



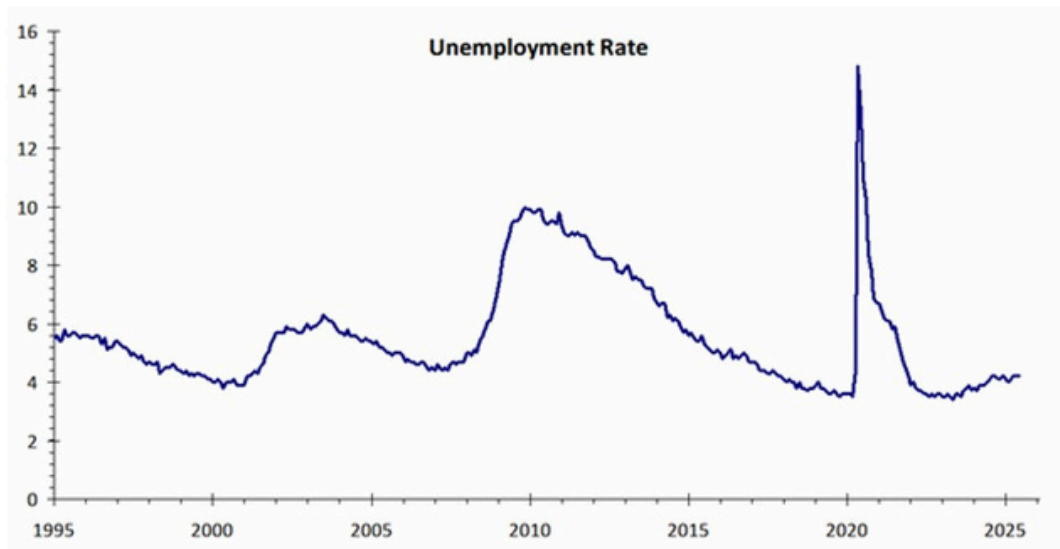
June 9, 2025

Jobs Report Not As Weak As Feared

Last week's ADP report was weak, leading to the market acting worried that the job market was weakening.

However, the opposite happened with the jobs report – it showed that the U.S. labor market, in fact, remains robust, with jobs still growing and the unemployment rate remaining steady at 4.2%. Wages did tick up a bit and that tells us that the consumer is making money. Remember: a strong labor market leads to a strong economy, and a strong economy leads to growing corporate profits, and growing corporate profits lead to stocks moving higher.

The Unemployment Rate Remains Very Low



Source: Bureau of Labor Statistics, June 6, 2025



June 9, 2025

Stocks Can Trade Sideways With Summer Rally To New Highs Expected

Despite all the tariff noise, the equity market has rallied sharply and is only 2.5% from record highs. Short-term, stocks are overbought, and price momentum is slowing, as we approach the previous highs. It is normal for markets to get choppy before breaking to new highs, so the month of June will likely see much back-and-forth trading, but we expect new highs to be reached this summer.

In our reports, we have highlighted how the market this year has been trading in a pattern very similar to 2018, during President Trump's first term in office. After a bear market correction, the S&P 500 rebounded to record highs within four months. If the S&P 500 continues to track this pattern, the index should be at a record high in August. Seasonally, equity markets tend to peak in the summer, with August often marking the seasonal high point.

We raised our S&P 500 target last week to 7200 over the next 12 months. We originally thought we could reach this target by the end of this year, but we think the tariffs have just postponed this move. In our view, the tariffs have temporarily interrupted the market's bull rally. At a 12% growth rate, 2Q25 earnings were much stronger than expected. We believe earnings will continue to grow as the economy is still expanding strongly, and because the job market also remains strong, the consumer still has discretionary spending money.

