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Monthly Insights: July Outlook  
**S&P 500**

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# Sector Price Action & Performance Review: S&P 500



The S&P 500’s June performance reflected mounting policy and macroeconomic crosswinds. While forward earnings held up in aggregate, soft data and persistent trade frictions reintroduced tail risks. The second half of 2025 begins with heightened sensitivity to Washington and Beijing, a patient but cautious Fed, and sector narratives increasingly shaped by policy—more so than profit.

The S&P 500 finishes June at all time highs. 5786 and 5504 were both important “necklines” at different phases of the decline and they are now important support levels as investors bid equities to new highs

From a technical perspective The current the current breakout to new highs projects an upside target above the 6700 level. Our momentum studies confirm this with a Mac D buy signal and the RSI oscillator remaining in overbought territory through the bullish advance off the April lows.

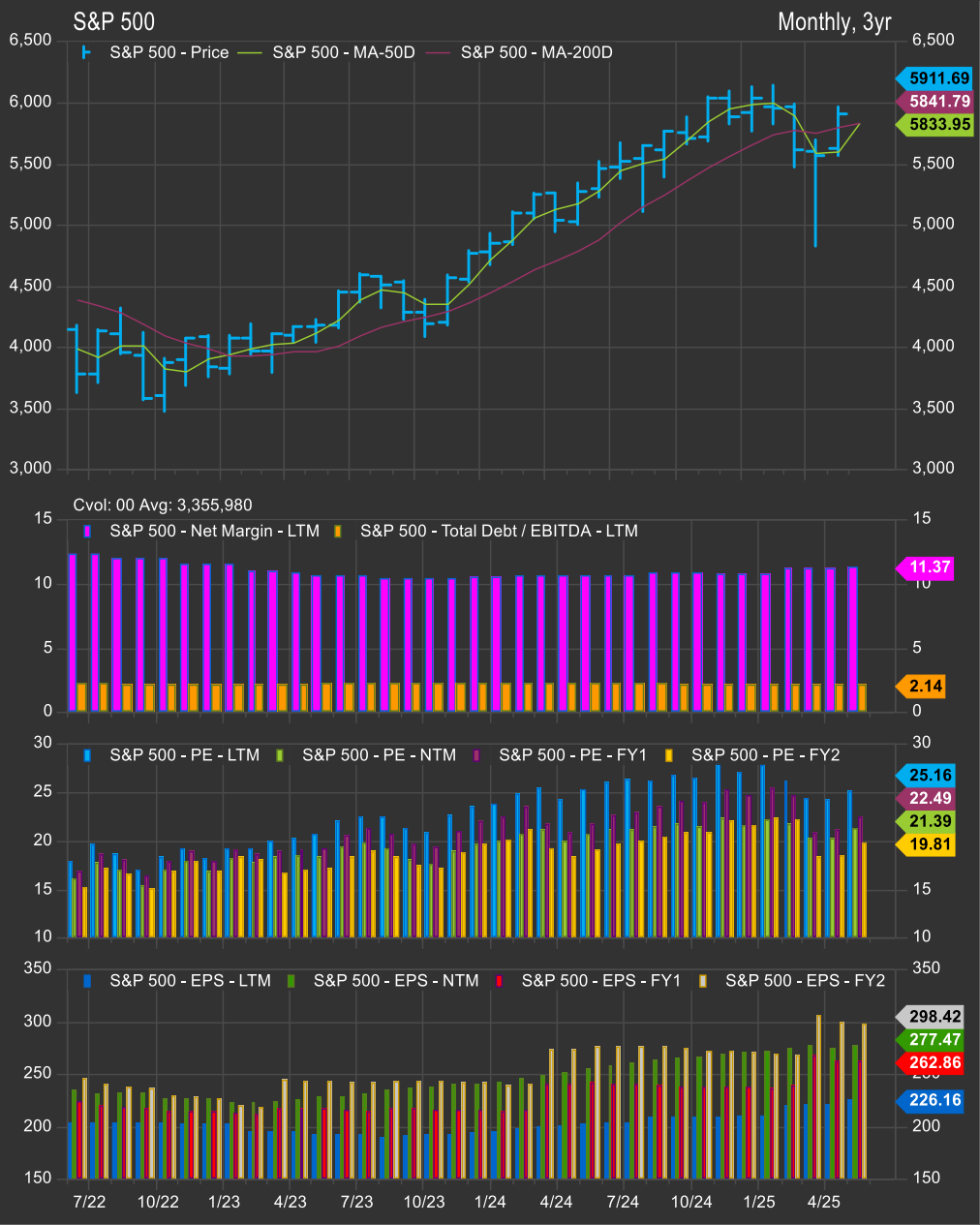
The earnings and economic backdrop can be characterized by strong long-term growth projections with near term cross currents and uncertainty due to unresolved trade issues.

