

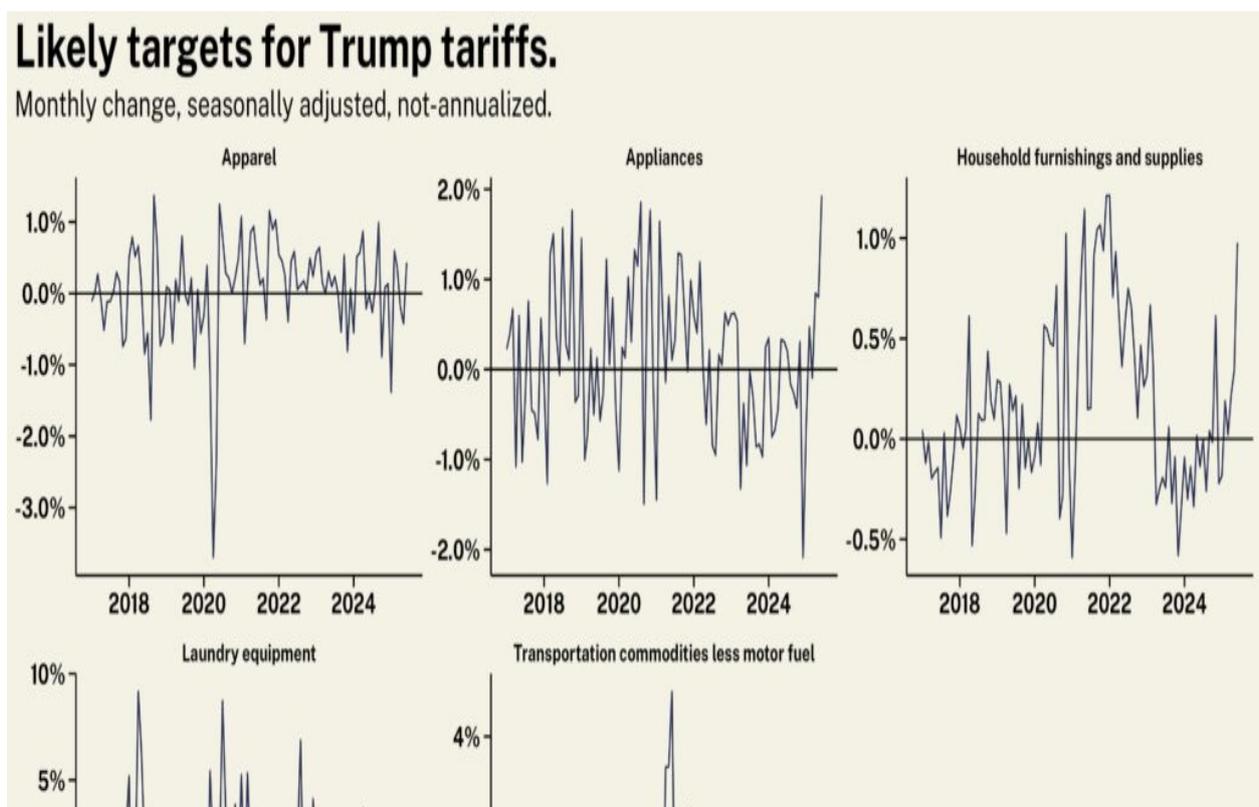
CPI Data Has Something For Everyone

Yesterday's CPI data was viewed by many as the first monthly BLS report to capture the full impact of tariffs. The headline CPI rose 0.3% and the core CPI data showed a 0.2% increase. The CPI data was slightly lower than Wall Street's expectations for a 0.3% increase for both figures. Those claiming that tariffs will have a more pronounced effect on inflation can claim that goods prices were higher. Goods are most likely to see increases due to tariffs. Moreover, they will also assert that we need to see the July and August CPI data to get a more complete picture. The graph below, courtesy of Mike Konczal, shows increases in appliances and household furnishings. However, the prices of other goods, as shown, which could be impacted by tariffs, are not appreciably changing.

Those in the camp who believe tariffs will have a minimal impact on prices will highlight service sector prices, as they account for almost 80% of CPI and are less likely to be affected by tariffs. Accordingly, the supercore CPI (core services less shelter) increased by 0.21% in June, which was in line with the historical average.

