



# The Bespoke Report

August 1, 2025

## It's a Two-Way Street

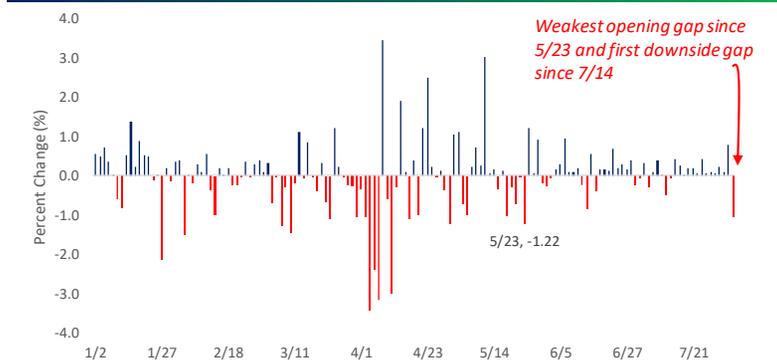
The run had to end at some point. After 13 trading days of opening higher on the day, the S&P 500 finally gapped down to kick off August and did it in style. The SPDR S&P 500 ETF (SPY) opened the day down by 0.9% for its largest downside gap since before Memorial Day and the first negative open since July 14<sup>th</sup> (top right chart). It was also the biggest gap down SPY has ever seen on the first trading day of August. If you were starting to feel as though investors were getting cocky, trends like this were why. The consistent positive opens for the market were making investors feel like they deserved gains. As Milton Friedman once said, though, and as everyone learns at some point in their lives, “No one deserves anything.”

SPY's 13-day streak of positive opening gaps was somewhat historic in nature as well (middle chart). Since the ETF's inception in 1993, there has only been one other streak that was longer (15 days ending in February 1997), two that lasted more than ten days (July 1997 and February 1998), and another four that lasted ten trading days (October 1993, August 1995, January 2002, and April 2003). Of all these occurrences, the streaks that lasted longer than ten trading days were all during the late 1990s in a period when the market was riding the internet wave just as it's riding the AI wave now. Returns following the four streaks of 10+ days were not as strong, but only the January 2002 occurrence was followed by notable weakness (bottom right chart).

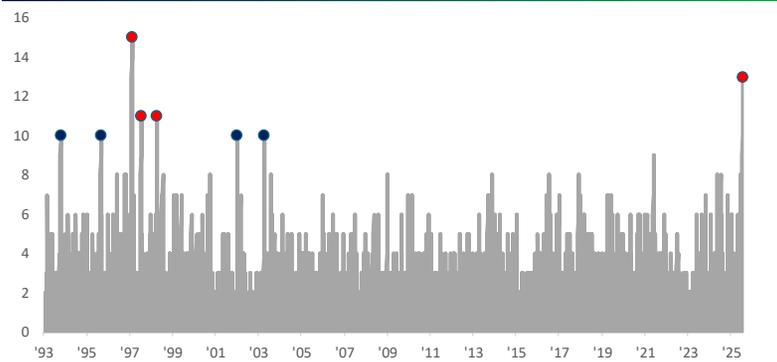
Declines during the second half of the week weren't fun, but a good reality check never hurts. Heading into earnings season, positive analyst sentiment and the start of the weakest three-month period of the year for stocks were warnings, but these are both temporary in nature. These along with what has been a consistently overbought market made bulls vulnerable to some mean reversion, or at least a pause in the steady gains. A weak employment report that followed a relatively hawkish Fed meeting on Wednesday and a new round of tariffs were enough to tip the scale in favor of the bears.

Seasonal headwinds will eventually shift, though, and while the economy isn't strong, it's muddling through. In response to Friday's employment report, market pricing now suggests a September cut is likely, and despite some intraday selling this week, 2025 still ranks as one of the strongest years for the 'buy the dip' trade in SPY's history, and that suggests there's still underlying demand for equities.

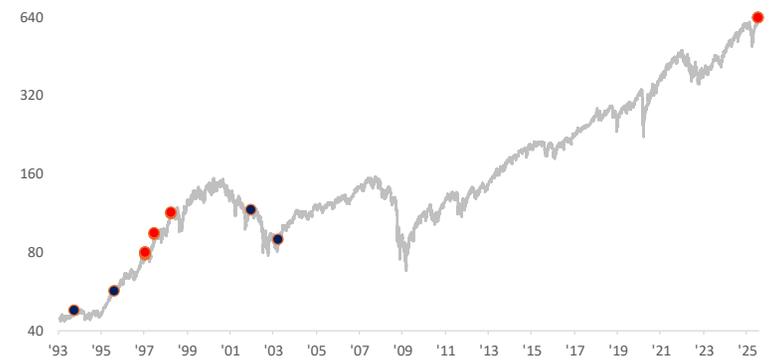
SPDR S&P 500 ETF (SPY) Daily Opening Gap: 2025



SPDR S&P 500 ETF (SPY) Streaks of Positive Daily Opening Gaps: 2025



SPDR S&P 500 ETF (SPY): 1993 - 2025 (Log Scale)





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While the S&P 500 had been consistently opening higher on a daily basis and often continued higher from the open to close, **the last four trading days of July saw SPY trade lower from the open to close each day.** Friday's weak open tested the uptrend that has been in place since SPY first crossed above its 200-DMA, but it bounced intraday and held that support level for now. Overall, the weakness to close out July and kick off August hasn't done a lot of technical damage. At least not yet.

The Nasdaq 100 (QQQ) had a more dramatic reversal on Thursday. **It was only the seventh time in QQQ's history that it gapped up at least 1% to a record high only to finish the day lower.** Of those prior seven occurrences, while there was one in March 2000 right at the dot-com peak, forward returns weren't particularly bearish, at least over the next six months.

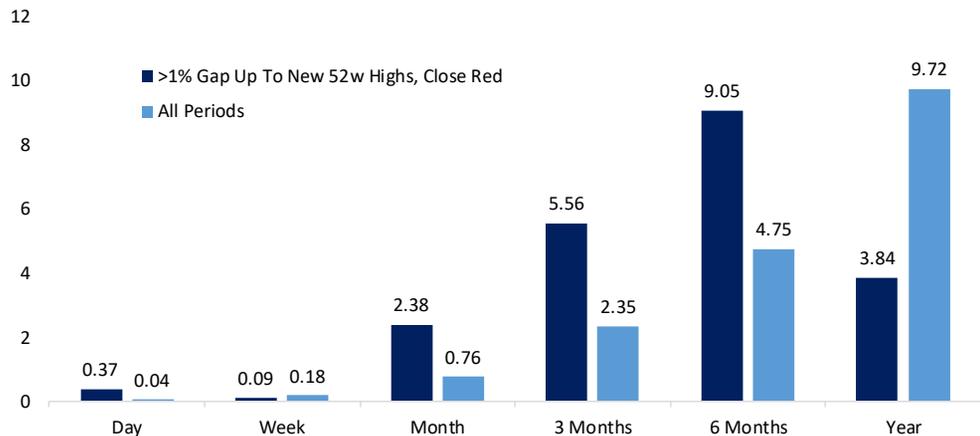
### SPDR S&P 500 ETF (SPY): Last Six Months



### Invesco Nasdaq 100 Trust (QQQ): Last Six Months



### NASDAQ 100 Invesco ETF (QQQ): Average Forward Returns, %, Since 1999





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To the right, we have updated our ETF Asset Class Performance Matrix which summarizes the performance of key ETFs across asset classes on a YTD basis, during July, and on Friday (through 3 PM). July was a banner month for US equities as every index ETF with the exception of the Dow rallied at least 1%. The Nasdaq 100 led the way higher with a gain of 2.4% as growth stocks easily outperformed value in the mid and large cap space but underperformed among small caps.

At the sector level, Utilities was the biggest winner with a gain of nearly 5% while Tech, led by semis rallied over 3%. Along with Tech and Utilities, Industrials and Energy also saw big gains. On the downside, Health Care was the biggest loser followed by Consumer Staples and Communication Services.

International ETFs had a very mixed month. While China and Hong Kong both gained more than 4%, Brazil and India experienced declines of over 5% while most European countries also were in the red. On a YTD basis, though, international ETFs are still outperforming the US in a big way as India is the only country in the matrix that isn't up double-digits for the year.

August has gotten off to a weak start for the US with across the board declines of at least 1%. International markets, however, had a more mixed start, although many were closed or close to finished for the week by the time US stocks really started to decline.

