



FOUNTAINHEAD
ASSET MANAGEMENT

Deep Thought Commentary: Amazing Innovation, Macro Policy and Psychology!

July 2025

Plus, Thoughts on Enacted Broad-Based Tariffs

As long-term investors, we are rooted in both insight and nuance, bringing clarity and depth to long-term trends—not knee-jerk reactions. Our monthly *Deep Thought* section reflects that same thoughtful approach, where we explore the layers of complexity beneath the surface of long-term trends. How does humanity's long arc of innovation—from the wheel to asteroid landings—shape our approach to investment? Why are we, even today, still so prone to snap judgments? And how did witch-hunting ever take hold—and what does it say about the way we're accelerating similar social dynamics through social media and AI?

Each *Deep Thought* reflects the remarkable spectrum of human capability. Many celebrate breakthrough innovations. Others examine how sentiment and ideology can bend policy—and how those policies shape wealth, for better or worse. Still others dive into the cognitive blind spots that quietly influence our decisions.

These stories offer insight not just into future performance, but into how we each navigate our journey to retirement and the legacy we pass on. We hope you enjoy this look back at the past year of *Deep Thought*.



Broad Based Tariffs – Uncertainty and (Mild) Inflation

In the United States, the current administration has taken steps domestically that in many ways align with a libertarian lens on markets, - by cutting regulations, promoting business formation, and emphasizing market-led growth. This approach reflects a belief in competition, innovation, and the idea that the best companies, those providing the greatest consumer value, should win in a free market.

At the same time, the administration's approach to global trade has featured protectionist elements, such as the implementation of broad-based tariffs,¹ which contrast with the libertarian-capitalist principle of open markets, in which global competition is seen as a driver of efficiency and consumer benefit. These

¹ There is a case to be made that narrow-based tariffs in specific areas are justified to protect our manufacturing capability or existing jobs. A good example is where other countries are taking advantage of free trade by unfairly subsidizing an industry. One can also argue that there are areas of strategic importance where protectionism is fine, the defense industry being a case in point.



FOUNTAINHEAD ASSET MANAGEMENT

tariffs could risk making domestic companies less competitive—both internationally and at home—as was the case with U.S. automakers in the 1980s.²

We have previously explored the long-term implications of protectionist policies in our *Deep Thought*. At best, these tariffs could lead to some reshoring of critical manufacturing sectors to the U.S. However, we remain skeptical—outside of strategic and high-value industries like advanced semiconductors:

1. **Policy Uncertainty:** There is a low level of confidence that the current administration's tariff approach will stand the test of time, deterring long-term capital investment by businesses.
2. **Structural Headwinds:** Many U.S. industries face inherent cost and IP challenges that reduce their competitiveness in areas we've historically exited (e.g., apparel manufacturing).

On the inflation front, while the estimated 15%–18% tariff levels are unlikely to lead to runaway inflation, they are expected to result in very modest price increases across a range of consumer goods as well as a slight decline in GDP growth³ according to JP Morgan.

Ultimately, we are concerned that the explicit costs of this tariff-first strategy—uncertainty for businesses, elevated input prices, and potential loss of long-term competitiveness—may outweigh its intended benefits of manufacturing self-reliance and trade rebalancing.⁴

Amazing Innovation, Spectacular Wealth Creation

Innovation is the engine of wealth creation. It has enabled Earth to support the largest human population in history while achieving the highest average life expectancy and the lowest percentage of food-insecure individuals. Wealth creation, in turn, powers financial markets. We believe the cycle of innovation is accelerating, which should drive markets higher over the long term—though, as always, with unintended consequences.

Tune in to our recent podcast, [“Interest Rates and Economic Distortions,”](#)

featuring Paul Musson, formerly of Mackenzie Investments and author of [Capital Offence: Why Some Benefit at Your Expense](#).

From the natural rate of interest to the dangers of debt-fueled consumption, [this episode offers a sharp critique of how policy distorts the economy](#)—and [what investors need to understand to navigate it](#).

² [The Effects of U.S. Trade Protection for Autos and Steel | Brookings](#)

³ [US Tariffs: What's the Impact? | J.P. Morgan Global Research](#)

⁴ As highlighted in past commentaries, there is a secular trend towards reshoring that is separate and distinct from this policy – it is within the capitalist construct that reshoring is happening due to (1) supply chain issues that were highlighted during Covid, (2) a riskier geopolitical climate, (3) innovations (AI, Robotics) that lower costs here and (4) rising costs elsewhere that further level costs.



FOUNTAINHEAD ASSET MANAGEMENT

Consider the pace of progress: rope emerged 22,000 years after humans became behaviorally modern, and the wheel appeared millennia later. Yet within less than a century, we jumped from cars to flight and then to interplanetary missions. **"Why Did Everything Take So Long?"** ([Dec 2024 Commentary](#)) reflects on [how innovation once crawled but now accelerates](#)⁵ exponentially thanks to population growth, rising wealth, and rapid information exchange. This acceleration fuels today's automation and AI revolutions, offering enormous wealth-building opportunities while compressing market cycles and amplifying volatility. Investors in transformative technologies must account for both the speed and fragility of progress.

"We Are Not Alone!" ([Jan 2025 Commentary](#)) illustrates just how far innovation has taken us. [A NASA mission captured a soap-bar-sized asteroid sample rich in life-forming compounds](#)⁶—an engineering feat unimaginable a century ago. In only 120 years, humanity has leapt from the Wright brothers' first flight to interstellar exploration, reshaping industries from energy to defense to computing.