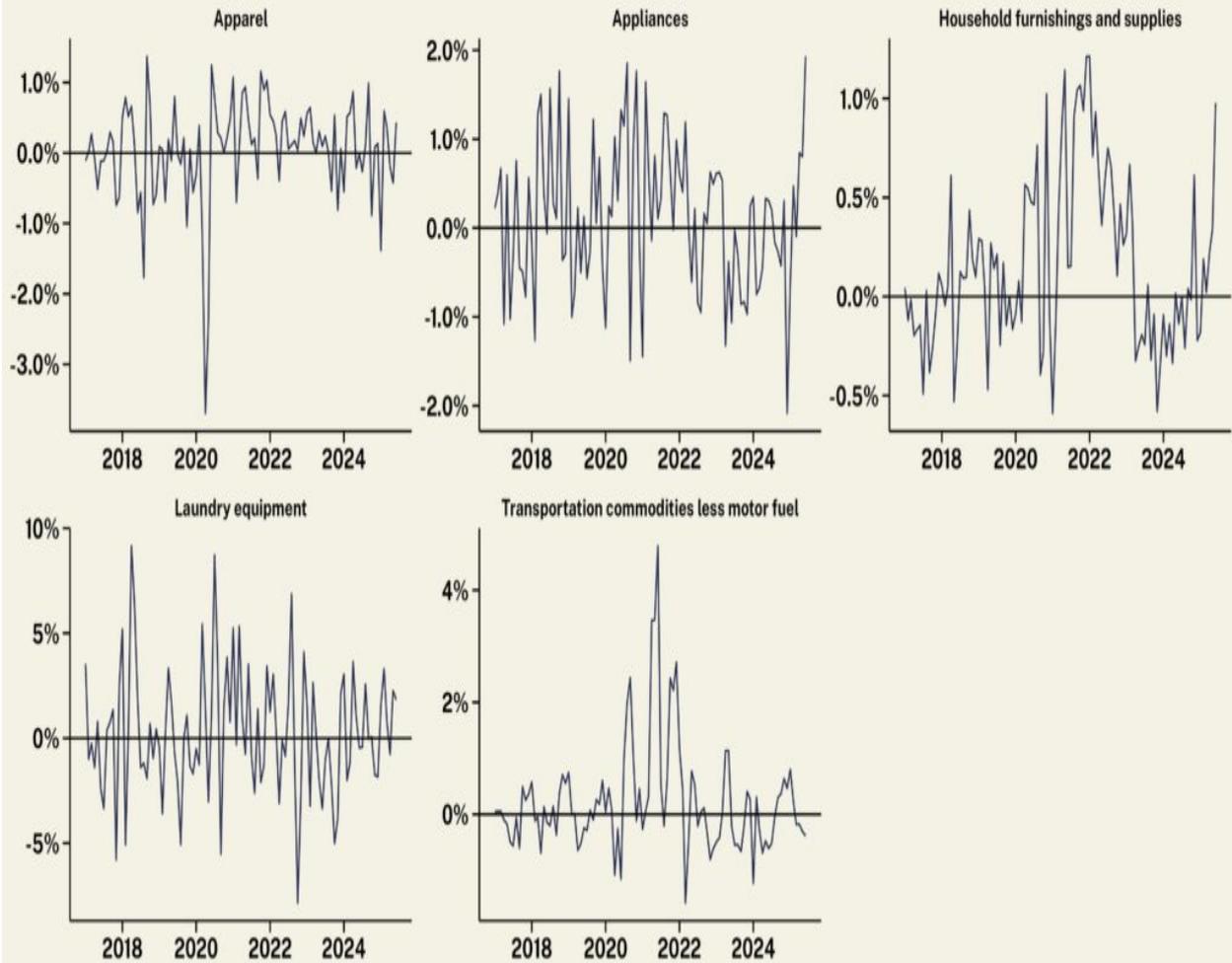
We will be listening to Fed speeches over the next week to see if the latest data changes their CPI forecasts. Nick Timiraos of the Wall Street Journal shares his view on the potential Fed reactions:

Policymakers who have forecast tariffs will lead to more meaningful price pressures later this year won't have much reason to change that view after the June reading, particularly if retailers wait as long as possible to change prices. The June figure will just put even greater emphasis on the coming July and August numbers. By the same token, policymakers who think tariffs aren't going to lead to meaningful inflation, because the economy and corporate pricing power isn't robust enough to support it, have little reason to change that view after Tuesday's report.



Likely targets for Trump tariffs.

Monthly change, seasonally adjusted, not-annualized.



Seasonally adjusted, CPI. Mike Konczal.

What To Watch Today

Earnings

Wednesday Jul 16	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
J&J <small>JNJ.US</small>	2.68	2.82		22.81B	22.45B	\$373.73B	Q2	AM	★
Bank Of America <small>BAC.US</small>	0.90	0.83		26.82B	25.4B	\$314.28B	Q2	AM	★
Morgan Stanley <small>MS.US</small>	2.07	1.82		16.17B	15B	\$195.61B	Q2	AM	★
Goldman Sachs <small>GS.US</small>	9.81	8.62		13.51B	12.73B	\$182.27B	Q2	AM	★
ProLogis <small>PLD.US</small>	0.69	0.92		2B	2.01B	\$97.61B	Q2	AM	★
PNC <small>PNC.US</small>	3.54	3.39		5.61B	5.41B	\$65.96B	Q2	AM	★
Kinder Morgan <small>KMI.US</small>	0.27	0.25		3.72B	3.57B	\$59.58B	Q2	PM	★
Crown Castle International <small>C</small>	0.47	0.58		1.04B	1.63B	\$44.11B	Q2	PM	★
Equifax <small>EFX.US</small>	1.89	1.82		1.51B	1.43B	\$32.66B	Q2	AM	★
M&T Bank <small>MTB.US</small>	3.96	3.79		2.39B	2.3B	\$29.27B	Q2	AM	★
Las Vegas Sands <small>LVS.US</small>	0.53	0.55		2.84B	2.76B	\$28.57B	Q2	PM	★
United Airlines Holdings <small>UAL.US</small>	3.81	4.14		15.4B	15B	\$24.33B	Q2	PM	★
SEI Investments <small>SEIC.US</small>	1.11	1.05		544.7M	518.99M	\$12.27B	Q2	PM	★
First Horizon National <small>FHN.US</small>	0.41	0.36		833.63M	815M	\$10B	Q2	AM	★
MarketAxess <small>MKTX.US</small>	1.96	1.72		217.72M	197.7M	\$8.57B	Q2	AM	★

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Economy

Wednesday July 16 2025			Actual	Previous	Consensus	Forecast
06:00 AM	US	MBA 30-Year Mortgage Rate <small>JUL/11</small>				
06:00 AM	US	MBA Mortgage Applications <small>JUL/11</small>				
06:00 AM	US	MBA Mortgage Market Index <small>JUL/11</small>				
06:00 AM	US	MBA Mortgage Refinance Index <small>JUL/11</small>				
06:00 AM	US	MBA Purchase Index <small>JUL/11</small>				
07:30 AM	US	PPI MoM <small>JUN</small>		0.1%		0.3%
07:30 AM	US	Core PPI MoM <small>JUN</small>		0.1%		0.3%
07:30 AM	US	Core PPI YoY <small>JUN</small>		3%		3.2%
07:30 AM	US	PPI <small>JUN</small>		148.072		148.9
07:30 AM	US	PPI Ex Food, Energy and Trade MoM <small>JUN</small>		0.1%		0.3%
07:30 AM	US	PPI Ex Food, Energy and Trade YoY <small>JUN</small>		2.7%		2.8%
07:30 AM	US	PPI YoY <small>JUN</small>		2.6%		2.8%
08:15 AM	US	Fed Hammack Speech				
08:15 AM	US	Industrial Production MoM <small>JUN</small>		-0.2%		0.3%
08:15 AM	US	Capacity Utilization <small>JUN</small>		77.4%		77.4%
08:15 AM	US	Industrial Production YoY <small>JUN</small>		0.6%		1.5%
08:15 AM	US	Manufacturing Production MoM <small>JUN</small>		0.1%		
08:15 AM	US	Manufacturing Production YoY <small>JUN</small>		0.5%		1.1%