## Key ETF Performance (% Total Return)

US Related					Global				
ETF	Description	Aug. 1st	July	YTD	ETF	Description	Aug. 1st	July	YTD
SPY	S&P 500	-1.37	2.30	8.49	EWA	Australia	-0.35	-1.14	10.71
DIA	Dow 30	-1.23	0.20	4.58	EWZ	Brazil	1.15	-7.97	20.09
QQQ	Nasdaq 100	-1.49	2.42	10.80	EWC	Canada	-0.58	-0.04	15.36
IJH	S&P Midcap 400	-1.98	1.63	1.75	MCHI	China	-1.71	4.23	23.75
RSP	S&P 500 Equalweight	-1.53	1.04	5.71	EWQ	France	-1.50	-2.01	19.53
IWB	Russell 1000	-1.38	2.29	8.39	EWG	Germany	-0.85	-2.74	31.46
IWM	Russell 2000	-2.12	1.67	-0.21	EWH	Hong Kong	-1.74	4.23	26.90
IWV	Russell 3000	-1.37	2.27	7.95	INDA	India	0.21	-5.46	0.00
					EWI	Italy	-0.81	0.23	36.47
IVW	S&P 500 Growth	-1.38	3.45	12.44	EWJ	Japan	0.14	-1.80	10.60
IJK	Midcap 400 Growth	-1.85	2.25	2.63	EWV	Mexico	-0.86	-0.69	30.78
IJT	Smallcap 600 Growth	-1.80	0.49	-0.82	EWP	Spain	-0.67	1.57	45.63
IVE	S&P 500 Value	-1.22	0.80	4.04	EIS	Israel	-0.73	-3.23	19.85
IJJ	Midcap 400 Value	-1.97	0.87	0.55	EWU	UK	-0.10	0.23	19.84
IJS	Smallcap 600 Value	-1.96	1.38	-6.39					
DVY	DJ Dividend	-1.24	1.69	4.65	EFA	EAFE	-0.50	-2.09	17.75
QQQE	Nasdaq 100 EW	-1.60	0.05	9.80	EEM	Emerging Mkts	-0.78	0.66	17.23
					IOO	Global 100	-1.34	3.54	11.53
FXB	British Pound	0.63	-3.63	7.08	VT	All World	-1.09	1.10	11.49
FXE	Euro	1.41	-3.14	10.86	CWI	All World ex US	-0.53	-1.10	17.24
FXY	Yen	1.77	-4.47	4.20					
IBIT	Bitcoin	-1.02	8.35	25.01	DBC	Commodities	-1.22	2.93	5.00
					DBA	Agric. Commod.	-0.46	-0.96	-2.59
XLY	Cons Disc	-2.22	1.89	-0.83	USO	Oil	-1.99	8.86	5.35
XLP	Cons Stap	0.43	-1.47	2.72	UNG	Nat. Gas	-0.59	-11.06	-19.16
XLE	Energy	-2.04	2.83	3.45	GLD	Gold	1.63	-0.61	25.12
XLF	Financials	-1.79	0.00	9.11	SLV	Silver	0.56	1.55	26.55
XLV	Health Care	-0.26	-3.23	-4.37					
XLI	Industrials	-1.64	3.04	16.06	SHY	1-3 Yr Treasuries	0.38	-0.09	2.63
XLB	Materials	-1.64	-0.09	5.28	IEF	7-10 Yr Treasuries	0.87	-0.59	4.62
XLRE	Real Estate	-0.51	-0.02	3.38	TLT	20+ Yr Treasuries	1.24	-1.14	1.68
XLK	Technology	-1.53	3.76	13.38	AGG	Aggregate Bond	0.61	-0.26	3.77
XLC	Comm Services	-0.98	-1.03	11.54	BND	Total Bond Market	0.62	-0.26	3.77
XLU	Utilities	-0.37	4.91	14.77	TIP	T.I.P.S.	0.47	0.01	4.72
SMH	Semis	-1.57	3.55	19.25					

Past performance is no guarantee of future results.  
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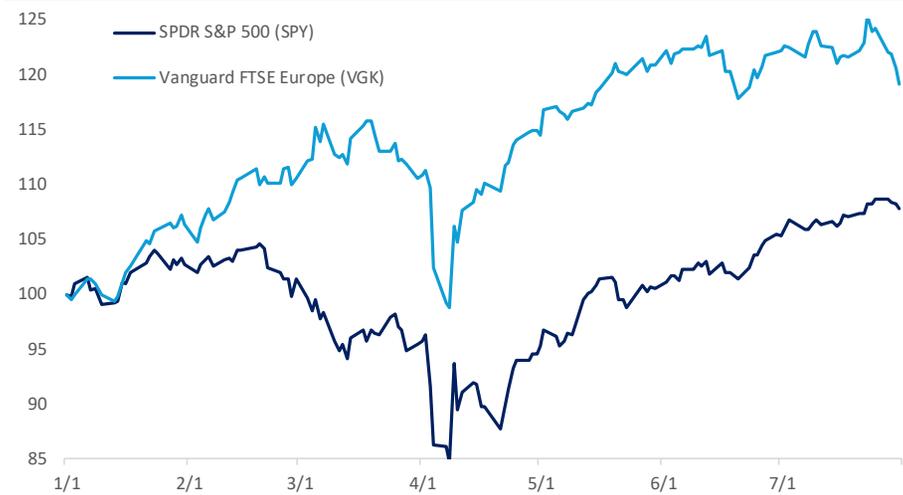
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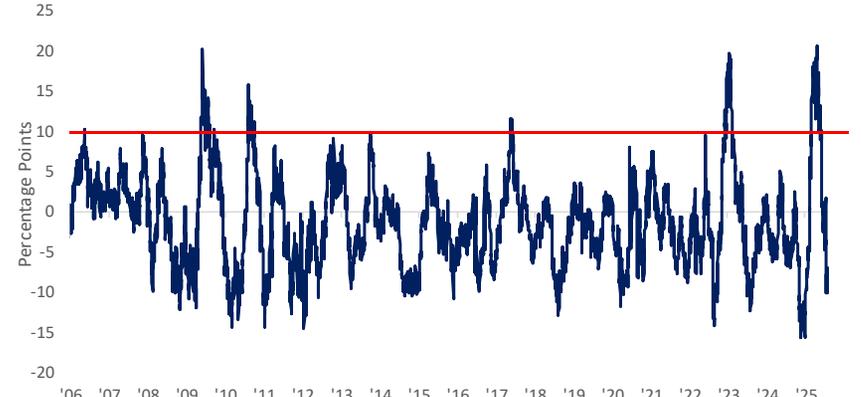
We all remember how during the first quarter and into early April, US stocks underperformed their global peers, especially on the other side of the Atlantic. During the April post-Liberation Day sell-off, bonds and the dollar didn't act as the traditional flight to safety play. That prompted calls that international investors were dumping US assets, and the era of US Exceptionalism was over. We said at the time that those concerns were overblown, and the last three months have proved that to be true. The charts on the left show the performance of the Vanguard FTSE Europe ETF (VGK) and the SPDR S&P 500 ETF YTD. **While VGK has outperformed SPY by a wide margin this year, the performance spread between the two peaked in early April.**

The chart on the top right shows the rolling three-month performance spread between the two ETFs, and the spread closed out July at 10 percentage points in favor of SPY. That sounds pretty exceptional to us! The recent outperformance of the US obviously followed a period of extreme outperformance on the part of Europe, but as shown in the lower right chart, **after prior periods when VGK outperformed SPY by more than 10 percentage points in a three-month span, it tended to quickly return to its long-term trend of underperformance.**

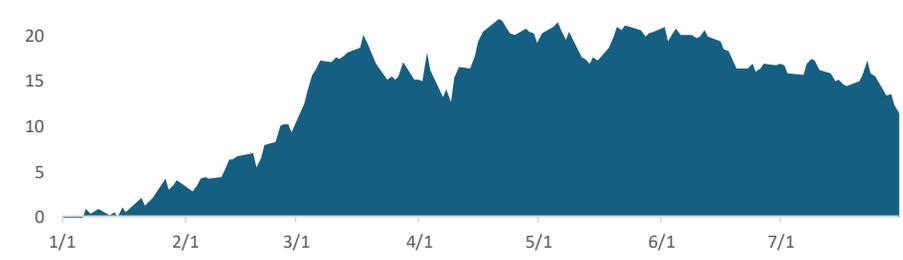
US vs European Equity Market Performance YTD



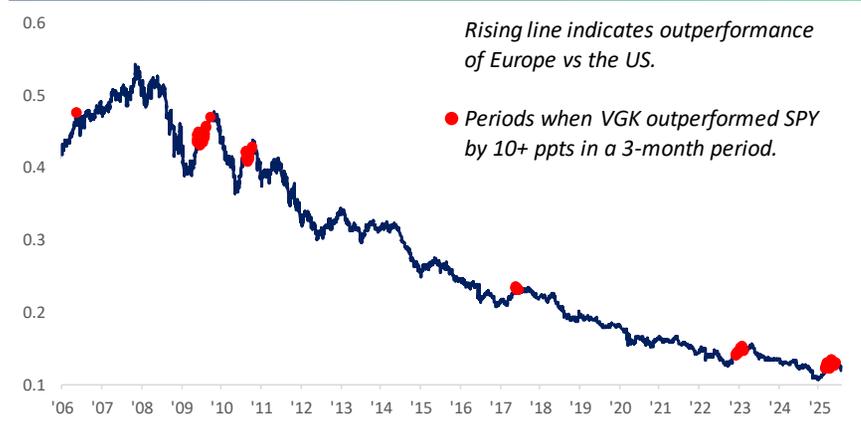
Europe (VGK) vs US (SPY) Three Month Performance Spread



VGK - SPY Performance Spread (ppts)



Relative Strength of VGK vs SPY





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It isn't just the US equity market that has started to rebound recently, Over the course of July, **the dollar started to bottom out and turn higher with the last week or so seeing that process accelerate.** Wednesday's FOMC meeting was not the source of the dollar strength, but it did take multiple crosses across key levels. As shown below, trend lines have broken across a range of major crosses with the USDCHF move towards a stronger greenback the most notable this week. EUR and GBP both broke trend lines much earlier and in the case of sterling that trend has been re-tested from below and rejected; in hindsight, the sterling move over the past few weeks was a leading indicator of this broader dollar rally which the FOMC threw gasoline on today. **While Friday's week payrolls report (more on that later) caused some broad dollar weakness, it wasn't enough to fully reverse the dollar's gains from earlier in the week.**