Innovation also ripples in unexpected ways, spawning further breakthroughs in areas few anticipate. **"iPhone Glass Can Save \$25 Billion Annually In Energy Costs"** ([April 2025 Commentary](#)), for example, the same [ultra-thin, ultra-strong glass used in iPhones was highlighted as a potential revolution for home windows](#),⁷ offering up to \$25 billion in annual U.S. energy savings. This is a vivid reminder of how small advances in material science can cascade through sectors—from construction to utilities—unlocking opportunities for sustainable infrastructure investing.

But progress has its costs. **"Will We Run Out of Eggs? Food?!"** ([March 2025 Commentary](#)) revisits Paul Ehrlich's *The Population Bomb*, which [predicted mass famine in the 1970s and '80s](#).⁸ Instead, agricultural innovation—from advanced feed to industrial-scale production—drove egg prices down to a third of their 1920 levels. Yet this abundance introduced new challenges: soil degradation, disease outbreaks like avian flu, and fragile monocultures. Looking ahead, can AI and automation solve these problems without creating new unintended consequences? And what role will government policy play in either mitigating or magnifying these risks for future investors?



⁵ [Why did everything take so long? | Meteuphoric](#)

⁶ [Bennu Asteroid Contains Material Needed for Life, NASA Finds - WSJ](#)

⁷ [A Piece of Glass Thinner Than a Credit Card Could Solve America's \\$25 Billion Energy Problem - WSJ](#)

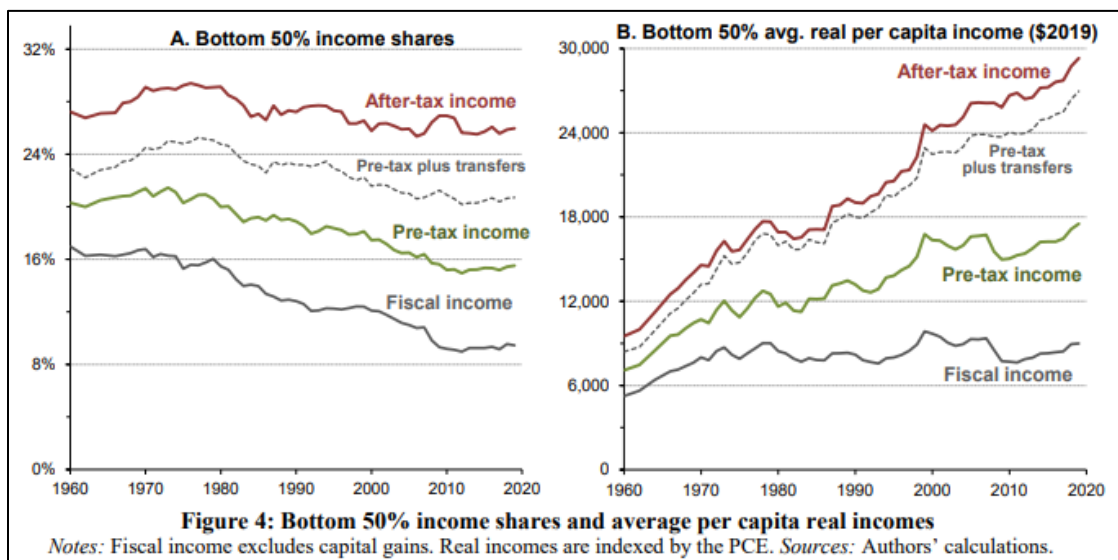
⁸ [We're running out of eggs - UnHerd](#)



FOUNTAINHEAD ASSET MANAGEMENT

Macro Strategy & Policy Cautionary Tales

In a democracy, governmental policy is meant to be driven by its constituents—us, the citizens. These policies shape not only our collective wealth but also long-term market performance. The best governments manage with a steady hand: they listen to their people but also protect them from their worst instincts. They create confidence and, when necessary, provide financial support that enables capital investment and sustains economic growth.



"The Inequality Myth" ([May 2025 Commentary](#)) [challenges one of today's most pervasive political narratives—that wealth disparity has dramatically worsened](#).⁹ The data tells a different story: when accounting for taxes, pensions, and transfers, after-tax income for the bottom 50% has remained largely stable for decades. Yet, populist rhetoric rooted in misinterpreted statistics continues to shape tax policy, regulation, and spending priorities. How political parties interpret these signals matters. Will the Democratic Party embrace the ["Abundance Agenda"](#)¹⁰ promoted by Derek Thompson and Ezra Klein—a pro-growth, YIMBY,¹¹ can-do philosophy—or lean toward its more socialist-leaning wing, which builds on the narrative of deepening inequality to push for expanded social benefits? The outcome of this internal debate could have profound implications for U.S. policy and leadership over the coming decade.

Addressing humanity's worst instincts, **"The Hammer of Witches, AI Edition"** ([November 2024 Commentary](#)) draws a line from a 15th-century witch-hunting manual and its hysteria fueled by the printing press to modern Facebook algorithms that amplified ethnic hatred in Myanmar. The piece warns of a future where

⁹ [Tax Data and Inequality](#) – Gerald Auten & David Splinter

¹⁰ [Abundance | Book by Ezra Klein, Derek Thompson | Official Publisher Page | Simon & Schuster](#)

¹¹ "Yes, in my back yard" vs NIMBY: "Not in my back yard"



FOUNTAINHEAD ASSET MANAGEMENT

AI-driven narratives spread fear and division faster than ever before, destabilizing societies and markets alike. It's also a stark reminder of how vulnerable out-groups can become during such frenzies—a danger that strong democratic checks and balances must continue to guard against.

Isolationist sentiment is another growing force among U.S. voters.

