



Soundings

What's New - July 2025

Quote of the month:

"Comparison is the thief of joy." Teddy Roosevelt

Wise words from my favorite Rough Rider. No matter how gifted, there will always be someone prettier, smarter, more popular. Who cares? Life's not a zero-sum game. Another's blessings don't come at our expense. But if you're compelled to compare, try this. Think back 10 years ago. How much have you grown emotionally, spiritually, intellectually? If you're disappointed, don't fret. Act. It's not over till it's over.

June was the perfect example of the market's tendency to "climb the wall of worry." Technician Charlie Bilello noted, "On April 8, the S&P 500 was down 15% in 2025, one of the worst starts to a year in history. After one of the greatest comebacks ever, it's now up 5.6% YTD, which is above the average year at this point in time." The month of June brought the index its first all-time high since January and its first back-to-back gain since last September and highlights the necessity of process over gut. As we sit, the technical picture is strong, and the fundamentals are improving. Inflation is approaching the Fed's target and the big banks, which slashed their year-end targets for the S&P 500 are raising them again, according to the WSJ.

But don't expect to be encouraged by the headlines from breathless commentators selling fear. Tariffs on, tariffs off; Conflict(s) in the Middle East; Kings & Queens & Guillotines (okay, the last couple came from one of my favorite Aerosmith songs of 1977). In this month's *Market & Economic Commentary*, I've placed an essay by Mitch Zacks, highlighting the importance of separating ourselves from our emotions when it comes to investment management decisions. We'd add, it's about your plan, not the adrenalin and cortisol. Give it a read, it's worth your time. First, the numbers...

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Market Update - Year to Date Returns

<u>Major Indexes</u>	<u>As of July 1st</u>
Dow Jones Industrials	3.6%
S&P 500 Index	5.5%
NASDAQ	5.5%
MSCI EAFE (International)	17.4%
Russell 2000 (small cap index)	-2.5%
Bloomberg Capital Aggregate Index (Bonds)	3.7%
XAU (gold/silver)	49.9%

D.A.L.I. Signals - 7/01/2025

Domestic Equities	Commodities	International Equities	Cash	Currency	Fixed Income
246 22.5%	243 22.3%	242 22.2%	136 12.5%	121 11.1%	103 9.4%

Source: Nasdaq Dorsey Wright

- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect investment performance. Individual investor's results will vary. The Dow Jones Industrial Average (DJIA), commonly known as the "Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the US stock market. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ market. The MSCI EAFE (Europe, Australasia and Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 index is an unmanaged index of small cap which generally involve greater risks. The Philadelphia Gold and Silver Index (XAU) is an index of sixteen precious metal mining companies that is traded on the Philadelphia Stock Exchange.
- The Bloomberg Barclays Capital Aggregate Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.
- DALI is a proprietary matrix created by Dorsey Wright & Associates, an independent 3rd party. It presents the relative strength relationship of six broad asset classes or "teams", domestic equities, international equities, commodities, fixed income, cash, and currencies. Each are represented by an equal number of ETFs. Each team play against each member of the other teams, with net victories tallied in an effort to rank each asset class team by order of overall strength. Raymond James is not affiliated with and does not authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.
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Market & Economic Commentary

In the weeks following the “Liberation Day” tariff announcements, I wrote a series of columns urging investors to be patient and measured when it came to ‘responding’ to the punitive trade measures. Here’s an excerpt from one of those columns: “Selling out of the market today [April 5] substantially increases the chances of being whipsawed when a rally takes hold, which again, no one can know the precise timing of. In the current environment, the setup is that any modicum of good news on trade will factor as a positive surprise for markets going forward, which will almost certainly trigger strong moves higher. Long-term investors simply cannot afford to miss these upswings.”

It paid to be patient. As I write, the S&P 500 has staged a sharp V-shaped recovery, effectively erasing all the tariff-related losses of the past few months. For any investor who tried to time the declines and the powerful bounce that followed, there was basically no margin for error. The entire event unfolded too quickly and was—and still is—mired by uncertainty, which meant there was no clear signal for when stocks would rally. There rarely is.

Looking ahead, I don’t see a ‘clear signal’ appearing anytime soon. The “modicum of good news on trade” came in the form of a 90-day pause on reciprocal tariffs, which expires very soon on July 9. With just weeks left to go, there are still dozens of trade deals in the works, with the U.K. being the only developed nation with an inked agreement. I feel comfortable predicting that there is essentially zero chance all the deals will be done by the deadline. Whatever happens on July 9, my message is the same as it was before: investor patience will be required. This is especially true as the situation in the Middle East continues to escalate. Geopolitical tensions seem to have only gotten worse in the past year, which adds oil markets and global economic growth to the list of concerns alongside trade. Over the past few weeks, oil prices have jumped substantially, and escalations between Israel and Iran have only added to those pressures.

