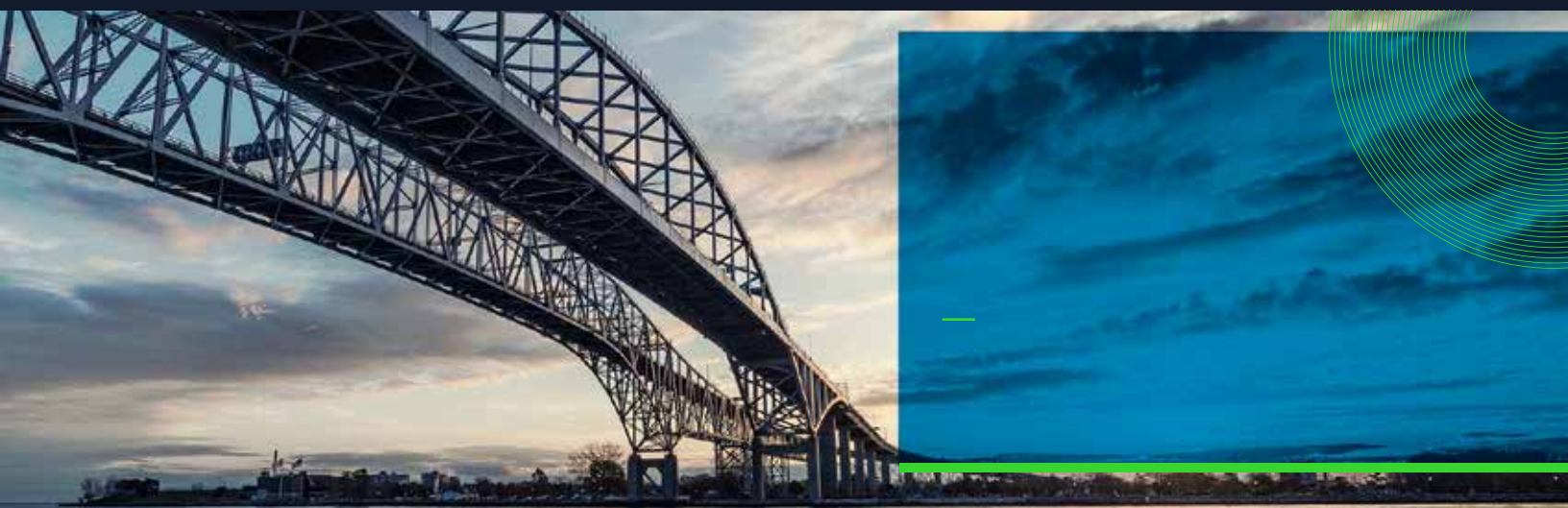




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## The Summer Sizzle Continues

**Market reaction to President Trump's barrage of tariffs appears to have gone from negative to neutral-positive at least for now, because as of this writing, Trump has just announced a 15% tariff on most imports from the European Union (EU).**

The deal also includes the EU agreeing to purchase \$750 billion worth of U.S. energy and inject an additional \$600 billion worth of investments into the U.S. above current levels. This deal is significantly larger than the deal with Japan. So far, the market is reacting positively.

Earnings for 2Q25 are coming in and, so far, at a growth rate of 10%, double the original expected 5%. This dynamic is propelling our Bull deeper into a rally, driving stocks to new record highs. July is seasonally a strong month with August typically seeing a peak; then September is seasonally weak with an expected correction, followed by a major bottom in October before a seasonal strong year-end rally kicks in. Barring any major setback from the tariffs, we expect the market to follow this seasonal pattern. Our S&P 500 target remains 7000.

## Growth Still Leading Value

We have been a strong believer in a super cycle for Growth stocks over Value stocks. Growth continues to take the lead and is now testing another major breakout – reinforcing the broader trend of Growth dominance in this market. When the market eventually corrects, we do expect a temporary shift to Value, but Growth should continue to lead overall for the rest of the year.

## Growth Over Value: Growth Leading Value



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## Cboe Volatility Index (VIX) Trending Down – Risk Measure Still Bullish

The Cboe Volatility Index (VIX) is a measure of fear and greed. When the VIX rises to 20 or higher, there is a lot of fear priced into the market and is a contrarian buy signal. When the VIX falls near 10 or lower, there is complacency, which is a contrarian sell signal. The VIX is currently trading at 15 and trending down, pointing to stocks still rising. But we expect the VIX to fall to a level near 10 in August, signaling a risk of the market entering a correction into the fall months.