USDCHF: Past Year



EURUSD: Past Year



GBPUSD: Past Year



USDCAD: Past Year





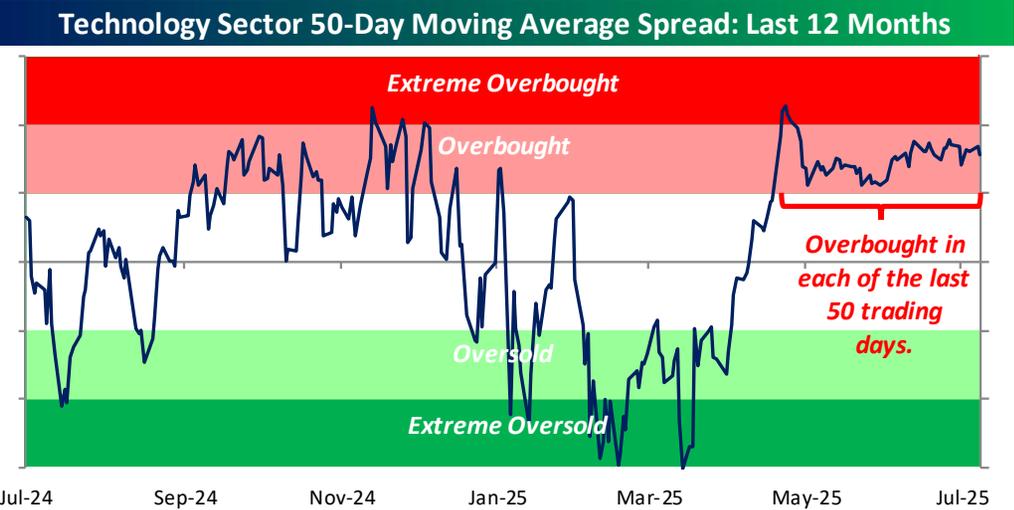
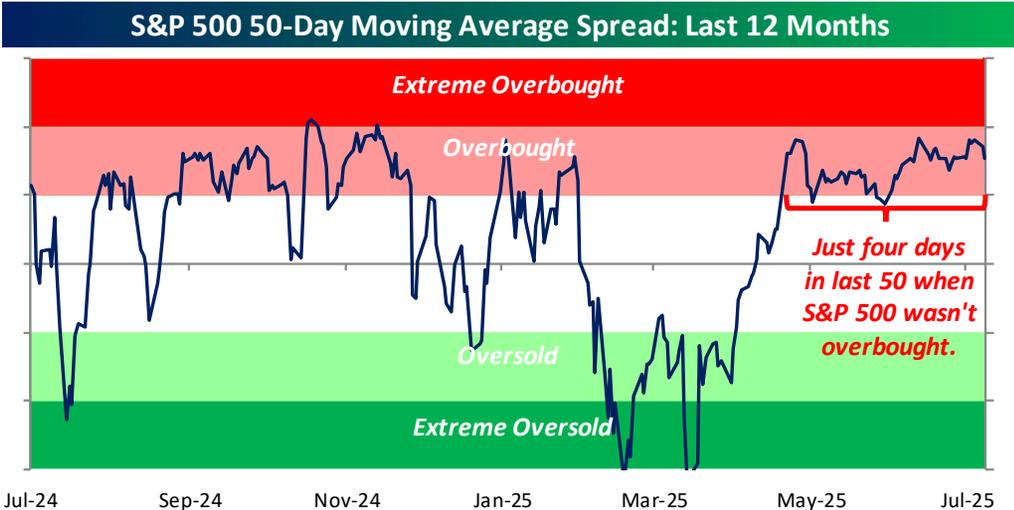
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Each day in our [Morning Lineup](#), one of the many charts we update is the S&P 500's 50-day moving average spread (shown below). When the line is in the white zone, it indicates that the S&P 500 is in 'neutral' territory at less than 1-standard deviation above or below its 50-DMA. When the line is in the light red region (between 1 and 2 standard deviations above its 50-DMA), it indicates an 'overbought' reading, while readings in the dark red region indicate 'extreme overbought' levels (2+ standard deviations above the 50-DMA). Conversely, readings in the light green region indicate oversold territory, while readings in the dark green area indicate 'extreme oversold' levels.

Looking at the chart earlier this week, we were drawn to the fact that **the S&P 500 has consistently clocked in overbought readings, and through the end of July only dipped into neutral territory four times over the prior 50 trading days.**

While the S&P 500's run of overbought readings has been impressive, since the Technology sector first moved into overbought territory in early May, it hasn't looked back! Through Thursday's close, the sector closed at overbought levels for 56 straight trading days!



Extreme Overbought (Oversold) = 2+ Standard Deviations Above (Below) 50-DMA  
Overbought (Oversold) = 1+ Standard Deviation Above (Below) 50-DMA



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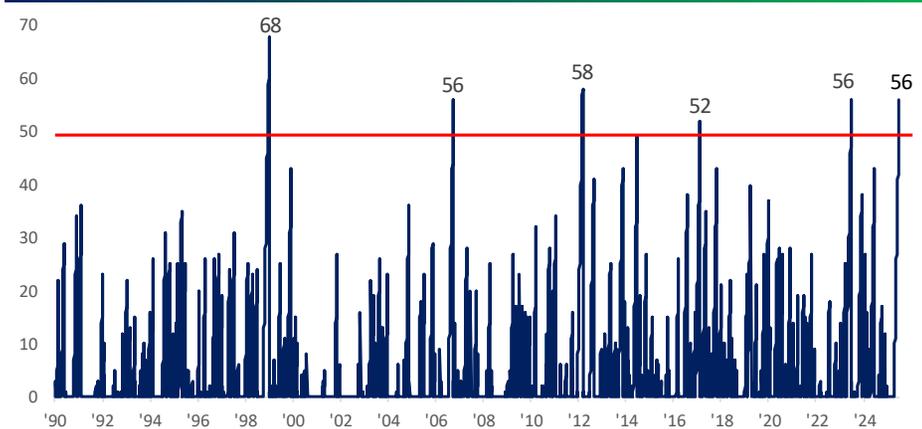
Looking back at the sector’s history, **the current streak is just the sixth time that the Technology sector has closed at overbought levels for at least 50 straight trading days.** The longest streak was 68 trading days ending in February 1999, while the shortest was the 52 days ending in March 2017. In July 2014, a streak came close but just shy at 49 trading days.

After an extended streak of overbought readings, you would expect the sector to be due for a breather, and while there was some short-term weakness following the end of prior streaks, **when the sector first closed at non-overbought levels, longer-term returns were generally positive.** As shown in the table at right, the Technology sector’s median performance in the month after each of the five prior streaks ended was a decline of 3.1% with gains just twice.

Whatever weakness there was, though, it didn’t usually last long. Three months later, the sector’s median gain was 4.15% with positive returns three out of five times. **Six months later, it was up four out of five times for a median gain of just under 13%, and a year later, the median gain was more than double that at just under 33%!** Not only that, but outside of the one period when the Technology sector declined (by just 19 bps), it was up at least 25% every time. Lastly, looking at the S&P 500’s maximum gain and loss over the next year, the magnitude of the median maximum gain was more than five times the magnitude of the median maximum loss.

**Conventional wisdom suggests that overbought markets tend to correct and mean-revert back to more normal levels. Reality, however, shows that in the market, strength usually begets strength and mean reversion can occur not just through corrections in price but also in time, where the pace of an advance slows down and allows moving averages to catch up to prices.**

## Technology Sector Streaks of Overbought Readings



## Technology Sector Streaks of Overbought Readings: 1990 - 2025

Streak Ended	Streak of Overbought Readings (Days)	Technology Sector Performance (%)				Next 12 Months (%)	
		One Month	Three Months	Six Months	One Year	Max Gain	Max Decline
2/5/99	68	-3.06	4.15	14.12	66.09	69.79	-7.15
11/2/06	56	3.16	4.22	8.27	26.14	27.25	-1.25
4/10/12	58	-4.36	-6.83	-1.36	-0.19	4.29	-10.26
3/21/17	52	1.42	7.77	12.95	32.94	38.34	-0.37
7/27/23	56	-3.89	-8.45	15.44	34.53	48.10	-8.98
7/30/25	56 thru 7/31						
<b>Average</b>		<b>-1.35</b>	<b>0.17</b>	<b>9.88</b>	<b>31.90</b>	<b>37.55</b>	<b>-5.60</b>
<b>Median</b>		<b>-3.06</b>	<b>4.15</b>	<b>12.95</b>	<b>32.94</b>	<b>38.34</b>	<b>-7.15</b>
<b>% Positive</b>		<b>40</b>	<b>60</b>	<b>80</b>	<b>80</b>		

\*Dates listed are the first day that the Technology sector closed at non-overbought levels.

