



June 16, 2025

## A Correction Is Here

**We have been writing for the past few weeks that – after a 25% rally off its lows – the S&P 500 was overbought. Despite the strong jobs report, along with the very positive inflation data from the Consumer Price Index (CPI) and Producer Price Index (PPI), the equity market was not able to break out to new highs.**

When the market challenges record highs, it normally takes several attempts before finally breaking through. We are expecting a correction of about 5%. During a correction, bad news generally doesn't help the situation, and this time is no different. With Israel striking Iran last Thursday, oil prices have been driven sharply higher – and higher oil prices can negatively impact stocks prices. Why? Because if these higher prices are sustained, it might have a negative impact on corporate earnings. But if this spike in oil prices is only temporary, then we would just have a minor correction. We believe that oil prices will be contained and will derail neither the current bull trend nor the eventual move to new record highs in the market that we expect this summer.

## S&P 500 Could Test 100 & 200 Day Moving Averages





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## Nasdaq 100 Could Test 100 & 200 Day Moving Averages



## Oil Prices Surge – We Expect This Move To Be Temporary

The oil market is well supplied by OPEC+ and Saudi Arabia, but the fear of oil disruptions from the escalation of tensions in the Middle East has moved oil prices sharply higher. WTI Crude Oil has rallied as high as \$77 but has backed off and closed at \$73. This rally could move as high as \$80, a level with much resistance. So far, oil supplies have not been attacked in this conflict. If tensions continue between Israel and Iran, the worst move we expect at this time is a range of \$80-\$86. This latest Middle East tension is a fluid situation that we need to monitor closely – but currently, we don't expect the price surge in oil to derail the bull market trend.

## Crude Oil Price Rise Sharply: Resistance \$80-86





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## What History Tells Us About Middle East Oil Price Events

The accompanying table lists several past Middle East events that did and did not impact oil prices. War can directly affect oil prices because of the fear of a potential shortage of oil supplies. History shows that oil price surges that follow major geopolitical events tend to happen quickly – often within months – driving prices up by nearly 20% on average. Oil prices have already traded up 13% since Israel's airstrikes on Iran last Friday. As mentioned above, we believe the range WTI Crude Oil can surge to \$80-\$86. Israel has said the attacks could last up to 14 days, so we expect volatility to remain throughout the rest of June. In our view, stocks should get oversold, and we still expect a summer rally.

### OIL PRICE REACTION TO MAJOR MIDDLE EAST EVENTS SINCE 1980

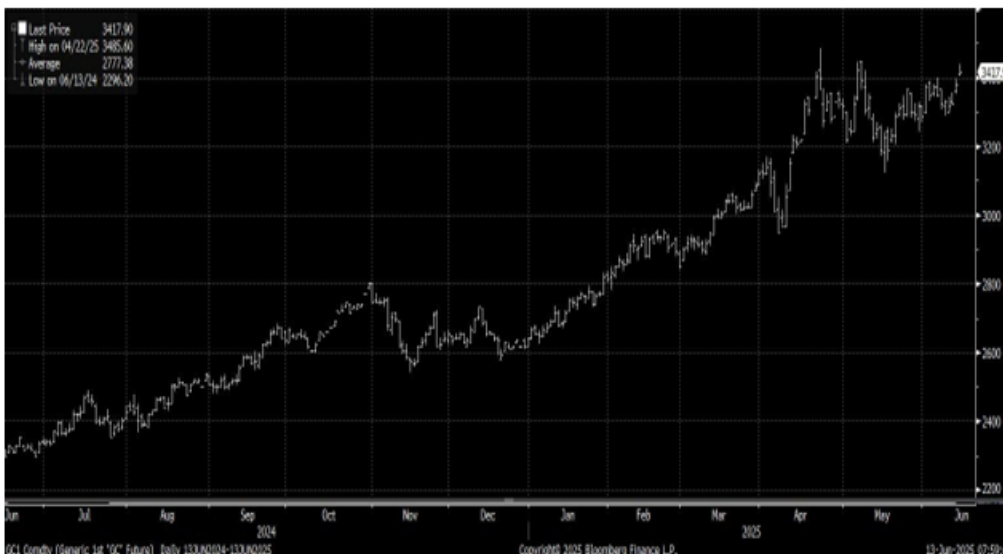
TIME PERIOD ↓	EVENT ↓	MONTHS TO PEAK ↓	PERCENTAGE CHANGE AT AT PEAK ↓
AUGUST 1990	Gulf War	2	32%
JUNE 2010	Gaza Flotilla Raid	6	18%
JUNE 1985	Flight 847 Hijack	5	14%
APRIL 2002	Operation Defensive Shield	5	13%
OCTOBER 1985	Operation Wooden Leg	1	4%
JUNE 1982	Lebanon War	3	2%
JULY 2006	Lebanon War	0	0%
JUNE 1981	Operation Opera	0	0%