### Cboe Volatility Index (VIX) Trend Down



## Interest Rates Still Trending Down

Both short- and longer-term interest rates are trending down. There has been pressure by President Trump on the Federal Reserve (Fed) Chair Jerome Powell to lower interest rates. History has shown that presidents have been known to pressure the Fed to lower rates – however, not to the degree of Trump’s very public criticism of Powell. An economy that has strong growth and growing corporate profits is not one that historically has needed lower interest rates. Let’s keep in mind that the Fed did cut interest rates by 100 basis points in 2024. The pocket of the economy that does need lower interest rates is the housing market. Mortgage interest rates remain high, keeping the housing market stagnant to down. We believe this tension between Trump and Powell seems to be more politics than anything else. After their public meeting last week, it does not appear that Trump is actually going to fire Powell. The Fed Chair’s term ends next spring, and a replacement would typically be named four months in advance of taking the post. So later this year, we should have more clarity on the transition.

What matters most: the trend in interest rates is down, and that trend looks set to continue. This is a positive for stocks and the economy.

## 2-Year Treasury Yields Trending Down





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## 10-Year Treasury Yield Biased To Downside



## As Many Head For Vacation, Volumes Begin To Fall, Exaggerating Stock Moves

As we go further into the summer months and people go on vacation, the volume of the equity market falls, which can exaggerate stock and market moves. July should close out strong, and we expect August to have a tactical peak that leads to a market correction in September/October. Earnings, economic data, and tariffs can all cause exaggerated moves due to lighter volume over the coming weeks.

## Sector Readings: Information Technology Strongest, Health Care Still 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 1-11 with 1 being the strongest and 11 the weakest.

Last week, Information Technology was still top-ranked with Communication Services and Industrials completing the top three, while Health Care stayed in last place just behind Energy. Growth sectors are clearly winning over Value.

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

|                        | Jul 25 | Jul 18 | Jul 11 | Jul 4 | Jun 27 | Jun 20 | Jun 13 | Jun 6 |
|------------------------|--------|--------|--------|-------|--------|--------|--------|-------|
| Consumer Discretionary | 5      | 5      | 5      | 5     | 5      | 6      | 6      | 6     |
| Consumer Staples       | 8      | 7      | 8      | 8     | 8      | 8      | 7      | 7     |
| Energy                 | 10     | 10     | 9      | 9     | 9      | 7      | 9      | 10    |
| Financials             | 4      | 4      | 4      | 4     | 4      | 4      | 5      | 3     |
| Health Care            | 11     | 11     | 11     | 11    | 11     | 11     | 11     | 11    |
| Industrials            | 3      | 3      | 3      | 3     | 3      | 3      | 3      | 2     |
| Information Technology | 1      | 1      | 1      | 1     | 2      | 2      | 2      | 4     |
| Materials              | 7      | 8      | 6      | 6     | 7      | 9      | 8      | 9     |
| Communication Services | 2      | 2      | 2      | 2     | 1      | 1      | 1      | 1     |
| Utilities              | 6      | 6      | 7      | 7     | 6      | 5      | 4      | 5     |
| Real Estate            | 9      | 9      | 10     | 10    | 10     | 10     | 10     | 8     |

Source: Bloomberg, Sanctuary Wealth, July 25, 2025

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

Last week, the Overbought/Oversold list relieved some of the oversold sectors. Earnings growth is concentrated in Information Technology, which is overbought, along with Communication Services, which is near overbought this week. At the oversold end, Materials and Energy together make up Natural Resource stocks, Real Estate and Utilities share considerable exposure to interest rates, Consumer Staples is a defensive sector in a Growth environment, and Health Care, also defensive, remains 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 25 July 2025

| <i>rank</i> | <i>S&amp;P Sector</i>  | <i>normalized<br/>Oscillator</i> |
|-------------|------------------------|----------------------------------|
| 1           | Information Technology | 2.8014 <i>Overbought</i>         |
| 2           | Communication Services | 0.6165 <i>Near Overbought</i>    |
| 3           | Consumer Discretionary | 0.4721 <i>Neutral</i>            |
| 4           | Industrials            | 0.3949 <i>Neutral</i>            |
| 5           | Financials             | -0.7849 <i>Near Oversold</i>     |
| 6           | Energy                 | -1.1958 <i>Oversold</i>          |
| 7           | Materials              | -1.3359                          |
| 8           | Utilities              | -1.3584                          |
| 9           | Real Estate            | -1.8076                          |
| 10          | Consumer Staples       | -3.1390                          |
| 11          | Health Care            | -3.4775                          |