S&P 500 Tracking Pattern From 2018 Which Suggests New Highs This Summer



Source: Standard & Poor's, Sanctuary Wealth, June 6, 2025

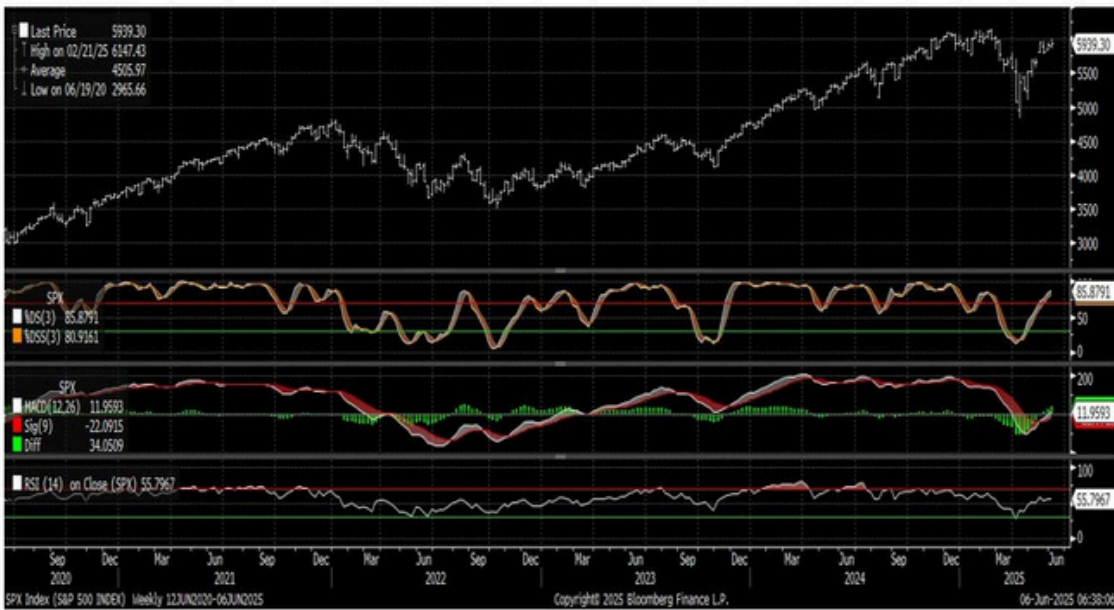


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S&P 500 With Daily Stochastic, MACD & RSI: Slowing Momentum



S&P 500 With Weekly Stochastic, MACD & RSI: Positive Momentum





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4 Bear Markets In 8 Years – Not Common

Historically, bear markets occurred about every four years, typically bringing 20%–30% corrections. In this current cycle, we've seen a 20%+ correction occur 4 times over an 8 year stretch. This is not normal. No wonder investors are nervous. The amount of volatility we have seen has been highly unusual. But what we have to remember is that corrections refresh markets ... so think of them as a reset. The main driver of stock behavior is earnings. Currently, earnings are growing but do remain scarce. So, in a scarce earnings environment, we see growth stocks outperforming, and this is what we have. Growth stocks, specifically Tech and Tech-related, remain the leaders.

S&P 500 With Four Bear Market Returns In Eight Years



Growth Remains The Leader Over Value

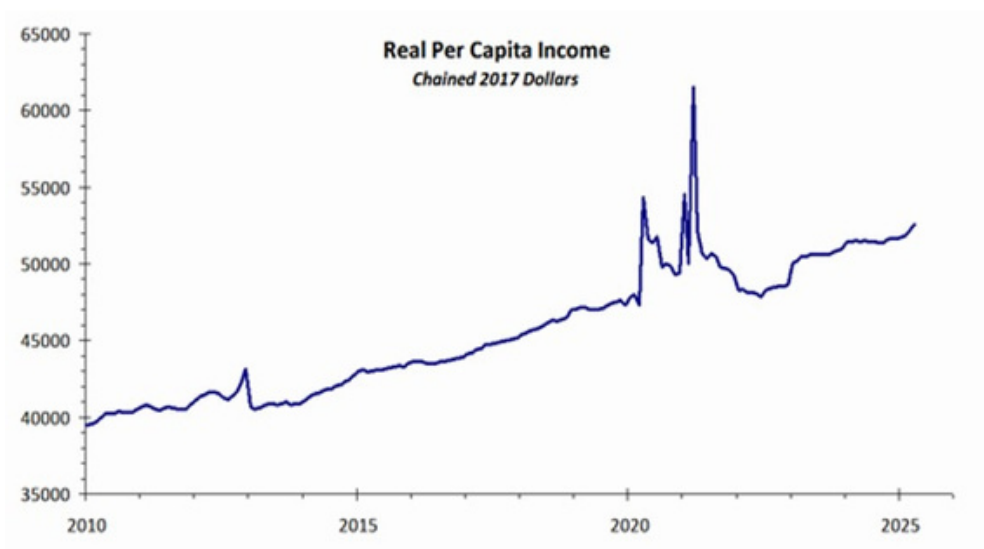




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Consumers Still Have Money To Spend As Real Per Capita Income Is Rising

Jobs is one way to measure the strength of the U.S. consumer. Another is looking at their income. When we look at real per capita income (adjusted for inflation), it shows that the income level of the consumer is rising sharply.