"American Power in Panama" ([February 2025 Commentary](#)) examines the long history of U.S. engagement in Panama—from canal construction to deposing Noriega—arguing that strategic foreign policy has historically produced prosperity and secured vital trade routes. As protectionism rises and alliances shift, the question remains: should America still play this role on the global stage, or retreat from it? These narratives remind investors that macro strategy and policy decisions cast long shadows, shaping economies and markets for decades beyond quarterly earnings.

Finally, recognizing how far the political pendulum can swing, **"The Case for Political Neutrality"** ([August 2024 Commentary](#)) warned that [organizations risk losing their core mission when wading into every social or political cause](#).¹² Drawing on research into prejudice reduction, it shows that neutrality allows people of differing ideologies to interact, reducing tribalism. For investors, this mirrors how markets penalize businesses that alienate wide customer bases or shareholder groups through reactive political positioning—a governance and reputational risk worth monitoring closely.

Behavioral and Decision-Making Lessons

One of our primary responsibilities in managing investments and honoring our clients' financial goals is to recognize and protect both clients and ourselves from the many cognitive biases and judgment errors we all share. The groundbreaking work of Daniel Kahneman and Amos Tversky revealed just how deeply human psychology can distort rational decision-making. In investing, this means honing specialized skills while staying mindful of risks born from our own humanness, never losing sight of the bigger picture and ultimate goals we aim to achieve.

During Ramadan in Baghdad, 45 men gather in stadiums to play Mheibes – **"Mheibes – Bluffing as Sport"** ([June 2025 Commentary](#)), hiding a small silver ring while team captains scan dozens of clenched fists. [The masters of the game can pick the winning hand from 50 feet away](#)¹³—not because of luck, but through years of failed guesses, sharp observation, and refined intuition. Successful investing is much the same: markets demand the ability to read subtle signals, cut through noise, and anticipate reactions under



¹² [Silence is NOT Violence - Dust to Dust](#)

¹³ [The World's Hardest Bluffing Game - The Atlantic](#)



FOUNTAINHEAD ASSET MANAGEMENT

pressure. Like Mheibes, true success comes not from chance but from disciplined practice and knowing where to look.

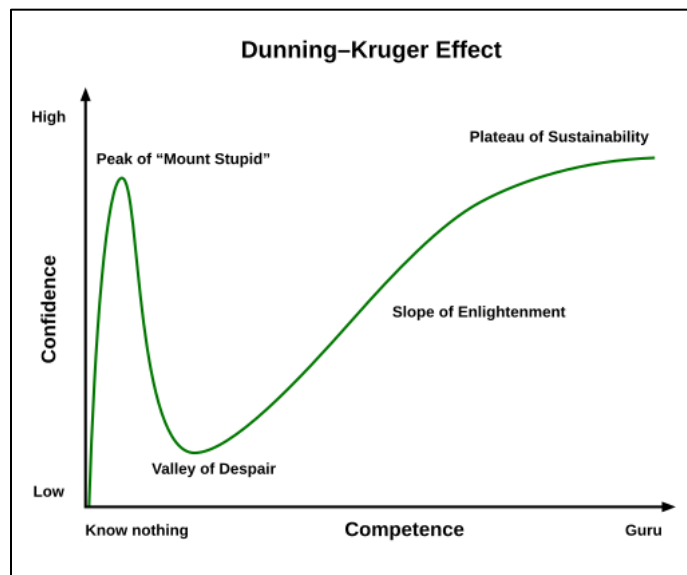
In **"The Capability to Change Your Opinion!"** ([October 2024 Commentary](#)), behavioral research [illustrated how stubbornly humans cling to first impressions](#).¹⁴

Participants felt sure they had enough information to decide whether schools should merge, yet their opinions shifted dramatically once presented with a balanced set of facts. This is a critical lesson for investors: markets move quickly—trade wars erupt, central banks pivot, and innovation reshapes industries. Effective portfolio management requires adaptability, a willingness to reassess old convictions, and the courage to pivot when new truths emerge.

Finally, **"Slow Down!"** ([September 2024 Commentary](#))

reminds us that [society increasingly optimizes for speed and cost at the expense of quality](#).¹⁵

Just as Waze zigzags through backstreets to save a minute or Kayak routes you through stressful layovers to trim airfare, investors often chase quick wins. Yet true wealth is built differently: through measured, deliberate decisions that put client outcomes above algorithmic impulses. In investing, patience and process—not haste—are what compound value over time. We believe this is true about life itself – take that moment to enjoy what we all have!



¹⁴ [The illusion of information adequacy | PLOS One, People think they already know everything they need to make decisions - Ars Technica](#)

¹⁵ [Are We Too Impatient to Be Intelligent? - by Rory Sutherland - Behavioral Scientist](#)