Source: TD Securities

## Safe Havens Are Gold and Gold Miner Stocks

Historically, safe haven assets during times of disruption in the equity market are Gold and gold miner stocks. Last Friday we saw these assets perform well. We have been bullish on Gold and gold miner stocks. Our target for Gold remains \$4000.

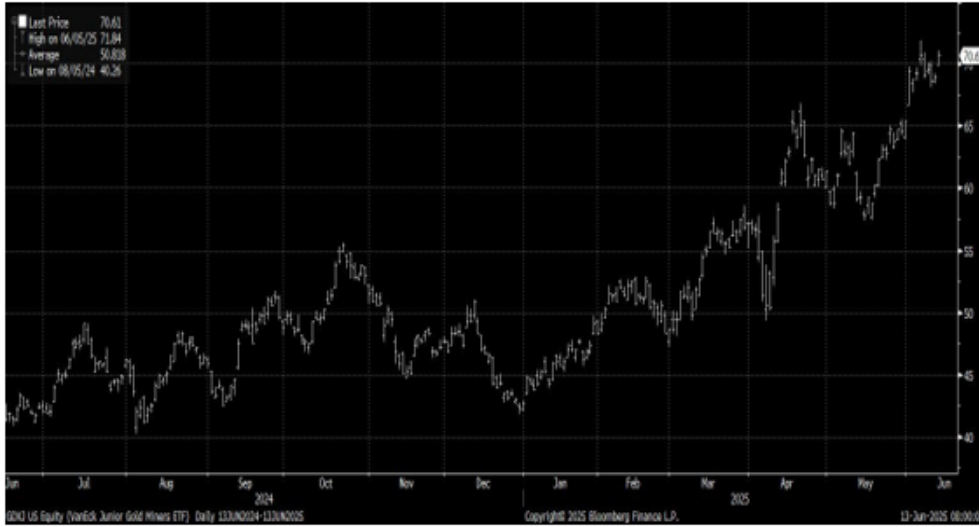
## Gold Breaking Out Targeting A Move Toward \$4000





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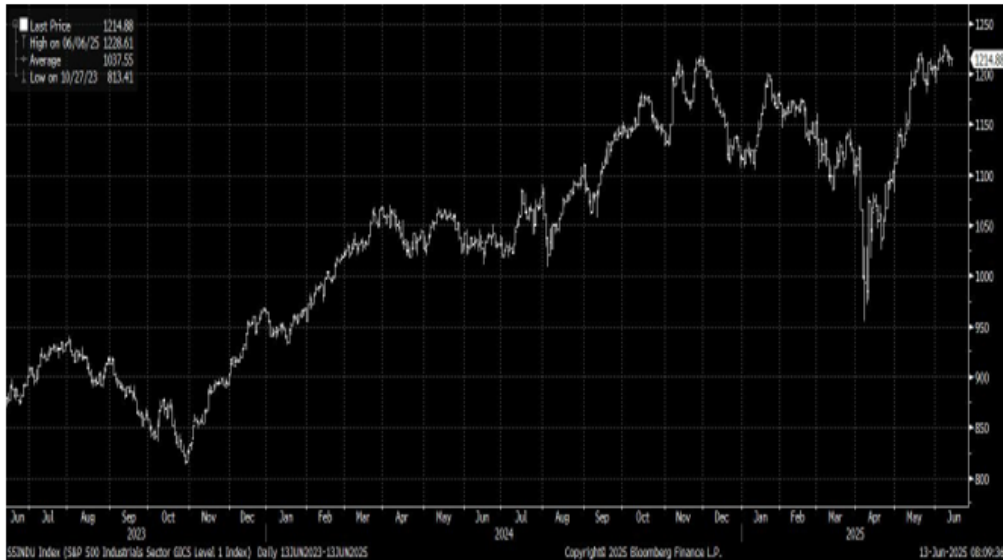
## VanEck Junior Gold Miner Stocks Breaking Out



## Industrials Attempting To Break Out

Industrials, which is a cyclical sector, reached a new record high last week. This would be confirmation that the U.S. economy is growing. As we noted in the Week Ahead of June 9th, the Atlanta GDPNow Tracker for Q2 read 3.8%. Industrials are benefiting from a strong infrastructure build-out with data centers and power (electrical and nuclear). Plus, Aerospace & Defense (also part of the Industrials sector) has been at record highs.

