

Second Quarter 2025 Commentary

Hopefully you have enjoyed your summer up to this point. I'm also hoping you've been able to avoid the daily news cycle; it's been a bumpy ride. Markets around the world ended the quarter on a high note and are on pace for a successful year. Unfortunately, without being able to avoid the frequent headlines, we've watched the S&P 500 set all-time highs, fall 19% in less than 50 days, and worldwide trade policy is front and center.

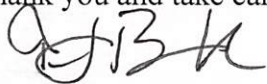
We have seen, heard, and probably used the word 'tariff' more in the past six months than in the past six years combined. Unfortunately, given the current landscape, managing portfolios, staying up to date on market trends, and fairly assessing economic data is impossible without engaging them.

Following recent policy meetings, the Fed has requested patience regarding interest rates. Some feel the Fed has been slow to cut rates, and their impatience grows with every passing month. The last time interest rates were reduced was in December 2024. Economic uncertainty is the primary motivation for the Fed's hesitation. The Fed has stated that tariffs may lead to higher inflation as the overall prices of goods increase. Tariffs may also slow economic growth if higher prices are passed on to consumers, ultimately resulting in fewer goods being purchased. Cutting rates early may provide a quick economic boost, but it could also invite inflation to return. Trade policy, particularly in the face of tariffs, is challenging to navigate in real time. The additional cost of goods to be borne by the consumer is currently unknown. The bottom line is that until rates are cut and/or tariffs have been in place for months without change, we will not know the actual effect on the economy.

Markets were stunned by the April 2nd "Liberation Day" tariff announcement. Not only were the tariffs higher than expected, but the list also exceeded even the most aggressive Wall Street forecasts. In response, the S&P 500 declined by almost 12% over the four trading days following the declaration. Although steep, the market retraction did not last long as a 90-day suspension was soon granted to encourage trade negotiation. Markets around the world welcomed the pause, surging ahead through the quarter's close. The S&P 500 again found itself setting all-time highs (as it did earlier in February) just days before the second quarter ended.

Periods of market volatility are unpleasant. Try to tune out unnecessary noise and market overreactions. After market recoveries, precisely as witnessed over the past three months, are a good time to review your goals and risk tolerance. If the past six months have been overly uncomfortable, please let me know during our upcoming discussions. We will experience more volatility, and I want you to be comfortable and confident with your portfolio.

Thank you and take care,



Travis J. Brock, CFP®

These are the opinions of Travis Brock and not necessarily those of Cambridge, are for informational purposes only, and should not be construed or acted upon as individualized investment advice.

tbrock@helmsteadmanagement.com • Office 715.676.0171 • Fax 844.521.4891
9383 Stadt Rd • Marshfield, WI 54449