



July 14, 2025

Summer Brings New Record High

As we move deeper into the summer and the long lingering uncertainty of the “One Big Beautiful Bill” is now behind us, stocks have been charging to new highs on both the S&P 500 and Nasdaq 100.

And though the Dow Jones Industrial Average (DJIA) has not yet hit its own new highs, we expect it will. Breadth and volume are confirming the ongoing rally, giving us confidence that the secular bull market is alive and well. We expect there will be more volatility as President Trump continues to negotiate more waves of tariffs. Plus, with the valuation of the S&P 500 at the upper end, investors are nervous.

We enter the 2Q25 earnings season with the Banks reporting this week. Earnings expectations are low this quarter, as analysts have taken a more cautious stance in response to the impact of tariffs on corporate margins and global demand. We believe there may be numerous earnings surprises, which would help support the market in continuing to reach new highs. If this is correct, the valuation of the market may not be as high as it seems. We expect the S&P 500 to be able to achieve an additional 11% upside this year. So, we remain buyers on any pullbacks.

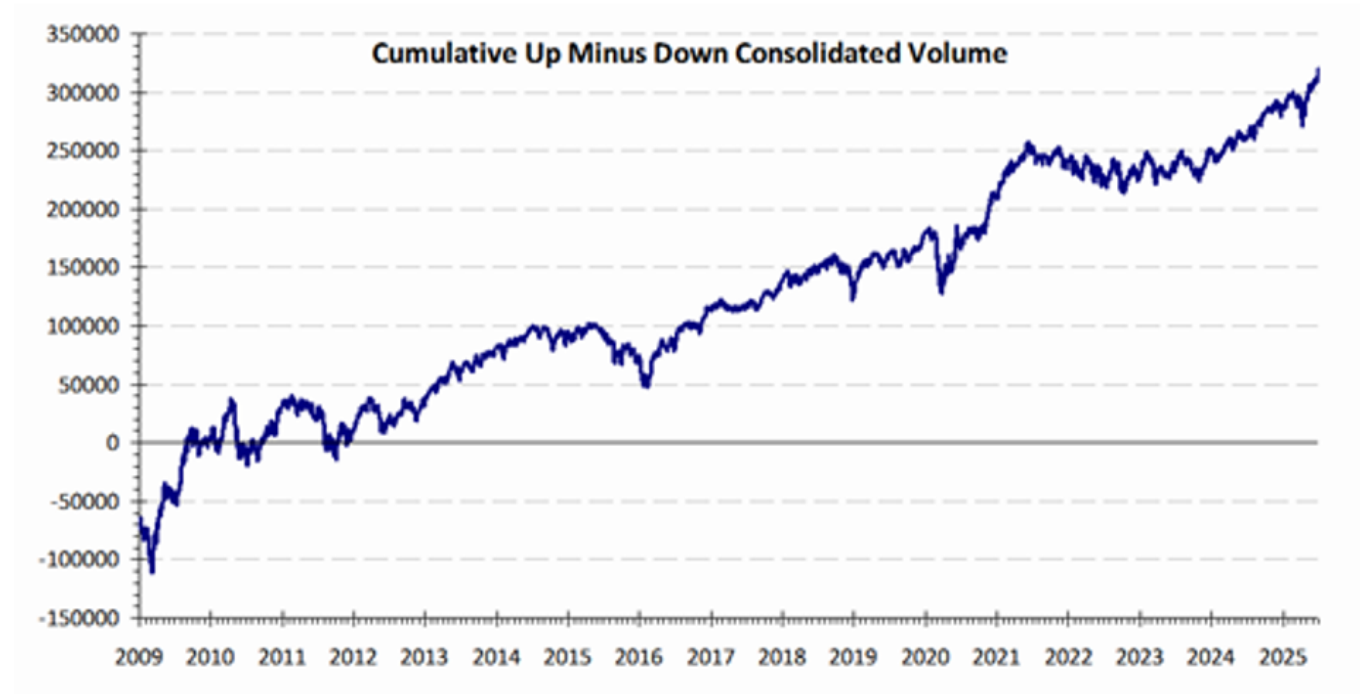
S&P 500 Cumulative Advance-Dcline Line At New Highs Confirming S&P New High