Source: Bloomberg, Sanctuary Wealth, July 25, 2025



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## Market Performance: Gold Still The Best Performing Asset Year To Date, Followed Closely By Bitcoin

|                                                      | Last<br>7/25/2025 | Month<br>End<br>6/30/2025 | Month<br>to<br>Date | Quarter<br>End<br>6/30/2025 | Quarter<br>to<br>Date | Year<br>End<br>12/31/2024 | Year<br>to<br>Date | Year<br>Ago<br>7/25/2024 | Year<br>To<br>Year |
|------------------------------------------------------|-------------------|---------------------------|---------------------|-----------------------------|-----------------------|---------------------------|--------------------|--------------------------|--------------------|
| S&P 500                                              | 6388.64           | 6204.95                   | 3.0%                | 6204.95                     | 3.0%                  | 5881.63                   | 8.6%               | 5399.22                  | 18.3%              |
| NASDAQ Composite                                     | 21108.32          | 20369.73                  | 3.6%                | 20369.73                    | 3.6%                  | 19310.79                  | 9.3%               | 17181.72                 | 22.9%              |
| NASDAQ 100                                           | 566.37            | 551.64                    | 2.7%                | 551.64                      | 2.7%                  | 511.23                    | 10.8%              | 458.27                   | 23.6%              |
| Russell 2000                                         | 2261.07           | 2175.04                   | 4.0%                | 2175.04                     | 4.0%                  | 2230.16                   | 1.4%               | 2222.98                  | 1.7%               |
| S&P Consumer Discretionary Sector                    | 1817.76           | 1753.81                   | 3.6%                | 1753.81                     | 3.6%                  | 1831.16                   | -0.7%              | 1460.10                  | 24.5%              |
| S&P Consumer Staples Sector                          | 889.29            | 897.10                    | -0.9%               | 897.10                      | -0.9%                 | 853.65                    | 4.2%               | 833.54                   | 6.7%               |
| S&P Energy Sector                                    | 665.99            | 648.68                    | 2.7%                | 648.68                      | 2.7%                  | 654.85                    | 1.7%               | 702.29                   | -5.2%              |
| S&P Financial Sector                                 | 888.61            | 871.95                    | 1.9%                | 871.95                      | 1.9%                  | 804.44                    | 10.5%              | 711.27                   | 24.9%              |
| S&P Health Care Sector                               | 1588.68           | 1572.52                   | 1.0%                | 1572.52                     | 1.0%                  | 1604.75                   | -1.0%              | 1736.11                  | -8.5%              |
| S&P Industrials Sector                               | 1311.04           | 1249.13                   | 5.0%                | 1249.13                     | 5.0%                  | 1115.65                   | 17.5%              | 1050.52                  | 24.8%              |
| S&P Information Technology Sector                    | 5185.43           | 4964.64                   | 4.4%                | 4964.64                     | 4.4%                  | 4609.52                   | 12.5%              | 4148.14                  | 25.0%              |
| S&P Materials Sector                                 | 580.44            | 556.09                    | 4.4%                | 556.09                      | 4.4%                  | 529.77                    | 9.6%               | 566.07                   | 2.5%               |
| S&P Real Estate Sector                               | 268.53            | 260.30                    | 3.2%                | 260.30                      | 3.2%                  | 255.92                    | 4.9%               | 251.36                   | 6.8%               |
| S&P Communications Sector                            | 380.20            | 377.94                    | 0.6%                | 377.94                      | 0.6%                  | 341.66                    | 11.3%              | 287.91                   | 32.1%              |
| S&P Utilities Sector                                 | 429.07            | 414.79                    | 3.4%                | 414.79                      | 3.4%                  | 384.95                    | 11.5%              | 357.95                   | 19.9%              |
| S&P 500 Total Return                                 | 14128.12          | 13712.71                  | 3.0%                | 13712.71                    | 3.0%                  | 12911.82                  | 9.4%               | 11781.57                 | 19.9%              |
| 3 month Treasury Bill Price                          | 98.91             | 98.93                     | 0.0%                | 98.93                       | 0.0%                  | 98.92                     | 0.0%               | 98.67                    | 0.2%               |
| 3 month Treasury Bill Total Return                   | 263.29            | 262.44                    | 0.3%                | 262.44                      | 0.3%                  | 256.97                    | 2.5%               | 251.44                   | 4.7%               |
| 10 Year Treasury Bond Future                         | 110.98            | 112.13                    | -1.0%               | 112.13                      | -1.0%                 | 108.75                    | 2.1%               | 110.80                   | 0.2%               |
| 10 Year Treasury Note Total Return                   | 307.15            | 309.38                    | -0.7%               | 309.38                      | -0.7%                 | 293.94                    | 4.5%               | 295.35                   | 4.0%               |
| iShares 20+ Year Treasury Bond ETF                   | 86.43             | 88.25                     | -2.1%               | 88.25                       | -2.1%                 | 87.33                     | -1.0%              | 92.27                    | -6.3%              |
| S&P Municipal Bond Total Return                      | 275.86            | 277.66                    | -0.6%               | 277.66                      | -0.6%                 | 278.14                    | -0.8%              | 275.37                   | 0.2%               |
| iShares S&P National Municipal Bond NAV              | 103.35            | 104.29                    | -0.9%               | 104.29                      | -0.9%                 | 106.40                    | -2.9%              | 107.17                   | -3.6%              |
| S&P 500 Investment Grade Corporate Bond Total Return | 482.98            | 483.50                    | -0.1%               | 483.50                      | -0.1%                 | 465.24                    | 3.8%               | 457.92                   | 5.5%               |
| S&P Investment Grade Corporate Bond                  | 91.44             | 91.77                     | -0.4%               | 91.77                       | -0.4%                 | 90.28                     | 1.3%               | 90.44                    | 1.1%               |
| S&P Investment Grade Corporate Bond Total Return     | 515.34            | 515.54                    | 0.0%                | 515.54                      | 0.0%                  | 495.89                    | 3.9%               | 487.51                   | 5.7%               |
| SPDR Bloomberg High Yield Bond ETF                   | 97.04             | 97.27                     | -0.2%               | 97.27                       | -0.2%                 | 95.47                     | 1.6%               | 95.28                    | 1.8%               |
| iShares iBoxx High Yield Corporate Bond ETF          | 80.49             | 80.65                     | -0.2%               | 80.65                       | -0.2%                 | 78.65                     | 2.3%               | 78.04                    | 3.1%               |
| Gold                                                 | 3337.30           | 3303.14                   | 1.0%                | 3303.14                     | 1.0%                  | 2624.50                   | 27.2%              | 2364.56                  | 41.1%              |
| Bitcoin                                              | 117104.31         | 107606.61                 | 8.8%                | 107606.61                   | 8.8%                  | 93714.04                  | 25.0%              | 65275.46                 | 79.4%              |