Both our top down and bottom processes have us constructive on equities entering July. Macro trends remain supportive With interest rates moving lower in the near term and crude prices also rolling over from highs hit in June .

**Our Elev8 Sector Rotation Model Portfolio starts July with the following sector allocations:**

Elev8 Model Positions: July 2025			
	BMK Weight	Elev8 Model	+/-
VGT	33.08%	37.69%	4.61%
XLY	9.71%	12.55%	2.84%
XLI	8.56%	11.24%	2.68%
XLC	10.38%	12.36%	1.98%
XLF	14.01%	15.90%	1.89%
XLE	3.04%	4.08%	1.04%
XLU	2.40%	1.56%	-0.84%
XLP	5.51%	4.62%	-0.89%
XLB	1.90%	0.00%	-1.90%
VNQ	2.04%	0.00%	-2.04%
XLV	9.37%	0.00%	-9.37%

# Fundamentals: S&P 500

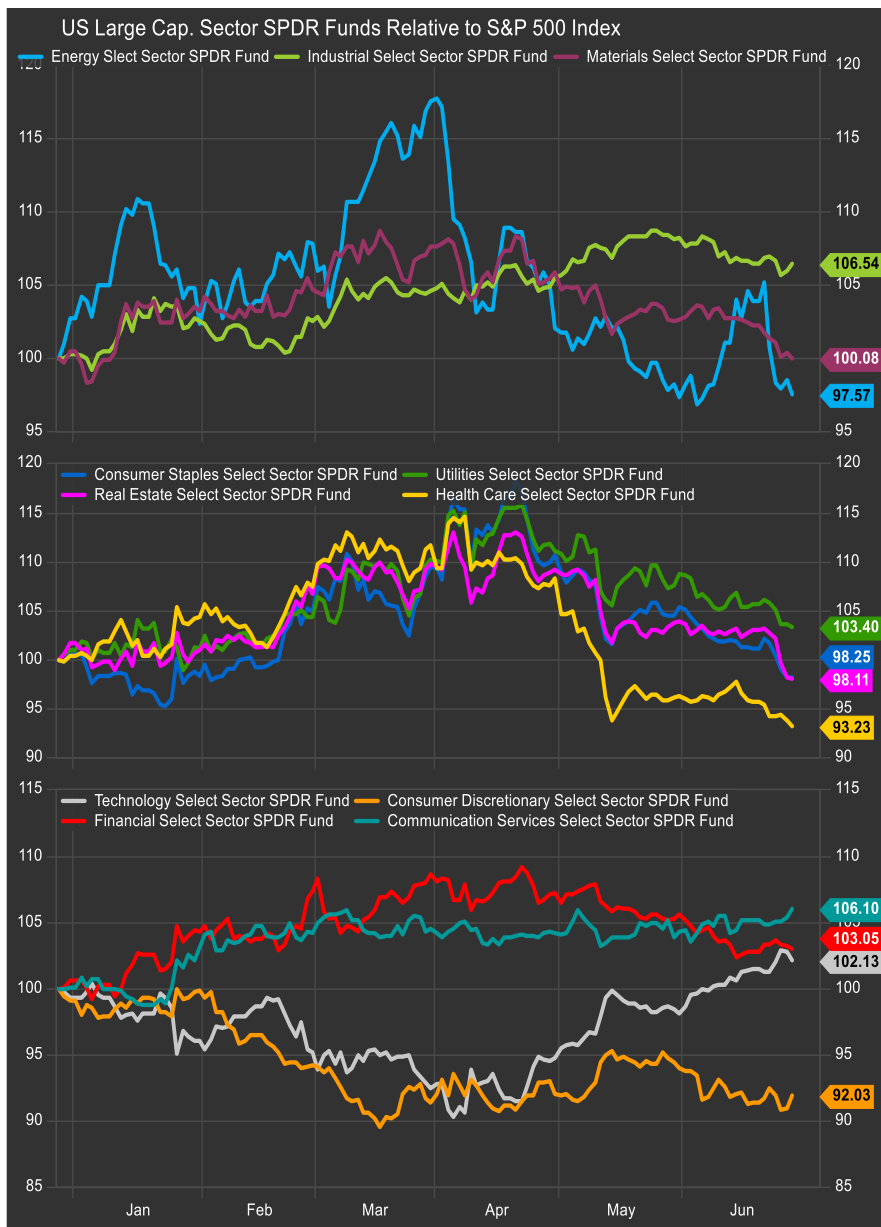


The chart (left) shows S&P 500 Margins, Debt/EBITDA, Valuation and Earnings

Net Margin for the S&P 500 ticked higher as earnings season has been better than feared. Valuations have also firmed marginally as a result

The cadence of trade negotiations has swung from a headwind to a tailwind for US equities in the near-term. Company guidance is firming through the current reporting season as tariffs have been delayed and negotiated deals have been less onerous than feared.