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Net Volume Hits New Record High Confirming S&P 500 New Highs



Source: Standard & Poor's, Bloomberg, Sanctuary Wealth, July 6, 2025

The 12-Month Forward S&P 500 P/E Is High But Not At An Extreme Valuation

Note The Buy Signal This April On The Tariff Sell-Off

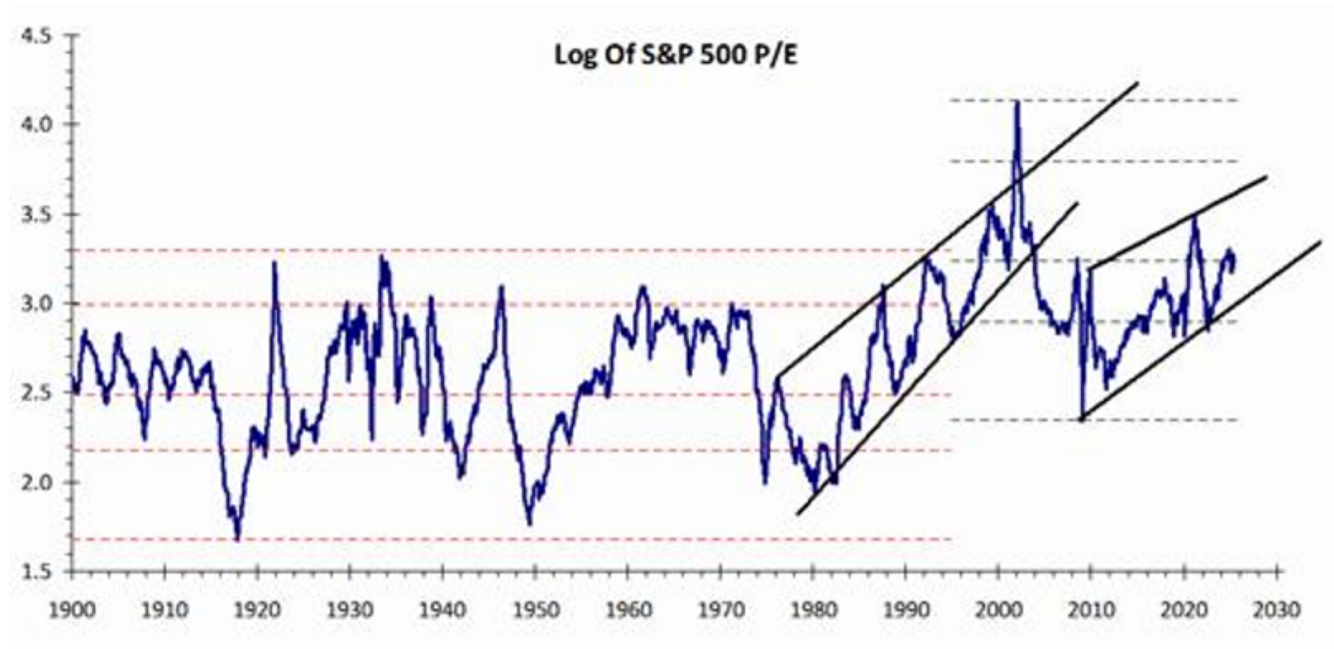


Source: Standard & Poor's, Bloomberg, Sanctuary Wealth, July 6, 2025



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P/Es Trend Higher In Secular Bull Markets



