



## **Louisville Capital Advisors**

### **Current Thinking – Third Quarter 2025**

#### **Positives:**

1. The stock market is rising with strong support from many sectors and technical trends.
2. The U.S. economy remains healthy with steady growth, strong jobs, and solid consumer spending.
3. Bond yields are attractive, offering good income opportunities for investors.
4. Progress on trade deals with our largest trading partners, such as China, have reduced some of the fear in the market.
5. A bill introduced by the President to prevent the expiration of the 2017 tax cuts at the end of 2025 has been passed into law.

#### **Negatives:**

1. New tariffs and trade tensions could create short-term market bumps.
2. Investor confidence is very high, which sometimes leads to market pullbacks.
3. Inflation could rise again as tariffs take effect and inventories shrink.
4. The 30-year mortgage rate is approximately 7% which seems to be holding back the housing market.
5. The new bill did very little to reduce the US federal budget deficit moving forward.

#### **Considerations**

1. The timing of interest rate cuts by the Fed will depend on upcoming inflation data, keep a close eye on reporting here.
2. Corporate earnings reports this quarter will be key to understanding market direction.
3. After a strong rally, the market may pause or dip—offering potential buying opportunities, consider maintaining opportunistic cash in case an opportunity arises.
4. Following a sharp upswing in growth and tech stocks, it may be an appropriate time to consider rebalancing if those sectors now represent an overweight portion of the portfolio.
5. Small and mid-sized companies currently represent an attractive segment of the market.

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