

Market Sets New Highs as Tariff Fears Ease

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U.S. stocks closed the second quarter on a strong note. The S&P 500 and Nasdaq Composite set new intraday records on the final day of June, with broad participation in the market's rally pushing both indices to all-time high closes.

The quarter was marked by sharp swings. After suffering a significant April downturn which pushed the S&P 500 into bear market territory, stocks staged an impressive turnaround. The S&P 500 has now gained over 8% since President Trump's announcement of sweeping tariffs in April triggered market turmoil. Last week, the index closed at its first new high since February and enjoyed its biggest quarterly gain since early 2024.

for the first time since December 2024, jumping to 60.5 from 52.2 last month, well above economist expectations. Survey director Joanne Hsu noted that American attitudes appear to be stabilizing after the initial economic shock of April's tariffs and the subsequent policy volatility.

The most recent market rally resulted from Canada withdrawing its proposed digital-services tax, a move seen as critical to salvaging ongoing trade negotiations with the U.S. Following a call between Canadian Prime Minister Mark Carney and President Trump, both sides committed to advancing talks toward a deal by July 21, 2025. U.S. Commerce Secretary Howard Lutnick publicly thanked Canada for withdrawing the tax, saying it "would have been a deal breaker."

Investor enthusiasm for artificial intelligence remains a powerful driver. Megacap stocks like Nvidia, Meta Platforms, and Microsoft have all posted strong gains in

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Investor sentiment has turned notably more optimistic. Robust corporate earnings are projected at 13.7% next year, strong economic data, and inflation hovering near the Federal Reserve's 2% target are supporting the rally. Several banks, including JPMorgan Chase and Goldman Sachs, have reversed course, raising their year-end S&P 500 forecasts after cutting them earlier in the year.

Consumer confidence is also improving. The latest University of Michigan survey showed sentiment rising

recent weeks, as AI optimism continues to dominate investor thinking.

Importantly, the rally is no longer narrowly confined to the technology sector. While tech giants initially led both the market's sharp downturn and its swift recovery during this stretch of tariff-driven volatility, other areas of the market—including financials, industrials, and utilities—are now participating in the uptrend. The number of S&P 500 stocks trading above their 50-day

moving averages has climbed to levels not seen since before Trump's 2024 election victory.

The bond market has also responded positively. Yields on 10-year Treasuries fell after inflation data showed consumer prices rising just 2.4% from a year earlier—below expectations and easing fears that tariffs would fuel inflation. A recent jobs report showing stronger-than-expected hiring further calmed recession worries.

Despite high valuations—S&P 500 stocks are trading at 22 times forward earnings, well above the 10-year average of 18.3—analysts believe the market can continue to climb. Risks are still out there, especially if tariffs start hitting harder or inflation makes a comeback. But for now, the market looks set to keep going up, unless something unexpected throws it off course. Given the current wars, global tensions, and President Trump's unpredictability, that's always a possibility.

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