



June 23, 2025

Summer Correction To Summer Rally

We have been highlighting for a few weeks now that the U.S. equity markets were positioned to have a pullback in the order of 5%-7%.

We expect that the actions of the United States over the weekend to take out the nuclear capabilities of Iran should bring some volatility to the markets. As long as the supply of crude oil is not negatively impacted, the correction should be limited. We maintain that the technology of artificial intelligence (AI), robotics, Blockchain, and Web 3.0 are driving the growth and productivity of companies worldwide, leading to the world's equities being in a secular bull market. We maintain the S&P 500 target of 7200 over the next 12 months.

S&P 500 With Daily MAs, Stochastic, MACD And RSI





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Nasdaq 100 With MAs, Stochastic, MACD And RSI



Interest Rates Still Trending Down

Last week, the Federal Reserve (Fed) kept interest rates on hold despite inflation data falling significantly on the Consumer Price Index (CPI) and Producer Price Index (PPI). The Fed is most likely holding off on lowering interest rates due to the tariffs. The Fed minutes did show that they expect inflation to rise to 3% temporarily due to the tariffs, but they expect them to then fall back down.

We would expect yields to continue to trend down if the equity market does pull back. Support on the 2-year Treasury yield is 3.66% and, on the 10-year Treasury yield, it's 4.00%.

2-Year Treasury Yields With 200-Day Moving Average



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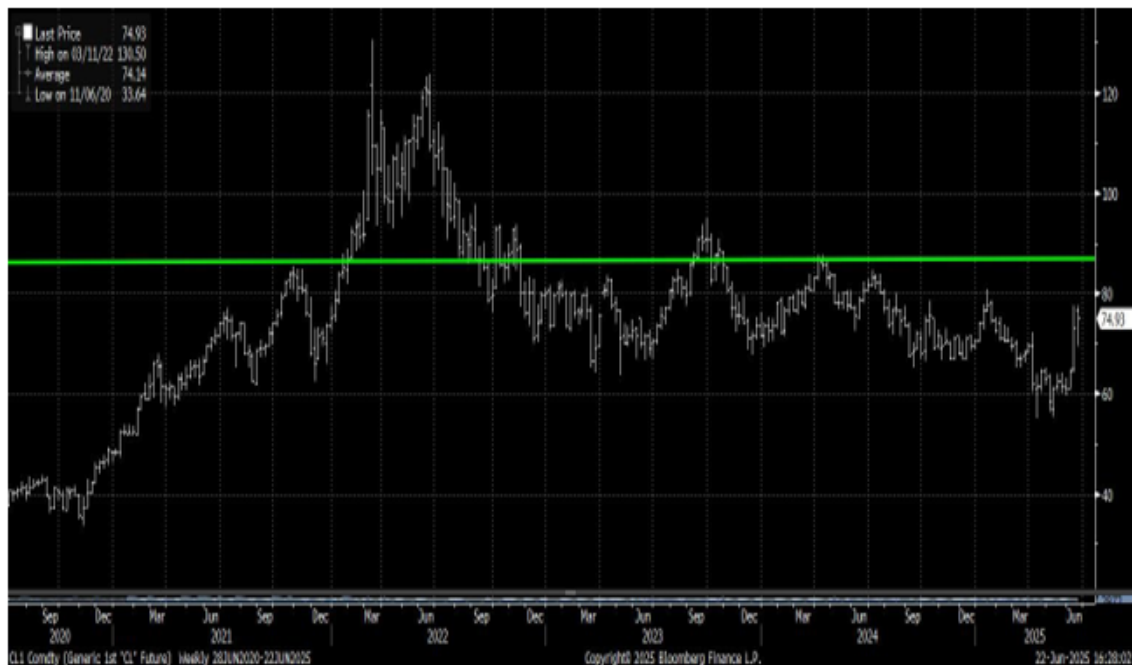
10-Year Treasury Yield With 200-Day Moving Average



Crude Oil Is The Slippery Part Of The Story

Following the U.S. attack on three Iranian nuclear sites, the world is watching (and waiting) any reactions that may occur in the region. Crude oil is likely to rally, but a sustained rally above \$86 could become problematic to equity markets. The highest price we think oil can go without too much disruption is in the \$86 area.