## Technology Sector Performance After 50-Day Streaks of OB Readings





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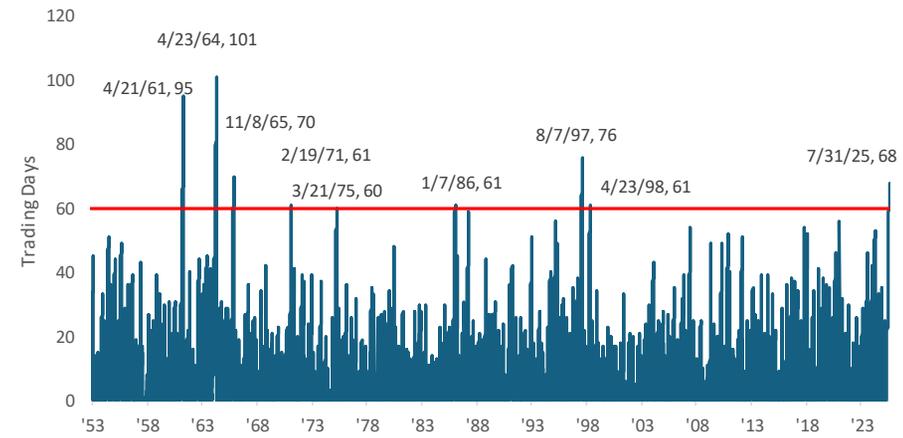
Along with the consistently overbought readings in the market, we've also seen the S&P 500 continue to outpace its short-term moving averages. After first breaking above its 20-day moving average (DMA) in late April, the S&P 500 hasn't closed below that level ever since, and through Thursday's close the streak stood at 68 trading days. That ranks as the **fifth longest streak of closes above the 20-DMA since 1953**, which is the first full year of the five-day trading week in its current form, and the longest streak since 1997.

Because short-term moving averages tend to put a heavier weight on more recent prices, it's incredibly uncommon for an index to stay above that level for so long as it doesn't take a large move to fall below it. That makes this streak even more notable. Looking ahead, the table below shows the S&P 500's performance in the week, month, three months, six months, and one year after each prior streak of 60 or more trading days came to end. Looking forward, **the market's performance wasn't exceptional, but it was modestly better than average and more consistent to the upside as well.**

## S&P 500: Last 12 Months



## S&P 500 Streaks Above 20-DMA



## S&P 500 Streaks Above 20-Day Moving Average: 1953 - 2025

Last Day of Streak	Trading Days	S&P 500 Performance (%)				
		One Week	One Month	Three Month	Six Months	One Year
4/21/61	95	1.20	2.89	0.73	5.56	6.30
4/23/64	101	0.53	1.23	4.65	6.76	11.45
11/8/65	70	0.52	-0.40	2.32	-6.10	-11.48
2/19/71	61	1.34	5.12	5.51	2.73	10.00
3/21/75	60	2.38	5.67	15.68	5.31	27.02
1/7/86	61	0.14	3.17	12.29	16.17	23.71
8/7/97	76	-3.51	-0.25	-0.65	8.45	16.70
4/23/98	61	1.18	0.23	2.97	-3.36	22.47
7/31/25	68					
<b>Average</b>		<b>0.47</b>	<b>2.21</b>	<b>5.44</b>	<b>4.44</b>	<b>13.27</b>
<b>Median</b>		<b>0.85</b>	<b>2.06</b>	<b>3.81</b>	<b>5.43</b>	<b>14.07</b>
<b>% Positive</b>		<b>87.5</b>	<b>75.0</b>	<b>87.5</b>	<b>75.0</b>	<b>87.5</b>



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While the large cap US equity indices were busy hitting new record highs, the small cap Russell 2000 has also been strong, although it continued to languish well below its 52-week high from last November, let alone record highs from back in 2021.

A few weeks ago, we highlighted the fact that the S&P 500, Nasdaq, and Dow all had golden crosses (50-DMA crosses above the 200-DMA as both are rising) in the span of a month, and next week it will likely be the Russell 2000's turn (chart below). **Since its inception in the last 1970s, there have been 20 prior golden crosses for the Russell 2000, and as shown in the table at right, performance following these prior occurrences has been positive and better than the long-term average for all periods.** Golden crosses require that both moving averages be rising at the time of the crossover, and with respect to the 200-DMA, it will be close as it is only marginally rising right now.

Three months later, small caps traded higher 19 out of 20 times for a median gain of 6.6% which is more than twice the average for all periods since 1978. Likewise, performance over the following six and twelve months was also better than average and more consistent to the upside. Will this finally be the time for small caps to take on a leadership role?

**Russell 2000 - Last 12 Months**



**Russell 2000 Performance After Golden Crosses**

Date	Russell 2000 Performance (%)				
	One Week	One Month	Three Months	Six Months	One Year
3/5/79	2.3	8.2	8.4	26.2	34.8
6/26/80	1.5	8.2	25.4	28.6	44.6
10/8/82	4.3	14.9	23.6	37.4	56.8
1/25/85	2.0	4.5	2.1	9.4	16.4
12/3/85	1.1	4.9	13.3	23.7	12.2
2/9/87	3.0	5.6	4.3	9.4	-19.5
2/1/89	1.7	1.3	6.7	13.0	-0.7
3/7/91	-0.9	3.8	6.4	5.8	24.5
2/23/95	0.5	1.5	6.9	19.4	27.5
10/3/96	-0.2	-2.2	4.2	-1.8	31.6
5/30/97	1.7	4.1	10.7	12.4	18.5
1/11/02	-3.2	-3.7	4.7	-16.5	-19.1
5/14/03	-2.1	7.2	11.5	26.0	30.5
7/1/05	4.5	7.1	3.9	4.7	13.6
10/20/06	0.5	3.7	4.2	9.2	7.4
10/25/10	-1.3	1.7	10.2	20.5	4.0
11/12/19	0.2	3.1	6.2	-22.4	8.9
8/14/20	-1.6	-2.5	8.3	44.0	39.6
7/11/23	3.3	0.9	-8.2	2.9	11.1
1/2/24	-2.2	-1.9	3.2	1.2	10.9
<b>Average</b>	<b>0.7</b>	<b>3.5</b>	<b>7.8</b>	<b>12.7</b>	<b>17.7</b>
<b>Median</b>	<b>0.8</b>	<b>3.8</b>	<b>6.6</b>	<b>10.9</b>	<b>15.0</b>
<b>% Positive</b>	<b>65</b>	<b>80</b>	<b>95</b>	<b>85</b>	<b>85</b>
<b>All Periods Since 1978</b>					
<b>Average</b>	<b>0.2</b>	<b>0.9</b>	<b>2.7</b>	<b>5.4</b>	<b>11.0</b>
<b>% Positive</b>	<b>57</b>	<b>61</b>	<b>63</b>	<b>67</b>	<b>71</b>



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The Russell 2000 is still more than 5% from its prior record closing high, and it's been a while! As shown in the chart at right, back in November, the Russell came within a whisker of a new high before pulling back sharply to close out the year and into the first quarter of 2025. **At current levels, the index is at the same levels it was at more than four years ago, so small caps have been dead money for some time.**

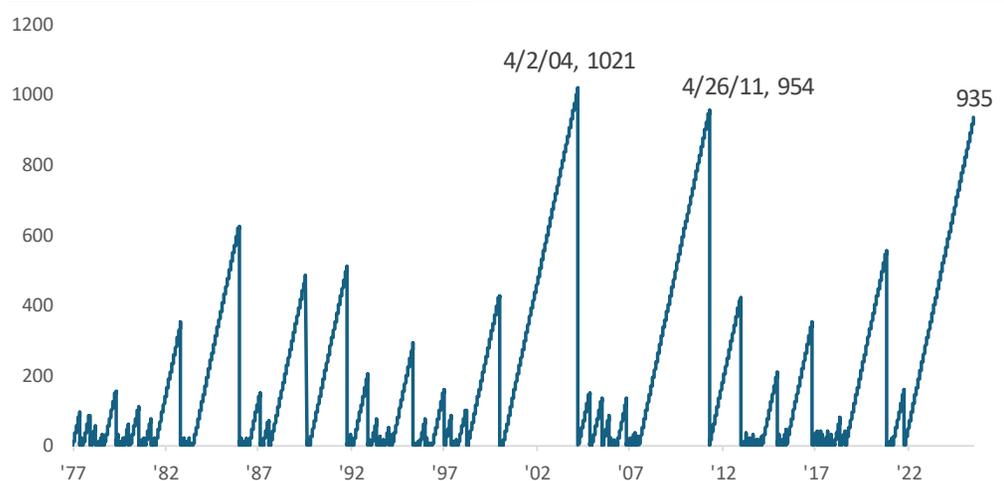
If the Russell 2000 manages to break out to new highs, it would be a positive from a technical perspective as it would complete a major long-term head and shoulders breakout for the index.

In terms of the Russell 2000's drought of new highs, **the 935 trading days without a new high ranks as the third longest drought on record**, and if it lasts another month, it will rank as the second longest on record, eclipsing the 954-trading day streak that ended in April 2011 (chart below). In order to take over the top spot for the longest drought, the streak would need to stretch out until early December. The end of the two prior streaks, however, hasn't been particularly bullish. As shown in the lower right chart, in the year after the two prior streaks ended, the Russell 2000 experienced double-digit declines within the next six months.

Russell 2000: 2020 - 2025



Russell 2000 - Streaks Without a Record High



Russell 2000 Performance After 900+ Trading Days w/o a Record High





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When we compare the performance of the Russell 2000 to the other major large cap indices, it has been a lost decade for small cap stocks – at least on a relative basis. The charts at right show the relative strength of the S&P 500, Nasdaq, and Dow Jones Industrials versus the Russell 2000. For all three indices, the current ratio is at the highest level in at least a decade.

