

## Trump Tests The Waters On Firing Powell

It appears President Trump set a test for the market to see what investors would think of him firing Jerome Powell. The bond and stock markets provided a swift answer to Trump's test. The test originated inconspicuously from a post on X by Florida Republican Anna Paulina Luna, who had been on the phone with Trump earlier that day. She tweeted the following in regards to Powell: *I'm 99% sure firing is imminent.* Minutes later, Bloomberg ran an article entitled: [\*\*\*Trump Likely to Fire Powell Soon, White House Official Says\*\*\*](#). 30-year bond futures, as shown below, fell by nearly 1.5 points as the rumors quickly spread through the market.

About an hour after the rumor started, Trump put an end to the test and reversed the adverse market reaction by saying:

*I don't rule out anything, but I think it's highly unlikely, unless he has to leave for fraud.*

Trump is very sensitive to market reactions and already believes that interest rates are too high. If he were to take the unprecedented action of firing Jerome Powell, interest rates could move higher, as we just got a preview of. Therefore, the rumor and rebuttal may have been a carefully choreographed action to judge how the bond market would react. Based on the sharp decline in bond prices, the answer is not very good. As we share below in today's Tweet of the Day, the stock market reaction was similar to the bond market.








## What To Watch Today

### Earnings

Friday Jul 18	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
<b>American Express</b> AXP:US	3.87	3.49		17.72B	16.3B		\$195.04B	Q2	AM
<b>Charles Schwab</b> SCHW:US	1.06	0.73		5.62B	4.69B		\$162.69B	Q2	AM
<b>3M</b> MMM:US	2.01	1.93		6.08B	6.3B		\$77.88B	Q2	AM
<b>Truist Financial</b> TFC:US	0.93	0.91		5.03B	5.02B		\$52.52B	Q2	AM
<b>Schlumberger</b> SLB:US	0.77	0.85		8.6B	9.14B		\$48.34B	Q2	AM
<b>Huntington Bancshares</b> HBAN:L	0.35	0.30		1.97B	1.82B		\$21.87B	Q2	AM
<b>Regions Financial</b> RF:US	0.56	0.53		1.86B	1.8B		\$19.41B	Q2	AM
<b>Ally Financial</b> ALLY:US	0.81	0.97		2.03B	2.04B		\$10.12B	Q2	AM
<b>Comerica</b> CMA:US	1.27	1.53		840.68M	824M		\$7.45B	Q2	AM
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### Economy

Friday July 18 2025	Actual	Previous	Consensus	Forecast
<b>07:30 AM</b> US Building Permits Prel JUN	1.394M	1.39M	1.37M	
<b>07:30 AM</b> US Housing Starts JUN	1.256M	1.30M	1.29M	
<b>07:30 AM</b> US Building Permits MoM Prel JUN	-2%		-1.7%	
<b>07:30 AM</b> US Housing Starts MoM JUN	-9.8%		2.7%	

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07:30 AM	US	Building Permits Prel JUN		1.394M	1.39M	1.37M	
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07:30 AM	US	Building Permits MoM Prel JUN		-2%		-1.7%	
07:30 AM	US	Housing Starts MoM JUN		-9.8%		2.7%	
09:00 AM	US	Michigan Consumer Sentiment Prel JUL		60.7	61.5	60.5	
09:00 AM	US	Michigan 5 Year Inflation Expectations Prel JUL		4%		4.0%	
09:00 AM	US	Michigan Consumer Expectations Prel JUL		58.1	55	58	
09:00 AM	US	Michigan Current Conditions Prel JUL		64.8	63.9	64.6	
09:00 AM	US	Michigan Inflation Expectations Prel JUL		5%		4.7%	

## Market Trading Update

Yesterday, we discussed the recent consolidation in the market near all-time highs and the potential for a retest of the 200-DMA, which would equate to about a 6% correction. As we have discussed previously, [?Sellers live higher. Buyers live lower.?](#)

*?The stock market is always a function of buyers and sellers, each negotiating to make a transaction. While there is a **buyer for every seller, the question is always at what price?**?*

*In the current bull market, few people are willing to sell, so buyers must keep bidding up prices to attract a seller to make a transaction. **As long as this remains the case and exuberance exceeds logic, buyers will continue to pay higher prices to get into the positions they want to own.***