Crude Oil Prices Need To Trade And Hold Above \$86 To Cause Major Distribution





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What History Tells Us About Middle East Oil Price Events

Last week we first shared the accompanying table which lists several past Middle East events that did and did not impact oil prices. It's worth reviewing it again. 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. As mentioned above, we believe the range WTI Crude Oil can surge to the \$80-\$86 area.

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% |

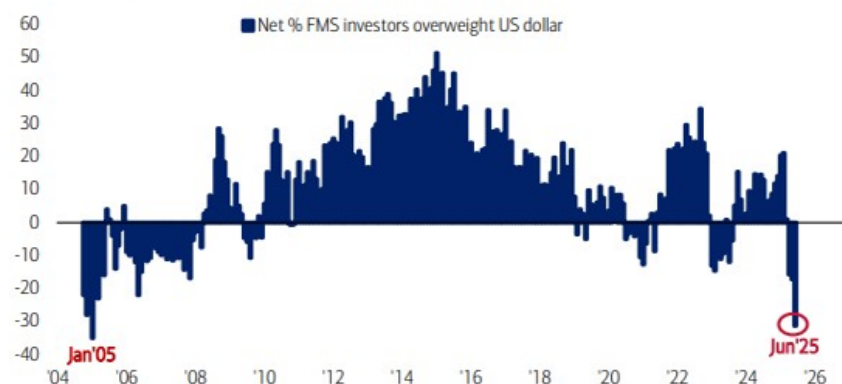
Source: TD Securities

US Dollar Most Underweight In 20 Years

The U.S. dollar is now the most underweight it's been in two decades, according to the Bank of America June Fund Manager Survey. From a contrarian perspective, that sets the stage for a potential U.S. dollar rally. This week, the key question is whether the dollar will reassert itself as a safe haven – and that's something the market is clearly not positioned for.

Chart 1: FMS most underweight the US dollar in 20 years

Net % FMS say they are overweight the US dollar



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH



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JPMorgan Launches A New Digital Currency, JPMD

In 2019, JPMorgan Chase (JPM) launched JPM Coin, a digital coin designed for wholesale payments. Now JPMorgan is piloting a new digital currency called JPMD, a “deposit token” tied to commercial bank deposits on a public blockchain. JPMD is different from the typical stablecoins like Tether or USDC, which usually represent a claim on U.S. Treasuries or other assets. JPMD is tied to deposits held at a bank, which would be covered by deposit insurance. Like JPM Coin, JPMD is primarily intended for institutional clients like corporations and banks rather than retail users.

Digital Currencies Enable Faster Transactions, Settlements, And Cross-Border Payments

≡ Bloomberg

JPMorgan to Pilot Deposit Token JPMD on Coinbase-Linked Blockchain

By [Anna Irrera](#) and [Olga Kharif](#)

June 17, 2025 at 1:50 PM CDT

Franklin Templeton Already Has Launched BENJI – A Tokenized Money Market Fund

The Franklin Templeton BENJI digital token provides blockchain-based access to a U.S. government money market fund, which currently manages approximately \$741 million in assets. Each BENJI token represents one share of the Franklin OnChain U.S. Government Money Fund (FOBXX), which invests in safe assets like U.S. Treasuries to aim for a stable \$1.00 price while earning daily yield. Introduced on April 6, 2021, it was the first U.S. registered mutual fund recorded on a public-chain technology (the Stellar blockchain). It's accessible through the BENJI Investments app, making it easy for investors to buy, hold, or transfer tokens – offering a modern twist on traditional investments with the security of a regulated fund. The token is available across multiple chains now including Polygon, Ethereum, Avalanche, Arbitrum, Base, and Aptos.

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Sector Readings: No Change As Communication Services Remains 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, Health Care remained in last place, and Technology continued to improve.

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

| | Jun 20 | Jun 13 | Jun 6 | May 30 | May 23 | May 16 | May 9 | May 2 |
|------------------------|--------|--------|-------|--------|--------|--------|-------|-------|
| Consumer Discretionary | 6 | 6 | 6 | 4 | 5 | 3 | 7 | 7 |
| Consumer Staples | 8 | 7 | 7 | 7 | 6 | 7 | 3 | 3 |
| Energy | 7 | 9 | 10 | 10 | 10 | 10 | 10 | 11 |
| Financials | 4 | 5 | 3 | 2 | 4 | 1 | 1 | 1 |
| Health Care | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 10 |
| Industrials | 3 | 3 | 2 | 3 | 2 | 2 | 4 | 5 |
| Information Technology | 2 | 2 | 4 | 6 | 7 | 6 | 8 | 8 |
| Materials | 9 | 8 | 9 | 9 | 8 | 9 | 9 | 9 |
| Communication Services | 1 | 1 | 1 | 1 | 1 | 4 | 5 | 4 |
| Utilities | 5 | 4 | 5 | 5 | 3 | 5 | 2 | 2 |
| Real Estate | 10 | 10 | 8 | 8 | 9 | 8 | 6 | 6 |