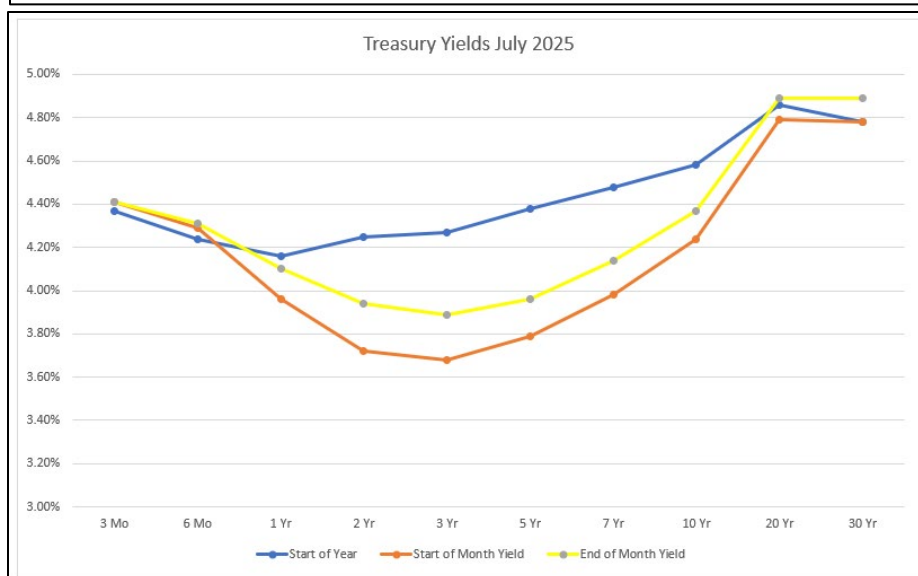
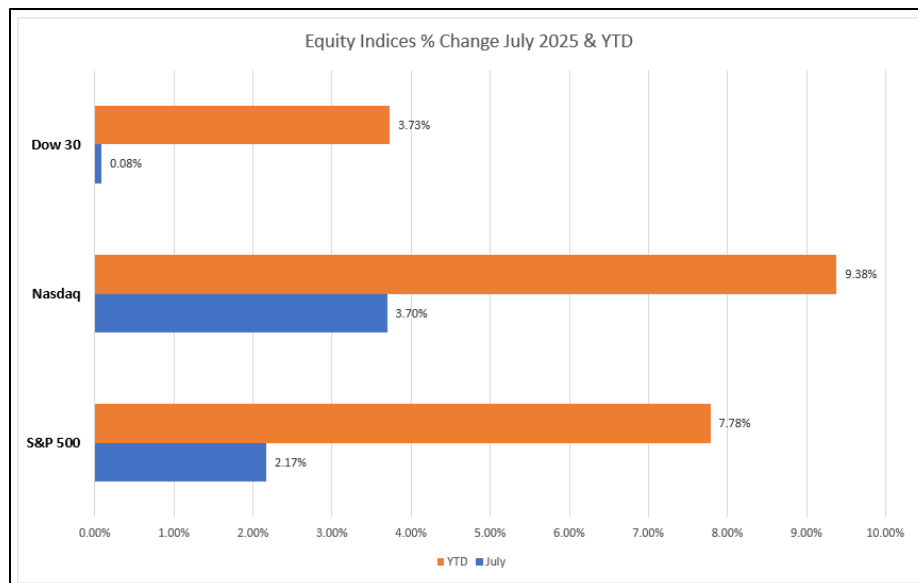


FOUNTAINHEAD ASSET MANAGEMENT

Talking Points: July 2025

Monthly Market Recap

All three major US indices managed to post slight gains in July, while yields rose. The major performance drivers this month were tariff news and economic data.





FOUNTAINHEAD ASSET MANAGEMENT

On the tariffs front, several countries including major trading partners like the EU, Japan, and South Korea were able to reach trade deals with the US. For the most part, these deals included lower tariffs than those proposed on Liberation Day (**Note our Tariff Tracker below**), promises to purchase US energy products, and agreements to invest billions in the US. President Trump's executive order extended the deadline for new tariffs levels to go into effect to August 7th (from August 1st) giving countries another week to make a last second deal. These deals provided some clarity for those countries that have not yet completed a deal as well as financial markets - recall, the uncertainty surrounding tariffs has been a huge issue for markets, companies, and consumers throughout much of this year. It was not all good news on the tariff front however, it felt like every deal announcement was followed by another threat to raise tariffs on a country or a new industry specific tariff (i.e. Brazil/India/Canada and copper/pharmaceuticals).

The economic data in July pointed to softness in the US economy. Until this month, inflation data for the most part showed minimal evidence of any material negative impacts resulting from tariffs. That changed with the release of June CPI and PCE. Both measures surprised to the upside, raising concerns that inflation could start to trend higher throughout the rest of the year. Like inflation, labor market data had been showing surprising resilience throughout 2025 until the release of July's jobs report which included large downward revisions to May and June jobs numbers. These revisions were the largest since April of 2020 (i.e. worst since peak COVID times).

June CPI and Core CPI (yoy)	June	vs. Expected	vs. May
CPI	2.7%	2.6%	2.4%
Core CPI	2.9%	3.0%	2.8%

June PCE and Core PCE (yoy)	June	vs. Expected	vs. May
PCE	2.6%	2.5%	2.4%
Core PCE	2.8%	2.7%	2.8%

The silver lining here is that the labor market data was so bad that it might force the Fed to cut rates at their next meeting in September. The Fed has clearly stated that their preference would be continuing to wait for more data before cutting, especially as inflation potentially trends higher, but the risk of the labor market spiraling further might not be something they can ignore. This, of course, may conflict with higher inflation readings which can put the Fed in the unenviable position to decide between its twin mandate of keeping inflation in check and maintaining full employment.

