

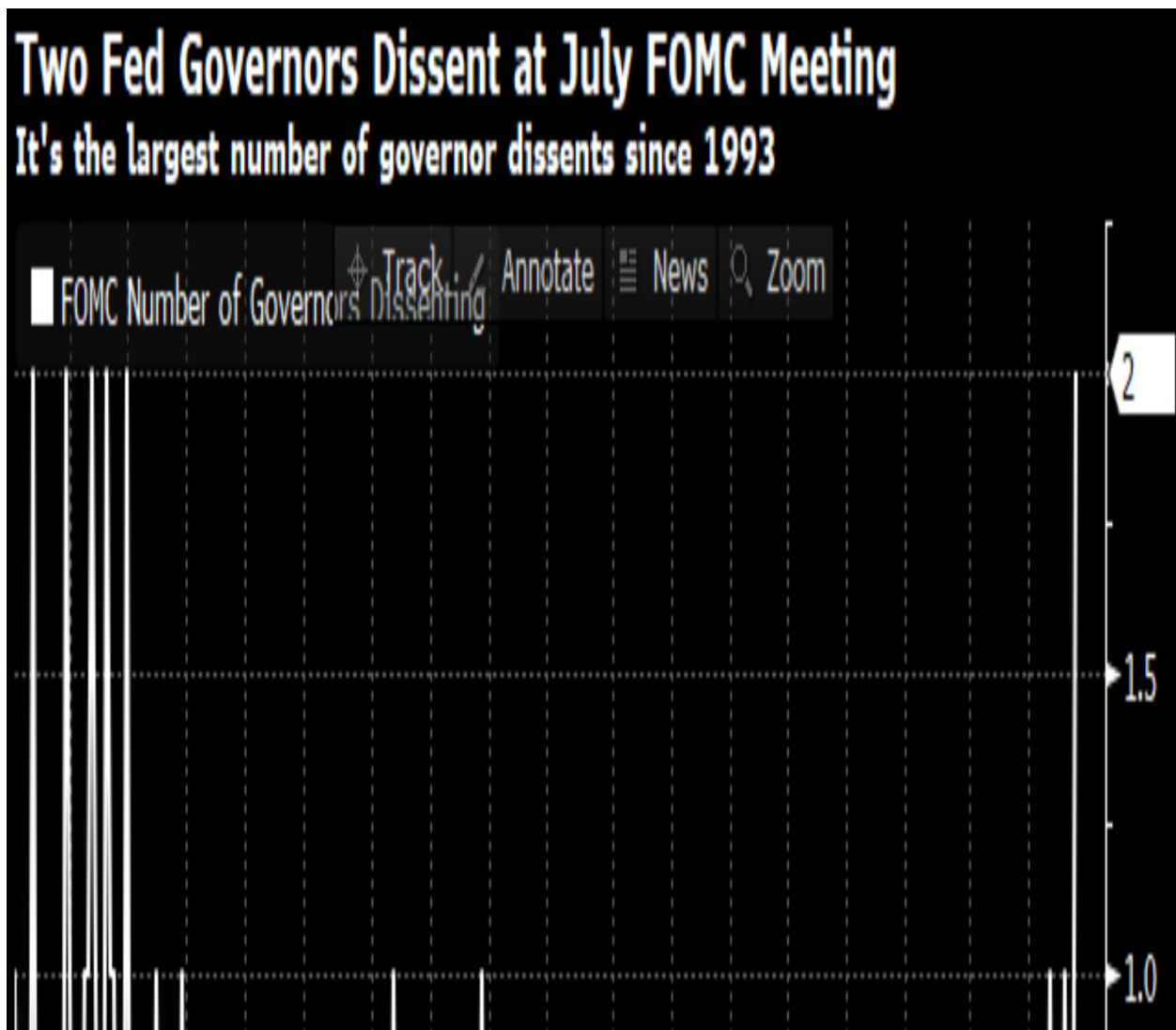
Dissent In The Fed Ranks

December 2024 marked the second-to-last time there was a dissent by an FOMC voting member. The dissent, at the time, was a sole vote by Jefferey Schmid against cutting rates. The last dissent was yesterday. While the Fed voted to maintain the Fed Funds rate at 4.25-4.50%, Michelle Bowman and Christopher Wallace cast dissenting votes in favor of reducing rates. Such was the first time two members dissented since 1993, as shown below. The two dissenting votes at yesterday's meeting inform us that the tide is turning, and the rationales for not curing rates are fading.