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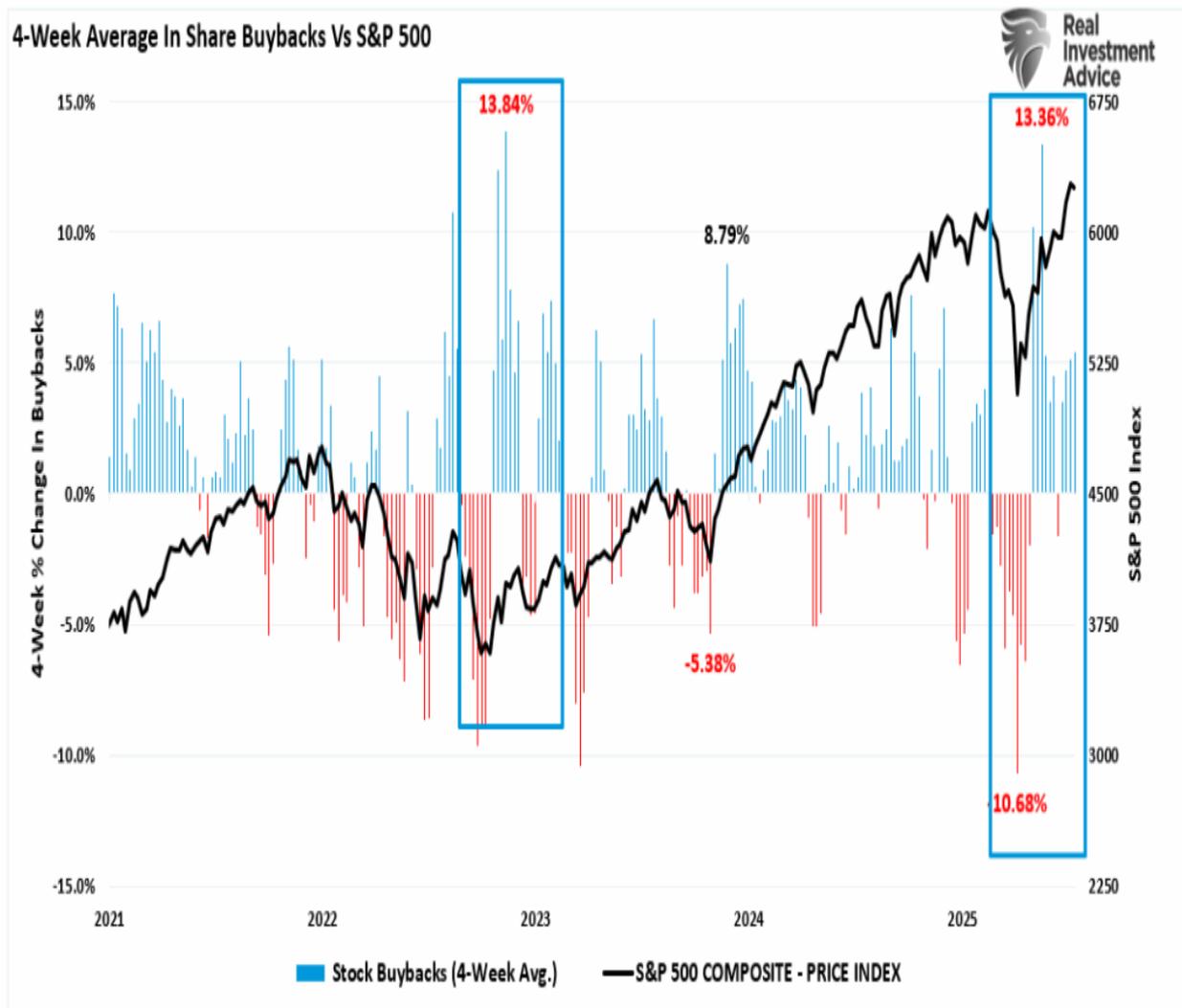
Market Trading Update