Source: Standard & Poor's, Bloomberg, Sanctuary Wealth, July 6, 2025

Tariffs Still Being Negotiated But Have Brought In Nearly \$100 Billion

President Trump is still negotiating tariffs, but it is important to note how much revenue has been driven into the government so far. According to Politico, as of July 6th, gross tariff and excise revenue had reached \$98.6 billion, up 110% compared to the same period in 2024. Treasury Secretary Scott Bessent projects that, by December 2025, total collections could climb to \$300 billion if trade and tariff activity continue at current levels. The Congressional Budget Office and Yale Budget Lab are estimating that, over the next decade, continued higher tariffs could bring in \$2.2 trillion to \$2.8 trillion, depending on the economic backdrop and whether current tariff rates are maintained. It certainly appears that the tariffs are beginning to shore up some of the U.S. government's finances. This could be another factor that is driving stocks higher.

2Q25 Earnings Estimates Have A Low Bar

Earnings season goes into full force this week with the Banks reporting. Looking at consensus earnings growth estimates for 2Q25, we find FactSet is expecting year-over-year growth of 5.0%, down 9.4% at the start of the quarter. Morningstar also projects 5.0%. Estimates declined meaningfully during 2Q revisions, averaging a 4.2% drop since March. The strongest earnings growth estimates are in Communication Services at approximately 30% and Information Technology at 18%. The weakest earning growth rate is in Energy with a year-over-year decline of 25%. Earnings do remain scarce, which we believe will continue to drive the continued outperformance of the Growth area of the market.

Bitcoin Breaks To The Upside – Targeting A Move Toward \$150,000

Bitcoin(BTC) had a decisive breakout to the upside with news that BTC had record ETF inflows of \$1.18 billion last Thursday, according to SoSoValue. There is no known fundamental way to value BTC, so we use technical analysis (chart reading) to determine the value we believe it is trading toward. We estimate that BTC can reach \$150,000 before year-end.

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Big Breakout For Bitcoin Targeting A Move Toward \$150,000



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Sector Readings: Information Technology Strongest, Health Care Remains Weakest

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1-10 with 1 being the strongest and 10 the weakest. The rankings last week were unchanged from the prior week, with Information Technology still top-ranked, and Health Care still in last place.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Jul 11	Jul 4	Jun 27	Jun 20	Jun 13	Jun 6	May 30	May 23
Consumer Discretionary	5	5	5	6	6	6	4	5
Consumer Staples	8	8	8	8	7	7	7	6
Energy	9	9	9	7	9	10	10	10
Financials	4	4	4	4	5	3	2	4
Health Care	11	11	11	11	11	11	11	11
Industrials	3	3	3	3	3	2	3	2
Information Technology	1	1	2	2	2	4	6	7
Materials	6	6	7	9	8	9	9	8
Communication Services	2	2	1	1	1	1	1	1
Utilities	7	7	6	5	4	5	5	3
Real Estate	10	10	10	10	10	8	8	9

Source: Bloomberg, Sanctuary Wealth, July 11, 2025

OBOS List: Information Technology Overbought; Health Care, Energy, Consumer Staples, Real Estate, Utilities, Energy, And Materials All Oversold

This week our Overbought/Oversold list is heavily concentrated on either end. Earnings growth is concentrated in Information Technology, which is overbought, along with Communication Services and Industrials, which are both near overbought. At the oversold end, Real Estate and Utilities have exposure to interest rates, Energy and Materials together comprise a super-sector of Natural Resources, which is underperforming, Consumer Staples is defensive in a Growth environment, and Health Care is still in intensive care.

Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 11 July 2025

rank	S&P Sector	normalized Oscillator
1	Information Technology	2.7051 <i>Overbought</i>
2	Communication Services	0.6928
3	Industrials	0.6402 <i>Near Overbought</i>
4	Consumer Discretionary	-0.2717 <i>Neutral</i>
5	Financials	-0.3313 <i>Neutral</i>
6	Materials	-1.0248 <i>Oversold</i>
7	Energy	-1.1514
8	Utilities	-1.5973
9	Real Estate	-1.8296
10	Consumer Staples	-2.6885
11	Health Care	-3.6443

