

Positive Vibes

De-escalation in the Middle East and a return to new highs for equities has set a positive feeling as investors reach mid-year. For the week, the S&P 500 Index was +3.5%, the Dow Jones Industrials +3.8%, and the NASDAQ +4.2%. The Communication Services, Technology, and Consumer Discretionary sectors led the S&P 500 Index for the week, while the Energy, Real Estate, and Consumer Staples sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.284% at Friday's close versus 4.381% the previous week.

The May Personal Consumption Expenditures (PCE) Price Index showed consumer prices +0.1% month-over-month and +2.3% year-over-year. Core PCE, excluding food and energy, was +0.2% month-over-month and +2.7% year-over-year. The PCE Price Index is an important data point since it is the index the Federal Reserve uses to measure inflation. Key economic data for the coming week includes the June Employment Situation Report which is scheduled for release on Thursday. Current CME Fed funds futures show 0.25% reductions in the Fed funds rate for the September, October and December meetings, with some Fed officials saying a reduction starting at the July meeting could also be appropriate.

Trade negotiations are on-going as several countries are nearing the July 9th deadline to complete trade agreements before previously announced tariffs going into effect. Trade negotiations and the U.S. reconciliation bill should occupy the news this week.

We close out the second quarter of the year with expectations for quarterly earnings growth for the S&P 500 Index at 5.0% year-over-year with revenue growth of 4.2%. Full-year 2025 S&P 500 Index earnings are expected to grow by 9.1% with revenue growth of 4.9%.

In our *Dissecting Headlines* section, we look at updates to trade negotiations.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	3.5%	5.6%	Aggregate Bond Index	0.6%	3.5%
Dow Jones Industrial Average	3.8%	3.9%	U.S. Dollar Index	-1.3%	-10.2%
NASDAQ 100	4.2%	7.7%	WTI Crude Oil	-12.6%	-8.6%
Russell 2000 (Small Cap Index)	3.0%	-1.9%	Gold	-2.8%	24.7%
International Stocks (MSCI ex-US)	3.0%	18.4%	Real Estate (US REIT Index)	-1.0%	-0.8%

Sources: S&P Global, FactSet

Dissecting Headlines: Trade and Tariff Updates

Earlier in the month, Canadian PM Mark Carney said Canada and the U.S. were planning to get a trade deal done within 30-days. The deal looked to have blown up on Friday when Canada refused to budge on the digital service tax. The digital service tax was originally announced in 2020 to address the fact that many large technology companies operating in Canada may not otherwise pay tax on revenues generated from Canadians. Late Sunday, Canada announced it would rescind the digital services tax. Negotiations are expected to resume this week with the goal of reaching a trade deal by July 21st.

France's finance minister said he is confident the European Union can secure a trade deal before the July 9th deadline. The E.U. is currently facing a 50% tariff on nearly all products exported to the U.S. if a deal is not completed. One key point of the negotiations is the EU agreeing to purchase energy, specifically liquified natural gas, from the U.S.

Trade talks with India are on-going with news that Indian officials have extended their stay in Washington, D.C. to secure a trade deal prior to July 9th.

The lower tariff of 10% on U.K. autos to the U.S. goes into effect today versus the prior tariff of 25%. The lower tariff was part of the UK-US trade deal announced on May 8th.

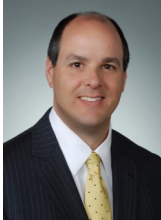
The outcome of trade deals and the U.S. reconciliation bill will set the stage for the second half economic outlook.

The NovaPoint Team



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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



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Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is an endurance athlete and three-time IRONMAN finisher.



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Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).



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Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from the U.S. Military Academy at West Point, where he was a four-year letterman on the football team. Larry is a certified Enrolled Agent, recognized by the U.S. Department of the Treasury to represent taxpayers before the Internal Revenue Service.



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Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning and is a member of the Financial Planning Association.

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