

Kisher Capital — Market Update

August 1st, 2025

-July 2025 Market Snapshot-

| Asset | July-25 Return | 2025 YTD Return (as of 7/31/25) |
|--|----------------|---------------------------------|
| S&P 500 (SPY) | 2.30% | 8.49% |
| Dow Jones Industrial Average (DIA) | 0.20% | 4.58% |
| Nasdaq Composite (QQQ) | 2.42% | 10.81% |
| iShares Core U.S. Aggregate Bond (AGG) | -0.26% | 3.77% |

-Three Key Stories-

1: Earnings Season – Q2 Overview

We're in the midst of earnings season for Q2 of 2025, and the spotlight is on Meta and Microsoft, both of which delivered far better-than-expected results, with other major tech names like Intel, AMD, Nvidia, Cisco, Salesforce, Broadcom, and IBM still to report.

Meta Platforms posted \$47.52 billion in revenue and \$7.14 earnings per share, significantly above analyst expectations, driven by strong advertising growth aided by AI-powered tools that improved ad conversions on Instagram and Facebook. Microsoft likewise surpassed consensus with \$76.44 billion in revenue and \$3.65 EPS, led by a robust Azure cloud performance, reinforcing the payoff from its AI investments as the company nears a market cap of \$4 trillion.

As of July 25th, about a third of S&P 500 companies have reported their second-quarter results. Overall, growth in earnings has slowed compared to earlier this year but remains positive. Communication Services and Information Technology sectors are performing well, while the Energy sector is facing challenges. Profit margins are strong and expected to improve slightly later this year. Overall, the stock market valuations have been somewhat higher than average over the past several years.

2: Tariff Deal – EU Framework

A trade deal was reached at Trump's Scottish golf resort last week, the U.S. and European Union agreed to avert a threatened 30 percent tariff by locking in a 15 percent baseline duty on roughly 70 percent of EU exports to America, including cars, chips, and most goods. Key sectors such as aircraft parts, certain chemicals, semiconductors, and select agricultural goods received zero tariff carveouts, while steel and aluminum remain taxed at 50 percent. In return, the EU committed to approximately 750 billion dollars in U.S. energy purchases and 600 billion dollars in investment. The deal drew sharp criticism within Europe for favoring American interests and excluding key member states from the negotiation process. As the deal stands, this is a major win for the U.S. and President Trump. The August 1st trade deal deadline is upon us. We will have a clearer picture in a few weeks on how the administration and Trump respond to countries without a trade deal.

3: No Fed Rate Cut and June CPI

The Federal Reserve held interest rates steady this week, maintaining the federal funds rate at 4.25% to 4.5%. This decision came amid moderate rising inflation, with the June Consumer Price Index (CPI) showing a 2.7% annual increase. Core inflation, excluding food and energy, also edged up to 2.9%. The uptick is largely attributed to the impact of tariffs on imported goods, such as furniture and electronics. With these inflationary pressures, the Fed opted to continue their pause in rate cuts, citing concerns that tariff-induced price increases could persist longer than anticipated. In his recent comments, the Fed Chair, Jerome Powell, repeatedly raised the Fed's balancing of worries regarding reigniting inflation and a significant slowdown in the economy and labor market. While two Fed governors dissented in favor of a rate cut, the majority favored a more cautious approach, leaving future policy decisions open as they await more data.

-What to Watch-

8/01/2025: Tariff deal deadline

8/01/2025: Employment Situation Data Release

8/12/2025: July 2025 CPI Data Release

8/26/2025: NVDA earnings announcement



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