



# PATTERSON WEALTH MANAGEMENT

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July 14, 2025

Dow Jones Industrial Avg: 44371  
S&P 500 Index: 6259

## The joy is in the journey not the destination...



The Market may not seem like it has gone anywhere from February 19<sup>th</sup> (the market high preceding the Trump Tariff announcements) to where it is now, but WOW! It has been one heck of a ride.

A ride where one person keeps their hands up the entire time, smiling and laughing, while the other person runs to the nearest trash can the second the ride stops...

Not to bore you with a recent history lesson, but the velocity of corrections [in both directions] for the equity markets is pretty impressive [breathtaking]:

	<u>February 19, 2025</u>	<u>April 8, 2025 *</u>	<u>July 11, 2025</u>
Dow Jones Industrials	+4.90%	-11.51%	+4.30%
S&P 500 Index	+4.46%	-15.28%	+6.43%
QQQ Index	+5.54%	-18.66%	+8.42%
NASDAQ Composite	+3.86%	-20.94%	+6.60%

\* April 8, 2025, is dubbed as Liberation Day, also the day that President Trump paused the tariffs, giving countries extra time to negotiate their trade deals. **The markets reversed their slide on the news of the pause.**


If you made it through the Fourth of July holiday without suffering from whiplash, you may be asking yourself: **Where do we go from here?**

For equity investors, there is a pretty impressive statistic that may give you resolve:  
 From our friends at Carson Group, “when the S&P 500 Index is up between 5-10% YTD at the midpoint, the final six months of the year are higher 13 out of 15 times, and the full year is up 14 out of 15 times.”<sup>1</sup>

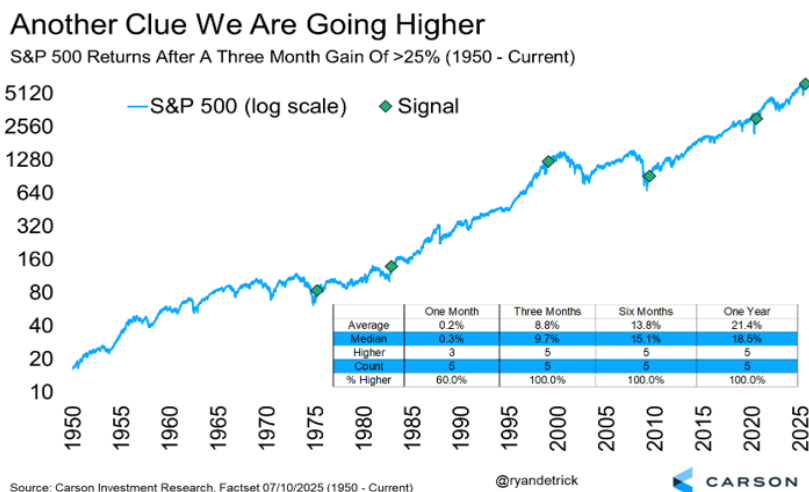
**The Sweet Spot For The Rest Of The Year?**  
 S&P 500 Performance Up YTD Between 5-10% At The Midpoint Of The Year

Year	YTD End of June	S&P 500 Forward Returns		
		Q3 Return	Final Six Months Return	Full Year Return
1950	5.4%	9.9%	15.5%	21.7%
1952	5.0%	-1.7%	6.5%	11.8%
1959	5.9%	-2.7%	2.4%	8.5%
1963	9.9%	3.4%	8.1%	18.9%
1964	8.9%	3.0%	3.7%	13.0%
1971	8.4%	-1.4%	2.3%	10.8%
1972	5.1%	3.2%	10.2%	15.8%
1979	7.1%	6.2%	4.9%	12.3%
1980	5.8%	9.8%	18.8%	25.8%
1996	8.9%	2.5%	10.5%	20.3%
2007	6.0%	1.6%	-2.3%	3.5%
2011	5.0%	-14.3%	-4.8%	0.0%
2012	8.3%	5.8%	4.7%	13.4%
2014	6.1%	0.6%	5.0%	11.4%
2017	8.2%	4.0%	10.3%	19.4%
2025	5.5%	?	?	?
Average		2.0%	6.4%	13.8%
Median		3.0%	5.0%	13.0%
% Higher		73.3%	86.7%	93.3%
All Years Since 1950				
Average		0.7%	4.8%	9.5%
Median		2.5%	6.2%	12.3%
% Positive		61.3%	72.0%	72.0%