The Fed made two changes to its statement from six weeks ago as follows:

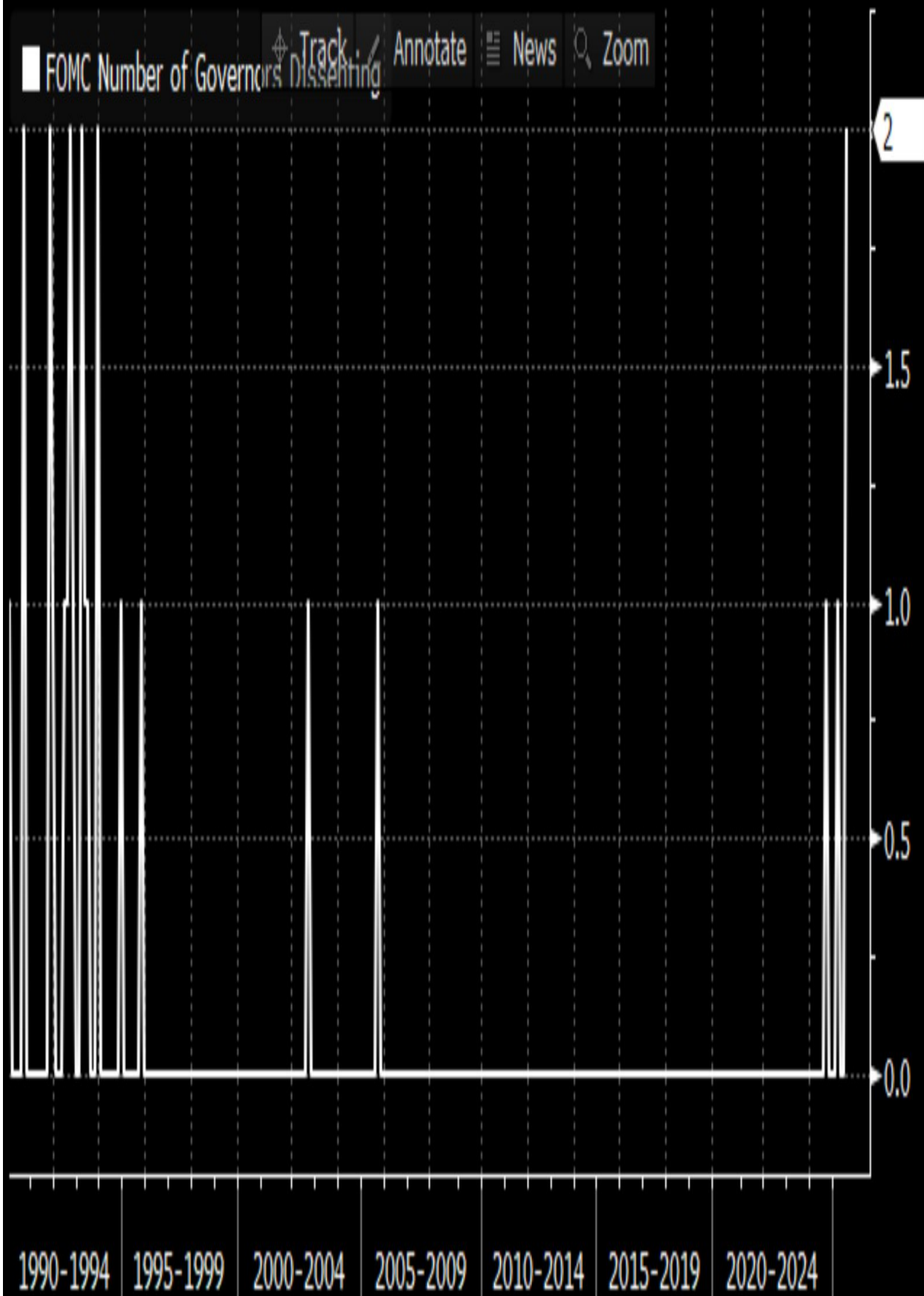
- Replaced *economic activity has continued to expand at a solid pace* with *growth of economic activity moderated in the first half of the year*
- Removed *diminished* from *uncertainty about economic outlook has diminished but remains elevated*