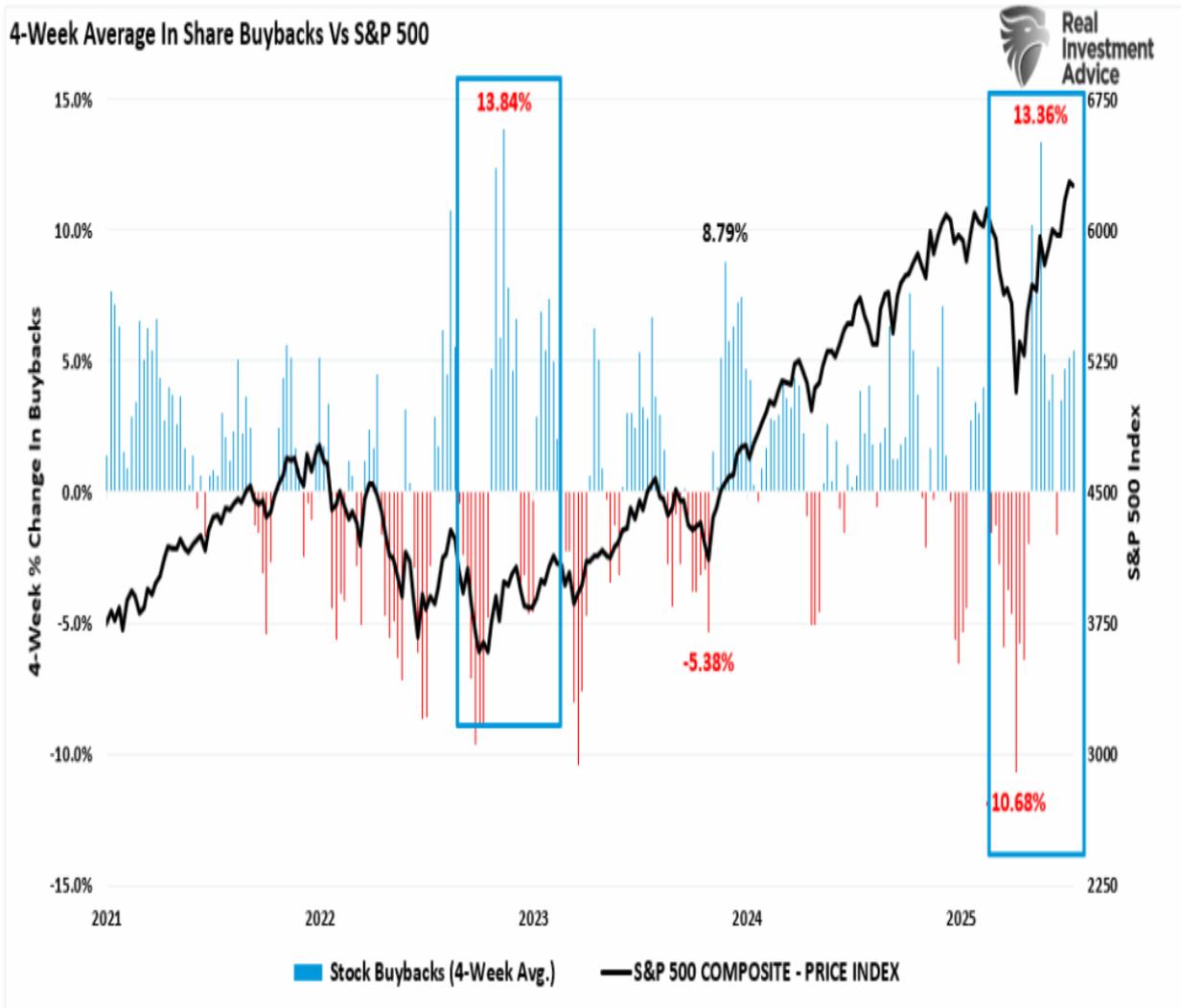
[Yesterday](#), we touched on the kick-off of earnings season, which is currently set up with a very low bar to beat. Yesterday, the major banks reported, and while earnings beat estimates, the outlook was not exceptionally strong, leading to a sell-off in the financial sector. The following is a table of the annual changes in revenue and earnings per share for JPM, WFC, and BLK.

Company	Q2 2024 → Q2 2025 Revenue	Δ Revenue	Q2 2024 → Q2 2025 GAAP EPS	Δ GAAP EPS	Q2 2024 → Q2 2025 Adj. EPS	Δ Adj. EPS
JPMorgan Chase (JPM)	\$50.2 B → \$44.9 B	-10.6% ↓	\$6.12 → \$5.24	-14.3% ↓	\$4.40 ¹ → \$4.96	+12.7% ↑
Wells Fargo (WFC)	\$20.69 B → \$20.82 B	+0.6% ↑	\$1.33 → \$1.60	+20.3% ↑	(same as GAAP)	+20.3% ↑
BlackRock (BLK)	\$4.805 B → \$5.423 B	+12.9% ↑	\$9.99 → \$10.19	+2.0% ↑	\$10.36 → \$12.05	+16.4% ↑