Probability of Upcoming Fed Interest Rate Decisions

8/1/2025 September	Hike	Hold	Cut	Hike 25bps	Cut 25bps	Cut 50bps	Cut 75bps
	0.00%	10.20%	89.80%	0.00%	89.80%	0.00%	0.00%



FOUNTAINHEAD

ASSET MANAGEMENT

Tariff Tracker

Country	Liberation Day 4/2/25			Pause 4/9/25 Until 8/7/25			Deals/Truce		
	Reciprocal	Fentanyl	Total	Reciprocal	Fentanyl	Total	Reciprocal	Fentanyl	Total
China	34%	20%	54%	125%	20%	145%	10%	20%	30%
Canada	0%	25%	25%	0%	25%	25%	0%	35%	35%
Mexico	0%	25%	25%	0%	25%	25%			
UK	10%	0%	10%	10%	0%	10%	10%	0%	10%
EU	20%	0%	20%	10%	0%	10%	15%	0%	15%
Switzerland	31%	0%	31%	10%	0%	10%			
Norway	15%	0%	15%	10%	0%	10%			
Japan	24%	0%	24%	10%	0%	10%	15%	0%	15%
South Korea	25%	0%	25%	10%	0%	10%	15%	0%	15%
Vietnam	46%	0%	46%	10%	0%	10%	20%	0%	20%
Taiwan	32%	0%	32%	10%	0%	10%			
Philippines	17%	0%	17%	10%	0%	10%	19%	0%	19%
Indonesia	32%	0%	32%	10%	0%	10%	19%	0%	19%
Singapore	10%	0%	10%	10%	0%	10%			
Thailand	36%	0%	36%	10%	0%	10%	Lower	0%	Lower
Cambodia	49%	0%	49%	10%	0%	10%	Lower	0%	Lower
Bangladesh	37%	0%	37%	10%	0%	10%			
Laos	48%	0%	48%	10%	0%	10%			
South Africa	30%	0%	30%	10%	0%	10%			
Israel	17%	0%	17%	10%	0%	10%			
Pakistan	29%	0%	29%	10%	0%	10%	Lower	0%	Lower
India	26%	0%	26%	10%	0%	10%			
Australia	10%	0%	10%	10%	0%	10%			
New Zealand	10%	0%	10%	10%	0%	10%			
Brazil	10%	0%	10%	10%	0%	10%			
Chile	10%	0%	10%	10%	0%	10%			
Columbia	10%	0%	10%	10%	0%	10%			
Argentina	10%	0%	10%	10%	0%	10%			
Ecuador	12%	0%	12%	10%	0%	10%			

Note: The graphic above shows original Liberation Day tariffs and current tariff levels - if a country has yet to reach an agreement with the US the tariff levels under the "Pause 4/9/25 Until 8/7/25" apply.

For further details on Tariff characteristics or agreements please scroll to the bottom of the commentary

