GUIDANCE WEALTH, LLC

PRIVATE CLIENT NEWSLETTER For the Calendar Quarter Ending June 30, 2025

Will There be a Recession?

Despite so many predicting a severe economic downturn, we have not seen any significant indications that things are slowing. In fact, in most industries, businesses are re-tooling, re-shaping and preparing to take advantage of the growth that is predicted over the next several years. We all know that during any business cycle there are times of challenge and even pain, but also times of great successes. Whenever the human spirit has been involved in anything laudable, there has always been a compounded energy generated by the "team".

In our industry, we cannot - *and will not* - offer 'predictions'. However, if we know history and can understand human behavior, we can often get pretty close to expecting what various types of investments will do over time – or over certain time periods. What we cannot calculate is what significant governmental intervention or unexpected geopolitical events might do. It seems like any time we think we know what to expect, we don't. And at the end of the day, when the economists tell us what happened in the markets today *and why*, unless it was a major earth-shaking event with global implications, their guess is as right or as wrong as anyone else's.

The list of Tariffs *(or those that were supposed to be implemented)* have not yet taken full effect. Additionally, many tariffs that were announced earlier in the year have already been renegotiated. So, it is difficult to keep track of what has or has not yet been put in place, and whether it's making any major difference in our domestic economy. Yes, the businesses who import goods and materials that are sold domestically were seriously concerned about whether they would be able to continue under their current business model. However, it seems some of the massive sky-falling predictions that were made immediately following the tariff news were a bit premature. *As we mentioned in our previous newsletter, the current President is a negotiator who may say what he means, but may not actually do what he suggests (and much of the final resulting actions are largely dependent on how the other side reacts).* It is true that we have allowed the entire world to take advantage of our extremely lenient import policies, without us doing much to protect our own industries. At some point that had to be corrected, and free trade between every nation begins with fair trade for the U.S. *And this past weekend, it was announced we secured an expansive trade/tariff deal with the European Union.*

The OBBBA – Otherwise Known as the One Big Beautiful Bill Act

The reality is that this bill being passed and signed into law had the primary purpose of ensuring that the current tax rates enjoyed by all Americans and taxpaying residents would not "sunset" (expire) at the end of this year, but rather would be made "permanent" – meaning essentially that they would not sunset. Now, the definition of "permanent" might be unclear, because if a future Congress/President wanted to change them, they likely could do it with enough votes. However, the idea of raising taxes is not easily accepted by most people, so that would be a heavy lift for any Congress or President. *And if it can be shown that the Treasury can take in enough money in Tariffs to offset what CBO is predicting the shortfall will be by keeping tax rates low…* We shall see.

In any case, the passage of the OBBBA (*as with any major project that we work so hard to achieve*) was quickly celebrated on July 4, but the next day ushered in a new set of interim objectives – primarily attempting to claw back billions of taxpayer dollars that had been assigned in the last days of the previous administration without much documentable oversight as to what it was actually funding. In a highly charged political climate, the Department of Governmental Efficiency (or DOGE), had identified and documented where large amounts of such dollars had been sent. They further discovered thousands of accounts at the Department of Treasury which have received taxpayer dollars, yet no one seems to know why these accounts exist. Reportedly they have never been audited because there are so many and no one had been given the authority to audit them. If this money can be identified and returned to the Treasury, it could help to further offset taxes on Americans.



Businesses and Investment Markets are incredibly Resilient and Agile. They simply require Stability.

This is a chart of the S&P 500 - again demonstrating continued achievements, despite the continued volatility.

The Trump Tariff program announcement sent the markets into a panic selloff (see red arrow ⬆). However, several subsequent announcements that trading partners were already coming to the table to negotiate, followed by the recent passage of the OBBBA signed on July 4, resulted in multiple aggressive 'buying sessions' on Wall St. Volatility is not always a bad thing. *And 'timing the market' is not nearly as important as 'time in the market'.*

Our primary focus is the quality and prudent allocation of your investment assets. And while we cannot predict what might happen around the world, our job is to position your portfolios to weather most storms relatively well, while also allowing them to take advantage of following seas. Once we know the desired destination, the recommended heading, and how the wind is blowing, we'll keep an eye on the sails and the weather as we go.

We are excited to share some wonderful things happening at Guidance Wealth

Several months ago, we were introduced to a major Independent Fiduciary Adviser, which both Barron's and Forbes have continually ranked in their Top National RIA firms. This remarkable organization offers enhanced services for all our clients, and they have officially invited us to become their lead office in Northern Indiana. We are honored that Guidance Wealth has been sought out by such a well-respected organization, and will be sending you a formal announcement with more information soon. *Rest assured that your Guidance Team will remain your Guidance Team. Your Fidelity Accounts will remain at Fidelity. And we will be here for you.*

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