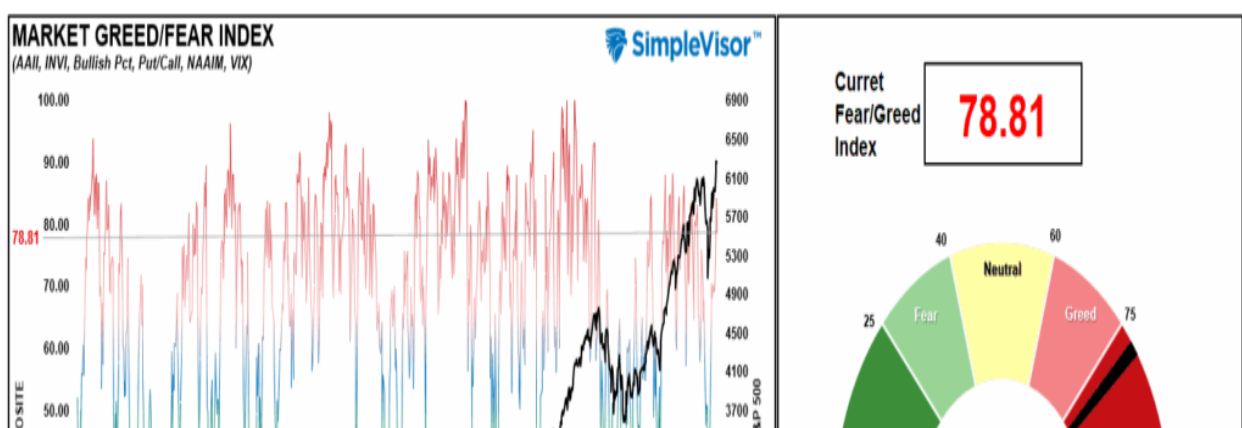
*Such is the very definition of the **greater fool theory.***

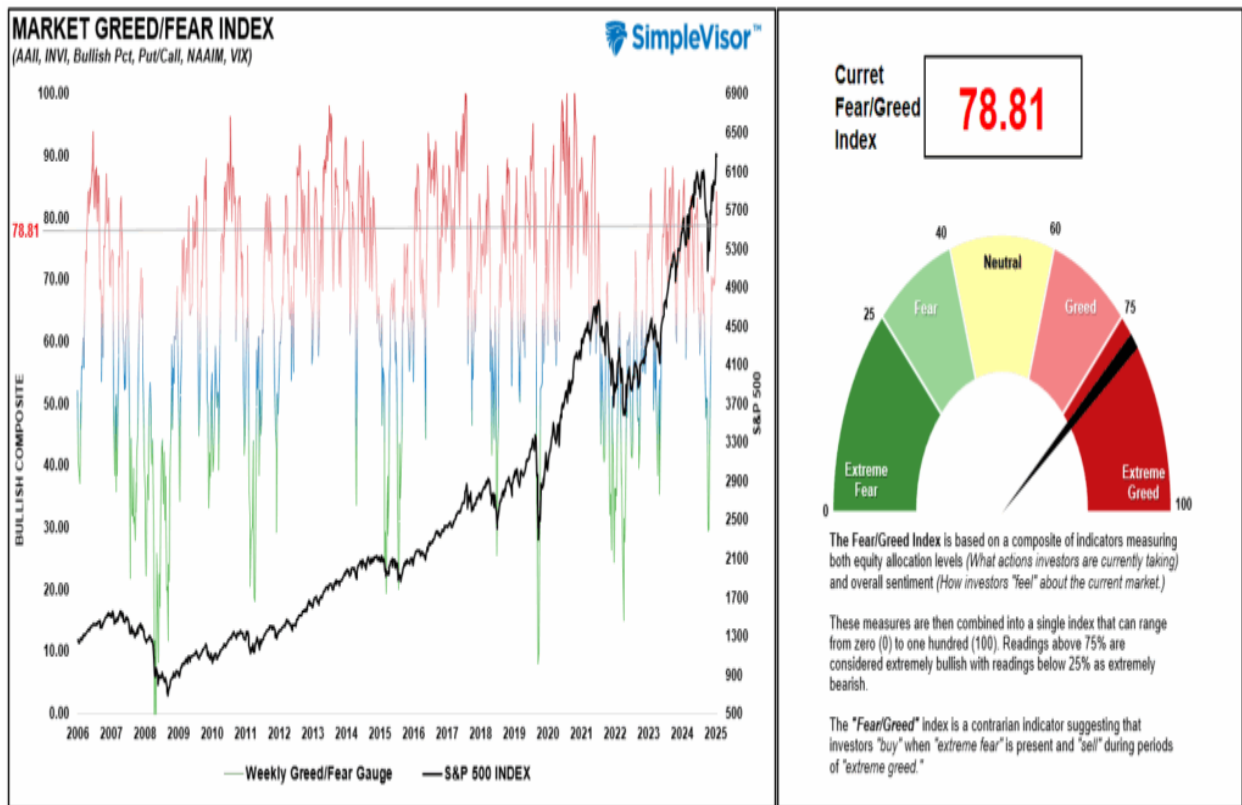
**However, at some point, for whatever reason, this dynamic will change.**

