

June 27, 2025

Good Morning,,

Stocks are surging despite the conflicts in the Middle East, and the announcement of a ceasefire between Israel and Iran sent oil prices tumbling (after spiking the previous week). Fed Chair Powell testified before Congress this week and he implied rate cuts may be coming sooner based on trends in inflation and employment data. Investors have put concerns about tariffs on the back burner for now. Consumers, however, are feeling less assured as June data show a sharp drop in consumer confidence.

With softening economic data, why are stocks advancing? Continuing unemployment claims are rising - a sign of a cooling labor market, and first quarter's GDP was revised down to show a contraction of 0.5%, deeper than the previous 0.2%. These data points are changing the market's view of the Fed's rates for the rest of the year, and a rate cut this summer is now more likely. That sentiment is the reason markets are poised to set new highs when they open this morning.

We are halfway through the major league baseball season and the Cincinnati Reds are hanging tough. They just won 2 games out of 3 against the mighty New York Yankees. It must be frustrating for Yankees fans whose team salary is 250% higher than the Reds. The four highest paid Yankees combined make more than the entire Reds' roster. Of course, this fall, when the Yankees are in the World Series and the Reds players are home playing golf, Yankee fans will say, "fuhgeddaboutit".

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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.

Enjoy your weekend,

Wade

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