Source: Carson Investment Research, FactSet 07/06/2025  
 @ryandetrick




Additionally, the Carson Research group noted something very unique that just happened:  
 “Today [June 10<sup>th</sup>] caps off one of the greatest 3-month rallies in history, up more than 25%.  
 Turns out, this is extremely bullish.  
 Only 5 other times in history has this happened, and continued strength was perfectly normal. Up another 22% a year later on average, and never lower.”<sup>2</sup>



**S&P 500 Returns After A Three Month Rally >25%**

Date	S&P 500 Future Returns			
	1 Month	3 Months	6 Months	12 Months
3/7/1975	-3.9%	9.7%	1.6%	17.6%
10/21/1982	-1.5%	5.2%	15.1%	19.9%
1/5/1999	0.3%	6.6%	12.1%	12.4%
5/29/2009	0.9%	12.2%	20.8%	18.5%
6/15/2020	5.2%	10.3%	19.5%	38.5%
7/10/2025	?	?	?	?
Average	1.2%	8.6%	16.9%	22.3%
Median	0.6%	8.5%	17.3%	19.2%
% Higher	75.0%	100.0%	100.0%	100.0%

Source: Carson Investment Research, FactSet 07/10/2025  
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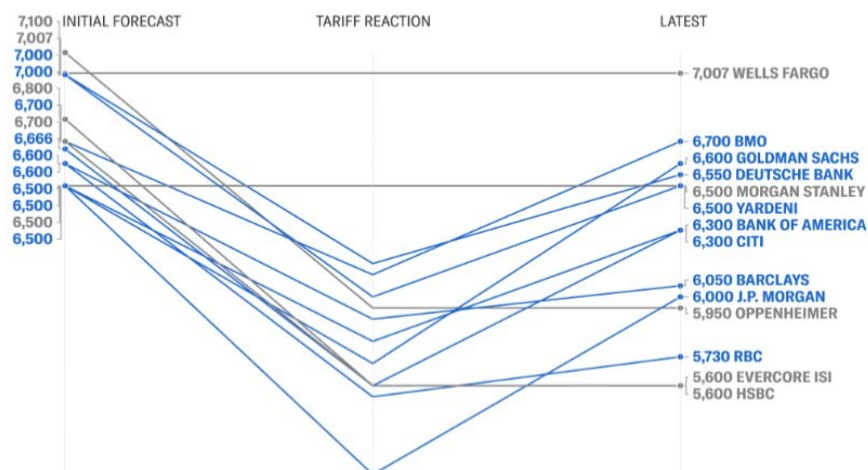
## What is going to keep this party going?

- Firstly, don't be surprised if we see some give back at some point.
  - [This is Jeff Patterson's opinion] There is froth building up in the cryptocurrency space, and whenever selling hits the stock market, the selling within the cryptocurrency space always seems to accelerate, due to the use of leverage.
  - But, I would expect only a shallow sell-off. As an investor, if you rode out the last 6 months, please do not get "thrown off the horse" at this point.
- Now that the One Big Beautiful Bill was signed into law on July 4<sup>th</sup>, we should see benefits from a variety of areas:
  - Consumer spending should pick up due to no tax on tips or overtime.<sup>3</sup>
  - "Trump Accounts": a new type of investment account for children that allows parents to contribute up to \$5000 a year for their children, growing tax-deferred until withdrawal at age 18 or older, subject to capital gains tax.<sup>4</sup>
  - The defense industry should be a main beneficiary of the new tax law: new spending includes the "Golden Dome" missile defense system and shipbuilding.<sup>5</sup>
- Additionally, in January 2025, most research and investment houses were expecting that the second half of the year would be where most of the return for the year would be generated. As the "Trump Tariff Conversation" was developing through March and April, many analysts began cutting their Year-End estimates.