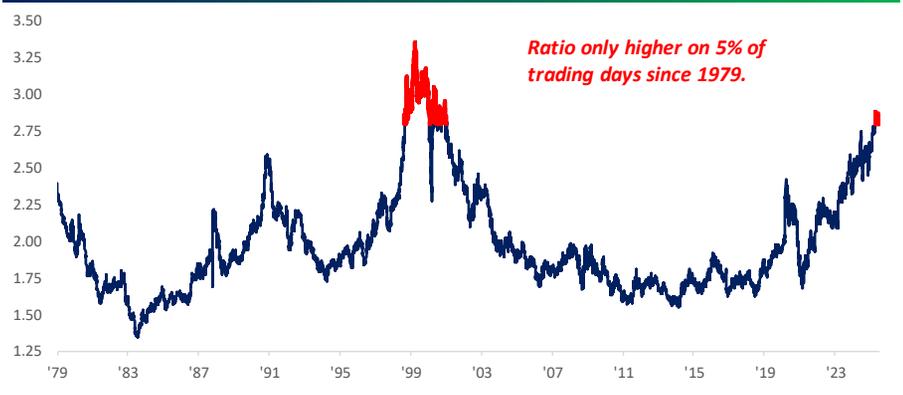
Starting with the S&P 500, the ratio between the prices of the two indices has only been higher (S&P 500 outperforming by a larger amount) on 5% of trading days since the start of 1979. For the Nasdaq, current levels are even more extreme, as the ratio has only been higher on 0.2% of all trading days, and all of those have occurred in the last three months! For the DJIA, the current ratio isn't nearly as extreme, but it has still only been higher on 12% of trading days since 1979.

While the growth of private equity has led to fewer publicly traded stocks, especially in the small cap space, small caps won't underperform forever. At some point (we don't know when), small caps will come back into favor, and it won't take much of a shift to see a huge move. If the Russell 2000 was a single stock, it would only be the fourth largest component in the index, and hypothetically speaking, if there was a capital rotation where 3% of the market cap of the ten largest stocks was shifted into small caps, it would work out to \$695 billion, or 22.5% of the Russell 2000's entire market cap.

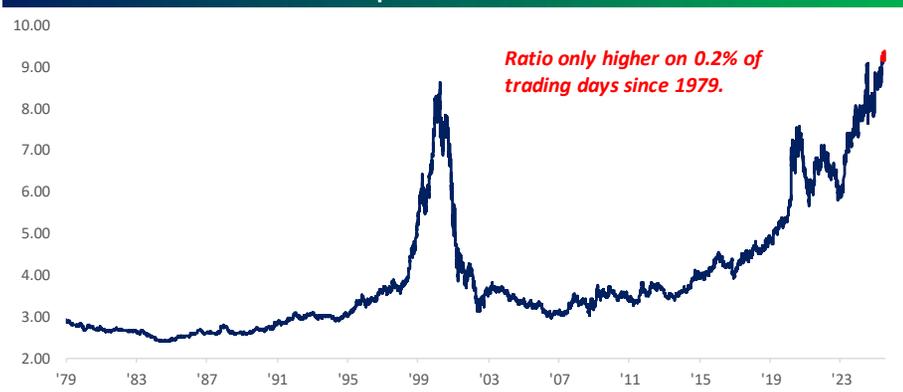
### S&P 500 10 Largest Stocks By Market Cap

Name	Ticker	Market Cap (\$, trillion)
Nvidia	NVDA	4.34
Microsoft	MSFT	3.97
Apple	AAPL	3.10
<b>Russell 2000</b>		<b>3.09</b>
Amazon.com	AMZN	2.49
Alphabet	GOOGL	2.33
Meta Platforms	META	1.94
Broadcom	AVGO	1.38
Berkshire Hathaway	BRK/b	1.02
Tesla	TSLA	0.99
JP Morgan	JPM	0.82
Walmart	WMT	0.78

Ratio of S&P 500 to Russell 2000: 1979 - 2025



Ratio of Nasdaq to Russell 2000: 1979 - 2025



Ratio of DJIA to Russell 2000: 1979 - 2025





# The Bespoke Report

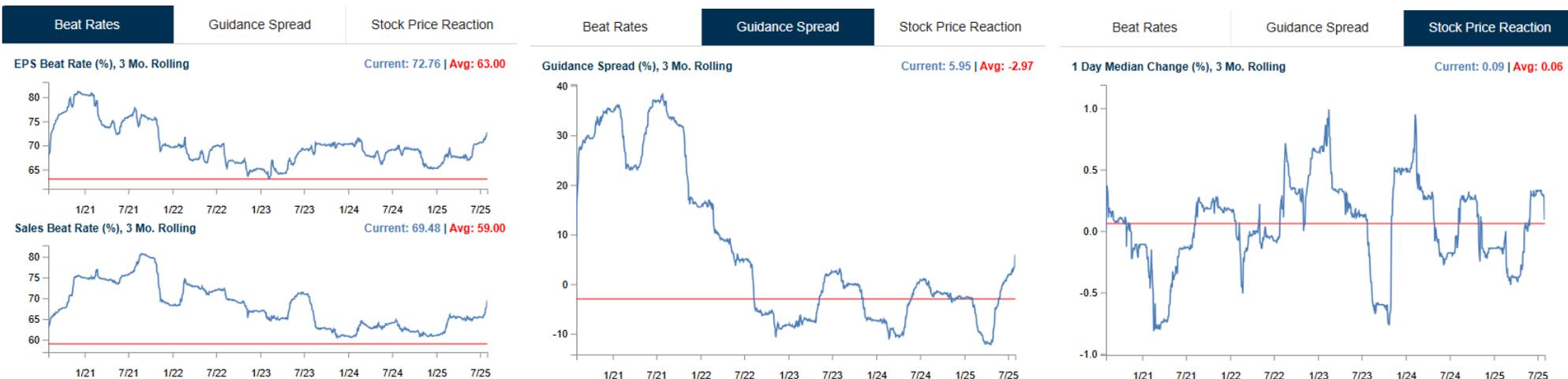
August 1, 2025

It was an incredibly busy week for earnings, and the results were good. **Since the start of July and through Thursday's open (7/31), 78% of companies reporting have exceeded EPS forecasts, and 76% have topped revenue estimates.** Both of these are incredibly strong numbers and pushed the three-month average beat rates sharply higher (bottom left chart). **Guidance was also strong as twice as many companies raised guidance (10%) as lowered guidance (5%).** Given these strong readings, you would expect stocks to be reacting very strong to earnings, and while that has been the case initially, investors have been hitting the bids once the market opens for trading.

**While the average stock has risen 0.84% at the open on its earnings reaction day, from the open to close, they are declining an average of just over 1% for a full-day decline of 0.16%. While it may seem counterintuitive to see this degree of weakness given the strong results, it's all about expectations and supply and demand.** Heading into this earnings season, we saw more upward revisions to analyst forecasts than downward revisions, and that set the expectations bar high. Regarding supply and demand, when more companies are raising guidance, it creates a larger pool of stocks that momentum investors look to rotate into.

### Aggregate Stats - Since 7/1/25

Count	Beat Rate		Guidance		Opening Gap	Average Stock Price % Chg		
	EPS	Sales	Raised	Lowered		Open to Close	Full 1 Day	Volatility
824	78%	76%	10%	5%	0.84	-1.02	-0.18	6.10





# The Bespoke Report

August 1, 2025

While hundreds of companies reported earnings this week, most of them were pretty much irrelevant when compared to the four mega-caps that reported. On a combined basis, Amazon.com (AMZN), Apple (AAPL), Meta (META), and Microsoft (MSFT) account for over 16% of the entire S&P 500, so they really overshadow everyone else. Regarding these four reports, the results were generally good.

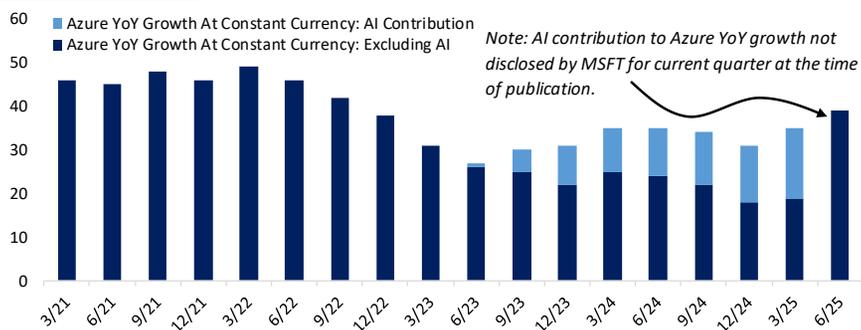
MSFT kicked off the parade of mega-caps on Wednesday after the close. Revenues rose 18% YoY and beat by 3% with beats in all segments. Operating income was up 23% YoY and beat estimates by 7%. The driver was Azure, with that cloud business growing 39% at constant currency versus an estimate for 34% growth. Capex spending was higher than expected, but as shown below, over the past year that investment has stabilized at roughly one-third of sales. Shares rallied 4% on Thursday.

META also reported on Wednesday after the close, and the report was a blowout. After coming out of its era of efficiency, META has been on a recruiting binge for an effort aimed at building a “superintelligence” AI, and back on July 14 CEO Mark Zuckerberg announced the company would invest “hundreds of billions” in AI, including a gigantic 1GW “supercluster” site. Capex was the focus of the company’s release, but first we note a 6% revenue beat, and 21% EPS beat and ad impressions up 11% YoY (with prices up 9% YoY).