In our opinion, the changes to the statement and the dissent votes point to slightly more dovish messaging by the Fed. Based on the market reaction, the markets do not agree with our take. In a section below, we share some quotes and commentary from Powell's press conference.



Two Fed Governors Dissent at July FOMC Meeting

It's the largest number of governor dissents since 1993



Source: Federal Reserve

Bloomberg

What To Watch Today













Earnings

Thursday Jul 31	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
Apple AAPL.US		1.42	1.40		88.93B	85.8B	\$3.19T	Q3	PM	★	🔔
Amazon AMZN.US		1.32	1.26		161.87B	147.98B	\$2T	Q2	PM	★	🔔
Mastercard MA.US		4.02	3.59		7.94B	7B	\$524.43B	Q2	AM	★	🔔
AbbVie ABBV.US		3.21	2.65		14.95B	14.46B	\$350.71B	Q2	AM	★	🔔
S&P Global SPGL.US		4.14	4.04		3.65B	3.55B	\$162.9B	Q2	AM	★	🔔
Stryker SYK.US		3.07	2.81		5.93B	5.4B	\$145.11B	Q2	PM	★	🔔
Comcast CMCSA.US		1.18	1.21		29.81B	29.69B	\$135.88B	Q2	AM	★	🔔
Vertex Pharmaceuticals VRTX		4.32	-12.83		2.9B	2.65B	\$130.13B	Q2	PM	★	🔔
Bristol-Myers Squibb BMY.US		1.68	2.07		11.3B	12.2B	\$102.5B	Q2	AM	★	🔔
KKR KKR.US		1.15	1.09		1.76B	1.73B	\$101.59B	Q2	AM	★	🔔
Intercontinental Exchange IC		1.73	1.52		2.5B	2.3B	\$99.64B	Q2	AM	★	🔔
Southern SO.US		1.01	1.10		6.79B	6.46B	\$99.39B	Q2	AM	★	🔔
KLA-Tencor KLAC.US		8.53	6.60		3.07B	2.57B	\$93.66B	Q4	PM	★	🔔
Duke Energy DUK.US		1.23	1.18		7.21B	7.17B	\$92.89B	Q2	AM	★	🔔
Cigna CI.US		7.14	6.72		62.37B	60.52B	\$92.69B	Q2	AM	★	🔔
Coinbase Global COIN.US		1.59	0.14		1.69B	1.4B	\$89.1B	Q2	PM	★	🔔
CVS Health CVS.US		1.48	1.83		95.03B	91.2B	\$85.11B	Q2	AM	★	🔔
Constellation Energy CEG.US		2.01	1.68		4.88B	5.48B	\$84.89B	Q2	AM	★	🔔
Arthur J. Gallagher AJG.US		2.40	2.26		3.22B	2.73B	\$82.78B	Q2	PM	★	🔔
Parker-Hannifin PH.US		7.12	6.77		5.12B	5.19B	\$79.27B	Q4	AM	★	🔔
Microstrategy MSTR.US		-0.11	-7.62		113.77M	111.44M	\$78.16B	Q2	PM	★	🔔
Howmet Aerospace HWM.US		0.86	0.44		2.01B	1.88B	\$74.29B	Q2	AM	★	🔔
Motorola Solutions Msi MSIU		3.47	3.24		2.77B	2.63B	\$67.32B	Q2	PM	★	🔔
Monster Beverage MNST.US		0.47	0.41		2.05B	1.9B	\$65.56B	Q2	PM	★	🔔
Roblox RBLX.US		-0.37	-0.32		1.18B	893.5M	\$65.43B	Q2	AM	★	🔔
Air Products & Chemicals AF		3.03	3.20		2.99B	2.99B	\$61.74B	Q3	AM	★	🔔
Cheniere Energy LNG.US		2.57	3.84		4.65B	3.25B	\$57.05B	Q2	AM	★	🔔
Atlassian TEAM.US		0.81	0.66		1,341M	1.13B	\$53.87B	Q4	PM	★	🔔
Sempra Energy SRE.US		0.89	0.89		3.16B	3.01B	\$48.64B	Q2	AM	★	🔔
Quanta Services PWR.US		2.47	1.90		6.56B	5.59B	\$47.07B	Q2	AM	★	🔔
Exelon EXC.US		0.47	0.47		5.4B	5.36B	\$46.24B	Q2	AM	★	🔔
Alnylam Pharmaceuticals AL		-0.73	0.56		630.29M	659.8M	\$41.53B	Q2	AM	★	🔔
Ametek AME.US		1.70	1.66		1.74B	1.73B	\$39.34B	Q2	AM	★	🔔
Xcel Energy XEL.US		0.66	0.54		3.22B	3.03B	\$39.27B	Q2	AM	★	🔔
PG&E PCG.US		0.36	0.31		6.38B	5.99B	\$36.12B	Q2	AM	★	🔔
Vulcan Materials VMC.US		2.66	2.35		2.22B	2.01B	\$35.73B	Q2	AM	★	🔔
ResMed RMD.US		2.48	2.08		1.33B	1.22B	\$35.39B	Q4	AM	★	🔔
Consolidated Edison ED.US		0.66	0.59		3.52B	3.22B	\$35.23B	Q2	PM	★	🔔
Targa Resources TROP.US		1.89	1.35		4.86B	3.56B	\$35.18B	Q2	AM	★	🔔
Ingersoll Rand IR.US		0.81	0.83		1.85B	1.81B	\$31.05B	Q2	PM	★	🔔

