month yield - on rate cut expectations and falling credit demand…

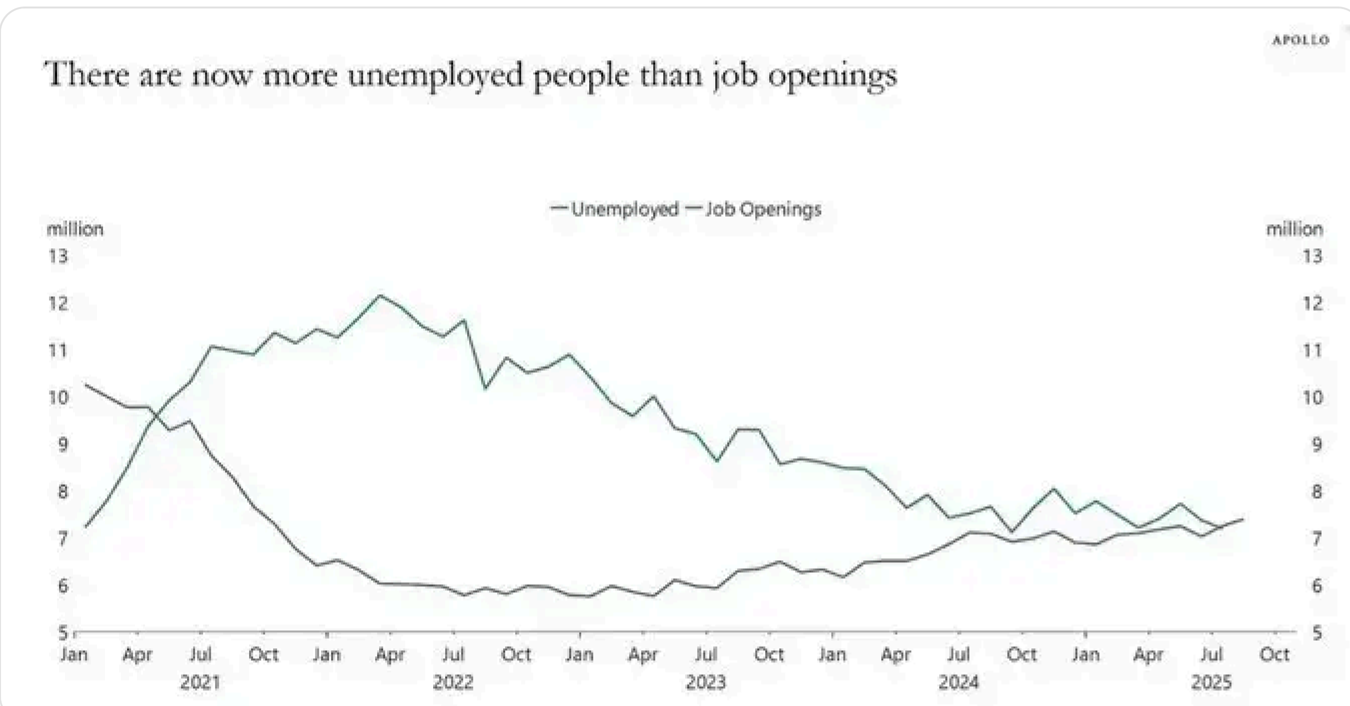
Despite the sticky 10Y yield at 4.1% and the sticky/flat/rising 10Y2Y yield curve…

And despite the neutral rate expected to fall to 3% before Powell's term is up next May…

