

Economic and Investment Newsletter

August 2025

Current Market Commentary

Remember when JD Vance went to India a few months back? And everyone thought for sure a trade deal with India is imminent and India will serve as the U.S. counterweight to China. Well, look at today. China and India still have not signed a trade deal with the U.S. Furthermore, India's tariffs have gone up due to its imported Russian oil. As discussed in our July commentary, we continue to foresee political and economic uncertainties into the third quarter, affecting both economic and market outcomes.

Tariffs have begun to set in for most U.S. trading partners and the average rate is over 15%, the highest in the last few decades of U.S. history. U.S. companies that import goods are responsible for these trade related fees which most have absorbed without raising prices. However, this approach won't last and eventually, companies will have to increase prices, which will set off inflation once again.

The Federal Reserve will be in a conundrum as inflation fails to continue its recent descent. The U.S. economy will slow down as companies refrain from capital investment due to cash flow restrictions caused by tariffs. Consumer spending is likely to slow as the labor market cools down with the latest jobless claims ticked up, those who are unemployed are finding it more difficult to land new jobs.

Fintent Invest Strategy Outlook

Therefore, Fintent Invest remains focused on building its model portfolios on current macroeconomic events including tariffs, deficit, economic data, and interest rates. We continue to see a budding divergence with the US equity market and the overall macroeconomic indicators. We believe the economy is not as strong as the equity market is trading at and that these current upside market volatilities are short lived.

Fintent Invest continues to position our portfolios for potential economic slowdown in the US and the world economic slowdown as China continues to demonstrate a lack of long-term momentum in its economy. We do see Europe as a potential bright spot as it repositions its trade relations to be more EU- and Asian-centric with a political and economic focus on domestic markets and military spending.

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