# Industry/Sub-Industry Performance and Breadth: S&P 500



**S&P 500 Sectors** (chart, left): Technology stocks led the tape higher in June well communication services stocks were also a steady presence on the upside

More volatility sectors (panel 2) continue to underperform in June and finish the month at worst levels in most cases

Financial stocks continued to retrace year to date gains while discretionary stocks pulled back after their initial bullish reversal in March and April

**S&P 500 Internals** (chart, right): breadth measures have moved sideways while equities have consolidated

We consider current behavior constructive but we're looking for resolution to new highs in both series

# Top 10/Bottom 10 Stock Level Performers: S&P 500

Symbol	Name	CHART_PATTERN	MktVal Co	Valuation Multiple Rel to Index	Momentum Score	Div Yld Multiple rel to Index	3y BETA Rel to Loc Idx	1-Month Excess Return vs. BMK
COIN	Coinbase Global, Inc. Class A	Bullish Reversal	74,717.7	2.18	62.1	0.0	3.61	34.0
MU	Micron Technology, Inc.	Bullish Reversal	139,622.1	0.45	30.0	0.3	1.68	24.8
JBL	Jabil Inc.	Uptrend	23,333.7	0.83	40.9	0.1	1.09	24.6
ORCL	Oracle Corporation	Bullish Reversal	590,529.1	1.23	30.6	0.6	1.56	23.4
AMD	Advanced Micro Devices, Inc.	Bullish Reversal	233,174.1	1.20	23.1	0.0	1.99	22.5
RCL	Royal Caribbean Group	Uptrend	84,050.7	0.75	30.9	0.6	2.44	18.8
ON	ON Semiconductor Corporation	Consolidation	22,118.7	0.79	9.9	0.0	1.77	18.6
MCHP	Microchip Technology Incorporated	Bullish Reversal	38,022.3	1.70	26.5	1.7	1.62	17.7
EL	Estee Lauder Companies Inc. Class A	Consolidation	18,757.9	1.47	11.9	1.3	1.00	16.5
STX	Seagate Technology Holdings PLC	Bullish Reversal	30,016.0	0.58	45.1	1.3	1.65	16.2

Semiconductors continue to reemerge as a leadership group in the ongoing bullish reversal for equities

In June Coin Base was the largest app performer beating the S and P by 34% while Micron amd jbl and Oracle also posted strong gains

Hyde Beta and high cyclicalilty were accumulated during the month

The downside was a mix of defensive names employment stocks and former momentum stocks that continue to retrace gains overall breadth for the index remained steady neither expanding nor contracting for the month

Symbol	Name	CHART_PATTERN	MktVal Co	Valuation Multiple Rel to Index	Momentum Score	Div Yld Multiple rel to Index	3y BETA Rel to Loc Idx	1-Month Excess Return vs. BMK
LULU	lululemon athletica inc.	Distributional	26,963.7	0.63	-33.2	0.0	1.25	-30.5
BF.B	Brown-Forman Corporation Class B	Downtrend	12,659.6	0.64	-31.6	2.3	0.50	-26.2
PCG	PG&E Corporation	Retracement	30,745.6	0.36	-27.8	0.5	0.48	-22.2
SJM	J.M. Smucker Company	Downtrend	10,185.4	0.41	-22.8	3.0	0.26	-18.8
TPL	Texas Pacific Land Corporation	Support	24,261.7	#N/A	-22.8	0.4	0.95	-18.3
PAYC	Paycom Software, Inc.	Bullish Reversal	13,138.4	0.97	-7.5	0.2	0.60	-17.4
REGN	Regeneron Pharmaceuticals, Inc.	Support	55,303.3	0.56	-25.8	0.4	0.21	-16.9
KVUE	Kenvue, Inc.	Consolidation	40,087.7	0.71	-17.0	2.6	0.93	-16.3
COO	Cooper Companies, Inc.	Support	14,193.3	0.67	-23.3	0.0	1.02	-16.2
EQIX	Equinix, Inc.	Downtrend	76,798.7	2.12	-15.1	1.6	1.14	-15.8

## Metrics:

(Formulas are in the appendix at the end of the report)

### Valuation Multiple Relative to Index

Premium (or discount) to benchmark valuation

### Momentum

Long higher scores, short lower scores

### Dividend Yield Relative to Index

Higher scores preferred when rates and equities are moving lower

### Near-term Overbought/Oversold

Price is >10% away from the 50-day moving average Above/Below

GREEN|RED

Company scores positively|negatively for Elev8 Sector Rotation Model for April

# Economic & Policy Drivers: S&P 500

## 1. Global Trade & Tariffs

**U.S.–China tensions** re-emerged as a dominant theme, with each side accusing the other of violating a recent Geneva de-escalation agreement. The potential Trump–Xi call remained unconfirmed, generating volatility around expectations.