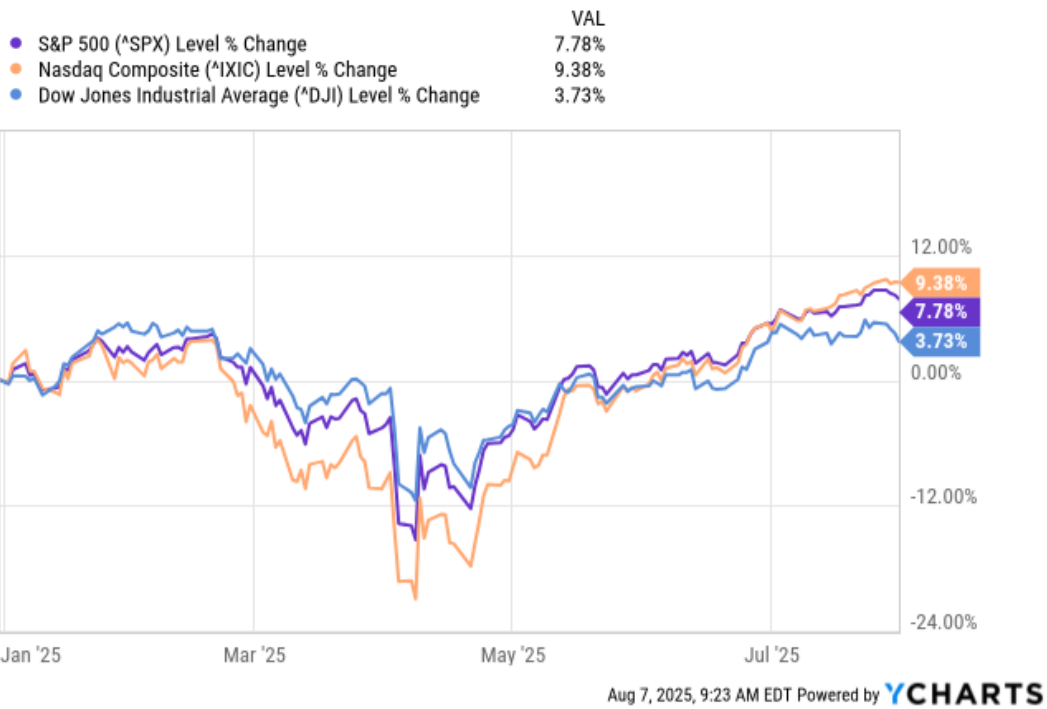


FOUNTAINHEAD

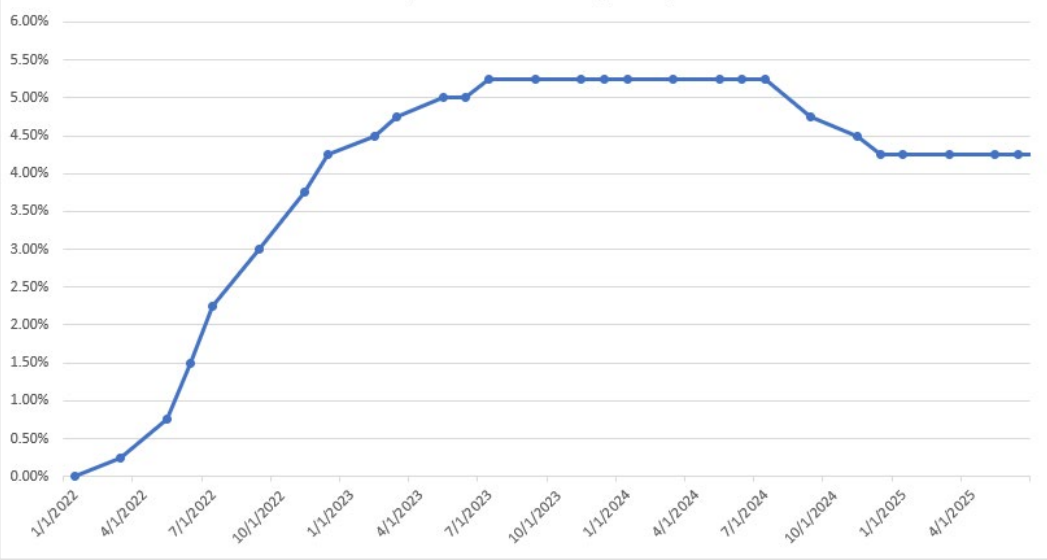
ASSET MANAGEMENT

Other Graphs/Visuals

Equity Indices % Change YTD 2025



Target Fed Funds Rate (Lower)





FOUNTAINHEAD

ASSET MANAGEMENT

Fed Interest Rate Decisions Since Start of Hiking Cycle

FOMC Meeting Date	Hike/Cut	Target Fed Funds Rate (Lower)	Target Fed Funds Rate (Upper)
<i>Start of 2022</i>	-	<i>0.00%</i>	<i>0.25%</i>
3/16/2022	0.25%	0.25%	0.50%
5/4/2022	0.50%	0.75%	1.00%
6/15/2022	0.75%	1.50%	1.75%
7/27/2022	0.75%	2.25%	2.50%
9/21/2022	0.75%	3.00%	3.25%
11/2/2022	0.75%	3.75%	4.00%
12/14/2022	0.50%	4.25%	4.50%
2/1/2023	0.25%	4.50%	4.75%
3/22/2023	0.25%	4.75%	5.00%
5/3/2023	0.25%	5.00%	5.25%
6/14/2023	0.00%	5.00%	5.25%
7/26/2023	0.25%	5.25%	5.50%
9/20/2023	0.00%	5.25%	5.50%
11/1/2023	0.00%	5.25%	5.50%
12/13/2023	0.00%	5.25%	5.50%
1/31/2024	0.00%	5.25%	5.50%
3/20/2024	0.00%	5.25%	5.50%
5/1/2024	0.00%	5.25%	5.50%
6/12/2024	0.00%	5.25%	5.50%
7/31/2024	0.00%	5.25%	5.50%
9/18/2024	0.50%	4.75%	5.00%
11/7/2024	0.25%	4.50%	4.75%
12/18/2024	0.25%	4.25%	4.50%
1/29/2025	0.00%	4.25%	4.50%
3/19/2025	0.00%	4.25%	4.50%
5/7/2025	0.00%	4.25%	4.50%
6/18/2025	0.00%	4.25%	4.50%
7/30/2025	0.00%	4.25%	4.50%

Highlights/Notes

Highlight: Further clarity on tariffs and trade deals provided enough of a tailwind to push equities higher despite economic data pointing to cracks forming in the US economy.



FOUNTAINHEAD ASSET MANAGEMENT

FAM Sentiment Summary 2025

2025	January	February	March	April	May	June	July
Fed	Mildly Bearish	Mildly Bearish	Mildly Bullish	Mildly Bearish	Mildly Bullish	Neutral	Neutral
Interest Rate Decisions	Neutral	Neutral	Mildly Bullish	Neutral	Mildly Bullish	Neutral	Neutral
Commentary	Mildly Bearish	Mildly Bearish	Mildly Bullish	Bearish	Mildly Bullish	Neutral	Mildly Bearish
Economic Data	Mildly Bearish	Mildly Bearish	Mildly Bearish	Mildly Bearish	Neutral	Mildly Bullish	Mildly Bearish
Inflation	Mildly Bearish	Mildly Bearish	Mildly Bearish	Bullish	Mildly Bullish	Bullish	Mildly Bearish
Employment/Labor Market	Bearish	Mildly Bearish	Mildly Bullish	Mildly Bullish	Mildly Bullish	Mildly Bullish	Bearish
GDP	Mildly Bullish	Neutral	Mildly Bearish	Mildly Bearish	Mildly Bearish	Neutral	Neutral
Consumer Spending	Neutral	Mildly Bearish	Bearish	Neutral	Mildly Bearish	Neutral	Mildly Bullish
Consumer Sentiment	Neutral	Bearish	Bearish	Bearish	Neutral	Neutral	Mildly Bullish
Housing/Real Estate	Mildly Bearish	Mildly Bearish	Mildly Bullish	Neutral	Neutral	Neutral	Mildly Bearish
Global Events/News	Mildly Bearish	Neutral	Mildly Bearish	Neutral	Neutral	Neutral	Neutral
China	Bearish	Neutral	Neutral	Mildly Bearish	Mildly Bullish	Mildly Bullish	Neutral
Europe	Mildly Bearish	Neutral	Mildly Bearish	Neutral	Mildly Bearish	Neutral	Mildly Bullish
Japan	Neutral	Mildly Bearish	Neutral	Neutral	Neutral	Neutral	Mildly Bullish
Middle East	Neutral	Neutral	Mildly Bearish	Neutral	Mildly Bullish	Mildly Bullish	Neutral
Russia/Ukraine	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Mildly Bearish
US Politics/Government	Neutral	Bearish	Bearish	Bearish	Mildly Bullish	Mildly Bullish	Mildly Bullish
Tariffs	Bearish	Bearish	Bearish	Bearish	Neutral	Mildly Bullish	Mildly Bullish
US/China Trade War	n/a	n/a	n/a	Bearish	Bullish	Bullish	Mildly Bullish
Economic Policy	Bullish	Neutral	Neutral	Neutral	Mildly Bearish	Neutral	Neutral
Market Trends	Mildly Bullish	Neutral	Mildly Bearish	Neutral	Neutral	Neutral	Mildly Bullish
Earnings	Bullish	Mildly Bullish	Bearish	Mildly Bullish	Neutral	Neutral	Mildly Bullish
AI/Chips	Mildly Bullish	Mildly Bullish	Neutral	Mildly Bearish	Neutral	Mildly Bullish	Mildly Bullish
Crypto	Mildly Bullish	Bearish	Mildly Bearish	Neutral	Mildly Bullish	Neutral	Mildly Bullish