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Economy

Thursday July 31 2025			Actual	Previous	Consensus	Forecast		
06:30 AM	US	Challenger Job Cuts JUL		47.999K		71.0K		🔔
07:30 AM	US	Core PCE Price Index MoM JUN		0.2%		0.3%		🔔

Thursday July 31 2025			Actual	Previous	Consensus	Forecast	
06:30 AM	US	Challenger Job Cuts JUL		47,999K		71.0K	
07:30 AM	US	Core PCE Price Index MoM JUN		0.2%		0.3%	
07:30 AM	US	Personal Income MoM JUN		-0.4%		0.5%	
07:30 AM	US	Personal Spending MoM JUN		-0.1%		0.4%	
07:30 AM	US	Employment Cost - Benefits QoQ Q2		1.2%		1%	
07:30 AM	US	Employment Cost - Wages QoQ Q2		0.8%		0.8%	
07:30 AM	US	Employment Cost Index QoQ Q2		0.9%		0.8%	
07:30 AM	US	Initial Jobless Claims JUL/26					
07:30 AM	US	PCE Price Index MoM JUN		0.1%		0.3%	
07:30 AM	US	PCE Price Index YoY JUN		2.3%		2.5%	
07:30 AM	US	Continuing Jobless Claims JUL/19		1955K			
07:30 AM	US	Core PCE Price Index YoY JUN		2.7%		2.8%	
07:30 AM	US	Jobless Claims 4-week Average JUL/26					
08:45 AM	US	Chicago PMI JUL		40.4		43	