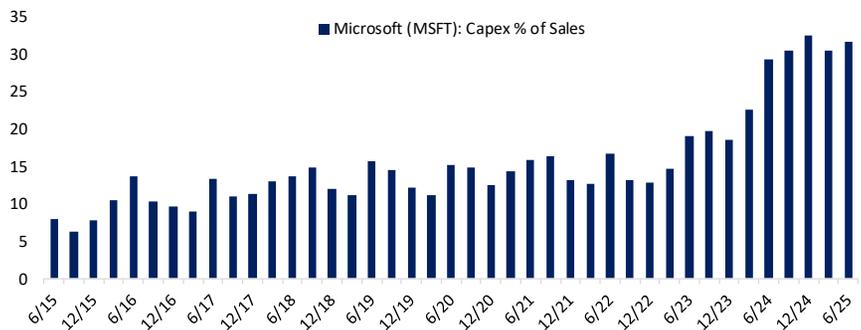
META revenue guide for Q3 was also 6% above estimates for Q3. As for capex, the guide for the full year was raised by 3% as the low end was ratcheted up from \$64bn to \$66bn. Guidance was also for a dollar capex expansion in capex like 2025 for next year. That would take capex above \$100bn annually next year, 25% higher than consensus. That growth is also going to be expensive: as they “aggressively seek additional capacity” for AI, infrastructure costs and employee compensation will drive a faster expense growth than 2025 YoY in 2026.

In reaction to Wednesday’s report, shares of META rallied 11%, or \$78 on Thursday. For perspective, when the stock bottomed in November 2022, its share price was less than \$90.

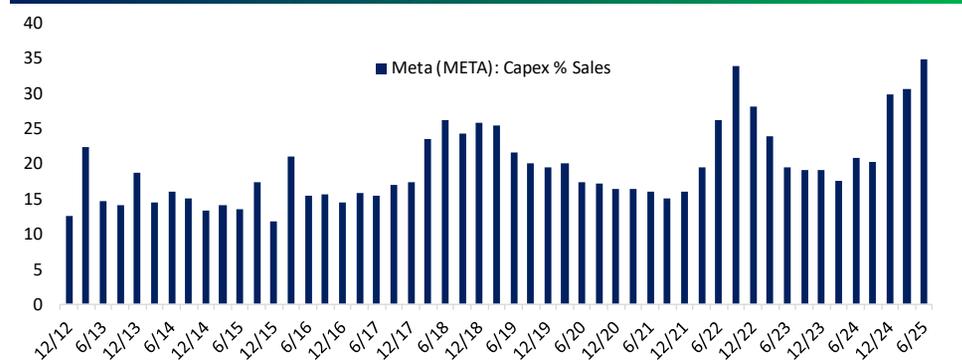
### Microsoft (MSFT) Azure Growth Surges Thanks To AI



### Microsoft (MSFT): Ramping Capex Not Passed One-Third of Sales (Yet)



### Meta (META): Capex Also One-Third of Revenues





# The Bespoke Report

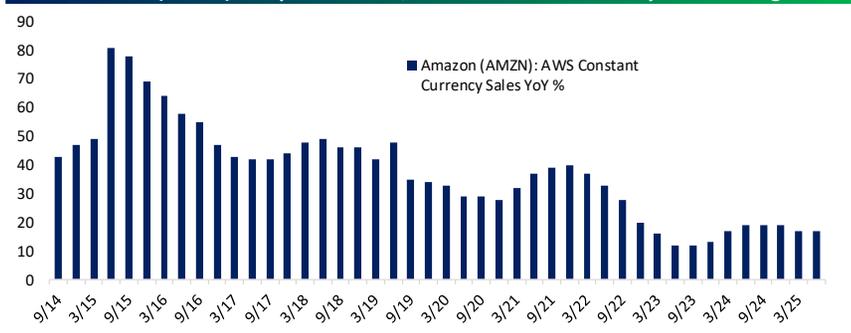
August 1, 2025

Wednesday was the Ms turn of the mega-caps and Thursday after the close, it was the As turn. AMZN kicked things off with a disappointing report. While AMZN reported beats for adjusted EPS (by 26%), revenue (by 3%), and operating margins (by 1%-pt). AWS saw sales grow 17% YoY at constant currency which was short of analyst estimates, and that paled in comparison to the massive 39% YoY constant currency growth reported by Microsoft (MSFT) for its Azure cloud on Wednesday.

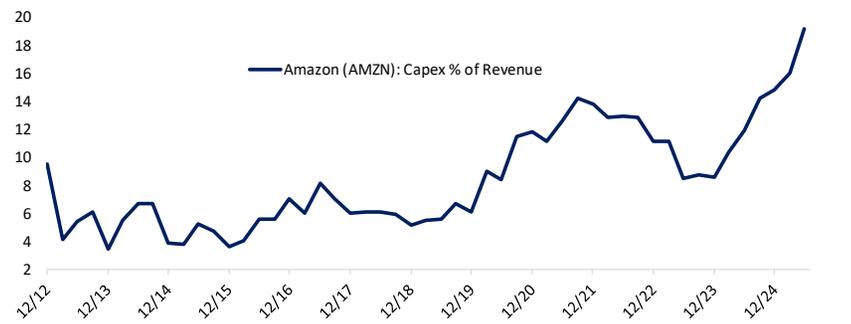
The Q3 guide was also messy: while revenues were guided 2% above consensus at the midpoint, operating incomes were guided 7% below consensus at the midpoint. In the e-commerce business, advertising revenues rose 22% YoY at constant currency (versus 17% estimated) while online store sales revenues beat by 4%. AMZN also ploughed 20% of revenue into capex, but those numbers are relatively light compared to other large cloud names. Shares fell 7% in reaction to the report.

Apple (AAPL) also reported after Thursday's close. iPhone sales beat by 11% helping to push total topline sales 5% above forecasts. EPS were 10% higher than expected. Both Services and Greater China also beat by 2% and 1%, respectively. As shown in the chart below, AAPL is less reliant on iPhones now than they were in their heyday of the mid-2010s when two-thirds of revenue came from that product line. Over the last 12 months, fully one-quarter of revenue has come from services, a trend that has continued steadily for a decade. But handsets are still half of the business. The stock was up 1.5% in reaction to the report as expectations were low.

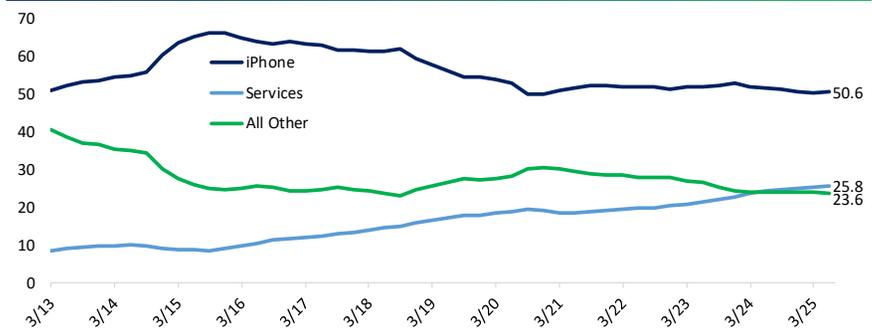
Amazon (AMZN): Despite AI Boom, AWS Sales Not Materially Accelerating



Amazon (AMZN): "Only" Investing 20% of Revenue

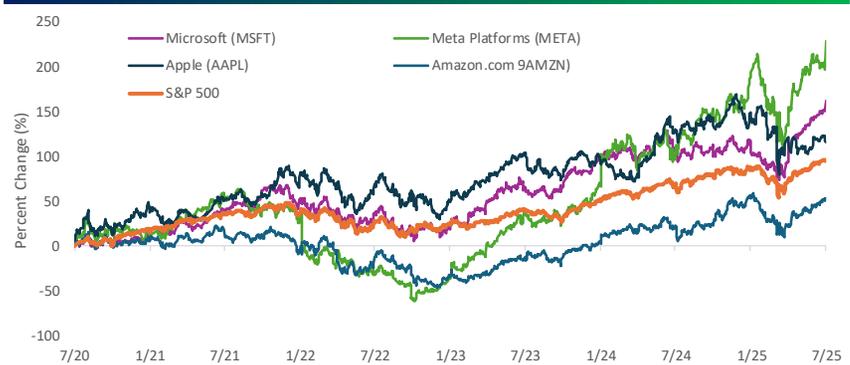


Apple (AAPL): Share of Revenue, Trailing 12m



Given their size, all four of the mega-caps that reported earnings this week have a big impact on the market, and their paths over the last five years have tracked the S&P 500 with three handily outperforming while AMZN has significantly lagged.