Noteworthy Details

- Economic Data – Mildly Bullish to Mildly Bearish
 - Large downward revision in jobs data from May/June and higher than expected inflation raised concerns that cracks are forming in the US economy. However, there are still some positives here with retail sales pointing to stronger than expected consumer demand and consumer sentiment bouncing back off recent lows.
- Tariffs – Remained at Mildly Bullish
 - Markets have appreciated more clarity on tariffs and trade deals.
- Earnings – Neutral to Mildly Bullish
 - Earnings reports generally have been solid despite less than inspiring economic backdrop.

Key Topics/Items from Below

- **BEARISH**
 - Trump administration unveiling plans to implement 50% tariffs on copper
 - Trump administration contemplating a 200% tariff on pharmaceuticals
 - Trump administration threatening to raise tariffs on Brazil to 50%
 - Trump administration threatening to raise tariffs on Canada to 35% (vs. 25% current) if no deal is made by their stated deadline



FOUNTAINHEAD

ASSET MANAGEMENT

- Trump administration threatening to raise tariffs on the EU to 30% (vs. 20% proposed on Liberation Day) if no deal is made by their stated deadline
- Trump administration threatening to raise tariffs on Mexico to 30% (vs. 25% current) if no deal is made by their stated deadline
- President Trump stating that the resumed negotiations with Canada were “not going well”
- President Trump signing an executive order that would raise tariffs on Brazil to 50%
- President Trump announcing that tariffs on India would be set at 25% (higher than recent deals) due to their “longstanding relationship” with Russia (India historically a big buyer of Russian oil)
- President Trump signing an executive order that would raise tariffs on Canada to 35% (from 25% current) – citing Canada lack of cooperation in curbing fentanyl trade and in negotiations
- President Trump signing a new executive order that would effectively raise tariffs from current levels on most countries yet to make a deal
- July’s jobs report showing that the US added less jobs than expected
- Jobs numbers from May and June being revised down sharply – largest downward revision since April of 2020 (i.e. worst since peak COVID times)
- Powell’s commentary post interest rate decision where he poured cold water on hopes for a rate cut in September

- **MILDLY BEARISH**

- Trump administration sending letters to nations (South Korea, Japan, and others) informing them of tariff levels if no deal is made
- Trump administration threatening additional 10% tariffs for “Bric” countries
- The release of the Fed’s meeting minutes from June which pointed to some members being in favor of cutting rates sooner rather than later – indicating that there is no longer a consensus on the plan for interest rate decisions
- President Trump stating that around 150 countries would end up facing “unilateral” tariffs in the 10-15% range
- June CPI and Core CPI coming in higher than the month prior (and CPI coming in higher-than-expected) – marking one of the first instances of tariffs negatively impacting the data
- Housing data which showed that sales of existing homes were down and that housing prices hit all-time highs
- June PCE and Core PCE coming in higher-than-expected
- Trump administration warning China that they could face significantly higher tariffs if they continue to purchase Russian and Iranian oil – stating that there was a bill moving through congress that would give the President the authority to implement 500% tariffs

- **NEUTRAL**

- Senate passing (barely) President Trump’s “big and beautiful” tax/spending bill
- President Trump officially signing the “big and beautiful” tax/spending bill into law



FOUNTAINHEAD

ASSET MANAGEMENT

- US government (led by the USDA) working on measures that would prevent China from buying US farmland
- Apple announcing that it would be buying \$500 million of rare earth minerals from MP Materials
- President Trump floating the idea of eliminating capital gains taxes on home sales
- The ECB opting to hold rates at current levels this month and saying that they are in a “wait-and watch” situation
- Q2 GDP estimate coming in higher-than-expected (3% estimated vs. 2.3% expected)
- Fed opting to hold rates at current levels at their July meeting
- **MILDLY BULLISH**
 - US and Canada resuming trade negotiations after Canada agreed to ditch their plans to implement a “digital services tax” on US tech companies
 - EU inflation data coming in right at their stated target of 2%
 - Price of bitcoin hitting a new all-time high
 - Retail sales for the month of June coming in higher than expected – pointing to consumer demand remaining resilient
 - University of Michigan’s Consumer Sentiment survey coming in higher than the month prior after taking a nosedive to start the year
 - Jamie Dimon and other Wall Street elites making comments about the importance of an independent Fed as the Trump administration continues to push for rate cuts
 - President Trump commenting that he does not plan on firing Fed Chairman Powell (even though the President does not actually have the power to do this)
 - The Trump administration threatening steep tariffs on Russia (in addition to any economic sanctions already in effect) if fighting does not stop in 50 days
 - Big bank earnings coming in better than expected and offering optimistic commentary on the current state of the economy (in decent shape despite elevated uncertainty)
 - US government removing restriction on Nvidia selling chips to China
 - Data that showed rare earth mineral exports from China had increased after the US and China agreed to their “truce”
 - Treasury Secretary Bessent stating that he thought there was no reason for Powell to step down “unless he wanted to”
 - President Trump clarifying that new industry specific tariff on copper would apply to copper products and not the raw material itself
 - President Trump signing a new executive order that would push the August 1st deadline to make deals out to August 7th
- **BULLISH**
 - US and Vietnam agreeing to a trade deal – 20% baseline tariffs (vs. 46% proposed on Liberation Day)
 - June’s jobs report showing that more jobs were added than expected and that the overall unemployment level declined