Now that the stock market has fully recovered from the sell-off in February, we are starting to see Market Strategists who were so quick to lower their projections now reassess their projections. As that happens, ideally, more investment dollars will come off the sidelines and come into the market. The following chart completely illustrates this bullet point<sup>6</sup>:

### WALL STREET FORECASTS HAVEN'T FULLY RECOVERED FROM TARIFF TURMOIL

S&P 500 year-end 2025 price targets



SOURCE: YAHOO FINANCE - AS OF JULY 8, 2025

- Lastly, the big conversation piece on the business channels, whether the Federal Reserve cuts interest rates this year, the equity markets and bond markets should both increase in value.
  - This is a very methodical, slow-moving Federal Reserve. In the June 2025 Federal Reserve Meeting, the Federal Reserve decided not to change interest rates. Still, it was revealed in their “Dot Plot” projections that the committee members expect to lower interest rates twice (25 basis points) before the end of 2025.<sup>7</sup>
  - The stock market, historically, performs well when interest rates are lowered. Investors like “cheap money”.
  - But, I think the one significant segment of the economy that needs a shot in the arm is the Homebuilding Industry, and the lenders that benefit from homebuilding. A lower interest rate environment will truly help that industry, which has been struggling over the last few years. **And the economy as a whole benefits from a strong housing market.**

### **Closing thoughts**

With the new tax law going into effect, I think we will see a larger effect on the economy than the media is giving it credit for. I recall an analyst discussing the 2017 bill after it passed, and he made the argument that once provisions of a bill are made into law, the benefits are felt over the years...they are not a “one-off”. Considering the tax law, interest rate cuts, and historical gains (as a weak guide), I think we should enter the last half of the year with optimism. At the same time, be cautious of irrational exuberance.

### **Another 19% Near Bear Market?**

S&P 500 Near Bear Markets (1950 - Current)

Start of Correction	End of Correction	Size Of Near Bear Market	1 Month	3 Months	6 Months	12 Months
9/21/1976	3/6/1978	(19.4%)	3.2%	15.0%	19.3%	12.8%
7/16/1990	10/11/1990	(19.9%)	6.1%	7.0%	28.8%	28.8%
7/17/1998	8/31/1998	(19.3%)	6.2%	21.6%	28.2%	37.9%
4/29/2011	10/3/2011	(19.4%)	10.8%	16.2%	28.6%	31.5%
9/20/2018	12/24/2018	(19.8%)	13.3%	19.3%	23.9%	37.1%
2/19/2025	4/8/2025*	(18.9%)	13.7%	?	?	?
Average			8.9%	15.8%	25.8%	29.6%
Median			8.5%	16.2%	28.2%	31.5%
% Positive			100.0%	100.0%	100.0%	100.0%

Source: Carson Investment Research, FactSet 05/28/2025  
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\* We don't know if this correction is over, but we can hope



Have a great rest of the summer! If I can be of any assistance to you or someone that you believe could use my services, please reach out to my office at 636-779-0664.

Best regards,

Jeffrey S. Patterson  
Investment Account Manager

- 1 <https://x.com/RyanDetrick/status/1941923109977698568>
- 2 <https://x.com/RyanDetrick/status/1943335843839520988>
- 3 <https://www.whitehouse.gov/issues/economic-growth/>
- 4 <https://www.cnbc.com/2025/07/08/how-trump-accounts-work.html>
- 5 <https://www.whitehouse.gov/issues/national-defense/>
- 6 <https://x.com/RyanDetrick/status/1944575270284935598>
- 7 <https://fortune.com/2025/06/18/federal-reserve-meeting-interest-rates-forecast-jerome-powell-donald-trump/>
- 8 <https://x.com/RyanDetrick/status/1927742533334888895>

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