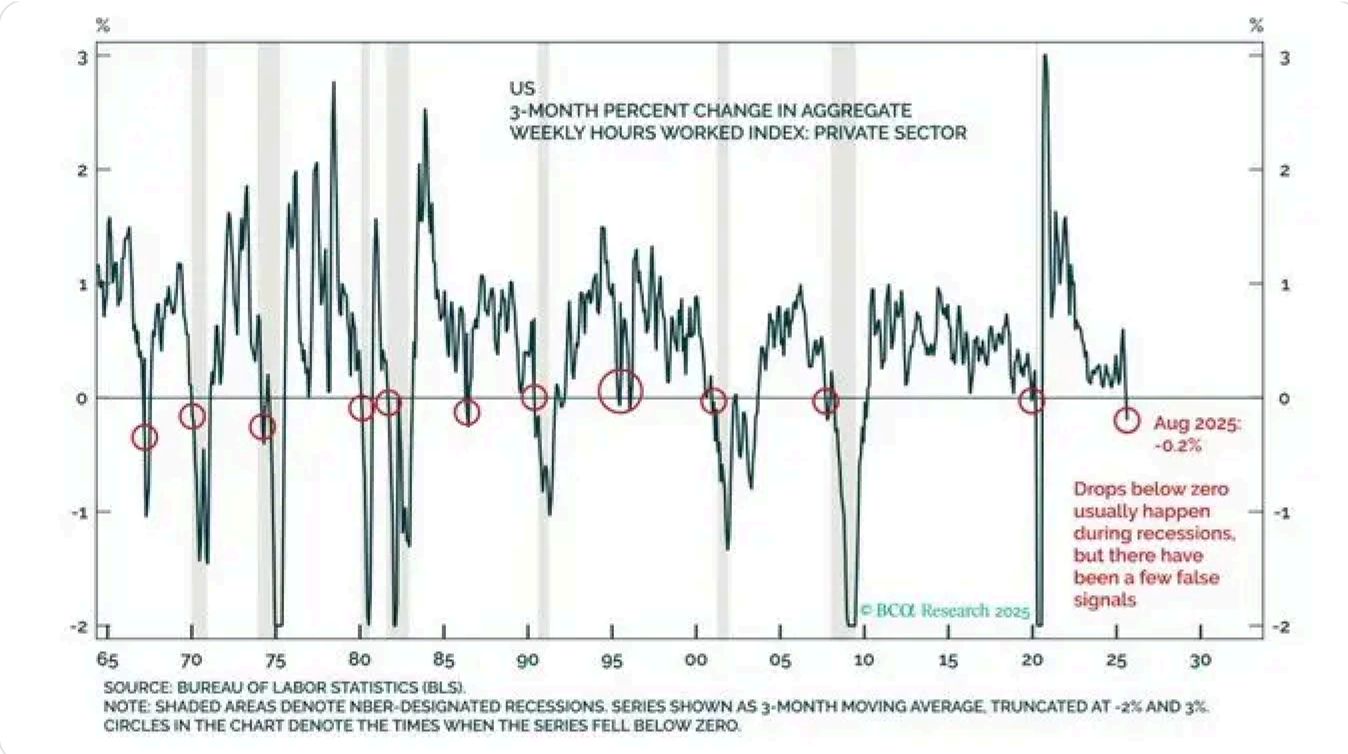
> ***A Fed cutting into rising inflation and falling employment may not play along with Trump-Bessent'-Miran's stated go lower longer-term yields.***

FOMC decision last Wednesday to make a 'risk management cut' of 25bp, given the weakening labor market (BLS reported 911K job revisions in Aug), saw an immediate jump in the 10Y from 3.99 to 4.14. Last year same time, Fed surprised with a 50bp cut post 818K job growth revisions (Aug 2024) - same time the unemployment rate & CPI were running about the same then as now. In fact, markets were also at all time highs! The result: the 10Y rose 100bp (3.6 - 4.8 before Trump was sworn in Jan 20th).

This time, the buffer for unemployment is thinner. Job openings are about to break below jobless claims which are rising.

