

# RECORD HIGHS IN STOCKS CONTINUED IN JULY

AUGUST 2025



July 2025 delivered a solid month for U.S. equities. The S&P 500 Index, an index comprised of the 500 largest U.S. companies by market capitalization, rose 2% and the technology-heavy Nasdaq Composite Index rose nearly 4%. Notably through July 28, the Nasdaq has climbed 21 of the past 25 trading days, which is the most in a 25-year period since 2000.<sup>1</sup>

Optimism around U.S. trade deals with several countries including the European Union and Japan lifted investor sentiment and helped resolve some of the tariff uncertainty. Leading the strong market were many mega-cap technology companies. The S&P 500 Information Technology sector rose 5%, led by NVIDIA, Microsoft, and Alphabet, the parent company of Google. More defensive sectors of the S&P 500 declined the most, with Health Care stocks falling 3% and Consumer Staples declining 2%.

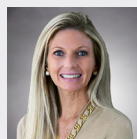
Strong earnings also helped power the market to new highs. As of July 25, about one-third of S&P 500 companies have reported results for the second quarter, and of these companies, 80% have reported higher earnings than analysts' estimates.<sup>2</sup>

Recent economic data remains healthy: U.S. GDP grew at an annualized rate of 3% over the three months ended June—larger than the 2% growth expected by

economists and a reversal of the 0.5% decline reported in the first three months of 2025. Unemployment remains low, at 4.2% in July 2025.<sup>3</sup>

At the end of July, the Federal Reserve decided to keep the fed funds rate at its current level, marking the fifth consecutive meeting with no rate change. The Fed emphasized potential inflation risks and healthy employment data. Expectations for a September rate cut dipped below 50% before Fed Chairman Powell's remarks and dropped further after a stubborn inflation report. However, a weaker-than-expected U.S. jobs report on August 1st sent rate cut expectations soaring to over 80%.

Could U.S. stocks continue to rise over the rest of 2025? Since 1980, the S&P 500 has reached its high for the calendar year in the fourth quarter about 75% of the time.<sup>4</sup> While it is unknown what will happen this year, we encourage you to stay invested and maintain a diversified portfolio. As always, Jemma Financial is here to help you focus on reaching your long-term financial goals.



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<sup>1</sup> Barron's, 7/28/25. <sup>2</sup> FactSet Insight, 7/25/25. <sup>3</sup> U.S. Bureau of Labor Statistics. <sup>4</sup> Barron's, 7/22/25.

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