Source: Bloomberg, Sanctuary Wealth, July 11, 2025

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Market Performance: Gold Remains The Best Performing Asset Year To Date

	Last 7/4/2025	Month End 6/30/2025	Month to Date	Quarter End 6/30/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 7/4/2024	Year To Year
S&P 500	6279.35	6204.95	1.2%	6204.95	1.2%	5881.63	6.8%	5537.02	13.4%
NASDAQ Composite	20601.10	20369.73	1.1%	20369.73	1.1%	19310.79	6.7%	18188.30	13.3%
NASDAQ 100	556.22	551.64	0.8%	551.64	0.8%	511.23	8.8%	491.04	13.3%
Russell 2000	2249.04	2175.04	3.4%	2175.04	3.4%	2230.16	0.8%	2036.63	10.4%
S&P Consumer Discretionary Sector	1783.67	1753.81	1.7%	1753.81	1.7%	1831.16	-2.6%	1535.12	16.2%
S&P Consumer Staples Sector	905.60	897.10	0.9%	897.10	0.9%	853.65	6.1%	818.44	10.6%
S&P Energy Sector	666.64	648.68	2.8%	648.68	2.8%	654.85	1.8%	700.04	-4.8%
S&P Financial Sector	885.22	871.95	1.5%	871.95	1.5%	804.44	10.0%	692.58	27.8%
S&P Health Care Sector	1580.76	1572.52	0.5%	1572.52	0.5%	1604.75	-1.5%	1671.87	-5.4%
S&P Industrials Sector	1264.37	1249.13	1.2%	1249.13	1.2%	1115.65	13.3%	1030.35	22.7%
S&P Information Technology Sector	5036.65	4964.64	1.5%	4964.64	1.5%	4609.52	9.3%	4486.31	12.3%
S&P Materials Sector	576.30	556.09	3.6%	556.09	3.6%	529.77	8.8%	553.24	4.2%
S&P Real Estate Sector	262.55	260.30	0.9%	260.30	0.9%	255.92	2.6%	239.65	9.6%
S&P Communications Sector	376.00	377.94	-0.5%	377.94	-0.5%	341.66	10.1%	313.71	19.9%
S&P Utilities Sector	415.65	414.79	0.2%	414.79	0.2%	384.95	8.0%	347.63	19.6%
S&P 500 Total Return	13879.98	13712.71	1.2%	13712.71	1.2%	12911.82	7.5%	12074.83	14.9%
3 month Treasury Bill Price	98.91	98.93	0.0%	98.93	0.0%	98.92	0.0%	98.66	0.3%
3 month Treasury Bill Total Return	262.62	262.44	0.1%	262.44	0.1%	256.97	2.2%	250.67	4.8%
10 Year Treasury Bond Future	111.22	112.13	-0.8%	112.13	-0.8%	108.75	2.3%	110.05	1.1%
10 Year Treasury Note Total Return	306.99	309.38	-0.8%	309.38	-0.8%	293.94	4.4%	292.41	5.0%
iShares 20+ Year Treasury Bond ETF	86.97	88.25	-1.5%	88.25	-1.5%	87.33	-0.4%	91.80	-5.3%
S&P Municipal Bond Total Return	277.82	277.66	0.1%	277.66	0.1%	278.14	-0.1%	273.44	1.6%
iShares S&P National Municipal Bond NAV	104.08	104.29	-0.2%	104.29	-0.2%	106.40	-2.2%	106.47	-2.2%
S&P 500 Investment Grade Corporate Bond Total Return	482.50	483.50	-0.2%	483.50	-0.2%	465.24	3.7%	455.42	5.9%
S&P Investment Grade Corporate Bond	91.52	91.77	-0.3%	91.77	-0.3%	90.28	1.4%	90.12	1.6%
S&P Investment Grade Corporate Bond Total Return	514.35	515.54	-0.2%	515.54	-0.2%	495.89	3.7%	484.52	6.2%
SPDR Bloomberg High Yield Bond ETF	96.91	97.27	-0.4%	97.27	-0.4%	95.47	1.5%	94.20	2.9%
iShares iBoxx High Yield Corporate Bond ETF	80.37	80.65	-0.3%	80.65	-0.3%	78.65	2.2%	77.20	4.1%
Gold	3337.15	3303.14	1.0%	3303.14	1.0%	2624.50	27.2%	2356.69	41.6%
Bitcoin	107741.81	107606.61	0.1%	107606.61	0.1%	93714.04	15.0%	58329.01	84.7%