## S&P 500 Industrials Reaches Record Highs



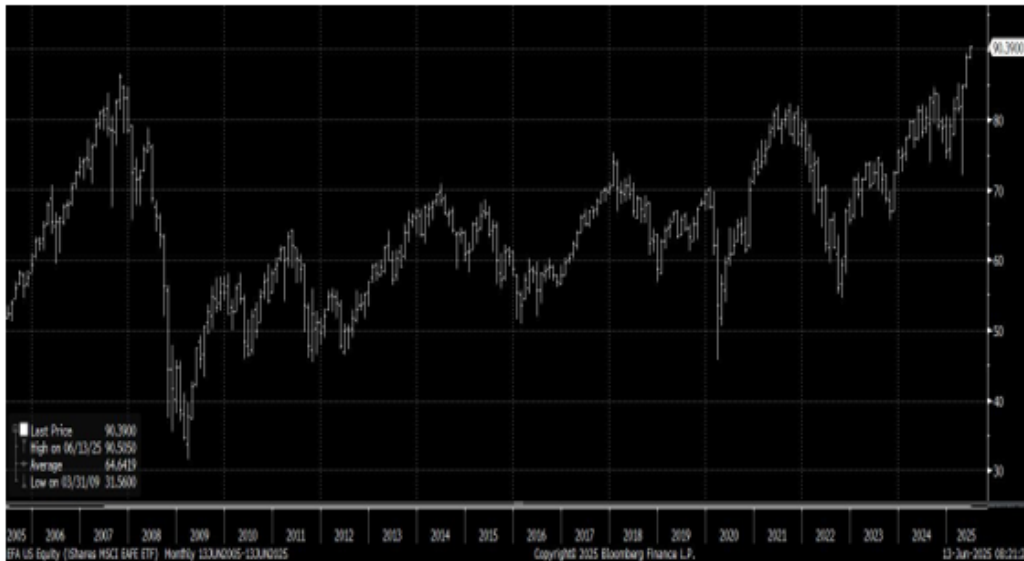


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## MSCI EAFE Reaches All-Time Record High: New Secular Bull Market

The MSCI EAFE index covers developed markets in Europe, Australasia, Israel and the Far East, and this index just broke to a record all-time high, taking out the 2007 high. This means that international markets are now in a new secular bull market. Despite the fear of global growth slowing, equity markets are pushing higher, indicating that corporate earnings will be strong. International markets remain cheaper than the U.S. on a price-earnings ratio with 17x vs. the U.S. at 23x.

## iShares MSCI EAFE (EFA) Breaks To All-Time High



## The Whole World Is In A Secular Bull Market... Amazing!

The Vanguard Total World ETF (VT) also hit a record all-time high. This confirms there is growth globally, and companies are generating revenues and earnings. This is an amazing time in history to have world markets in a secular bull market. We believe Artificial Intelligence (AI), robotics, blockchain and Web 3.0 are all having a profound positive impact on businesses and equity markets.

## Vanguard Total World ETF (VT): Record All-Time High







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## A Chart That Caught Our Eye

The chart caught our eye and the name caught our ear! This is BUZZ – that's the ticker for an ETF called VanEck Social Sentiment, which attempts to track the BUZZ NextGen AI U.S. Sentiment Leaders Index. It is heavily exposed to internet, software and semiconductor stocks, all areas of the market we currently favor. We expect this to be the leadership area of the market.

### VanEck Social Sentiment ETF (BUZZ)



## Last Week's News That Companies Are Looking At Stablecoins Is Confirmation The World Is Moving From Paper Currency And Coins To Digital!