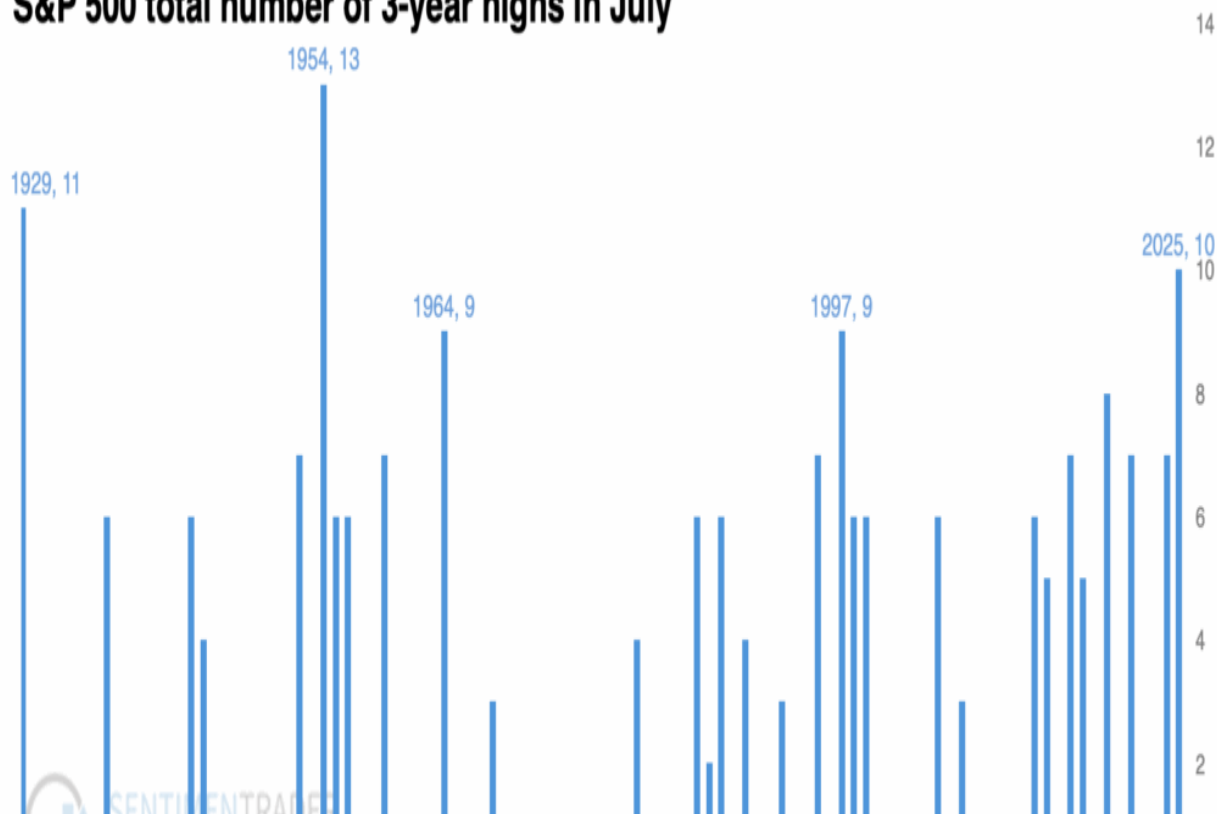
Market Trading Update

Yesterday, we touched on bonds and the dollar, which have both been building a base recently and could precede a reversal of recent weakness. Conversely, the stock market has had its 3rd best July since 1928.