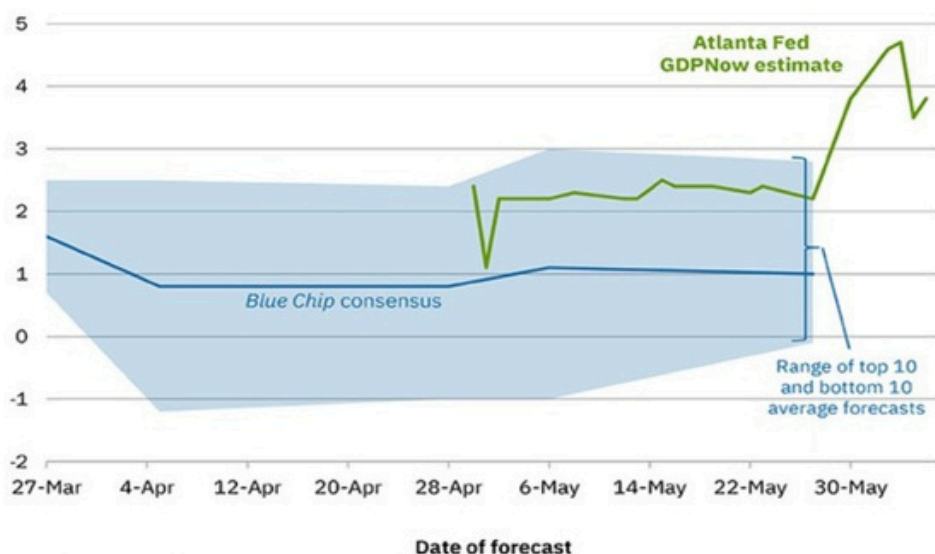


Source: Bureau of Economic Analysis, June 3, 2025

The Economy Is Still Growing With Atlanta FedNow Tracker At 3.8%

The Atlanta Federal Reserve has a real GDP model that estimates the growth in the economy. The model updates as new data becomes available. As of last week, the tracker was estimating the economy was growing at 3.8%. The model is volatile and will change with new data. The point to take away is that the economy is still growing and we are not moving into a recession. A growing economy allows corporate profits to continue to grow, which supports equity prices going higher.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q2
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip



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Gold & Gold Miners In Major Bull Market

We have been Bulls on gold and gold mining companies. We have been projecting that gold could rally to \$4000, and it seems to be right on target to reach this level. Gold mining stocks have just begun to now move, tracking the higher prices in gold. The smaller gold companies, known as the juniors, just broke out from an 11-year trading range and now follow the 12-year breakout in gold. We remain Bulls in this space. Silver, called "the poor man's gold," also just broke out to a new record high. The metals and the metal stocks are in a bull market, in our view.

