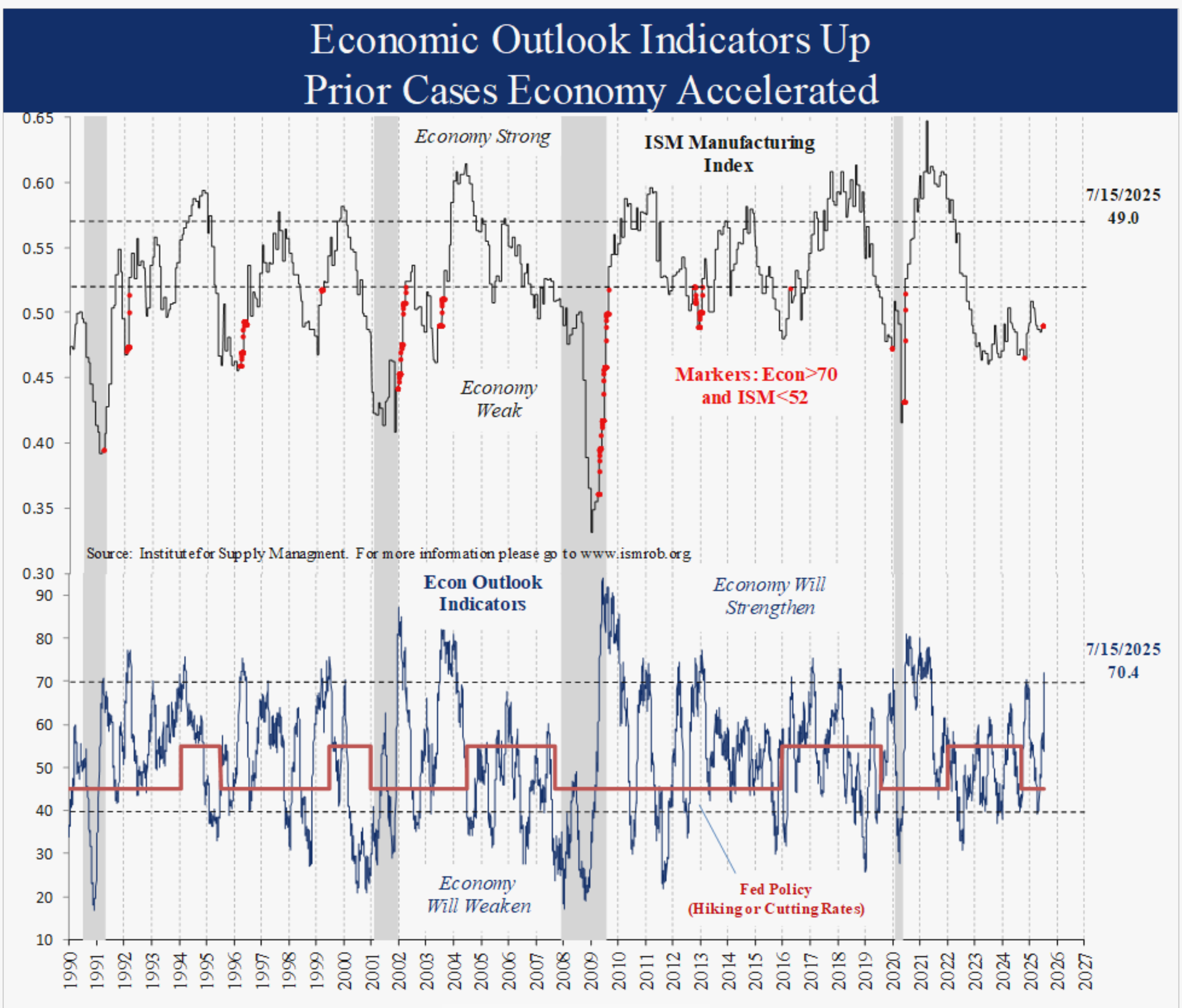
July 30, 2025

Investing Environment Review and Outlook – Volume 94

U.S. Economic Outlook Indicators UP: Bullish for Economy

U.S. economic outlook indicators are up, currently at 70.4, up from 39 in May, and the highest since the post COVID boom in 2021. These indicators include global economic releases, equities, commodities, currencies, and interest rates to predict the direction of the U.S. economy over the next 3-6 months. Historically, readings over 70 were followed by a stronger U.S. economy as well as higher 10-year yields, as you might expect. After 2.5 years of weak ISM readings, an upside move would be more consistent with history. Even following the August 1998 panic caused by the Russian debt default and Long-Term Capital collapse, investors were surprised by stocks, the economy and 10-year yield higher over the next 9 months.