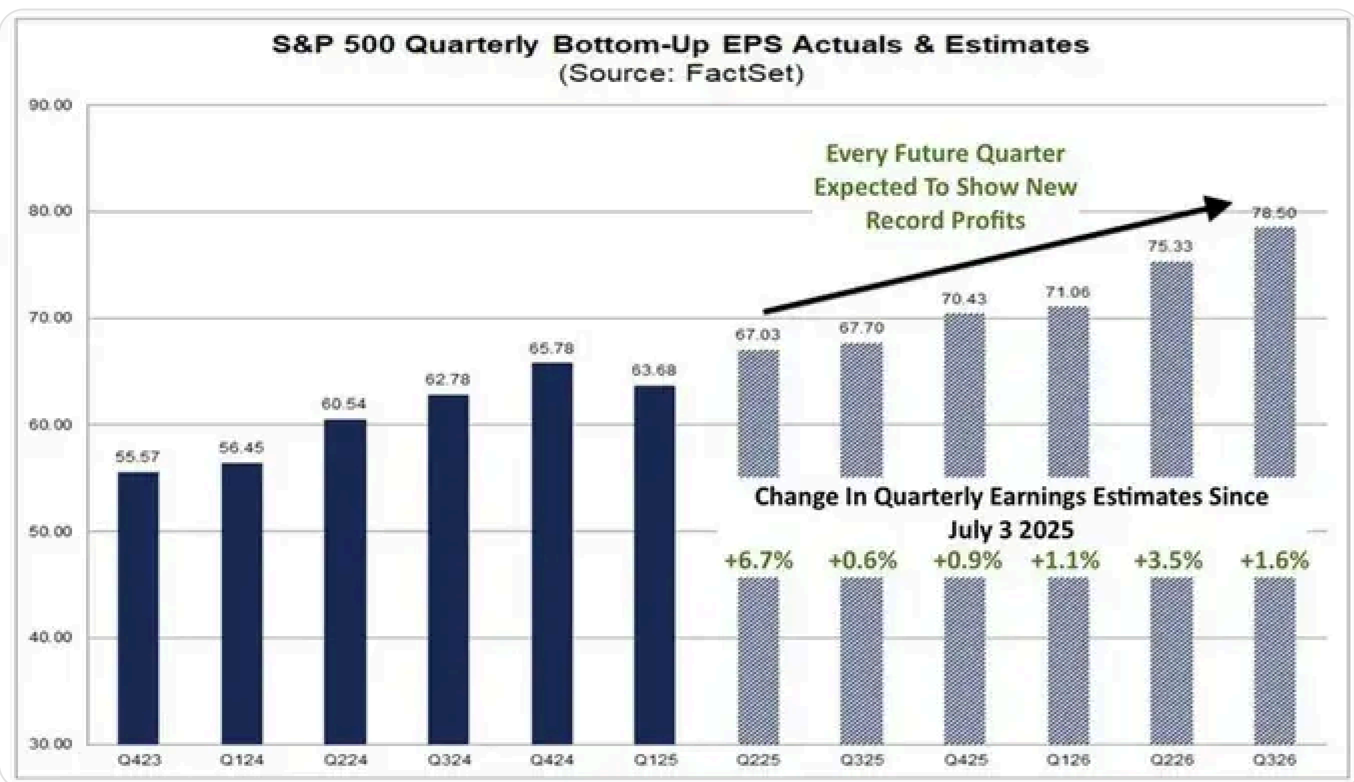


Aggregate hours worked in the US private sector is down over the past three months.



If labor market risks now outweigh the inflation risks, as Powell proposed at Jackson Hole, then why isn't market pricing it in?

Corporate earnings and margins are being revised higher. It's literally the Wall St "EVERYTHING AI TECH BUBBLE" versus Main St "INFLATIONARY RECESSION"