META, MSFT, AMZN, AAPL, and S&P 500 Performance Last Five Years





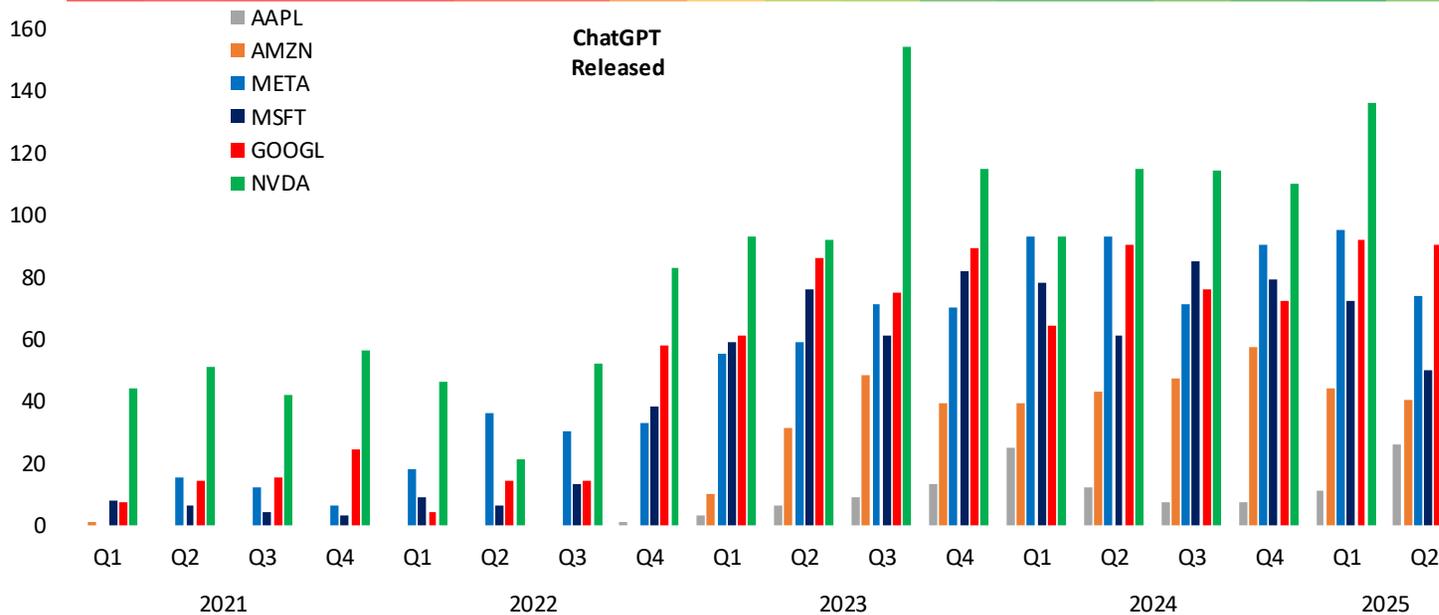
# The Bespoke Report

August 1, 2025

AI remains the major theme this earnings season especially when it comes to the mega-cap results, and since the launch of ChatGPT, we've been monitoring the explosion in mentions of the term 'AI' in conference call transcripts. **Q1 earnings season saw a record number of mentions of AI on earnings calls, but there has been a notable slowdown this quarter. Of the five companies shown that have reported so far this earnings season, AI has been mentioned 280 times compared to 314 last earnings season.**

What's most notable about the earnings season so far is that **while AMZN, META, MSFT, and GOOGL all mentioned AI less this earnings season than last earnings season, AAPL mentioned it a record number of times and more than twice as much as last quarter. Is AAPL finally getting on the AI train?**

Mega-Caps: # of AI Mentions in Quarterly Conference Call Transcripts																		
Companies	2021				2022				2023				2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
AAPL	0	0	0	0	0	0	0	1	3	6	9	13	25	12	7	7	11	26
AMZN	1	0	0	0	0	0	0	0	10	31	48	39	39	43	47	57	44	40
META	0	15	12	6	18	36	30	33	55	59	71	70	93	93	71	90	95	74
MSFT	8	6	4	3	9	6	13	38	59	76	61	82	78	61	85	79	72	50
GOOGL	7	14	15	24	4	14	14	58	61	86	75	89	64	90	76	72	92	90
NVDA	44	51	42	56	46	21	52	83	93	92	154	115	93	115	114	110	136	?
<b>Sum</b>	<b>60</b>	<b>86</b>	<b>73</b>	<b>89</b>	<b>77</b>	<b>77</b>	<b>109</b>	<b>213</b>	<b>281</b>	<b>350</b>	<b>418</b>	<b>408</b>	<b>392</b>	<b>414</b>	<b>400</b>	<b>415</b>	<b>450</b>	<b>280</b>
<b>-Ex NVDA</b>	<b>16</b>	<b>35</b>	<b>31</b>	<b>33</b>	<b>31</b>	<b>56</b>	<b>57</b>	<b>130</b>	<b>188</b>	<b>258</b>	<b>264</b>	<b>293</b>	<b>299</b>	<b>299</b>	<b>286</b>	<b>305</b>	<b>314</b>	<b>280</b>





# The Bespoke Report

August 1, 2025

The table below lists the 25 top performing S&P 1500 stocks in reaction to earnings of companies reporting up to Thursday morning. In all, six sectors are represented with eight coming from the Industrials sector, seven coming from Technology, and five coming from the Consumer Discretionary sector. All 25 stocks were up at least 13.9% with eight rallying more than 20%. The top performing stock was Medpace (MEDP) which surged over 50%. You don't see those types of gains very often, and from a stock in the Health Care sector no less! **For further screening tools related to earnings, make sure to check out the [Earnings Explorer](#) on the website if you have access.**

## S&P 1500 Top Performing Stocks in Reaction to Earnings

Ticker	Name	Sector	Date	TOD	Price	Actual vs Estimates			Opening Gap		Open To Close		Full 1 Day	
						EPS	Sales	Guidance	%	Pt	%	Pt	%	Pt
MEDP	Medpace	Health Care	7/21	PM	308.88	Beat	Beat	Raised	44.3	136.7	7.2	32.1	54.7	168.9
WING	Wingstop	Cons Discret.	7/30	AM	290.30	Beat	Beat	None	27.8	80.7	-0.7	-2.7	26.9	78.0
PI	Impinj	Technology	7/30	PM	122.21	Beat	Beat	Raised	18.7	22.8	6.6	9.6	26.5	32.4
SANM	Sanmina	Technology	7/28	PM	98.34	Beat	Beat	Inline	6.8	6.7	15.0	15.8	22.8	22.4
WST	West Pharma	Health Care	7/24	AM	227.31	Beat	Beat	Raised	24.0	54.6	-1.0	-2.8	22.8	51.8
FIX	Comfort Systems	Industrials	7/24	PM	562.83	Beat	Beat	None	18.2	102.5	3.5	23.4	22.4	125.9
GBX	Greenbrier	Industrials	7/1	PM	47.00	Beat	Beat	None	14.4	6.8	5.9	3.2	21.1	9.9
CGNX	Cognex	Technology	7/30	PM	33.76	Beat	Beat	Inline	14.1	4.8	5.8	2.3	20.8	7.0
GNRC	Generac	Industrials	7/30	AM	151.32	Beat	Beat	Inline	9.0	13.7	9.7	16.0	19.6	29.7
TER	Teradyne	Technology	7/29	PM	90.55	Beat	Beat	Inline	16.8	15.2	1.8	1.9	18.9	17.1
EBAY	eBay	Cons Discret.	7/30	PM	77.56	Beat	Beat	Inline	13.7	10.6	4.0	3.6	18.3	14.2
CVLT	Commvault Systems	Technology	7/29	AM	163.43	Beat	Beat	Raised	8.4	13.6	9.2	16.2	18.3	29.8
FSS	Federal Signal	Industrials	7/30	AM	104.86	Beat	Beat	Raised	12.1	12.6	5.5	6.5	18.2	19.1
AMKR	Amkor Technology	Technology	7/28	PM	21.23	Beat	Beat	Inline	15.5	3.3	2.3	0.6	18.2	3.9
CHRW	CH Robinson	Industrials	7/30	PM	97.65	Beat	Missed	None	13.1	12.8	4.4	4.9	18.1	17.7
IQV	IQVIA	Health Care	7/22	AM	158.96	Beat	Beat	Inline	7.8	12.4	9.4	16.1	17.9	28.4
DHI	DR Horton	Cons Discret.	7/22	AM	131.22	Beat	Beat	Inline	10.2	13.4	6.1	8.9	17.0	22.3
PII	Polaris	Cons Discret.	7/29	AM	49.48	Beat	Beat	Inline	13.5	6.7	3.0	1.7	16.8	8.3
PRG	PROG Holdings	Financials	7/23	AM	28.61	Beat	Beat	Inline	18.3	5.2	-1.4	-0.5	16.6	4.8
VICR	Vicor	Industrials	7/22	PM	45.20	Beat	Beat	None	38.6	17.5	-15.9	-10.0	16.6	7.5
LW	Lamb Weston	Cons Staples	7/23	AM	49.17	Beat	Beat	Inline	14.0	6.9	2.0	1.1	16.3	8.0
GNTX	Gentex	Cons Discret.	7/25	AM	23.60	Beat	Beat	Inline	16.7	4.0	-0.5	-0.1	16.2	3.8
GTLS	Chart Industries	Industrials	7/29	AM	171.65	Beat	Missed	None	15.8	27.2	0.0	0.0	15.8	27.2
GEV	GE Vernova	Industrials	7/23	AM	548.99	Beat	Beat	Inline	8.5	46.8	5.6	33.3	14.6	80.0
PEGA	Pegasystems	Technology	7/22	PM	50.92	Beat	Beat	None	0.6	0.3	13.2	6.8	13.9	7.1



# The Bespoke Report

August 1, 2025

Moving on to the losers, the table below lists the 25 worst performing S&P 1500 stocks in reaction to earnings of companies reporting up to Thursday morning. In all, seven sectors are represented with six coming from the Consumer Discretionary sector, five each coming from Health Care and Technology, while three were in the Industrials sector. All 25 stocks listed were down at least 15%, including a 36.6% decline in shares of Align Technologies (ALGN).