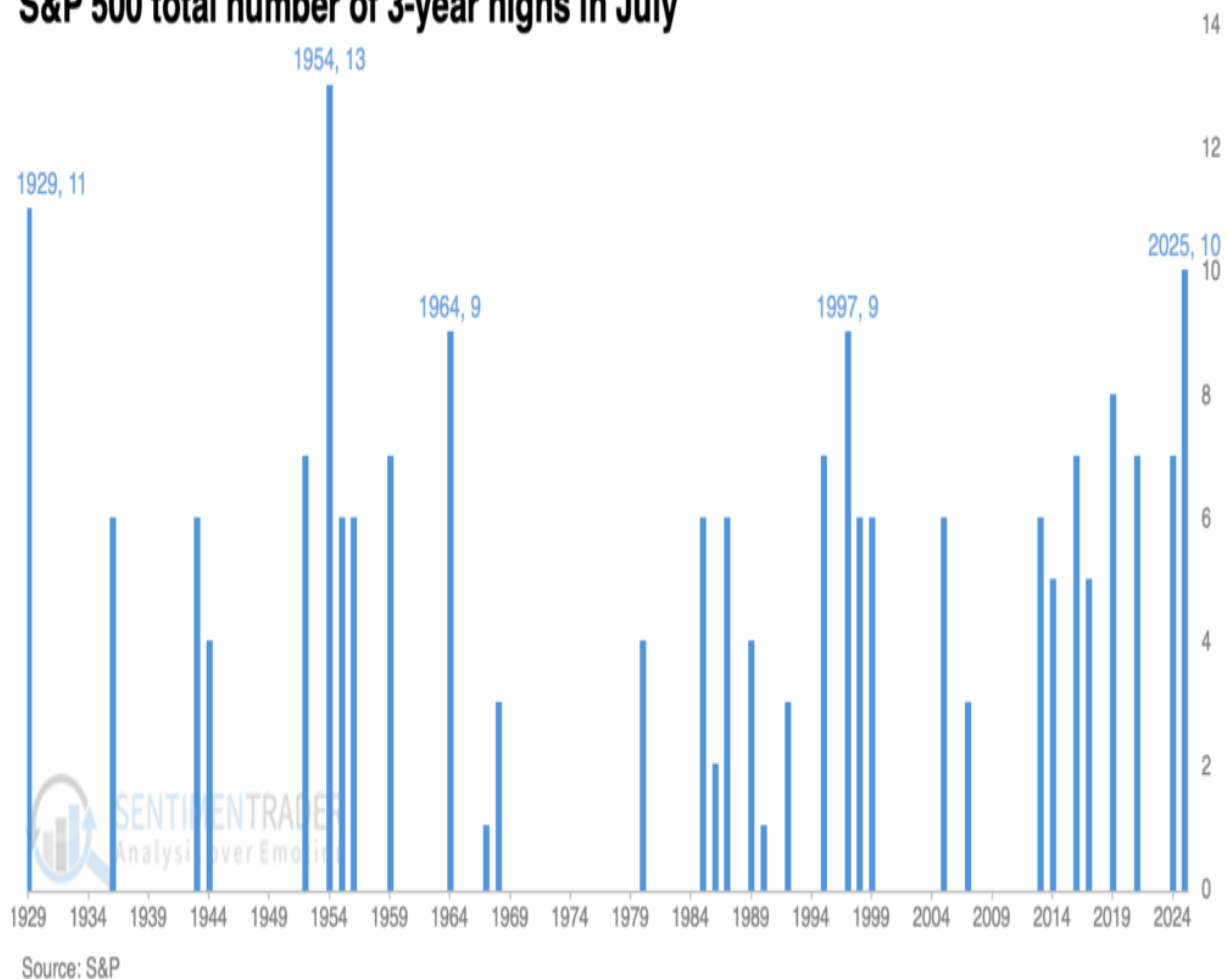
*?What a year to be an investor. In pretty much anything, at pretty much any time. Even during the dog days of summer. **It?s unusual for stocks to record so many multi-year highs in July.** With a week left and helped by six straight record closes, the S&P 500 has already carved out a place in history as one of the best Julys ever. Only two other years have witnessed so many highs during a traditionally slow month.??*

[Sentimentrader.com](https://www.sentimentrader.com)

S&P 500 total number of 3-year highs in July



S&P 500 total number of 3-year highs in July



The conclusion by Sentimentrader is that momentum has been momentous for some of the big, popular indices like the S&P 500 and Nasdaq Composite. As they note:

?That is usually a good sign, but a twist is when we're seeing it. It has been relatively unusual to see such significant clusters of multi-year highs in these indices at this time of year. As we head into some of the lowest-volume trading of the year in August, it has usually proved to be a good time for traders to take profits and relax on the beach. None of this suggests a sell signal, especially beyond the next month or so. It does indicate that the upside may be limited as buyers relax after an impressive month.?