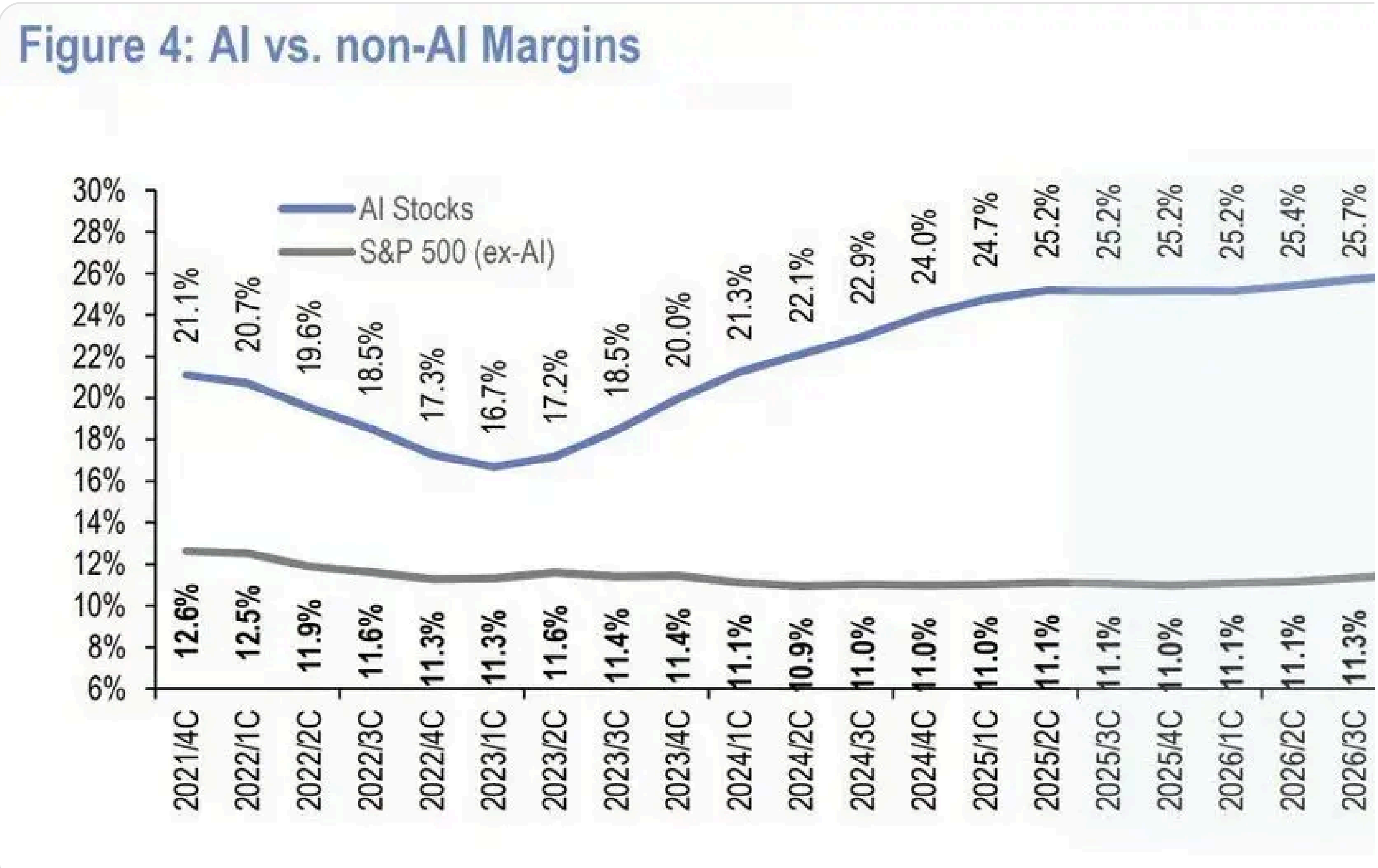
Corporate margins rising into rising unemployment is the definition of my:

RECESSION INTO ALL TIME HIGHS

The train for Concentration Risk is fully loaded:

ALL ABOARD THE EVERYTHING AI TECH BUBBLE.

> ***SPX ex-AI (Main St) has seen margin compression from 12.6% in 2021 to 11.1%, while AI stocks have seen margin expand from 21% to 25% over the same period.***



This is clearly an Investment-Driven CAPEX economy as consumption languishes and Tariffs are likely to create an even bigger divergence.

