**CJ's Market Memo: Riding the Wave Toward Year-End Targets**

*Week Ending June 13, 2025*

Well folks, here we are again – watching the market do what it does best: climb a wall of worry while keeping everyone guessing. This week served up a fascinating cocktail of encouraging inflation data, geopolitical fireworks, and some truly eye-opening developments in the digital payments space that could reshape how we think about financial infrastructure.

Let me cut right to the chase: based on what we're seeing technically and historically, I'm increasingly confident we're looking at S&P 500 levels around 7,000 by the November-December timeframe. I know that sounds aggressive given where we sit today, but bear with me on the data.

**The Technical Story Getting More Compelling**

The speed and breadth of this rally off April's post-tariff lows has been nothing short of remarkable. We've witnessed one of the strongest rallies off a 50-day low on record – a 20%+ surge in just two months. When I dig into the historical precedent here, the patterns are striking.

Looking at every instance since 1945 where the S&P 500 rallied 20% from a 50-trading-day low in two months or less, the forward returns tell a compelling story. Over the following year, the market was higher every single time, with a median gain of more than 20%. More importantly, when we examine periods where the market remained within 5% of 52-week highs after such rallies – which describes our current situation – the performance gets even more impressive.

If the S&P 500 were to follow the average path of the five prior periods with similar characteristics, we're looking at the market knocking on the door of new highs in the coming weeks and reaching that 7,000 level by Christmas. Now, I'm not saying we'll track that path exactly, but the historical precedent is there, and it's pretty convincing.

**The Foundation Looks Solid**

What's particularly encouraging is that this isn't just a momentum-driven rally built on speculation. The fundamental backdrop is actually improving. This week's inflation data was genuinely encouraging – headline CPI rising just 0.1% month-over-month versus the 0.2% expected. More tellingly, we're seeing continued disinflation despite all the hand-wringing about tariff impacts that economists predicted would send prices soaring.

The labor market presents a more nuanced picture that I'm watching carefully. Sure, continuing claims are at their highest levels since 2021, but context matters here. We're still at levels that would have been considered exceptionally strong during the pre-2008 expansion. It's more of a normalization than a concerning deterioration.

**Currency Dynamics Creating Opportunities**

The dollar's dramatic five-month decline – down 10% and marking one of only six such moves in the past 25 years – is creating some fascinating cross-currents. This isn't necessarily bearish for U.S. equities; in fact, it could provide a meaningful tailwind for multinational corporations and create attractive opportunities in international markets.

We're already seeing this play out in commodities. Gold's relentless march higher, silver's breakout above $35 for the first time since 2012, and platinum's parabolic move this week all reflect this broader dollar weakness theme. These aren't just inflation hedges anymore – they're currency debasement plays, and they're working.

**The Circle IPO: A Watershed Moment**

Let's talk about what might be the most significant development of the week: Circle's absolutely spectacular IPO debut. When a stablecoin issuer can price at $31, open at $69, and generate the biggest two-day "pop" since 1980, we're witnessing something fundamental about market structure evolution.

This isn't just about crypto speculation. Circle's flotation is the biggest crypto listing since Coinbase's 2021 debut and the first major IPO by a stablecoin issuer. What we're seeing is institutional validation of digital payment infrastructure as a legitimate, scalable business model.

**The Stablecoin Revolution Coming to Main Street**

But here's where it gets really interesting for investors thinking about the next 6-12 months. The reports about Amazon and Walmart exploring their own stablecoins aren't just corporate strategy headlines – they represent a potential inflection point in how payments work in this country.

For merchants, credit and debit card payments carry interchange fees… for huge retailers like Walmart and Amazon, they total in the billions every year. We're talking about a fundamental challenge to the Visa-Mastercard duopoly that has dominated payments for decades. The market got a taste of this on Friday when both companies saw their shares drop by 4-5% on these reports.

The timing here matters. The retailers' final decisions would hinge on progress of the Genius Act, a bill that aims to establish regulatory oversight for stablecoins. If this legislation moves forward as expected, we could see a wave of corporate stablecoin launches that fundamentally alters the competitive landscape in financial services.

**Geopolitical Risk: Manageable but Worth Monitoring**

Friday's Israeli strike on Iranian nuclear facilities certainly grabbed everyone's attention, with crude oil spiking about 7% to its highest levels since January. But here's what I found encouraging: the broader market's reaction was measured. The S&P 500 gapped down about 1% and held those levels rather than cascading lower.

This suggests the market has developed some resilience to geopolitical shocks. Yes, energy markets will remain volatile, and yes, we need to monitor escalation risks. But unless this develops into a broader regional conflict affecting global supply chains, I view this as noise rather than a fundamental derailment of the bull case.

**Looking Toward 7,000: The Path Forward**

So how do we get to 7,000 by year-end? It's not as wild as it might sound. From current levels around 6,100, we're talking about roughly 15% appreciation over six months. Given that we've already seen 20% gains in just two months off the April lows, this seems entirely achievable in a normalized environment.

The key catalysts I'm watching:

**Corporate earnings momentum**: We're entering what could be a powerful earnings cycle driven by AI productivity gains, cost structure improvements, and the potential payment infrastructure revolution we're seeing with stablecoins.

**Monetary policy tailwinds**: The Fed's likely pivot toward accommodation as inflation continues moderating should provide multiple expansion opportunities, particularly for growth-oriented sectors.

**Sector rotation opportunities**: We're seeing early signs of broadening market participation. Only two sectors – Consumer Discretionary and Health Care – remain negative year-to-date, suggesting plenty of room for catch-up performance.

**International diversification benefits**: The dollar's weakness should drive flows into international markets, creating portfolio rebalancing opportunities that could support U.S. multinationals.

**Strategic Positioning for the Back Half**

Given this outlook, I'm maintaining conviction in high-quality growth names while selectively adding exposure to themes that should benefit from the evolving payments landscape. The digital infrastructure build-out we're witnessing – validated by Circle's success – represents a multi-year investment opportunity.

I'm also keeping meaningful precious metals exposure as both an inflation hedge and a currency debasement play. The dollar's technical picture suggests this weakness trend has further to run.

For more adventurous investors, the emerging corporate stablecoin theme presents interesting opportunities in both traditional payment processors (as potential disruptees) and the infrastructure providers that will enable this transformation.

**The Bottom Line**

Look, I've been doing this long enough to know that markets don't move in straight lines, and 7,000 by December isn't a guarantee – it's a probability-weighted target based on historical precedent and current fundamentals. We'll likely see 10-15% corrections along the way that will test everyone's resolve.

But the technical foundation is solid, the fundamental backdrop is improving, and we're witnessing genuine innovation in financial infrastructure that could drive efficiency gains for years to come. Sometimes the market rewards patience and conviction, and I believe this is shaping up to be one of those periods.

Stay disciplined, stay diversified, and remember that the best opportunities often emerge when others are focused on near-term noise rather than longer-term trends.

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