I know that has become a tiring message over the last month as the market keeps grinding higher. Our instinct as investors is that when the market defies what *?should?* *?should?* happen, we tend to start convincing ourselves that it *?can?t?* or *?won?t?* happen. That is usually just about the time the market does something unexpected.

With markets turning in one of the best July performances ever and technical conditions overbought and extended, this setup bodes well for some caution in August and September, which tend to be weaker from a seasonality perspective.



Trade accordingly

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When Powell Speaks, Investors Listen

The following bullet points are from Jerome Powell's post-FOMC press conference:

- The economy is not acting like policy is restrictive; thus, according to Powell, current monetary policy seems appropriate. That said, he recognizes *"downside risks to the labor market are certainly apparent."*
- Labor market growth is slow, but it's tempered as the workforce shrinks due to immigration policies. Thus, Powell believes the labor market is *"balanced."*
- In regards to a potential September rate cut: *"We have made no decisions about the September meeting."*
- The dissent votes resulted in good discussions about monetary policy at the meeting.
- Powell thinks it's too early to evaluate how tariffs will impact inflation. He believes the process will be slower than they initially thought. He still thinks it's reasonable to assume these will be *"one-time price effects."* *"We will make sure this doesn't turn into serious inflation."*
- Services inflation is offsetting goods inflation due to tariffs.
- Interestingly, he said they *"could look through inflation by not hiking."* *"A pretty reasonable base case is that this will be a one-time price increase."*

The Fed Funds futures market trimmed the odds of a September rate cut from 68% to 47%. In other words, the market thinks the statement and press conference were slightly hawkish.

The High Beta Meltup: Echoes of 1999

In our recent article, ["The Magnificent Seven Are Mediocre,"](#) we pondered whether the stock market is entering a melt-up phase, where investors driven by extreme speculative behavior and hopes for exponential returns favor volatile stocks with high betas.

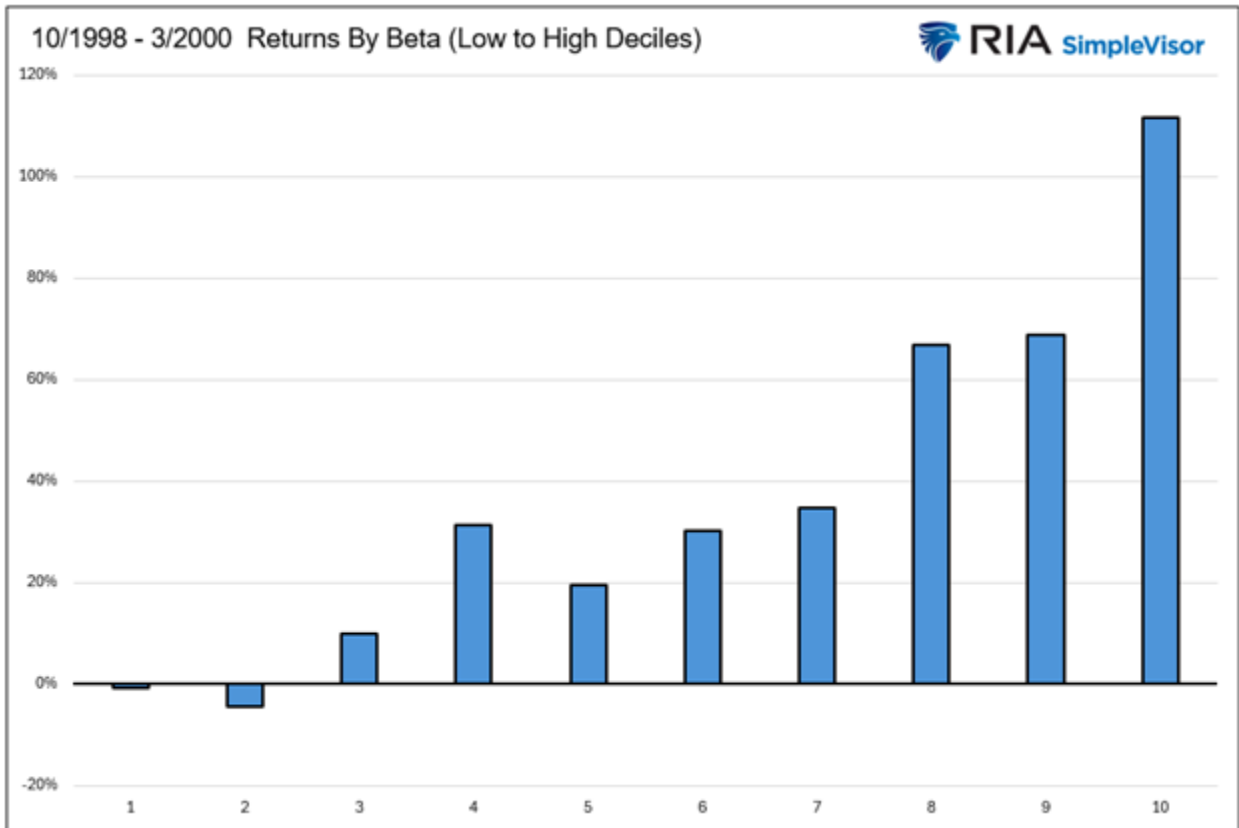
To be clear, we do not know whether we are in a melt-up phase. The market could simply be showing a short-term appetite for risk. Importantly, even if this is a melt-up phase, we don't know whether we are close to the end or if it still has plenty of gains ahead.