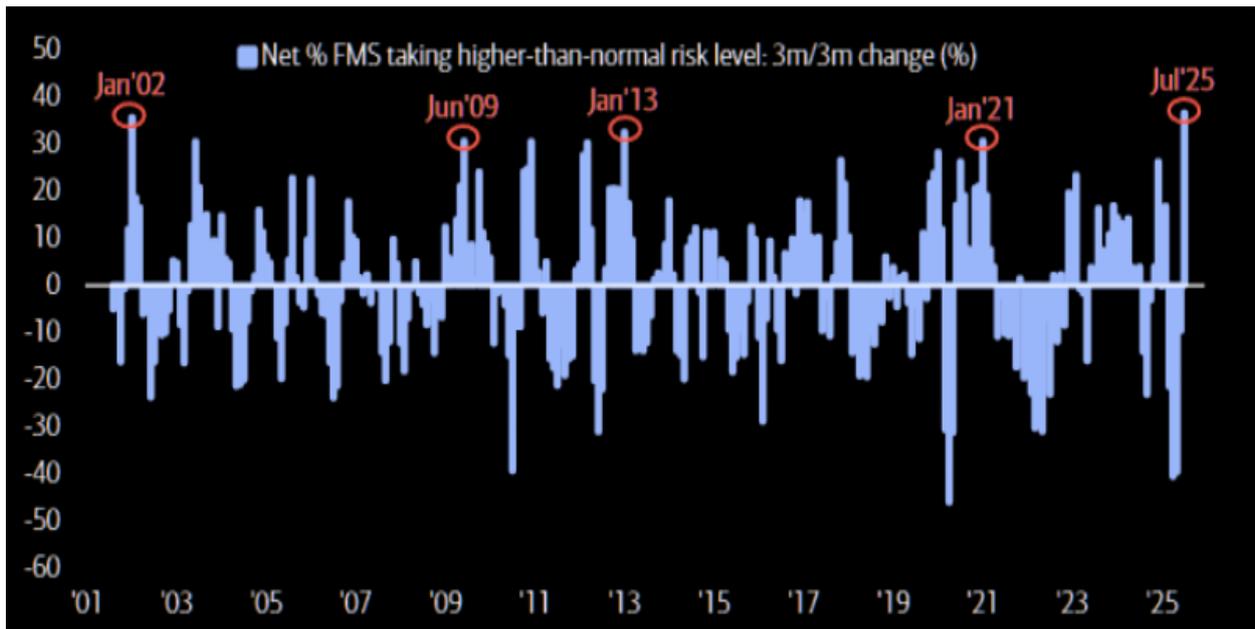
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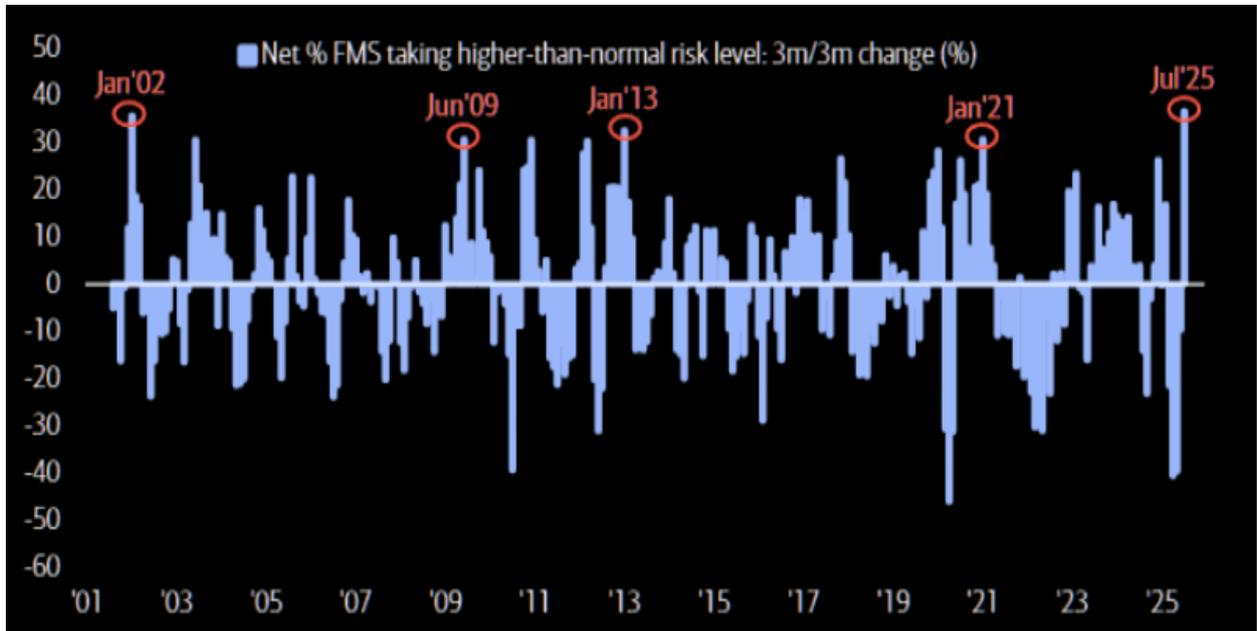
Despite the reduced outlook for earnings, buybacks have surged in recent weeks, supporting the recent market rise. However, we are now entering full blackout for buybacks over the next 3 weeks, which may limit some of the market's advance in the near term.