Source: Bloomberg, Sanctuary Wealth, July 11, 2025

Inflation Data On Everyone's Radar This Week

This week, economic data and earnings may begin to reveal the impact of tariffs.

With fears of inflation ticking up due to tariffs, all eyes this week will be focused on the Consumer Price Index (CPI) and Producer Price Index (PPI) reports to look for an impact – if any – of the tariffs on pricing. Likewise, the start of the quarterly earnings parade will have everyone searching for evidence of tariff impact – not just in the numbers, but in the comments as well. This week, retail sales data will be released, giving the market a sense of how the consumer is spending. Last week, Bank of America reported seeing signs of weak spending among low-end consumers but that spending overall is still ongoing.

We recently published our Mid-Year Outlook entitled “What’s New Is Old But New Record Highs Never Get Old.” A few highlights include:

- The first half of 2025 saw markets whipsawed before stabilizing and building in a steady march upward. Will the drumbeat continue?
- As we enter the second half of 2025, equity markets are at new highs, interest rates continue to fall, the Middle East war has possibly turned to peace, and tariffs still need negotiations.
- We believe we are in another major transition at a level that has never been seen before in history. Why? Because so many new technologies are being developed and introduced at the same time – and they are being adopted at the fastest pace ever seen. We are of the belief that change brings opportunity! The themes continuing to work in the equity market include Artificial Intelligence (AI), Robotics, Virtual Reality, Blockchain, and Web 3.0.
- We maintain our target of 7200 for the S&P 500 by next year. Without any major disruptions, we believe it will be possible for the S&P 500 to reach 7000 by year end.
- We believe that corrections are opportunities, not obstacles. As markets climb, patient investors should find value in this dynamic bull market.



Calendar

Mon.

Earnings Fastenal*

Tue.

8:30 am Core CPI, Empire State manufacturing survey
9:15 am Fed Governor Michelle Bowman speech
12:15 pm Fed Governor Michael Barr speech
2:45 pm Boston Fed President Susan Collins speech
6:45 pm Dallas Fed President Lorie Logan speech
Earnings JPMorgan Chase, Citigroup, Wells Fargo, BlackRock, BNY Mellon, Citigroup, State Street, Wells Fargo, J.B. Hunt Transport

Wed.

8:30 am Core PPI
9:15 am Industrial production, Capacity utilization
10:00 am Federal Reserve Governor Michael Barr speech
2:00 pm Fed Beige Book
6:30 pm New York Fed President John Williams speech
Earnings Bank of America, Goldman Sachs, M&T Bank, Morgan Stanley, PNC, SL Green Realty, United Airlines

Thu.

8:30 am Initial jobless claims, U.S. retail sales, Import price index, Philadelphia Fed manufacturing survey
10:00 am Business inventories, Home builder confidence index, Fed Governor Adriana Kugler speech
12:45 pm San Francisco Fed President Daly speaks
1:30 pm Fed Governor Lisa Cook speech
6:30 pm Fed Governor Christopher Waller speech
Earnings Fifth Third, GE Aerospace, PepsiCo, U.S. Bancorp, Netflix

Fri.

8:30 am Housing starts, Building permits
10:00 am Consumer sentiment (prelim)
Earnings 3M, American Express, Charles Schwab, Huntington Banc, Regions Financial

*Earnings reflect highlights
Source: MarketWatch/Kiplinger's/CNBC

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