Gold Has 12-Year Breakout Targeting \$4000



VanEck Junior Gold Miners (GDXJ) Just Breaking Out





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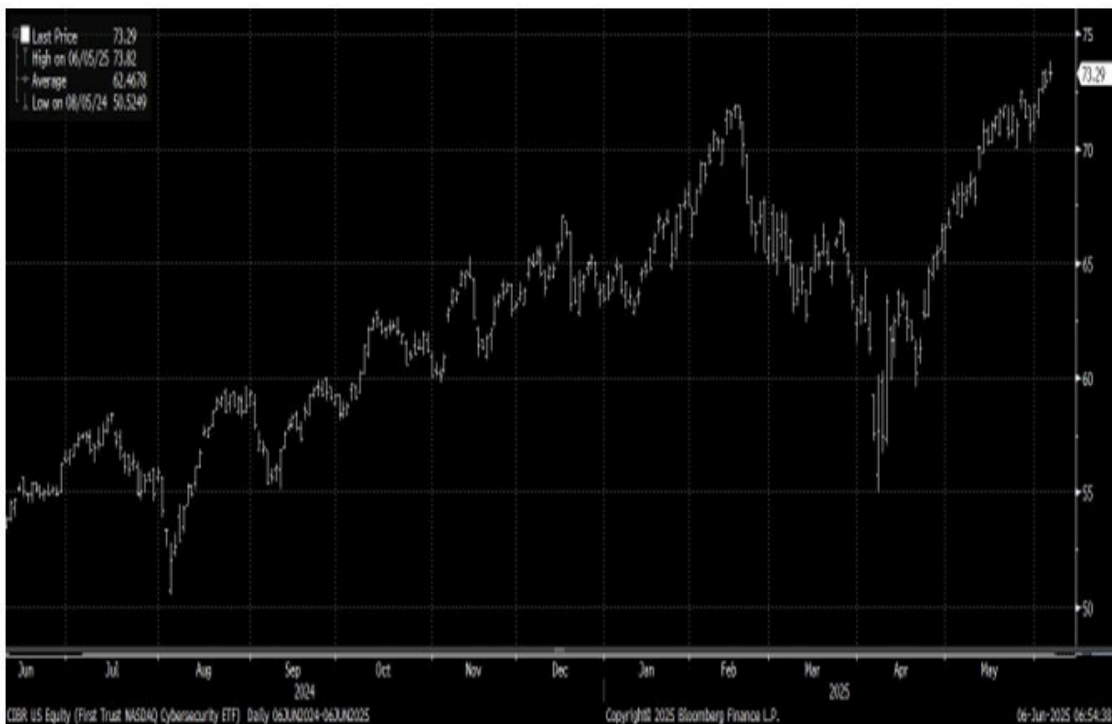
“Poor Man’s Gold” Silver Also Breaking Out



Cybersecurity In A Bull Market

As we are moving faster and further into the digital era, cybersecurity is becoming a necessity. The stocks are breaking out to new highs, confirming they are in a bull market.

First Trust Nasdaq Cybersecurity ETF (CIBR)







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OBOS List: Industrials Overbought While Health Care Oversold

This is our tactical sector rotation model using the S&P 500 GICs sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 6 June 2025

rank	S&P Sector	normalized Oscillator
1	Industrials	1.5249 <i>Overbought</i>
2	Utilities	0.6631 <i>Near Overbought</i>
3	Information Technology	0.4639 <i>Neutral</i>
4	Communication Services	0.3699
5	Consumer Staples	0.1258
6	Consumer Discretionary	-0.1187
7	Financials	-0.1766
8	Materials	-0.3141
9	Real Estate	-0.3428 <i>Neutral</i>
10	Energy	-0.9676 <i>Near Oversold</i>
11	Health Care	-2.0117 <i>Oversold</i>

Source: Bloomberg, Sanctuary Wealth, June 6, 2025



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Market Performance: Gold Remains The Best Performing Asset Year To Date