### Stablecoins Surge as Retail Giants Reshape Payments

The exploration of stablecoins by both Walmart and Amazon signals a seismic shift in payments, potentially saving retailers like these giants \$14 billion annually in card fees, while accelerating global transactions. This move underscores stablecoins' growing dominance as a cost-efficient, high-speed alternative to traditional financial systems.

WSJ

## Walmart and Amazon Are Exploring Issuing Their Own Stablecoins

Corporate coins could take payments activity away from banks and the traditional financial system

June 13, 2025 5:30 am ET

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## Sector Readings: Communication Services Strongest, Health Care Weakest, Technology Still Improving

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1-10 with 1 being the strongest and 10 the weakest. Last week, Communication Services remained top-ranked, with Health Care remaining in last place and Technology still improving.

## Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Jun 13	Jun 6	May 30	May 23	May 16	May 9	May 2	Apr 25
Consumer Discretionary	6	6	4	5	3	7	7	7
Consumer Staples	7	7	7	6	7	3	3	1
Energy	9	10	10	10	10	10	11	9
Financials	5	3	2	4	1	1	1	3
Health Care	11	11	11	11	11	11	10	8
Industrials	3	2	3	2	2	4	5	5
Information Technology	2	4	6	7	6	8	8	10
Materials	8	9	9	8	9	9	9	11
Communication Services	1	1	1	1	4	5	4	4
Utilities	4	5	5	3	5	2	2	2
Real Estate	10	8	8	9	8	6	6	6

Source: Bloomberg, Sanctuary Wealth, June 13, 2025

## OBOS List: Industrials Overbought While Health Care Oversold

This is our tactical sector rotation model using the S&P 500 GICs sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

## Sector Overbought / Oversold List as of 13 June 2025

rank	S&P Sector	normalized Oscillator
1	Industrials	1.0449 <i>Overbought</i>
2	Information Technology	0.8424 <i>Near Overbought</i>
3	Communication Services	0.4438 <i>Neutral</i>
4	Utilities	0.1842
5	Financials	0.1591
6	Consumer Discretionary	-0.0513 <i>Neutral</i>
7	Materials	-0.6994 <i>Near Oversold</i>
8	Real Estate	-0.7125
9	Consumer Staples	-0.7261
10	Energy	-0.8434
11	Health Care	-2.6150 <i>Oversold</i>

Source: Bloomberg, Sanctuary Wealth, June 13, 2025



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## Market Performance: Gold Remains The Best Performing Asset YTD Up 30.8%

