

July 24, 2025

Good Morning,

Stocks indices continue to make new highs lead by surging technology shares – after their sharp selloff in the spring. Recent inflation data was not as troubling as expected, and investors seem to be betting that changes to U.S. global trade policy, once finalized and implemented, won't be as extreme as headlines and social media posts suggest. President Trump's August 1<sup>st</sup> tariff deadline is next Friday, so we expect a flurry of activity from the White House in the week to come.

The recent resurgence of technology-driven equity appreciation has brought with it frothy valuations both for tech-oriented sectors and the overall market. The S&P 500's information technology sector is valued at roughly 30x forward earnings, while the overall index is at 22x — representing hefty premiums versus their respective historical averages. We are in the midst of earnings season, and we'll see if companies can justify those high valuations with strong earnings and projections. Current stock levels may represent a good time to rebalance portfolios.

Passage of the “Big, Beautiful Bill” has eliminated incentives for green energy sources (wind and solar) and removed the tax credits for purchasing electric vehicles after this September. We will see what happens to the companies who are invested in those technologies and to the jobs created by this formerly fast-growing energy sector. The bill also gives big oil, gas, and coal companies historic access to federal lands. What are your thoughts about these changes? Let us know.

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[http://www.commonwealth.com/RepSiteContent/weekly\\_comm/commentary\\_redirect.htm](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 great weekend!

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Wade A. Sarkis, CFP®, AIF®  
Managing Partner  
Canandaigua Financial Group  
45 Ontario Street  
Canandaigua, NY 14424  
(585) 396-2720

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