

July 2, 2025

Good Morning,

The 2nd quarter of 2025 closed with a surging stock market, gaining back the sharp losses that started in February. Concerns about inflation and tariffs have eased, and now the focus is on the labor market. We'll get the June employment data tomorrow and it may impact markets. In the meantime, you can open your June statements with your favorite celebratory adult beverage.

While it took longer than we expected, the “divorce” between President Trump and Elon Musk is official. The once good-time buddies are feuding publicly, again. Musk needs to be careful as his companies receive significant benefits from electric vehicle tax incentives, as well as large government contracts. Trump is not afraid to pull the rug out from under Tesla and SpaceX. Musk, on the other hand, is not afraid to spend millions of dollars in attacking and defeating those politicians that stand in his way. Trump is threatening to sick DOGE on Musk and possibly deporting him. Musk is biting his lip, for now. This could get interesting.

The “Big, Beautiful Bill” has made it out of the Senate (thanks to a tiebreaking vote by VP Vance) and heads back to the House for approval. With the GOP running the show in both chambers, it's surprising that the bill will increase deficits and government debt, rather than reduce them. It also penalizes modern energy sources, like solar and wind – along with electric vehicles, while promoting further investment in coal and oil - despite the evidence of their impacts on climate change. President Trump has put Republicans on notice that they either vote for the bill or risk their reelection. Supporting the BBB may have consequences in next year's mid-term elections.

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a very happy 4th of July weekend!

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