ECONOMY | GLOBAL

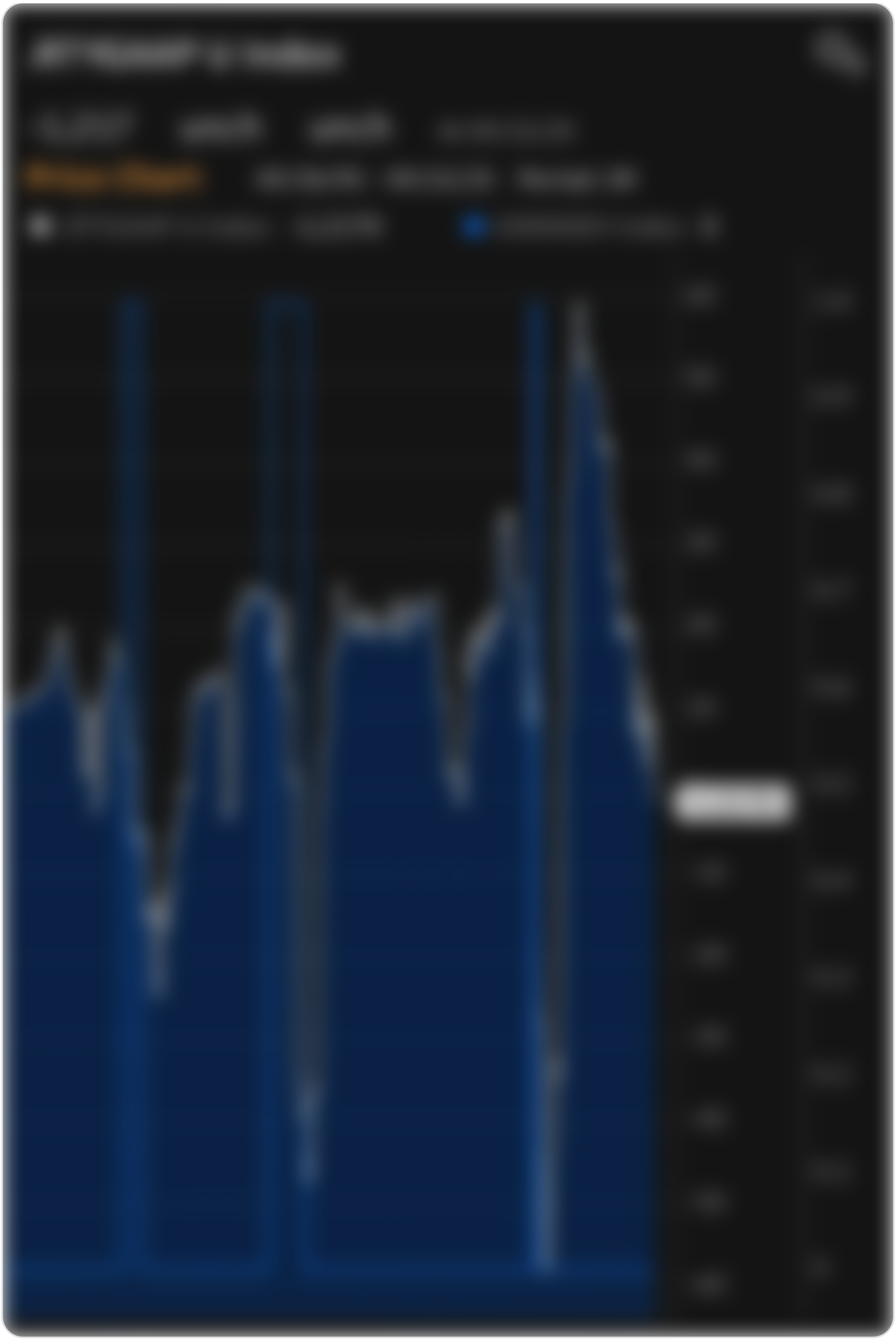
Tariffs to Hit Slowing U.S. Economy Hard in 2026, OECD Says

Growth has been more resilient than expected, the research body sa
but some indicators are weakening

By Paul Hannon Follow

Updated Sept. 23, 2025 10:13 am ET

Russell GAAP EPS has already turned negative - a level that traditionally happens during recessions. h/t Michael Green



And What About MAIN STREET?

Falling Disposable Income from tariffs, inflation and job losses will hit Consumer Spending - starting in Q4 into 2026 - but the market just doesn't see it yet.

Translation: Rates will continue to get cut, the market can continue to pump, and the real economy will continue to deteriorate due to inflationary policies, deficits & corporate greed... most of which will result in negative ROI spending & a serious hit to disposable income that THEN will create the fall in consumer spending and hit to corp margins.

Add to that the known unknown of of AIs influence on the job market…

Let's face it. Wall St earnings growth use to mean higher profits fed new jobs!!

That was before AI & WINNER TAKE ALL tech bros created a 'market of me and not for thee'.

Market doesn't see it yet but:

Higher Profits for AI Tech Companies = Fewer Jobs
Fewer Jobs = Lower Demand
Lower Demand = Cutting Rates into Falling Consumer Spending but…

Treasury Bill Issuance is Inflationary with Tariffs
= Falling Demand for US Dollar, Treasuries & Oil
so Longer Duration Yields DO NOT FALL

🥁
RECESSION INTO ALL TIME HIGHS

That's Part 1.
Part 2 will come Thursday: ***FED CUTTING INTO RISING YIELDS INTO RECESSION***