Source: Bloomberg, Sanctuary Wealth, June 20, 2025

OBOS List: Information Technology And Industrials Near Overbought, 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 20 June 2025

| rank | S&P Sector | normalized Oscillator |
|------|------------------------|-------------------------------|
| 1 | Information Technology | 0.8602 |
| 2 | Industrials | 0.7289 <i>Near Overbought</i> |
| 3 | Communication Services | 0.5751 <i>Neutral</i> |
| 4 | Consumer Discretionary | 0.3912 |
| 5 | Utilities | -0.3334 |
| 6 | Financials | -0.3628 |
| 7 | Consumer Staples | -0.4966 <i>Neutral</i> |
| 8 | Real Estate | -0.6437 <i>Near Oversold</i> |
| 9 | Materials | -0.7333 |
| 10 | Energy | -0.7381 |
| 11 | Health Care | -2.2100 <i>Oversold</i> |

Source: Bloomberg, Sanctuary Wealth, June 20, 2025



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Market Performance: Gold Still The Best Performing Asset Year To Date

| | Last 6/20/2025 | 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 6/20/2024 | Year To Year |
|--|-------------------|---------------------------|---------------------|-----------------------------|-----------------------|---------------------------|--------------------|--------------------------|--------------------|
| S&P 500 | 5967.84 | 5911.69 | 0.9% | 5611.85 | 6.3% | 5881.63 | 1.5% | 5473.17 | 9.0% |
| NASDAQ Composite | 19447.41 | 19113.77 | 1.7% | 17299.29 | 12.4% | 19310.79 | 0.7% | 17721.59 | 9.7% |
| NASDAQ 100 | 526.83 | 519.11 | 1.5% | 468.92 | 12.3% | 511.23 | 3.1% | 481.47 | 9.4% |
| Russell 2000 | 2109.27 | 2066.29 | 2.1% | 2011.91 | 4.8% | 2230.16 | -5.4% | 2017.39 | 4.6% |
| S&P Consumer Discretionary Sector | 1695.04 | 1717.38 | -1.3% | 1575.40 | 7.6% | 1831.16 | -7.4% | 1470.36 | 15.3% |
| S&P Consumer Staples Sector | 890.42 | 917.35 | -2.9% | 892.71 | -0.3% | 853.65 | 4.3% | 825.12 | 7.9% |
| S&P Energy Sector | 676.35 | 619.34 | 9.2% | 715.75 | -5.5% | 654.85 | 3.3% | 684.65 | -1.2% |
| S&P Financial Sector | 835.80 | 845.93 | -1.2% | 829.46 | 0.8% | 804.44 | 3.9% | 687.89 | 21.5% |
| S&P Health Care Sector | 1540.18 | 1543.45 | -0.2% | 1702.26 | -9.5% | 1604.75 | -4.0% | 1701.38 | -9.5% |
| S&P Industrials Sector | 1202.40 | 1207.31 | -0.4% | 1109.72 | 8.4% | 1115.65 | 7.8% | 1039.62 | 15.7% |
| S&P Information Technology Sector | 4697.75 | 4524.41 | 3.8% | 4019.98 | 16.9% | 4609.52 | 1.9% | 4397.08 | 6.8% |
| S&P Materials Sector | 543.04 | 544.68 | -0.3% | 541.98 | 0.2% | 529.77 | 2.5% | 562.34 | -3.4% |
| S&P Real Estate Sector | 260.71 | 261.57 | -0.3% | 262.90 | -0.8% | 255.92 | 1.9% | 238.87 | 9.1% |
| S&P Communications Sector | 354.65 | 352.61 | 0.6% | 319.75 | 10.9% | 341.66 | 3.8% | 304.31 | 16.5% |
| S&P Utilities Sector | 407.66 | 414.48 | -1.6% | 400.81 | 1.7% | 384.95 | 5.9% | 351.95 | 15.8% |
| S&P 500 Total Return | 13185.84 | 13049.13 | 1.0% | 12360.21 | 6.7% | 12911.82 | 2.1% | 11931.80 | 10.5% |
| 3 month Treasury Bill Price | 98.92 | 98.91 | 0.0% | 98.93 | 0.0% | 98.92 | 0.0% | 98.66 | 0.3% |
| 3 month Treasury Bill Total Return | 262.19 | 261.55 | 0.2% | 259.66 | 1.0% | 256.97 | 2.0% | 250.17 | 4.8% |
| 10 Year Treasury Bond Future | 110.98 | 110.75 | 0.2% | 111.22 | -0.2% | 108.75 | 2.1% | 110.55 | 0.4% |
| 10 Year Treasury Note Total Return | 305.88 | 304.47 | 0.5% | 303.73 | 0.7% | 293.94 | 4.1% | 293.18 | 4.3% |
| iShares 20+ Year Treasury Bond ETF | 86.49 | 86.28 | 0.2% | 91.03 | -5.0% | 87.33 | -1.0% | 93.96 | -8.0% |
| S&P Municipal Bond Total Return | 276.62 | 275.70 | 0.3% | 277.48 | -0.3% | 278.14 | -0.5% | 273.93 | 1.0% |
| iShares S&P National Municipal Bond NAV | 103.90 | 103.89 | 0.0% | 105.21 | -1.2% | 106.40 | -2.3% | 106.93 | -2.8% |
| S&P 500 Investment Grade Corporate Bond Total Return | 478.01 | 475.34 | 0.6% | 475.67 | 0.5% | 465.24 | 2.7% | 456.55 | 4.7% |
| S&P Investment Grade Corporate Bond | 90.91 | 90.62 | 0.3% | 91.30 | -0.4% | 90.28 | 0.7% | 90.46 | 0.5% |
| S&P Investment Grade Corporate Bond Total Return | 510.09 | 507.22 | 0.6% | 507.15 | 0.6% | 495.89 | 2.9% | 485.55 | 5.1% |
| SPDR Bloomberg High Yield Bond ETF | 96.23 | 95.91 | 0.3% | 95.30 | 1.0% | 95.47 | 0.8% | 94.47 | 1.9% |
| iShares iBoxx High Yield Corporate Bond ETF | 79.80 | 79.57 | 0.3% | 78.89 | 1.2% | 78.65 | 1.5% | 77.30 | 3.2% |
| Gold | 3368.39 | 3289.25 | 2.4% | 3123.57 | 7.8% | 2624.50 | 28.3% | 2360.09 | 42.7% |
| Bitcoin | 103721.91 | 104597.81 | -0.8% | 82421.29 | 25.8% | 93714.04 | 10.7% | 65060.38 | 59.4% |