	Last 6/6/2025	Month End 5/30/2025	Month to Date	Quarter End 3/31/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 6/6/2024	Year To Year
S&P 500	6000.36	5911.69	1.5%	5611.85	6.9%	5881.63	2.0%	5352.96	12.1%
NASDAQ Composite	19529.95	19113.77	2.2%	17299.29	12.9%	19310.79	1.1%	17173.12	13.7%
NASDAQ 100	529.92	519.11	2.1%	468.92	13.0%	511.23	3.7%	463.37	14.4%
Russell 2000	2132.25	2066.29	3.2%	2011.91	6.0%	2230.16	-4.4%	2049.44	4.0%
S&P Consumer Discretionary Sector	1706.39	1717.38	-0.6%	1575.40	8.3%	1831.16	-6.8%	1451.47	17.6%
S&P Consumer Staples Sector	902.95	917.35	-1.6%	892.71	1.1%	853.65	5.8%	833.01	8.4%
S&P Energy Sector	632.77	619.34	2.2%	715.75	-11.6%	654.85	-3.4%	686.66	-7.8%
S&P Financial Sector	851.38	845.93	0.6%	829.46	2.6%	804.44	5.8%	685.65	24.2%
S&P Health Care Sector	1562.81	1543.45	1.3%	1702.26	-8.2%	1604.75	-2.6%	1701.64	-8.2%
S&P Industrials Sector	1223.88	1207.31	1.4%	1109.72	10.3%	1115.65	9.7%	1031.70	18.6%
S&P Information Technology Sector	4660.28	4524.41	3.0%	4019.98	15.9%	4609.52	1.1%	4116.20	13.2%
S&P Materials Sector	552.49	544.68	1.4%	541.98	1.9%	529.77	4.3%	569.34	-3.0%
S&P Real Estate Sector	262.23	261.57	0.3%	262.90	-0.3%	255.92	2.5%	239.53	9.5%
S&P Communications Sector	363.86	352.61	3.2%	319.75	13.8%	341.66	6.5%	303.81	19.8%
S&P Utilities Sector	410.14	414.48	-1.0%	400.81	2.3%	384.95	6.5%	356.91	14.9%
S&P 500 Total Return	13249.81	13049.13	1.5%	12360.21	7.2%	12911.82	2.6%	11661.37	13.6%
3 month Treasury Bill Price	98.91	98.91	0.0%	98.93	0.0%	98.92	0.0%	98.66	0.3%
3 month Treasury Bill Total Return	261.77	261.55	0.1%	259.66	0.8%	256.97	1.9%	249.65	4.9%
10 Year Treasury Bond Future	109.91	110.75	-0.8%	111.22	-1.2%	108.75	1.1%	110.36	-0.4%
10 Year Treasury Note Total Return	302.40	304.47	-0.7%	303.73	-0.4%	293.94	2.9%	292.09	3.5%
iShares 20+ Year Treasury Bond ETF	85.35	86.28	-1.1%	91.03	-6.2%	87.33	-2.3%	93.21	-8.4%
S&P Municipal Bond Total Return	275.36	275.70	-0.1%	277.48	-0.8%	278.14	-1.0%	272.49	1.1%
iShares S&P National Municipal Bond NAV	103.44	103.89	-0.4%	105.21	-1.7%	106.40	-2.8%	106.49	-2.9%
S&P 500 Investment Grade Corporate Bond Total Return	474.38	475.34	-0.2%	475.67	-0.3%	465.24	2.0%	455.73	4.1%
S&P Investment Grade Corporate Bond	90.38	90.62	-0.3%	91.30	-1.0%	90.28	0.1%	90.47	-0.1%
S&P Investment Grade Corporate Bond Total Return	506.20	507.22	-0.2%	507.15	-0.2%	495.89	2.1%	484.77	4.4%
SPDR Bloomberg High Yield Bond ETF	95.62	95.91	-0.3%	95.30	0.3%	95.47	0.2%	94.21	1.5%
iShares iBoxx High Yield Corporate Bond ETF	79.30	79.57	-0.3%	78.89	0.5%	78.65	0.8%	77.09	2.9%
Gold	3310.42	3289.25	0.6%	3123.57	6.0%	2624.50	26.1%	2376.06	39.3%
Bitcoin	104574.41	104597.81	0.0%	82421.29	26.9%	93714.04	11.6%	70688.73	47.9%

Source: Bloomberg, Sanctuary Wealth, June 6, 2025

Inflation Data Is The Headline Focus

This week it's ears to the ground, eyes wide open, and be ready for anything

This week, the headlines that investors will focus on are the inflation gauges of the Consumer Price Index (CPI) and Producer Price Index (PPI). Tariff inflation has been on everyone's minds and, importantly, the Federal Reserve (Fed) has said they are watching inflation data closely. The market will also be very focused on weekly initial jobless claims to monitor the job market. Markets may be a bit choppy this week, reacting to headlines – including geopolitical commentary – but any pullback would be presenting a buying opportunity, in our view.



Calendar

Mon.

10:00 am Wholesale inventories
8:00 pm Fed Governor Christopher Waller speech

Tue.

6:00 am NFIB optimism index
Earnings GameStop*

Wed.

8:30 am Core CPI
2:00 pm Monthly U.S. federal budget
Earnings Oracle

Thu.

8:30 am Initial jobless claims, Core PPI
Earnings Adobe

Fri.

10:00 am Consumer sentiment (prelim)

*Earnings reflect highlights
Source: MarketWatch/Kiplinger's/CNBC

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