

Hello everyone and I hope this email finds you well.

“Stock indices hit record highs again. BBB passed. Tariffs loom as July 9 quasi-deadline approaches. Futures modestly lower Sunday night.”

This Past week: In a holiday shortened week, stock indices surged to new records. A trade deal between the US and Vietnam was reached Friday. The June nonfarm payroll report beat (+147k vs +129k expected), the unemployment rate unexpectedly fell (4.1% vs 4.3% expected), and hourly earnings rose y/y less than forecast. The prior two months nonfarm payroll reports were revised higher. May JOLTS job openings much higher than forecast (7,769k vs 7,300k expected).

The AI theme remains the key tailwind. Stocks that have made significant moves last week include robotics maker **Symbiotic (SYM, +28.6%)**, **Cleveland Cliffs (CLF, +18.9%)**, **trucker ArcBest (ARCB, +9.9%)**, **First Solar (FSLR, +21.6%)**, **Apple (AAPL, +6.2%)**, **Oracle (ORCL, +12.9%)**, **Calix (CALX, +5.1%)**, **Kendryl Holdings (KD, +4.7%)**, **Arista Networks (ANET, +3.15%)**. Most are above 200 daily moving averages and/or finding support at 21-day exponential moving averages. **Genesis Energy (GEL, +0.6% w/w)** is now up 72.8% YTD. **Nvidia (NVDA, +1.0%)**, **Tawan Semi (TSM, +2.7%)**, and **Broadcom (AVGO, +2.2%)** all rose.

The week ahead: July 9 reciprocal trade “deadline” on the agenda. Multiple countries including Japan to receive a letter on tariff levels. India is close to a deal. Talks with the EU remain contentious though officials are reportedly confident a deal will be reached by deadline or see an extension. On the economic calendar are the NFIB Small Business Index, FOMC Minutes, Fed speeches, and June inflation expectations which should confirm that May’s drop was not a fluke and with the Fed’s inflation model showing m/m CPI rises of just 0.25% in June and 0.07% in July per economist Ed Yardeni. Treasury Sec Bessent warned that stubborn counties could see tariffs revert to 2April levels and not drag out talks.