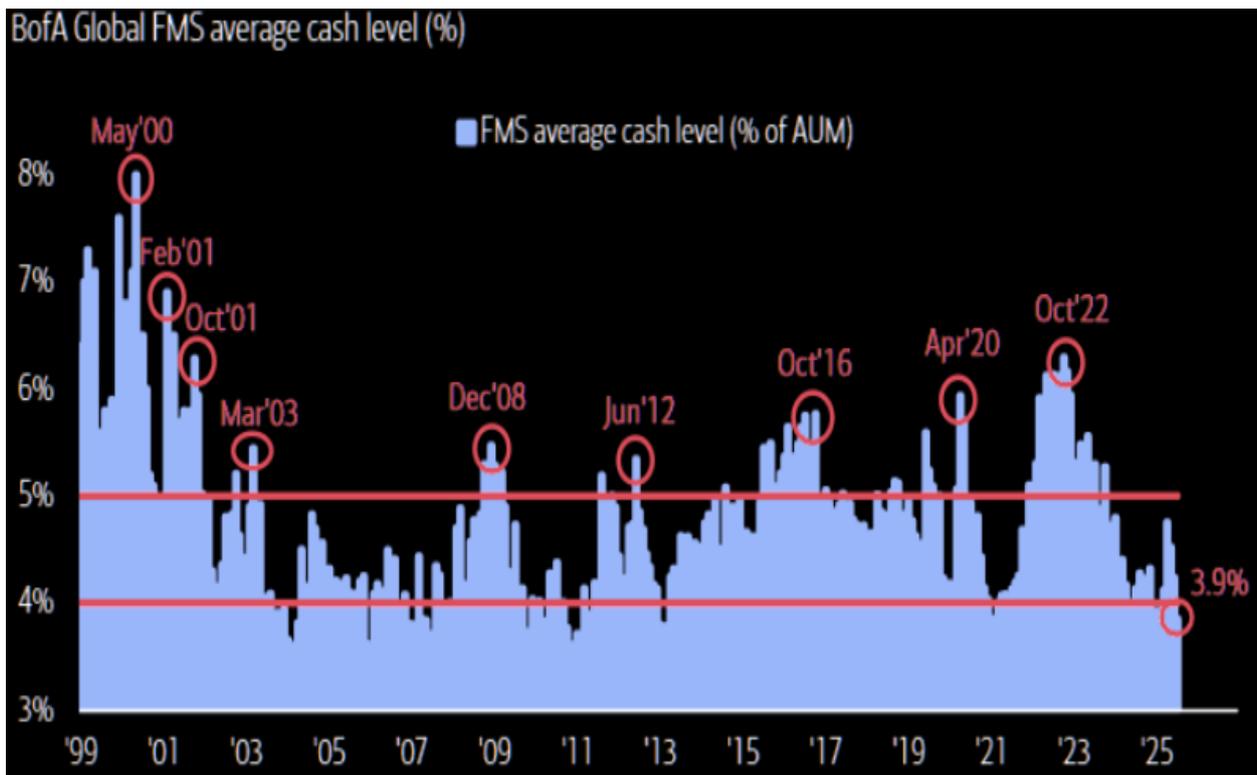


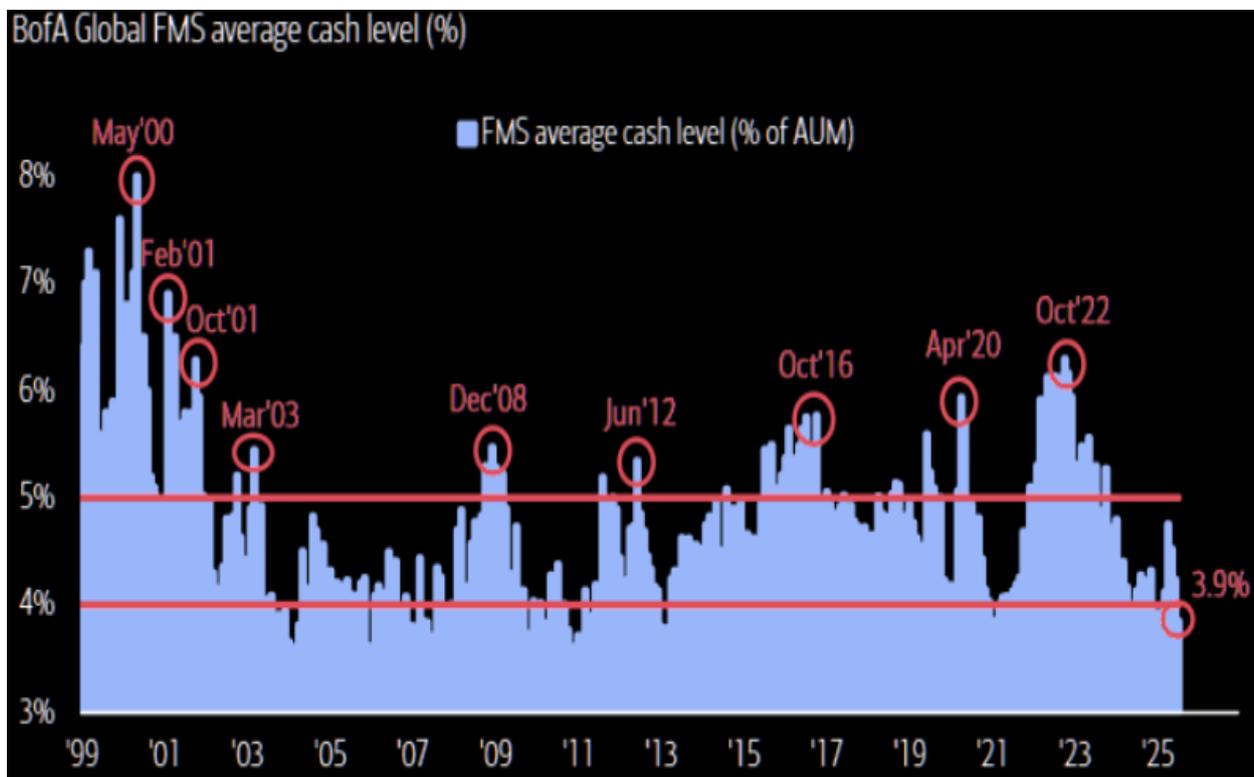
While the market is currently bullish, sentiment among both retail and professional investors has surged to more extreme bullish levels. Fund managers, in particular, who were lagging the bull market advance, have seen the biggest three-month rise in risk appetite ever.





With cash levels receding, the buying power to support a further advance is becoming more challenging. As Sam Stovall once proclaimed: *?If everyone has bought, who is left to buy??* Such may be the case we are seeing currently.





While none of this means the market will crash, it does suggest that the risk/reward is tilting more towards risk. As such, it indeed remains prudent to rebalance risk and hedge portfolios accordingly. There will be a better opportunity to put capital to work, but that will likely be at slightly lower levels than today's market.