Source: Bloomberg, Sanctuary Wealth, June 20, 2025

Praying Its Time For Peace Talks

This week, all will be watching to see if/how the bombing of nuclear plants in Iran changes the direction of markets.

Well, this is the question: What does the bombing of nuclear plants in Iran by the U.S. mean for global markets? The answer lies in crude oil prices. If prices remain contained, we expect a modest pullback of 5%-7% – which we had already expected. But a significant rise in oil price – say to \$90, or even past \$100 – would result in a deeper correction.

There is a slew of economic data being released this week, but the most important is the PCE (Core Personal Consumption Expenditures Price Index), the Fed's favorite inflation gauge. Why? Because now the market will worry about higher oil prices and what this means for the direction of interest rates later this year.



Calendar

Mon.

9:45 am S&P flash U.S. services PMI, S&P flash U.S. manufacturing PMI
10:00 am Existing home sales
Earnings KB Home*

Tue.

9:45 am S&P flash U.S. services PMI, S&P flash U.S. manufacturing PMI
9:15 am Cleveland Fed President Beth Hammack speaks
10:00 am Consumer confidence, Fed Chair Powell testifies to House Financial Service Committee
Earnings FedEx

Wed.

10:00 am New home sales
Earnings Micron Technology

Thu.

8:30 am Advanced U.S. trade balance in goods, Advanced retail inventories, Advanced wholesale inventories, Initial jobless claims, Durable-goods orders, Core durable-goods orders, GDP (second revision)
9:00 am Cleveland Fed President Beth Hammack speaks
10:00 am Pending home sales
Earnings Nike

Fri.

8:30 am Personal income, Personal spending, Core PCE index
10:00 am Consumer sentiment (final)

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

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