The U.S. **doubled tariffs on steel and aluminum to 50%**, and threatened broader measures on Chinese exports, while **China slowed rare-earth export licenses**—raising alarm across manufacturing and technology supply chains.

A parallel trade initiative with the EU saw **modest progress**, though sticking points on digital regulation and non-tariff barriers persisted. The July 9 deadline for EU tariff decisions loomed large.

## 2. U.S. Fiscal Policy & the Reconciliation Bill

The Trump administration’s **reconciliation bill**, a centerpiece of domestic economic policy, encountered **Senate resistance** over provisions tied to tax cuts, Medicaid, and IRA credits.

**CBO projections** estimated the bill would **add \$2.4T to the deficit over the next decade**, prompting renewed concerns about fiscal sustainability and long-term inflationary pressures.

Despite pushback, expectations remain for eventual passage, with markets eyeing potential impacts on consumer spending, corporate taxes, and public investment.

## 3. Monetary Policy & Inflation Outlook

Multiple **soft economic prints** reshaped interest rate expectations:

**ADP private payrolls** came in at just 37K vs 130K consensus.

**ISM services index** fell into contraction at 49.9, with new orders plunging and prices paid rising—raising stagflation concerns.

**April factory orders** dropped sharply by 3.7%, while the Beige Book reported

“slightly declining” national activity.

In response, markets priced in **~60 bp of Fed rate cuts by year-end**, up from ~50 bp in May. Trump amplified pressure on the Fed, calling for immediate easing following the jobs data.

## 4. Labor Market & Consumer Health

**JOLTS openings** remained firm at 7.39M, but the **quit rate fell**, and separations ticked higher—a sign of cooling momentum.

Credit markets flashed warning signs:

**Auto and credit card delinquencies** continued to climb.

Consumer spending showed a **preference for private labels** and discounters, though pricing power for premium brands remained under pressure.

Household **net worth dynamics** were bifurcated—equity gains bolstered upper-income wealth, while higher rates and tighter credit squeezed lower-income households.

## Outlook for July 2025

**Macro focus** will shift to the **July 9 trade deadline**, final reconciliation bill votes, and the **Fed’s path** in the face of potential additional economic softening.

Sector rotation may continue depending on real yields, inflation surprises, and the tenor of global trade headlines.

Investors will monitor how **policy execution** (especially tax and trade) aligns with rhetoric, and whether **hard data in July confirms or contradicts** the soft patch in June.

# Appendix: Metric Interpretation/Descriptions

## Valuation Multiple Relative to Index

Higher scores correspond to more expensive earnings than the index, lower scores are cheaper

### Valuation Multiple Relative to Index

$(\text{Company Price/NTM EPS}) / (\text{Index Price/NTM EPS})$

## Dividend Yield Relative to Index

Higher scores correspond to higher company dividend yield relative to the S&P 500 Index dividend Yield

### Dividend Yield Relative to Index

$\text{Company FY1 Rolling Dividend Yield} / \text{Index FY1 Rolling Dividend Yield}$

## Momentum

Long higher scores, short lower scores

### Momentum (simple mean)

**1-Month Excess Total Return (vs. S&P 500) \* 0.2**

*Plus*

**3-Month Excess Total Return (vs. S&P 500) \* 0.5**

*Plus*

**6-Month Excess Total Return (vs. S&P 500) \* 0.3**

# Metric Interpretation/Descriptions

## Price Structure

We categorize stock chart patterns into 7 categories

**Uptrend**—Stock exhibits sustained outperformance

**Bullish Reversal**—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark

**Consolidation**—Sideways price action, generally a bearish pattern in a bull market

**Retracement**—A sharp move lower in a previously strong chart

**Distributional**—A topping pattern

**Downtrend**—Sustained underperformance, lagging the benchmark by >15% per year

**Support**—Price has reached a level where major bottom formations or basing has occurred in the past

**Basing**—A protracted consolidation at long-term support

## Deviation from Trend

Intermediate-term: Price % Above/Below 200-day moving average

Near-term: Price % Above/Below 50-day moving average

## Overbought/Oversold (We want to sell overbought charts with declining momentum)

Overbought = Stock price > 25% above 200-day m.a.

Oversold = Stock price > 20% below 200-day m.a.

## Near-term Overbought/Oversold (Signals depend on trend context)

Overbought = Stock price > 15% above 50-day m.a.

Oversold = Stock price > 15% below 50-day m.a.