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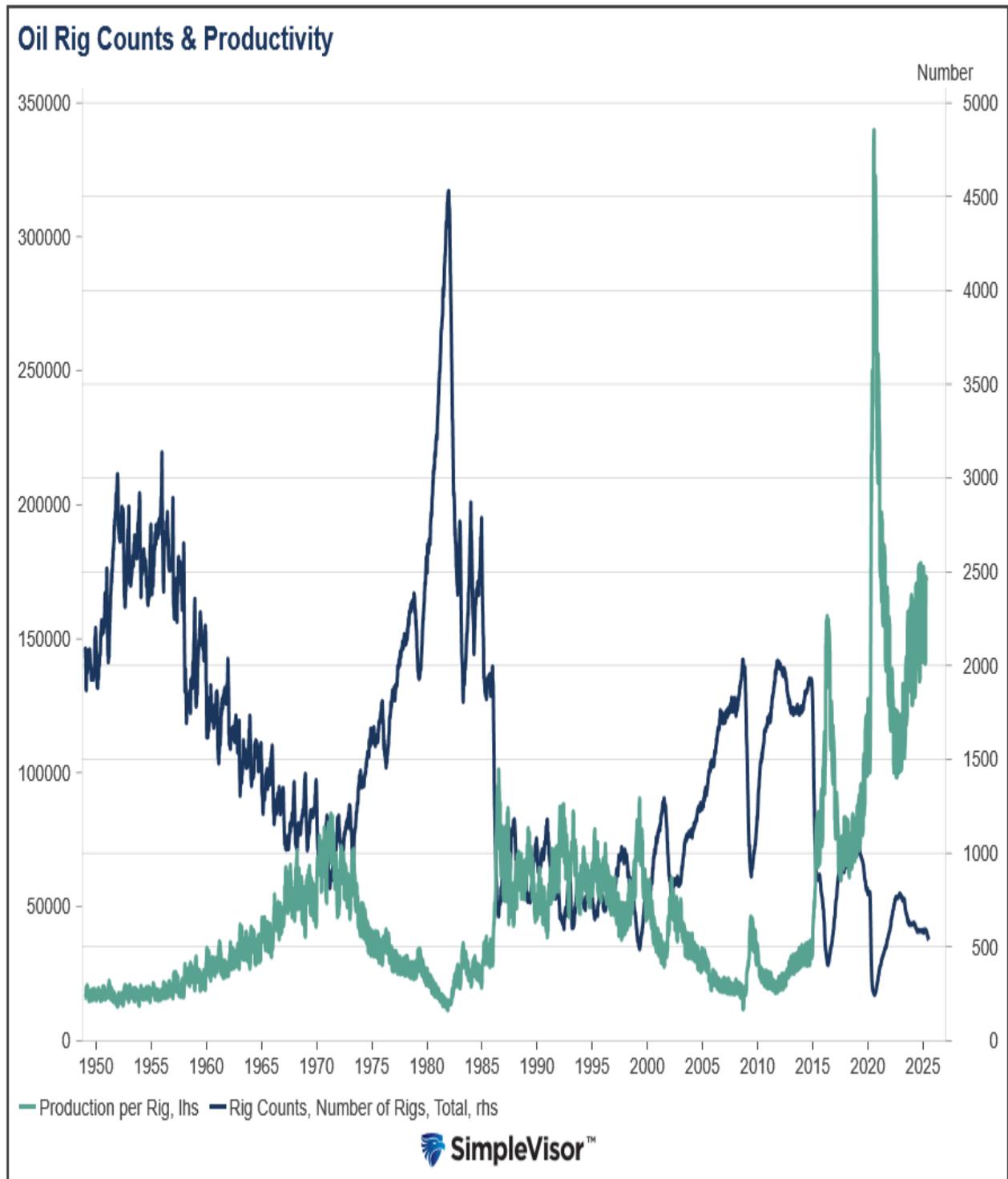
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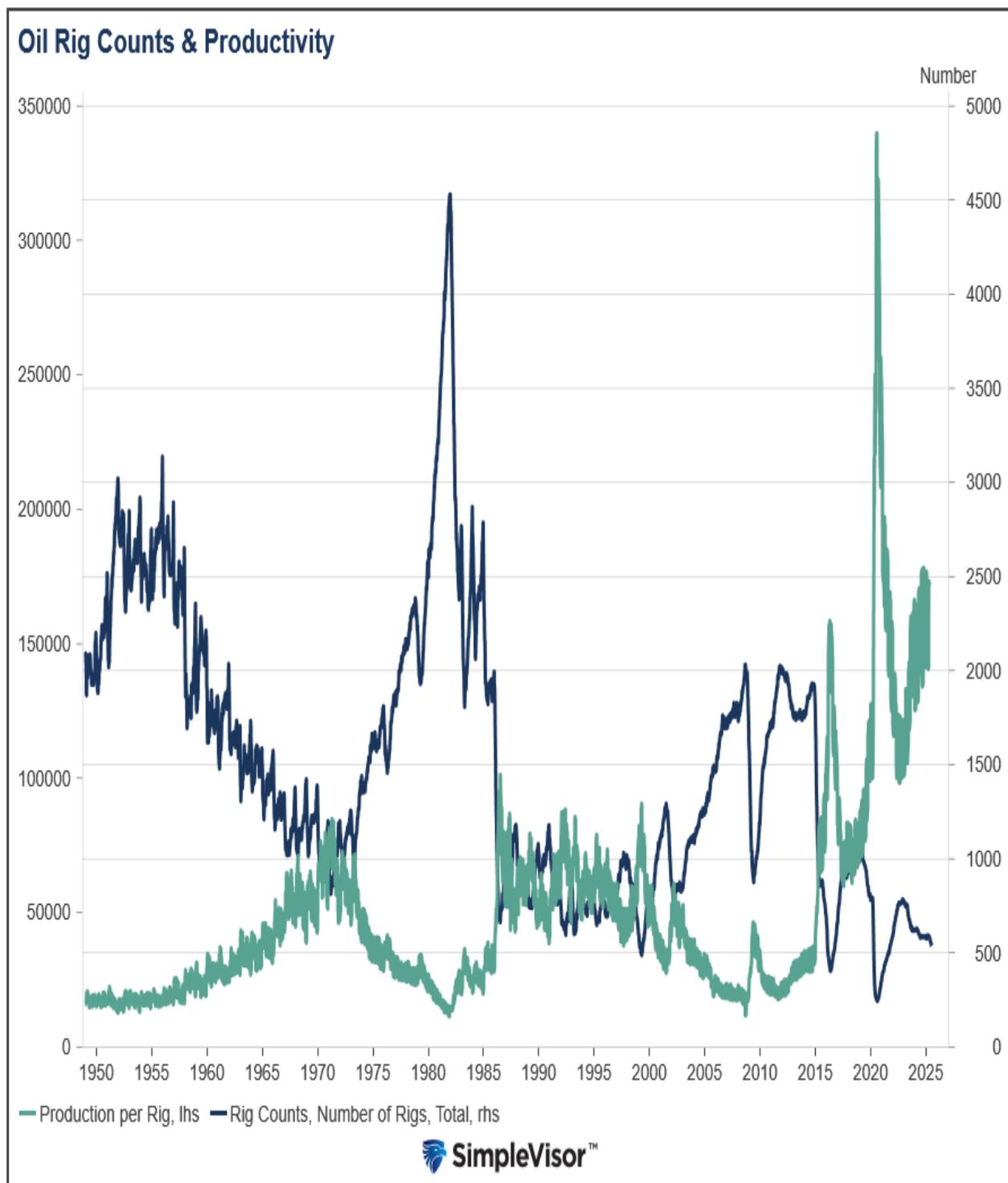
Oil Rig Counts Are Plummeting: Is It A Problem?