	Last 6/13/2025	Month End 5/30/2025	Month to Date	Quarter End 3/31/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 6/13/2024	Year To Year
S&P 500	5976.97	5911.69	1.1%	5611.85	6.5%	5881.63	1.6%	5433.74	10.0%
NASDAQ Composite	19406.83	19113.77	1.5%	17299.29	12.2%	19310.79	0.5%	17667.56	9.8%
NASDAQ 100	526.96	519.11	1.5%	468.92	12.4%	511.23	3.1%	476.72	10.5%
Russell 2000	2100.51	2066.29	1.7%	2011.91	4.4%	2230.16	-5.8%	2038.91	3.0%
S&P Consumer Discretionary Sector	1707.72	1717.38	-0.6%	1575.40	8.4%	1831.16	-6.7%	1458.79	17.1%
S&P Consumer Staples Sector	892.67	917.35	-2.7%	892.71	0.0%	853.65	4.6%	817.99	9.1%
S&P Energy Sector	669.00	619.34	8.0%	715.75	-6.5%	654.85	2.2%	673.14	-0.6%
S&P Financial Sector	829.12	845.93	-2.0%	829.46	0.0%	804.44	3.1%	676.28	22.6%
S&P Health Care Sector	1582.28	1543.45	2.5%	1702.26	-7.0%	1604.75	-1.4%	1698.45	-6.8%
S&P Industrials Sector	1204.35	1207.31	-0.2%	1109.72	8.5%	1115.65	8.0%	1033.04	16.6%
S&P Information Technology Sector	4656.60	4524.41	2.9%	4019.98	15.8%	4609.52	1.0%	4367.00	6.6%
S&P Materials Sector	549.71	544.68	0.9%	541.98	1.4%	529.77	3.8%	563.80	-2.5%
S&P Real Estate Sector	261.61	261.57	0.0%	262.90	-0.5%	255.92	2.2%	240.66	8.7%
S&P Communications Sector	360.88	352.61	2.3%	319.75	12.9%	341.66	5.6%	302.30	19.4%
S&P Utilities Sector	410.96	414.48	-0.8%	400.81	2.5%	384.95	6.8%	353.70	16.2%
S&P 500 Total Return	13202.26	13049.13	1.2%	12360.21	6.8%	12911.82	2.2%	11841.02	11.5%
3 month Treasury Bill Price	98.91	98.91	0.0%	98.93	0.0%	98.92	0.0%	98.65	0.3%
3 month Treasury Bill Total Return	261.98	261.55	0.2%	259.66	0.9%	256.97	1.9%	249.91	4.8%
10 Year Treasury Bond Future	110.61	110.75	-0.1%	111.22	-0.5%	108.75	1.7%	110.72	-0.1%
10 Year Treasury Note Total Return	304.59	304.47	0.0%	303.73	0.3%	293.94	3.6%	293.34	3.8%
iShares 20+ Year Treasury Bond ETF	86.33	86.28	0.1%	91.03	-5.2%	87.33	-1.1%	93.88	-8.0%
S&P Municipal Bond Total Return	276.24	275.70	0.2%	277.48	-0.4%	278.14	-0.7%	273.68	0.9%
iShares S&P National Municipal Bond NAV	103.76	103.89	-0.1%	105.21	-1.4%	106.40	-2.5%	106.89	-2.9%
S&P 500 Investment Grade Corporate Bond Total Return	477.51	475.34	0.5%	475.67	0.4%	465.24	2.6%	457.58	4.4%
S&P Investment Grade Corporate Bond	90.88	90.62	0.3%	91.30	-0.5%	90.28	0.7%	90.71	0.2%
S&P Investment Grade Corporate Bond Total Return	509.46	507.22	0.4%	507.15	0.5%	495.89	2.7%	486.51	4.7%
SPDR Bloomberg High Yield Bond ETF	95.70	95.91	-0.2%	95.30	0.4%	95.47	0.2%	94.53	1.2%
iShares iBoxx High Yield Corporate Bond ETF	79.36	79.57	-0.3%	78.89	0.6%	78.65	0.9%	77.36	2.6%
Gold	3432.34	3289.25	4.4%	3123.57	9.9%	2624.50	30.8%	2304.21	49.0%
Bitcoin	105472.51	104597.81	0.8%	82421.29	28.0%	93714.04	12.5%	66676.76	58.2%

Source: Bloomberg, Sanctuary Wealth, June 13, 2025

## A Short Week, But a Full Plate

**This week all eyes will be on the Middle East and oil prices.**

The oil market will likely dominate investor attention this week, as rising prices continue to pressure equities. If the market can move away from concerns about Middle East events, the focus may shift to the consumer as Retail sales data is being reported this week. There is also an FOMC (Federal Open Markets Committee) meeting on Wednesday, but the Fed has been clear on its direction and commitment to being data dependent. So, no one is expecting any movement in interest rates, and frankly we don't expect any surprising commentary to come from the meeting either. What could move markets, however, is the release of the updated dot plot, offering fresh clues on the direction of interest rate policy.

All that aside, it could be an unusual week for trading dynamics. Markets are closed Thursday for Juneteenth, a Federal holiday, which may lead to a lighter session on Friday as some might stretch the holiday into a four-day weekend. On the other hand, triple witching — when stock index futures, options, and individual stock options all expire — hits Friday, often triggering a spike in volume and volatility as positions are adjusted or rolled forward.





# Calendar

**Mon.**

8:30 am Empire State manufacturing survey  
Earnings Lennar\*

**Tue.**

8:30 am U.S. retail sales, Import price index  
9:15 am Industrial production, Capacity utilization  
10:00 am Business inventories, Home builder confidence index  
Earnings La-Z-Boy

**Wed.**

8:30 am Housing starts, Building permits, Initial jobless claims  
2:00 pm FOMC interest-rate decision  
2:30pm Fed Chair Powell press conference  
Earnings Korn/Ferry

**Thu.**

None scheduled, Juneteenth holiday

**Fri.**

8:30 am Philadelphia Fed manufacturing survey  
10:00 am Darden Restaurants, Accenture

\*Earnings reflect highlights  
Source: MarketWatch/Kiplinger's/CNBC

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