



Ropes Wealth Holds Out Hope

Tomorrow marks America's 248th birthday, established with 56 founding fathers' pen strokes on the Declaration of Independence in 1776. In my hometown, we celebrate with a block party, a tradition punctuated by the rental of a Slip N' Slide and the hiring of a DJ to spin some tunes. Like many Americans, there will be fireworks and barbecues, and a whole lot of food. My son tells me from reading his Trivio app that Americans will spend \$9.4 billion on food, eat 150 million hot dogs, cook up 750 million pounds of chicken wings, and consume \$4 billion of 4th of July beer and wine. This even as 78% of U.S. adults say the country is headed in the wrong direction. But that's America for you—we have an indomitable spirit of resilience, determination, and perseverance. Especially when there are grilled meats involved.

This holiday-shortened week has had light but positive trading overall in stocks. The opposite has been true in bonds, which have been under pressure in fallout related to political uncertainty following right-wing gains in the first round of French elections, last week's U.S. presidential debate, and a controversial Supreme Court decision on presidential immunity. Federal Reserve Chairman Jay Powell's speech yesterday helped a little, when he offered remarks that said the economy had made "significant progress," "real progress" and "quite a bit of progress" toward cooler inflation with stable growth.

Stocks also got a lift in part from a surprising place: EV makers, thanks to Tesla and their better-than-expected quarterly EV deliveries which powered the stock higher by over 10%. Financials also continued to flex their muscles in response to last week's dividend increases and buybacks. And infotech and chips continue to push higher, except for Nvidia which may have run out of steam in the short-term as investors look elsewhere for value. On Friday we will receive the June nonfarm payrolls report and economists expect decent but sliding employment growth of 190,000, compared to May's steamy 272,000 print. Unemployment will also be key after it rose to 4% in May following 27 months in a row below that round number. Any sign of rising joblessness could play into investor ideas that the Fed might need to cut rates sooner rather than later.

In other economic data, the June ISM manufacturing index disappointed expectations that it would bounce higher, instead falling further into negative territory. The index ticked down from 48.7 to 48.5, the second weakest reading this year, and has now been below 50 for 19 of the last 20 months. This morning we learned that the June ISM services index registered at 48.8, moving into contraction territory and down 5% from May's report of 53.8.

Next week earnings season will become the focal point, but with the expectation for solid growth overall, the market may continue on its course without much incident. We tend to agree there will be no surprises in earnings to balance out the end of the year, though all bets are off when it comes to anything else.

And with that, I leave you all with a little reminder about what we will celebrate in between bites of hot dogs and potato salad. America has proven time and again that men and women not only can make their own history, but they can make it as they please, with circumstances chosen by themselves. Let's take time this week to step back and realize just how fortunate we are to live in a time and place where the fire of invention still burns hot, course corrections (however messy they may be) still take place, and the future remains as bright as ever. May we continue to honor the legacy of those who came before us by striving to uphold the principles that have made this country a beacon of hope and freedom for the world. Happy 4th of July to you all and God Bless America.

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