

## **MARKET UPDATE**

### **MARKETS HIT RECORD HIGHS AHEAD OF TRADE DEADLINE, BUT UNCERTAINTY LOOMS**

The S&P 500 had a strong run in recent weeks, closing at all-time highs just before the holiday weekend. This rally has been driven by renewed investor confidence, fueled in large part by a series of late-breaking trade agreements reached in late June and early July. These developments have temporarily eased concerns around global trade tensions and boosted optimism about the strength of the U.S. economy.



A key factor behind the market's momentum has been the 90-day pause on tariffs, which is scheduled to expire on July 9th. While this temporary suspension helped smooth over investor sentiment and calm corporate nerves, the looming deadline is expected to introduce some short-term volatility. Despite a slight delay in the effective date of the tariffs themselves, the end date for negotiations remains unchanged. Until there is more clarity on whether trade deals will be finalized or the pause will be extended, markets are likely to experience some choppiness.

Although it's clear that multiple countries are in talks to reach agreements with the U.S., few details have emerged about which nations are involved or what the specific terms may be. The uncertainty surrounding these potential deals continues to weigh on decision-making within corporate America, particularly in sectors that rely heavily on imports and exports.

Meanwhile, June's job data came in stronger than expected on the surface, further supporting the upbeat economic outlook. However, a closer look at the report reveals some mixed signals. More than half of the new jobs created last month were in state and local government sectors, rather than in manufacturing or other private-sector industries. In fact, private-sector hiring has been declining over the past two months. Much of this pullback appears to be driven by trade uncertainty and rising import costs, causing companies to temporarily pause new hires and expansion plans.

While this slowdown in private hiring is not necessarily a sign of an impending recession, it does highlight the cautious stance many businesses are taking until there is greater clarity on trade policy. This pause is more reflective of a "wait and see" approach than a downturn in demand or economic health.

On the monetary policy front, the Federal Reserve has opted to hold off on interest rate cuts this summer, citing solid economic performance and lingering inflation concerns. As a result, expectations for rate cuts in 2025 have now been reduced to just one or two cuts in total, down from previous forecasts of a more aggressive easing cycle.

Tech stocks have continued to lead the charge in market performance, contributing significantly to the S&P 500's rise. However, their recent volatility has underscored how sensitive these companies remain to global trade dynamics. Given this, we've been gradually locking in gains from tech holdings and reallocating capital to sectors and regions that remain undervalued or "on sale." This strategic shift is designed to protect portfolios from short-term shocks while enhancing long-term diversification and stability.

In summary, while the market has reacted positively to the current economic data and progress on trade talks, the July 9th tariff deadline presents a potential turning point. Investors should prepare for near-term fluctuations as the situation evolves. However, the broader economic picture remains resilient, supported by strong headline job growth, stable monetary policy, and continued global interest in reaching trade agreements with the U.S.

*"I like to see a man proud of the place in which he lives. I like to  
see a man live so that his place will be proud of him."*

*– Abraham Lincoln*

# TIP OF THE MONTH:

## **BOOSTING BRAIN HEALTH: SIMPLE HABITS FOR A SHARPER MIND**

Your brain is the command center of your body—responsible for memory, decision-making, emotions, and overall cognitive function. Just like physical fitness, brain health is something you can actively improve through consistent lifestyle choices. Whether you're looking to stay mentally sharp, prevent age-related decline, or simply boost your focus and productivity, these daily habits can help support better brain function for the long haul.

### **1. Nourish Your Brain with the Right Foods**

What you eat has a direct impact on brain health. Diets rich in omega-3 fatty acids, antioxidants, and essential vitamins can help protect against cognitive decline and support overall mental performance. Some brain-boosting foods to include in your diet are: Fatty fish like salmon, leafy greens such as spinach and kale, berries loaded with antioxidants that fight inflammation, nuts and seeds, especially walnuts, and whole grains.

Avoiding highly processed foods, added sugars, and excessive alcohol can also reduce brain fog and protect long-term cognitive function.

### **2. Stay Physically Active**

Exercise isn't just good for your body—it's one of the best things you can do for your brain. Physical activity improves blood flow, reduces inflammation, and stimulates the release of a protein that supports the growth and survival of brain cells. Even moderate activity like walking, yoga, or cycling can enhance memory, concentration, and mood. Aerobic exercises in particular have been shown to improve executive function and reduce the risk of cognitive decline.

### **3. Prioritize Quality Sleep**

During sleep, your brain clears out waste products, processes information, and consolidates memories. Sleep deprivation has been linked to poor focus, slower reaction times, and an increased risk of neurological diseases like Alzheimer's. Aim for 7-9 hours of quality sleep each night. Establish a consistent sleep routine, avoid screens before bed, and create a dark, cool environment to improve sleep quality.

### **4. Challenge Your Mind Regularly**

Just as you exercise your muscles, your brain thrives on mental stimulation. Engaging in mentally challenging activities helps build cognitive reserve—the brain's ability to adapt and find new ways to function when damaged.

Try activities like: Reading new genres, solving puzzles and brain games, learning a new language or skill, taking up a hobby that involves problem-solving or creativity

Consistent mental challenges can slow cognitive decline and keep your mind agile.

### **5. Foster Strong Social Connections**

Humans are social by nature, and meaningful social interaction plays a major role in brain health. Studies have shown that people who stay socially active have lower rates of dementia and better emotional well-being. Make time to connect regularly with friends, family, or your community. Volunteer, attend social events, or simply have conversations that go beyond surface-level topics.

### **6. Manage Stress Effectively**

Chronic stress can impair memory, shrink brain volume in key areas, and increase the risk of mental health issues.

Managing stress is essential for preserving cognitive function and emotional balance. Taking time to relax and unwind each day helps keep your brain sharp and your nervous system balanced.

## **FINANCE 101: SIMPLIFYING THE COMPLEX** **JUNK BONDS**

Junk bonds, also known as high-yield bonds, are corporate bonds that carry a lower credit rating than investment-grade bonds. Typically rated below BBB by Standard & Poor's or Baa3 by Moody's, these bonds are considered riskier because the issuing companies may have weaker financial stability or a higher chance of default. To compensate for this increased risk, junk bonds offer higher interest rates. They are commonly issued by startups, companies undergoing restructuring, or those with high debt levels. While junk bonds can provide attractive returns, they also carry significant volatility, making them more suitable for experienced investors who are comfortable with taking on greater financial risk in exchange for potential higher yields.