FOUNTAINHEAD ASSET MANAGEMENT

- Trump administration extending deadline to negotiate a trade deal to August 1st (from July 9th)
- US and Indonesia agreeing to a trade deal – 19% baseline tariffs (vs. 32% proposed on Liberation Day)
- House of Representatives passing three bills aimed at setting up regulations for the crypto industry
- US and the Philippines agreeing to a trade deal – 19% baseline tariffs (vs. 17% proposed on Liberation Day)
- US and Japan agreeing to a trade deal – 15% baseline tariffs, 15% on autos, Japan agrees to invest \$550 billion in US (vs. 24% proposed Liberation Day and 25% industry specific on autos)
- US and EU agreeing to a trade deal – 15% baseline tariffs, 15% on autos, EU agrees to buy \$750 billion of US energy products, EU agrees to invest additional \$600 billion into US (vs. 20% Liberation Day and 25% industry specific on autos)
- US and South Korea agreeing to a trade deal – 15% baseline tariffs, 15% on autos, South Korea agrees to buy \$100 billion of US energy products, South Korea agrees to invest additional \$350 billion into US (vs. 25% proposed Liberation Day and 25% industry specific on autos)
- US and Thailand agreeing to a trade deal (details still uncertain) – baseline tariffs would be lower than the 36% proposed on Liberation Day
- US and Cambodia agreeing to a trade deal (details still uncertain) – baseline tariffs would be lower than the 49% proposed on Liberation Day
- US and Mexico agreeing to keep current 25% tariffs in place for another 90 days will the two sides continue to negotiate

Tariff Tracker Detail:

New Executive Order

- Extending deadline for new tariff levels to go into effect to August 7th (vs. previous deadline of August 1st)
- Nations where US has small trade deficit → 15% baseline tariffs
- Nations where US runs a trade surplus → 10% baseline tariffs
- Nations with higher deficits → “steeper” levels, includes Taiwan 20%, Switzerland 39%, Laos 40%, Myanmar 40%, Syria 41%

Industry Specific

- Autos – 25% (currently in effect)
- Steel/Aluminum – 50% (currently in effect)
- Any Country Purchasing Venezuelan Oil/Gas – additional 25% (currently in effect)
- Copper Products – 50% (currently in effect)
- Pharmaceuticals – 200% (levels subject to change, potentially effective August 7th)



FOUNTAINHEAD

ASSET MANAGEMENT

Trade Deals

- US & Vietnam – 20% baseline tariffs (vs. 46% proposed Liberation Day)
- US & Indonesia – 19% baseline tariffs (vs. 32% proposed Liberation Day)
- US & Philippines – 19% baseline tariffs (vs. 17% proposed Liberation Day)
- US & Japan – 15% baseline tariffs (vs. 24% proposed Liberation Day)
 - 15% tariffs on autos (vs. 25% industry specific levels)
 - 50% tariffs on steel/aluminum remain at 50%
 - Japan agrees to invest \$550 billion in the US
- US & EU – 15% baseline tariffs (vs. 20% proposed Liberation Day and 30% threatened)
 - 15% tariffs on autos (vs. 25% industry specific levels)
 - 50% tariffs on steel/aluminum remain at 50%
 - EU agrees to buy \$750 billion of US energy products
 - EU agrees to invest additional \$600 billion in US
- US & South Korea – 15% baseline tariffs (vs. 25% proposed Liberation Day)
 - 15% tariffs on autos (vs. 25% industry specific levels)
 - South Korea agrees to buy \$100 billion of US energy products
 - South Korea agrees to invest additional \$350 billion in US
- US & Pakistan – details uncertain, focus on developing Pakistan's oil reserves
- US & Thailand – baseline tariffs will be lower than the 36% proposed on Liberation Day
- US & Cambodia – baseline tariffs will be lower than the 49% proposed on Liberation Day

Canada/Mexico (Fentanyl Related Tariffs)

- Canada – President Trump signed an executive order raising tariffs on Canada from 25% to 35% (effective immediately)
- Mexico – US and Mexico agree to keep tariffs at current 25% level for another 90 days while the two sides continue to negotiate

Other Proposed/Threatened Tariffs

- "Brics" countries (Brazil, China, Russia, Iran, Egypt, UAE, Iran, etc.) or any countries supporting them could face an additional 10% tariff
- Administration threatening 100% tariffs on Russia if it does not ease tensions with Ukraine in 50 days
- President Trump signed an executive order to raise tariffs on Brazil to 50% - citing concerns over the country's treatment of US tech companies (vs. 10% proposed Liberation Day, effective August 7th)
- President Trump announced that tariffs on India would be set at 25% citing concerns over the country's dependence on Russian oil (effective August 7th)

IMPORTANT DISCLOSURE: The information contained in this report is informational and intended solely to provide educational content that we find relevant and interesting to clients of Fountainhead. All shared thoughts represent our opinions and is based on sources we believe to be reliable. Therefore, nothing in this letter should be construed as investment advice; we provide advice on an individualized basis only after understanding your circumstances and needs.