

Trade Deadlines

An upbeat employment report led stocks to new highs in front of the holiday weekend. For the week, the S&P 500 Index was +1.8%, the Dow Jones Industrials +2.3%, and the NASDAQ +1.5%. The Materials, Financials, and Technology sectors led the S&P 500 Index for the week, while the Communication Services, Utilities, and Consumer Discretionary sectors lagged. The 10-year U.S. Treasury note yield increased to 4.340% at Friday's close versus 4.284% the previous week.

The June Employment Situation report showed 147,000 net new jobs created versus an expectation of 120,000. The June unemployment rate declined to 4.1% versus 4.2% in May. The upside data in the Employment report lowered the probabilities for CME Fed funds futures to two 0.25% reductions in the Fed funds rate over the balance of the year from three the week prior.

The July 9th trade negotiation deadline comes this week. Negotiations with multiple countries are ongoing, but those that don't strike a trade deal with the U.S. could see higher tariffs going to effect on August 1st. These situations remain fluid, and we are likely to see trade and tariffs occupy headlines this week.

The second quarter earnings reporting period begins this month. Current expectation for the S&P 500 Index is earnings grow at 5.0% year-over-year with revenue growth of 4.2%. Full-year 2025 earnings are expected to grow by 9.1% with revenue growth of 5.0%.

In our *Dissecting Headlines* section, we look at highlights of the One, Big, Beautiful Bill.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.8%	7.5%	Aggregate Bond Index	-0.1%	3.4%
Dow Jones Industrial Average	2.3%	6.3%	U.S. Dollar Index	-0.2%	-10.4%
NASDAQ 100	1.5%	9.3%	WTI Crude Oil	2.3%	-6.6%
Russell 2000 (Small Cap Index)	3.6%	1.6%	Gold	1.6%	26.7%
International Stocks (MSCI ex-US)	0.5%	19.0%	Real Estate (US REIT Index)	1.6%	0.9%

Sources: S&P Global, FactSet

Dissecting Headlines: One, Big, Beautiful Bill

The U.S. Congress passed its budget reconciliation bill, also known as the One, Big, Beautiful Bill. The bill contains provisions for a permanent extension to the 2017 Tax Cuts and Jobs Act, funding for defense and border security, and stricter eligibility and work mandates for some government programs.

The 2017 Tax Cuts and Jobs Act was set to expire at the end of 2025. This would have reverted income tax rates to the higher pre-2018 levels, lowered the standard deduction, and ended the pass-through business deduction. In addition to the extension, additional provisions were made for not taxing tips or overtime, increasing the state and local tax (SALT) deduction, and additional deductions for senior citizens, auto loan interest and tax-deferred savings for children.

The bill adds a \$150 billion supplement for defense in FY26, bringing total defense spending to around \$1 trillion, and \$150 to \$170 billion for immigration enforcement and border security. Lower government spending is in Medicaid and the SNAP food aid program by tightening eligibility and establishing work mandates.

In terms of industry impact, there is a phase out planned for tax credits to wind, solar, electric vehicle, and charging infrastructure; regulatory benefits to fossil fuels to include streamlining permitting for energy projects; and benefits to agriculture with biofuel credits and expanded crop insurance.

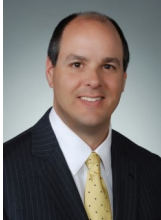
While there was much debate over the bill, the legislation is now in effect and removes some uncertainty for investors.

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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