BRENTON POINT WEALTH ADVISORS

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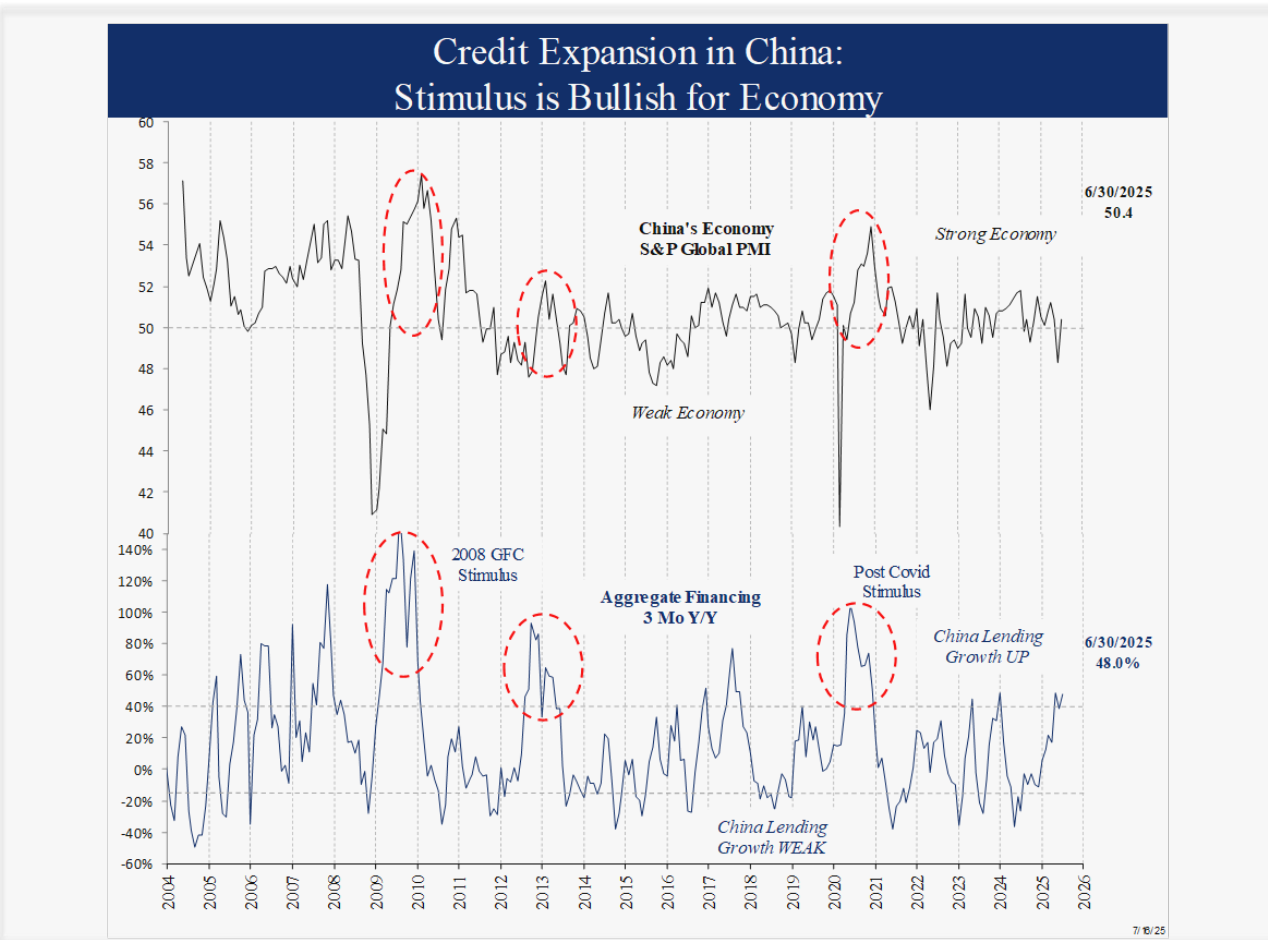
Credit Expansion in China: Stimulus Bullish for Economy

Guided by China's Central Bank (PBoC), credit is expanding rapidly in China. Total Social Financing (also called aggregate financing) is a comprehensive measure of bank and non-bank lending. The last 3 months are up 48% over the same period in 2024, a rate close to reactions to the 2008 global financial crisis and COVID in 2020. It shows the deep concern the Chinese government has over potential weakness in their economy. In prior cases, the economy recovered quickly, and strong growth followed. In 2009 and 2020 the China PMI reached 56 and 54 respectively within 6 months. Today the PMI has already rebounded from 48.3 in May to 50.4 in June. Prior cases were also bullish for commodities like crude oil and copper and even U.S. equities.



We see interesting opportunities today given our research showing economic strength ahead against the consensus expecting weakness and further Fed cuts. Inflation outlook and investor positioning indicators remain neutral. We will continue monitoring market conditions and adjusting exposures as needed. Thank you for your support and please contact us with any questions.

Michael Schaus
Director of Market Research