*Buyers will become more scarce as they refuse to pay a higher price. When sellers realize the change, they will rush to sell to a diminishing pool of buyers. Eventually, sellers will begin to **panic sell** as buyers evaporate and prices plunge.?*

We never know what will cause the market reversal, as it is always an *unexpected, exogenous shock* that causes the market to question forward earnings assumptions. When forward earnings come into question, market participants must rethink current valuations. Notably, if that event occurs when markets are excessively bullish, priced for perfection, and seemingly devoid of risk, the reversion tends to be more significant.

As we showed last weekend, investor sentiment is now at more extreme levels in terms of positioning.





Furthermore, as I noted on [?X?](#) yesterday, retail enthusiasm has become extreme.

*?#Retail?s share of total single-#stock #trading volume has reached 14%, the highest since at least 2018. This even surpasses the ~12% recorded during the #meme stock frenzy of 2020-2021. Individual investors? top holdings are Nvidia, Apple, and Tesla, at \$472 billion, \$284 billion, and \$256 billion, respectively. In other words, retail investors own over \$1 trillion in just 3 stocks.?*

### Retail activity has increased to the highest level since at least 2018



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While neither of these measures suggests an imminent *mean-reverting* event, they do indicate that the risk of one is rising. As such, we have spent the last couple of days rebalancing portfolio risk, changing our bond duration, and monitoring our remaining holdings.

We expect a correction over the next three months and will continue to actively manage portfolios accordingly.

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## Private Assets And Your 401K

According to [Bloomberg](#), an industry group is attempting to make private equity and debt investments an option in 401(k) plans. The leaders of the industry group happen to be the firms that generate massive profits from running private equity/debt funds. The group is selling these

riskier investments as a democratization of the capital markets. In other words, Mom and Pop investors can now access what was previously the domain of institutional and high-net-worth investors. The key for the group is to ensure that private investments meet the fiduciary guidelines required of 401K plans.

Private assets do tend to produce higher returns in large part because they are less liquid. However, with reduced liquidity comes risk. In addition to higher levels of risk comes disingenuous claims of low volatility. Unlike stocks and bonds, which have a current price at all times, many private assets are only priced once a quarter or even yearly. Furthermore, the prices are often very subjective. Thus, while the price of private assets may appear less volatile than that of stocks or bonds, the actual value of the asset may be significantly more volatile.

We think there is plenty of value in private assets, and for some individuals, investments in such assets may be worthwhile. However, with the chase to "democratize" private assets comes higher prices/lower prospective returns. Warren Buffett once said, "Price is what you pay, value is what you get." When assets get extended, as we are seeing in some private equity sectors, investors are paying higher prices in exchange for less value.

## The Power Of Tactical Analysis In Risk Management

A static approach to investing is not enough. While long-term strategies remain foundational, flexibility in execution is key to preserving wealth and maximizing returns. That's where tactical asset allocation comes in.

Tactical asset allocation is a hands-on investment strategy that allows advisors to actively shift portfolio allocations based on changing market conditions. It's not about abandoning long-term goals, it's about navigating toward them more intelligently. At RIA Advisors, we believe that risk-managed investing begins with thoughtful, timely, and strategic portfolio adjustments that reflect current realities without compromising future objectives.

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## Tweet of the Day

↻ Jennifer Ablan reposted



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### S&P 500

**6,252.72** ↑0.14% +8.96 Today



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1D 5D 1M 6M YTD 1Y 5Y MAX



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