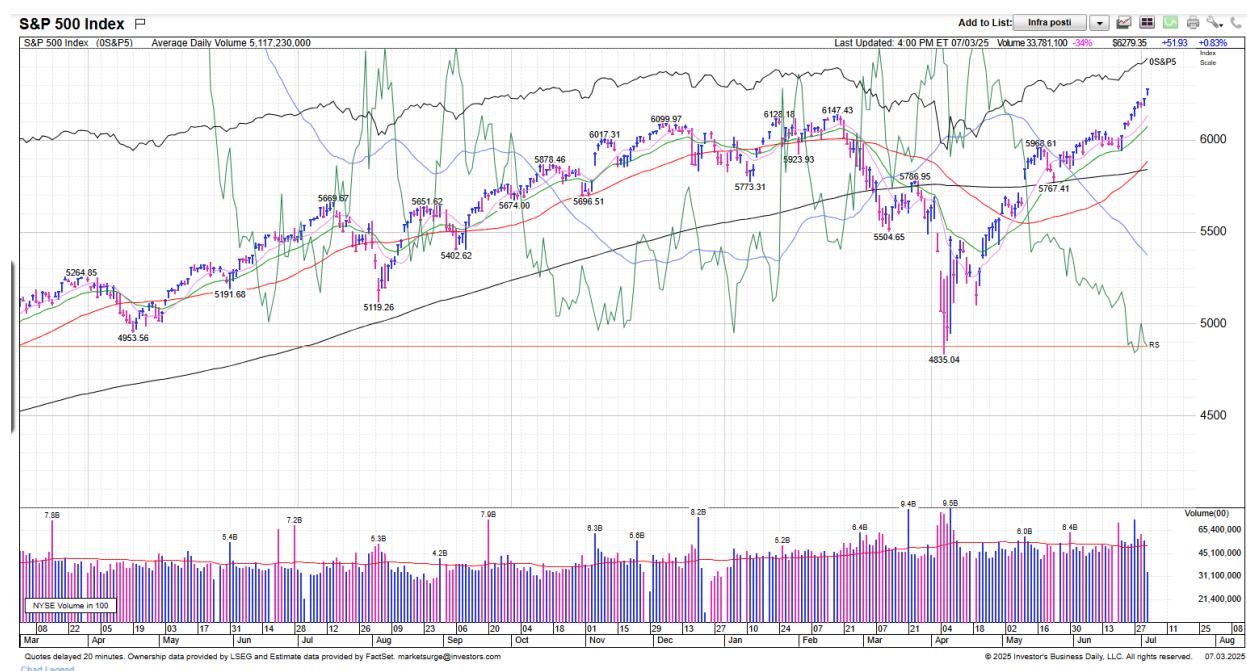
Stock Market Today/Week: June 27, 2025

Index	Level	Day change	Week Change
S&P 500	6,279.4	+0.83%	+1.72%
S&P500 eq wt	185.18	+0.48%	+2.37%
Nasdaq Composite	20,601.1	+1.02%	+1.62%
Dow Jones Industrial Avg.	44,828.5	+0.77%	+2.30%

Source: Factset

Technical Analysis

Power trend remains intact, suggesting being fully invested. 10day, 21day, 50day all stacked in proper order and above 200day.



Source: **MARKETSURGE**
BY INVESTOR'S BUSINESS DAILY

Bull-bear talking points

Bulls: Few signs of labor market weakness in the nonfarm payroll reports and upward revisions of the prior two months. Fed Chair Powell said Fed would probably have cut this year except for the tariff uncertainty. Markets calm ahead of July 9 trade “deadline.” Deal reached with Vietnam and India is close. US easing export restrictions for chip-manufacturing software to China. BBB signed into law with Section 899 global revenge tax stripped out.

Bears: Trade deals still unsettled with reciprocal deadline approaching. Multiple countries to receive letters including Japan and EU discussions are tense (though a deal still expected). Vietnam deal suggests tariffs could be higher than expected. Better than expected June nonfarm payrolls could mean less pressure for Fed rate cuts. More pressure from White House on Fed Chair Powell.

Risks: Easy to forget the ongoing risks while the markets are in a confirmed rally. Markets could fall once again on a Truth Social post from the President. Over the last decade the forward multiple on the S&P500 has averaged just below 20x. Assuming the current 2025E EPS of \$264 and 2026E EPS of \$300 are correct, then the market is trading on the rich side (22.4x 2025E EPS and 19.7x 2026E EPS). However, with an effective tariff rate still over 16%, even with the pause, EPS estimates could wind up in the \$250s range implying low 5000s on the S&P500. If the multiple comes down at all to discount for policy uncertainty would imply further downside risk. Numbers get sloppier if there is retaliation instead of resolution on the horizon. The Trump put that we saw last month suggests a 4800s downside threshold to the S&P500 except it wasn’t the S&P500 that triggered the Trump put but instead it was interest rates on US Treasury Securities that were blowing out at that time with an increase in the US 10 year of 51bps.

Company Events Calendar: No earnings of consequence due out.

What to do now: Adding to winners, trim laggards.

Appendix:

What kind of positive technical confirmations for a power trend per IBD (“Webby’s rules”):

1. Follow through day (FTD)
2. Subsequent FTDs.
3. Close above 21-day exponential moving average (EMA).
4. Low above 21EMA.
5. 3 consecutive days with low above 21EMA.
6. Close above 50 day moving average (DMA).
7. Low above 50dma.
8. 3 consecutive days with low above 50dma.
9. Close above 200dma.
10. Low above 200dma.
11. 3 consecutive days low above 200dma.
12. 21ema moves above 50dma.
13. 21ema moves above 200dma.
14. 50dma moves above 200dma.

In the current rally as of 7/3/2025 every condition has been met except #14.

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