



## Coffee & Commentary

July 14, 2025

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### Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

### 1. What is currently impacting financial markets?

- The S&P 500 and NASDAQ ended the week with slight declines, easing back from the record highs they reached the previous week. This modest pullback came after a strong two-week stretch that had lifted the S&P 500 more than 5%. Final results on the week were; **S&P 500 -0.3%**, **NASDAQ -0.1%**, and the **Dow -1.0%**.
- The Trump administration postponed its original plan to implement higher tariffs on numerous trading partners that was set to begin Wednesday, July 9, extending the 90-day negotiation window to August 1. This extension allows ongoing discussions with several countries to continue, even as the administration signaled plans to impose increased tariffs on imports from certain nations including Canada and Brazil.
- The price of Bitcoin surpassed \$118,000 for the first time on Friday, marking a weekly gain of about 9% by afternoon trading. This rally comes less than three weeks after the cryptocurrency briefly dipped below the \$100,000 level.

### 2. How are we to prepare and act?

- Stocks hovered near record highs last week, supported by strength in the energy and industrial sectors, even as trade tensions re-emerged as a

central theme for investors. On July 4, the One Big Beautiful Bill Act was signed into law, extending key provisions of the 2017 Tax Cuts and Jobs Act while introducing new deductions for tips, overtime, and social security contributions. Though these tax cuts are projected to cost the federal government \$4.5 trillion over the next decade and are offset only partially by about \$1.2 trillion in spending cuts, their near-term economic boost is expected to be modest, as much of the benefit accrues to higher-income households with lower marginal spending. Nevertheless, certain provisions, such as the return of full bonus depreciation for qualifying business property, may encourage corporate investment, particularly when paired with broader deregulation efforts. This combination of policy support is expected to help reignite growth momentum in 2026 and 2027, even as the near-term fiscal outlook points to rising deficits.

- Meanwhile, trade policy once again took center stage as the Trump administration announced new tariffs on over 20 countries with rates ranging from 20% to 50%, set to take effect August 1 unless new trade deals are reached. While these rates are comparable to those floated in April, some countries like Vietnam have already negotiated lower rates, suggesting room for flexibility. Although the immediate inflationary impact of these tariffs has been muted—absorbed by complex supply chains and advanced inventory management—analysts expect upward price pressure to mount in coming months, challenging corporate margins and potentially slowing consumer demand. This complicated backdrop places the Federal Reserve in a delicate position, balancing a cooling but resilient labor market with the risk of tariffs stoking inflation. While the Fed is expected to remain cautious for now, interest rate cuts are anticipated to resume this fall, with longer-term projections pointing toward a gradual decline in the policy rate as inflation moderates.

### **3. Taking a look at the week ahead.**

- Monday — No major reports scheduled
- Tuesday — Consumer Price Index (CPI)
- Wednesday — Producer Price Index (PPI)
- Thursday — Retail sales
- Friday — University of Michigan Consumer Sentiment survey

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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