Equity markets are not immune from these pressures, but there is also a long history of regional conflicts, and in particular conflicts involving the Middle East, having a muted impact on global growth or the trajectory of equity markets. Of all the wars and conflicts of the last 75+ years, only World War II resulted in a bear market. The fighting between Israel and Iran is very unlikely to spill over into major economic centers, like the U.S., Europe, Japan, and China. From the perspective of oil markets, it is important to note that Iran produces a little over 3 million barrels per day of oil, which is about 3% of global daily output. That’s not insignificant, but it’s also true that because of Western sanctions, about 90% of that oil gets exported to China. Saudi Arabia and other OPEC+ countries have plenty of spare capacity to make up for any hit to global supply, which they would likely do if prices continued to rise. I do not mean to write off the conflict in the Middle East as a non-story. Geopolitical crises and wars profoundly impact the daily lives of affected civilians, global stability, trade, and so on. But a global recession requires trillions of dollars’ worth of damage to the global economy, which current crises do not seem capable of delivering. S&P 500 companies earn less than 1% of revenue from the affected regions., which includes Russia and Ukraine. Market volatility may continue if the conflicts escalate, and news coverage will almost certainly be constant. But investors would be wise to foresee this environment for the next few months, or perhaps longer, and try to remember that the desire to react to a crisis is almost always counterproductive and costly. Now is a time to remain patient and focused on U.S. economic fundamentals, which I think continue to prove stronger than appreciated.

Recent months have shown just how quickly markets can recover and how costly it can be to second-guess during times of volatility. As trade negotiations remain unresolved and geopolitical risks linger, the urge to act on headlines will be strong. But the fundamentals remain intact, and history reminds us that even serious conflicts rarely derail global growth for long. For investors, the real risk lies in overreacting to noise rather than staying focused on the bigger picture. That’s why perspective matters. Instead of reacting to headlines, focus on the fundamentals and long-term trends shaping the market.

Mitch Zacks, “The Power of Patience and Perils of Overreaction” Zacks Weekly Email, June 21, 2025

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On a Personal Note

From Sandy: As many of you know by now, I have started a new chapter in my life and joined many of you in the cycle of life called Retirement. It was a wonderful 11 years that I wouldn't trade for anything in the world. Jon & Collin have been the best bosses, co-workers, friends, and family, but the most rewarding part of my job has always been working with all of you. You have become family. We've shared so much, had so many important conversations, and you made me a meaningful part of your lives. I will never forget that. And I'll never forget how you were there for me when I lost my husband. So many of you had been in my shoes and knew just the right words to bring comfort. I felt your love and hugs and it meant the world to me. It was so nice to see so many of you at the Hail & Farewell party. Thank you so much for the hugs, well wishes, cards and gifts. It was such wonderful send off and fantastic way to introduce you to our new team member, Kelly. I heard some of you tell her that she had big shoes to fill, but working with her over the past 6 weeks, I saw that she's got some special shoes of her own. As for my future plans, first up, I am moving my mother down here with me in early July. It will be so nice having her closer to family. Once we get her settled in, I will be doing projects around the house and just taking time to smell the roses I plant. Meantime, please give Kelly a great big welcome as the torch has been passed her way. I know she will do a wonderful job and will love you all as much as I do. Love and hugs to everyone, thank you for being such an important part of my life over the years, and hope to see you out and about town.

From Collin: As you've read over the months, life's been pretty busy and free time is almost an oxymoron. That aside, one of the highlights of my week is the "time-out" with my friends at our Rotary lunch meetings. My dad's been a member since forever. He brought me to my first meeting when I was in 10th grade, where unknown to me at the time, I was the guest speaker, brought in to share my experience at the past weekend's Rotary Youth Leadership Award (RYLA) camp. Six years ago, when I moved back to town and joined the firm, I naturally became a member of the club. I got involved from the start, initially as Mr. Sunshine, where I'd begin the meetings with a trivia contest and finish up with a bad dad joke. Along the way, I've made some great friendships, become more confident in my public speaking, and most importantly been part of some amazing work in the local community. A few years ago, a board member asked what I'd say if he nominated me to serve as President. I was heavy into studying for my CFP (Certified Financial Planner) exam so I asked if he could wait till 2025. Well time sure flies when you're having fun and on July 1st, I officially became President of the Rotary Club of Navarre. Thankfully, I took care of everything that was on my plate and am no longer busy (ha!). On a serious note, I really am excited about the opportunity and have an excellent group of people around to keep me from getting into too much trouble. I'll end with an official invitation to anyone out there interested in joining us for lunch one Thursday, don't hesitate to reach out, the bill is on me!

From Jon: Jesus, Buddha, Gandhi, Daryl Davis - you've probably never heard of the last one, but he's quite a remarkable human being. While the former three are known for their teachings on love, compassion, and peace, Daryl Davis's story adds a unique and powerful twist to the concept of love in action. A black musician, Davis has spent decades engaging with members of the Ku Klux Klan, building relationships that have led to dozens of members leaving the organization. In fact, he has a collection of robes given to him by former members who no longer have a use for them. His approach isn't about confrontation or condemnation, but about understanding, listening, and, most profoundly, loving others even if they don't initially share the feeling. Love, as exemplified by Davis, is not passive; it's transformative, often requiring patience, courage, and the willingness to see humanity even in those who might seem beyond redemption. I learned of him while listening to a podcast. A Google search brought me to his TED Talk from 2017. There's a lot of junk on the internet, but if you're looking for 18 minutes of pure gold, give this a listening, and then pass it on:

https://www.ted.com/talks/daryl_davis_why_i_as_a_black_man_attend_kkk_rallies?language=en And please watch it till the end. That's where the lesson lies.

Until next month, with warmest regards, *Jon, Collin, & Kelly*

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