

## Dog Days

Stocks remained near all-time highs, buoyed by a trade deal announcement with Japan. For the week, the S&P 500 Index was +1.5%, the Dow Jones Industrials +1.3%, and the NASDAQ +0.9%. The Health Care, Materials, and Industrial sectors led the S&P 500 Index for the week, while the Consumer Staples, Technology, and Utility sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.383% at Friday’s close versus 4.427% the previous week.

Ahead of the August 1st tariff deadline, Japan agreed to a trade deal with the United States. This was followed by an agreement with the European Union announced over the weekend. The U.S.’s three largest trading partners, Canada, Mexico, and China, have yet to finalize trade agreements.

The Federal Reserve is expected to hold interest rates steady at its meeting on Wednesday. Key economic data is scheduled for later in the week with the June Personal Consumption Expenditures (PCE) Price Index on Thursday and the July Employment Situation report on Friday. CME Fed funds futures forecast 0.25% rate cuts at the September and December meetings.

We are hitting the midpoint of second quarter earnings reporting period. This week, 164 companies in the S&P 500 Index are scheduled to report earnings. Of the 34% of companies that have reported so far, 80% have reported upside results versus consensus expectations. This has increased S&P 500 Index earnings growth expectations for the quarter to 6.4% from 4.8% at the start of the reporting period, and revenue growth to 5.0% from 4.2%. Full-year 2025 earnings are expected to grow by 9.6% with revenue growth of 5.3%.

In our *Dissecting Headlines* section, we look at the current trade and tariff landscape.

### Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.5%	9.4%	Aggregate Bond Index	0.3%	3.5%
Dow Jones Industrial Average	1.3%	6.5%	U.S. Dollar Index	-0.8%	-10.0%
NASDAQ 100	0.9%	11.2%	WTI Crude Oil	-3.2%	-9.1%
Russell 2000 (Small Cap Index)	0.9%	2.1%	Gold	-0.5%	27.1%
International Stocks (MSCI ex-US)	1.5%	20.6%	Real Estate (US REIT Index)	1.3%	1.8%

Sources: S&P Global, FactSet

### Dissecting Headlines: Trade and Tariff Update

Last week, Japan signed a trade agreement with the U.S. and the European Union (EU) announced an agreement over the weekend. Japan accounts for approximately 4.3% of total trade with the U.S. and the EU accounts for approximately 18.3%, with the largest partners being Germany and the Netherlands.

The Japan agreement includes a tariff reduction to 15% from 25%, increased U.S. export access to Japan, and a commitment for Japan to invest \$550 billion in the United States. The \$550 billion in investments is targeted toward energy infrastructure, semiconductor manufacturing, critical minerals, pharmaceuticals, and shipbuilding.

The EU agreement includes a 15% tariff on most EU goods with a zero tariff on some strategic goods. The EU has committed to purchasing \$750 billion of energy from the U.S., mainly liquified natural gas and crude oil, and invest \$600 billion in the United States. The strategic goods with zero tariff include aircraft and parts, certain chemicals and pharmaceuticals, semiconductor equipment, and selected agricultural products and natural resources. The \$600 billion in investments is targeted toward energy infrastructure, advanced manufacturing, defense and aerospace, and critical minerals.

The August 1st tariff deadline arrives this week. The U.S.’s top three trading partners, Canada, Mexico, and China have yet to reach agreements. Other major partners still working on agreements include South Korea, India, and Brazil.

## 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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