What we do know is that, starting from the April lows, the market's attitude toward riskier, more speculative activities has become much more intense. We also know this phase will eventually end. It could end with a broad market meltdown and a high beta bust, similar to the dot-com era. Alternatively, the broader stock indexes might hold up reasonably well as the lower beta, more value-oriented stocks offset the losses from the more speculative assets.

To help us better assess the situation, we review the 1999 dot-com melt-up for clues, as there are some striking similarities between then and today worth studying.

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Tweet of the Day



Nick Timiraos @NickTimiraos · 2h



Economists who translate the CPI and PPI into the PCE expect monthly core inflation firmed in June. BEA reports this on Thursday.

Core PCE estimate: +0.29% (highest since February), which would push the year-over-year to 2.8%

Headline PCE: +0.32% (y/y rises to 2.5%)

June PCE price index forecasts

	Headline		Core	
	m/m	y/y	m/m	y/y
Bank of America	0.34%	2.6%	0.31%	2.8%
Barclays	0.32%	2.5%	0.30%	2.8%
BNP Paribas	0.32%	2.6%	0.30%	2.8%
Citi			0.26%	2.7%
Deutsche Bank			0.30%	2.8%
Employ America	0.26%	2.5%	0.24%	2.7%
Goldman Sachs	0.28%	2.5%	0.25%	2.7%
Inflation Insights	0.32%	2.5%	0.29%	2.7%
JP Morgan	0.32%		0.30%	2.8%
Moody's Analytics	0.32%	2.5%	0.29%	2.8%
Morgan Stanley	0.30%	2.5%	0.27%	2.7%
Nomura	0.31%	2.6%	0.29%	2.8%
Pantheon Macroeconomics			0.28%	
UBS	0.30%	2.5%	0.28%	2.8%



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UBS	0.30%	2.5%	0.28%	2.8%
Underlying Inflation	0.31%	2.6%	0.29%	2.8%
Median forecast	0.32%	2.5%	0.29%	2.8%
<i>Previous month (May)</i>	<i>0.14%</i>	<i>2.3%</i>	<i>0.18%</i>	<i>2.7%</i>

Source: The Wall Street Journal

?Want to achieve better long-term success in managing your portfolio? Here are our [15-trading rules for managing market risks.](#)?

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