

July 18, 2025

# WEEKEND AT BERNARD'S



## Hooray for the Summer Rally



With new market S&P 500 highs (6297), the summer rally is going strong. Stratos now sees the U.S. market momentum moving higher for the short-term as the U.S. stocks have shown resilient earnings while celebrating recent tax reforms. U.S. deficit concerns have been pushed aside, even though the possibility of tariffs having a negative result, is not being factored in at this time. It's unclear how much higher this current momentum will take us, but I suspect this melt up will continue. What I acknowledge is a bull market breakout took place last month.

Stratos anticipates the 3rd quarter will most likely shoulder the effects of tariffs and other taxes that are expected to be imposed this summer. For the short-term, I expect an initial target of 6532 as a likely level that may be tested before the fall. If there's no major disruption in the momentum, our intermediate level of 6813, or our primary level of 7056, could be year-end predictions. I am more inclined to expect a technical pull back, based on the strong momentum in the S&P 500 since April 7th. According to Stratos step theory, the market has advanced seven steps from this year's low of 4835, and if it reaches our target of 6532, that would be the equivalent of eight steps. This type of advance causes me to anticipate an eventual pullback of 1-to-3 steps. Stratos is raising our Line in the Sand to 5117 from 4972. My initial support in the S&P 500 is now 6016, which I refer to as "No Man's Land" and the level I reconfirmed the bull market as being intact. Any closure under "No Man's Land" would be a concern, but for now, the U.S. market is riding a sugar high that may last for a few months.

Stratos continues to see advanced intelligence (AI) providing investors reason to expect higher productivity. I do expect the eventual result of less workers, but I'm not sure how it's going to affect the overall economy long-term. My short-term concerns are that immigration policies are reducing our workforce that would have a negative effect on economic growth and productivity. If tariffs are put into place with Canada and Mexico at 30%, it does seem unlikely that inflation is going to go away.

Stratos now anticipates the dollar has fallen to a significant support level, so I expect some recovery over the next quarter. Stratos expects the U.S. ten year treasury yield will remain fairly stable until inflation concerns become an issue if tariffs actually do increase prices for the consumer, which I believe, would be the case. As I expected, oil prices have firmed up, and even though energy was last year's worst performer in the S&P 500, and not doing well this year, Stratos anticipates prices will go up at the pump over the next few years. I don't see much downside so this looks like a good opportunity. Stratos continues to overweight energy based on above-average dividends and undervalued assets.

Stratos S&P 500

Market Analysis

Primary Target:  
**7056**

Intermediate Target:  
**6813**

Initial Target:  
**6532**

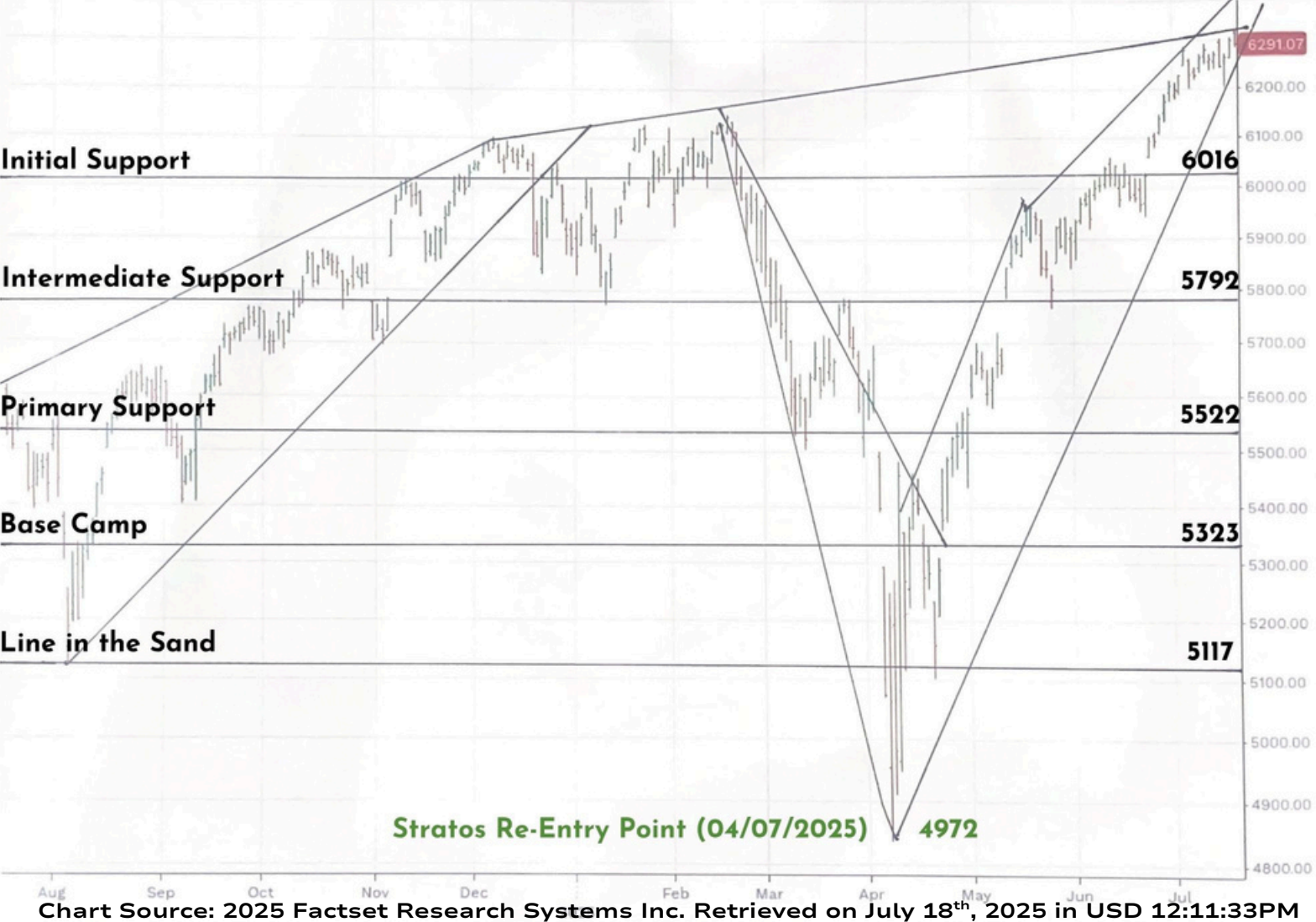
Initial Support:  
**6016**

Intermediate  
Support:  
**5792**

Primary Support:  
**5522**

Base Camp:  
**5323**

Line in the Sand:  
**5117**



# Good Trading for the Long Term



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Stratos continues to anticipate commodities as a safe-zone for investors. Metal prices continue to provide reasonable returns, and potential protection from inflation and a weaker dollar. Stratos continues to expect gold prices to advance and potentially test \$3,800 by year-end. Silver has underperformed gold, and has greater upside potential over the next few quarters. Palladium and platinum have broken out to the upside. Stratos expects copper prices to advance as China exports have grown this year. I also expect the demand for oil from China to increase, and if any supply disruption took place from Iran, oil prices could soar.

Stratos strategy in our Master Limited Partnership and High Equity Income portfolio is pretty simple. Get paid from higher-than-average cash distributions and dividends while waiting for energy, chemical, material, and housing costs to go up.

Stratos is not surprised by the strength of the S&P 500 over the last two months. However from a technical standpoint, the advance from a historical perspective is becoming extreme. Stratos optimism remains in place for the long-term, but my experience would indicate the likelihood of a technical correction shortly after this rally comes to a close. Hooray for the summer rally and enjoy it.

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