

Monthly Market Commentary**Summary**

1. Markets surpassed the most recent high back in February.
2. Markets are optimistic about the “Big Beautiful Bill” that passed on July 4th, which is positive for growth
3. The economy continues to chug along despite a shallow slowdown while inflation starts to inflect higher.
4. The upcoming earnings season will determine if valuations are high, low, or in line with current prices.

We hope that you all were able to enjoy the 4th of July with family and friends. For those residing in Wisconsin, we sure did have some nice weather to celebrate! Now that summer is half over, make sure to get outside and enjoy the nice weather while you can. Here is to a wonderful rest of your summer! Cheers!

Markets continued their ascent higher in June to close the quarter on a strong note after a rough start to the quarter witnessed post liberation day as uncertainty with respect to tariffs spiked. We have now eclipsed the most recent highs seen at the beginning of the year with renewed optimism from the extension of tax cuts, signs of continued deficit spending, and an increase in the debt ceiling limit within the bill that passed in congress over the weekend of July 4th. Markets have to a degree front run these developments as expectations of extreme outcomes on growth and inflation have been toned down while some countries have simultaneously agreed in principle to some trade agreements. However, going forward, it remains prudent to be slightly more cautious as valuations have once again reached elevated levels, and fundamental earnings need to catch up to renewed expectations for the rally to continue.

Fundamentally, the economy is expansionary but is gradually slowing while inflation remains above the FED’s target with signs of inflection right around the corner. This backdrop keeps the FED on hold for now as they await further confirmation that inflation does not turn into a problem once again if they cut rates prematurely while fiscal spending is on the rise or wait too long as growth deteriorates further. With the current backdrop, growth should start to bottom sometime over the next few months and reaccelerate on a trending basis which bodes well for markets despite the stagflationary environment in the near term.

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