With weak oil prices and President Trump's *Drill Baby Drill* mantra, oil rig counts are falling. Such a correlation is expected, as the number of oil rigs typically correlates with oil prices, representing profitability for drillers. Year-to-date, the number of rigs, as reported by Baker Hughes, has declined by 9%. Therefore, one would also expect oil production in the US to fall by a similar amount. Despite what may seem obvious, oil production has only declined marginally year to date.

Often overlooked when people draw assumptions about oil production based on rig counts is the productivity of oil rigs. The graph below shows that rig counts are not far off from a 75-year low. However, the oil production per rig is steadily increasing. The productivity is the result of shale oil, which is cheaper to drill than conventional oil, and improving technology. The graph below shows that rig count productivity is soaring, helping offset the loss of production due to lower rig counts.

For example, in the first week of 2015, there were 1811 rigs. At that time, we were producing approximately 70 million barrels per day. Today, the rig count is only 537, but we are producing about 95 million barrels per day.





How A Risk Managed Investment Strategy Reduces Emotional Decision Making

A [risk-managed investment strategy](#) is a disciplined, proactive framework that aims to minimize downside exposure while still positioning your portfolio for long-term growth. It contrasts traditional ?buy and hold? strategies, which may leave investors overly exposed during market downturns.

At its core, a risk-managed strategy seeks to remove emotion from investing. Rather than making reactive decisions based on headlines, gut feelings, or market noise, this approach is grounded in objective analysis and systematic processes.

Here?s what a comprehensive risk-managed investment strategy typically includes:

- **Market Indicators and Economic Data:** The foundation of any smart investment plan is solid data. Risk-managed strategies rely on real-time market trends, economic forecasts, and technical signals to guide decision-making. This could include indicators like interest rate movements, inflation trends, momentum shifts, and sector performance.
- **Rebalancing Rules and Allocation Models:** Over time, market fluctuations can skew your asset mix away from its intended targets. Risk-managed strategies use predetermined rules to regularly rebalance your portfolio, ensuring it stays aligned with your risk tolerance and long-term goals. This avoids overexposure to high-risk or underperforming asset classes.
- **Tactical Adjustments to Asset Mix:** Unlike static asset allocation models, risk-managed strategies are **dynamic**. They allow for tactical shifts in portfolio weightings based on changing conditions, such as moving more heavily into cash or defensive positions during downturns and reallocating into growth opportunities during recovery periods.
- **Predefined Exit and Entry Points:** Emotional investing often leads to impulsive buying and selling. By establishing clear entry and exit points in advance, based on quantitative models, risk-managed strategies remove ambiguity and help you act with confidence, even when markets become chaotic.

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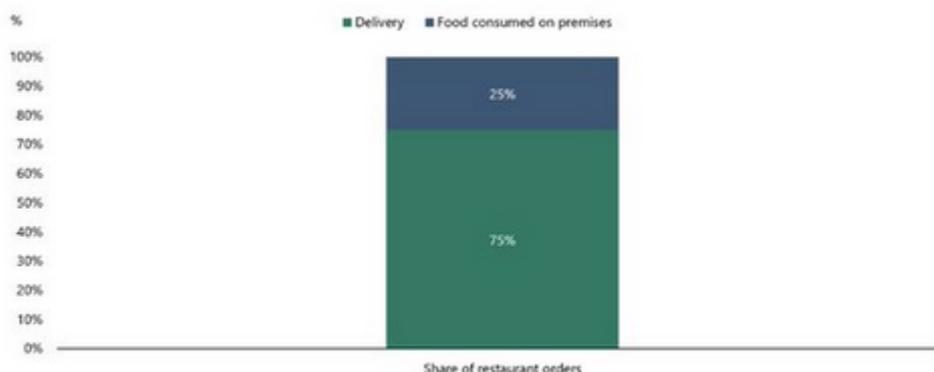
Everything about this is just wrong. Another super interesting chart from Dr Torsten Slok

July 15, 2025

75% of Restaurant Orders Are Delivery Orders

Only 25% of meals sold by restaurants are consumed on premises. The remaining 75% are delivery orders, see chart below and [here](#).

75% of restaurant orders are delivery orders



Sources: National Restaurant Association – [From Trend to Transformation: Off-Premises Dining Now Essential for Restaurant Consumers, Operators](#), Apollo Chief Economist



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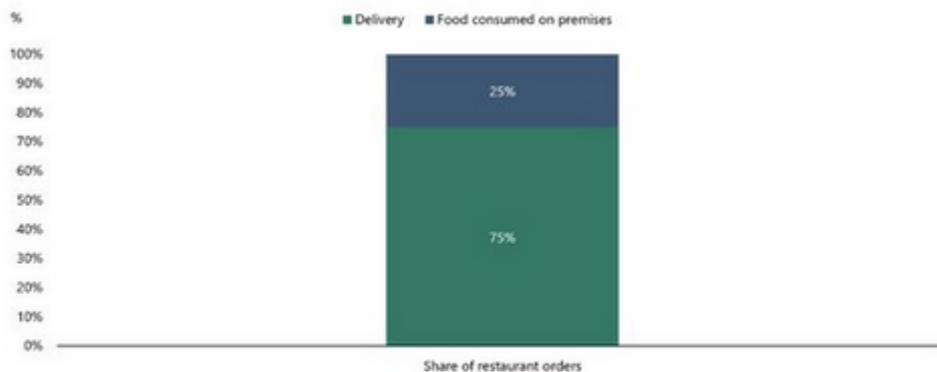
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