Source: Bloomberg, Sanctuary Wealth, July 25, 2025

## Data, Data And More Data

**This week fires a bazooka of market-moving events – economic data, earnings, and fresh Fed commentary – all hitting at once.**

Against a background of falling trade volumes in the equity market due to personal vacation, we're entering a week that is just jam-packed with important economic data releases and announcements. We're getting everything from 2Q GDP data to jobs and inflation data to a FOMC\* (Federal Open Market Committee) meeting with an interest rate decision! Granted, no one is expecting a rate cut (including us), but Fed Chair Powell's comments will get headlines and attention. Meanwhile, we're in the midst of earnings season and this week several big names are scheduled to announce, including members of the Magnificent 7: Microsoft, Meta (Facebook), Amazon, and Apple.

With all of this happening, you can expect equity and interest rate moves this week!

\*By the way, it's important to remember that the FOMC has 12 voting members: 7 members of the Board of Governors, who were appointed by the President and confirmed by the Senate; the president of the New York Fed, who has a permanent vote; and 4 of the remaining 11 regional Fed bank presidents, who rotate into voting roles each year. While all regional presidents attend FOMC meetings and contribute to policy discussions, only 5 vote at any given time. As Chair of the Federal Reserve, Jerome Powell is one of the 7 Governors and serves as a permanent voting member and leader of the Committee; his vote carries the same weight as the others.



# Calendar

**Mon.**

Earnings Microsoft, Principal Financial Group\*

**Tue.**

8:30 am Advanced U.S. trade balance in goods, Advanced retail inventories, Advanced wholesale inventories  
9:00 am S&P Case-Shiller home price index (20 cities)  
10:00 am Consumer confidence, Job openings  
Earnings Procter & Gamble, Ares Capital, UBS AG

**Wed.**

8:15 am ADP employment  
8:30 am GDP  
10:00 am Pending home sales  
2:00 pm FOMC interest-rate decision  
2:30 pm Fed Chair Powell press conference  
Earnings Meta Platforms, Kraft Heinz

**Thu.**

8:30 am Initial jobless claims, Employment cost index, Personal income, Personal spending, Core PCE index  
9:45 am Chicago Business Barometer (PMI)  
Earnings Amazon.com, Apple

**Fri.**

8:30 am U.S. employment report, U.S. unemployment rate  
9:45 am S&P final U.S. manufacturing PMI  
10:00 am ISM manufacturing, Construction spending, Consumer sentiment (final)  
TBA Auto sales  
Earnings Ares Management

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

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