## S&P 1500 Worst Performing Stocks in Reaction to Earnings

Ticker	Name	Sector	Date	TOD	Price	Actual vs Estimates			Opening Gap		Open To Close		Full 1 Day	
						EPS	Sales	Guidance	%	Pt	%	Pt	%	Pt
ALGN	Align Technology	Health Care	7/30	PM	203.57	Missed	Missed	Lowered	-30.0	-61.1	-9.5	-13.5	-36.6	-74.6
AIN	Albany International	Industrials	7/30	PM	70.96	Missed	Beat	None	-5.2	-3.7	-19.5	-13.1	-23.6	-16.8
HELE	Helen of Troy	Cons Discret.	7/10	AM	31.00	Missed	Missed	Lowered	-29.8	-9.3	10.2	2.2	-22.7	-7.0
BAX	Baxter International	Health Care	7/31	AM	28.05	Missed	Missed	Inline	-15.3	-4.3	-8.4	-2.0	-22.4	-6.3
XRX	Xerox	Technology	7/31	AM	5.22	Missed	Beat	None	-3.3	-0.2	-19.8	-1.0	-22.4	-1.2
IRDM	Iridium	Comm Svcs	7/24	AM	32.43	Missed	Beat	None	-10.9	-3.5	-12.6	-3.6	-22.1	-7.2
SPSC	SPS Commerce	Technology	7/30	PM	139.56	Beat	Beat	Inline	-17.2	-24.1	-5.7	-6.6	-22.0	-30.7
KEX	Kirby	Industrials	7/31	AM	120.00	Beat	Beat	None	-6.7	-8.0	-14.9	-16.7	-20.6	-24.7
MNRO	Monro	Cons Discret.	7/30	AM	16.32	Beat	Beat	None	5.2	0.9	-23.9	-4.1	-19.9	-3.3
CRI	Carter's	Cons Discret.	7/25	AM	32.75	Missed	Beat	None	-20.9	-6.8	1.5	0.4	-19.7	-6.5
NEO	NeoGenomics	Health Care	7/29	AM	6.46	Beat	Missed	Lowered	-18.0	-1.2	-0.9	-0.1	-18.7	-1.2
CHTR	Charter Communications	Comm Svcs	7/25	AM	380.00	Missed	Beat	None	-13.4	-51.0	-5.9	-19.3	-18.5	-70.3
ATI	ATI	Materials	7/31	AM	94.24	Beat	Missed	Inline	-9.5	-9.0	-9.8	-8.3	-18.4	-17.3
NSIT	Insight Enterprises	Technology	7/31	AM	144.59	Missed	Missed	None	-3.8	-5.5	-14.8	-20.6	-18.0	-26.0
LKQ	LKQ	Cons Discret.	7/24	AM	38.61	Missed	Beat	Lowered	-13.7	-5.3	-4.8	-1.6	-17.8	-6.9
FORM	FormFactor	Technology	7/30	PM	34.42	Missed	Beat	Inline	-24.0	-8.3	8.6	2.3	-17.5	-6.0
DOW	Dow	Materials	7/24	AM	30.37	Missed	Missed	None	-10.5	-3.2	-7.8	-2.1	-17.5	-5.3
DFIN	Donnelley Financial	Financials	7/31	AM	63.86	Beat	Missed	Lowered	-7.7	-4.9	-10.2	-6.0	-17.1	-10.9
SIGI	Selective Insurance	Financials	7/23	PM	90.41	Missed	Beat	None	-8.2	-7.4	-9.6	-8.0	-17.0	-15.4
HZO	MarineMax	Cons Discret.	7/24	AM	27.32	Missed	Missed	Lowered	-16.8	-4.6	0.0	0.0	-16.9	-4.6
MOH	Molina Healthcare	Health Care	7/23	PM	190.25	Missed	Beat	Lowered	-9.0	-17.0	-8.7	-15.0	-16.8	-32.0
EXEL	Exelixis	Health Care	7/28	PM	44.39	Beat	Missed	None	-13.8	-6.1	-3.5	-1.3	-16.8	-7.5
BMI	Badger Meter	Technology	7/22	AM	245.22	Missed	Beat	None	-7.7	-18.9	-9.5	-21.5	-16.5	-40.4
MAT	Mattel	Cons Discret.	7/23	PM	20.20	Beat	Missed	Inline	-6.5	-1.3	-10.5	-2.0	-16.4	-3.3
CAR	Avis Budget	Industrials	7/29	PM	203.88	Missed	Beat	None	-9.9	-20.3	-6.1	-11.2	-15.4	-31.4



# The Bespoke Report

August 1, 2025

There's been a ton of triple plays reported so far this earnings season. From July 1<sup>st</sup> until the open on Thursday, there were a total of 65, and below we list the 25 best performers on their earnings reaction days from the S&P 1500. Once again, MEDP tops the list, but only 15 were up over 10% in response to their Triple Plays. In terms of sector representation, Technology topped the list with nine companies, followed surprisingly by Health Care with six, and then Industrials with five. Of the Triple Plays listed, the most notable is certainly META which surged more than 11% in response to its report.

## S&P 1500 Top Performing Triple Plays in Reaction to Earnings

Ticker	Name	Sector	Date	TOD	Price	Actual vs Estimates			Opening Gap		Open To Close		Full 1 Day	
						EPS	Sales	Guidance	%	Pt	%	Pt	%	Pt
MEDP	Medpace	Health Care	7/21	PM	308.88	Beat	Beat	Raised	44.3	136.7	7.2	32.1	54.7	168.9
PI	Impinj	Technology	7/30	PM	122.21	Beat	Beat	Raised	18.7	22.8	6.6	9.6	26.5	32.4
WST	West Pharma	Health Care	7/24	AM	227.31	Beat	Beat	Raised	24.0	54.6	-1.0	-2.8	22.8	51.8
CVLT	Commvault Systems	Technology	7/29	AM	163.43	Beat	Beat	Raised	8.4	13.6	9.2	16.2	18.3	29.8
FSS	Federal Signal	Industrials	7/30	AM	104.86	Beat	Beat	Raised	12.1	12.6	5.5	6.5	18.2	19.1
HUM	Humana	Health Care	7/30	AM	232.62	Beat	Beat	Raised	7.3	17.0	4.8	11.9	12.4	28.9
TEL	TE Connectivity	Technology	7/23	AM	180.47	Beat	Beat	Raised	3.7	6.6	8.0	14.9	12.0	21.6
GLW	Corning	Technology	7/29	AM	55.41	Beat	Beat	Raised	6.2	3.5	5.3	3.1	11.9	6.6
META	Meta Platforms	Comm Svcs	7/30	PM	695.21	Beat	Beat	Raised	11.5	80.0	-0.2	-1.8	11.3	78.2
XYL	Xylem	Industrials	7/31	AM	130.60	Beat	Beat	Raised	5.4	7.1	5.0	6.9	10.7	14.0
AGCO	AGCO	Industrials	7/31	AM	106.64	Beat	Beat	Raised	9.0	9.6	1.5	1.7	10.6	11.3
TMDX	TransMedics	Health Care	7/30	PM	107.70	Beat	Beat	Raised	14.8	15.9	-3.8	-4.6	10.5	11.3
LFUS	Littelfuse	Technology	7/30	AM	235.79	Beat	Beat	Raised	8.1	19.1	2.2	5.5	10.4	24.6
CDNS	Cadence Design	Technology	7/28	PM	333.76	Beat	Beat	Raised	6.4	21.2	3.2	11.3	9.7	32.5
ENSG	Ensign Group	Health Care	7/24	PM	137.77	Beat	Beat	Raised	8.9	12.3	0.0	0.0	8.9	12.3
CBRE	CBRE Group	Real Estate	7/29	AM	146.56	Beat	Beat	Raised	4.2	6.2	3.5	5.3	7.8	11.5
MANH	Manhattan Associates	Technology	7/22	PM	202.79	Beat	Beat	Raised	20.8	42.2	-11.1	-27.3	7.4	14.9
WEX	WEX	Financials	7/23	PM	163.40	Beat	Beat	Raised	4.4	7.2	2.0	3.5	6.6	10.7
PTC	PTC	Technology	7/30	PM	202.51	Beat	Beat	Raised	4.9	10.0	1.1	2.3	6.1	12.3
ALLE	Allegion	Industrials	7/24	AM	154.36	Beat	Beat	Raised	2.3	3.5	3.7	5.8	6.0	9.3
TFX	Teleflex	Health Care	7/31	AM	113.91	Beat	Beat	Raised	8.1	9.2	-2.9	-3.6	4.9	5.6
WELL	Welltower	Real Estate	7/28	PM	158.29	Beat	Beat	Raised	2.7	4.2	2.1	3.5	4.9	7.7
FFIV	F5	Technology	7/30	PM	298.99	Beat	Beat	Raised	8.0	24.0	-3.0	-9.6	4.8	14.4
APG	API Group	Industrials	7/31	AM	34.42	Beat	Beat	Raised	3.9	1.3	0.9	0.3	4.8	1.7
KRC	Kilroy Realty	Real Estate	7/28	PM	36.61	Beat	Beat	Raised	2.5	0.9	2.1	0.8	4.7	1.7



# The Bespoke Report

August 1, 2025

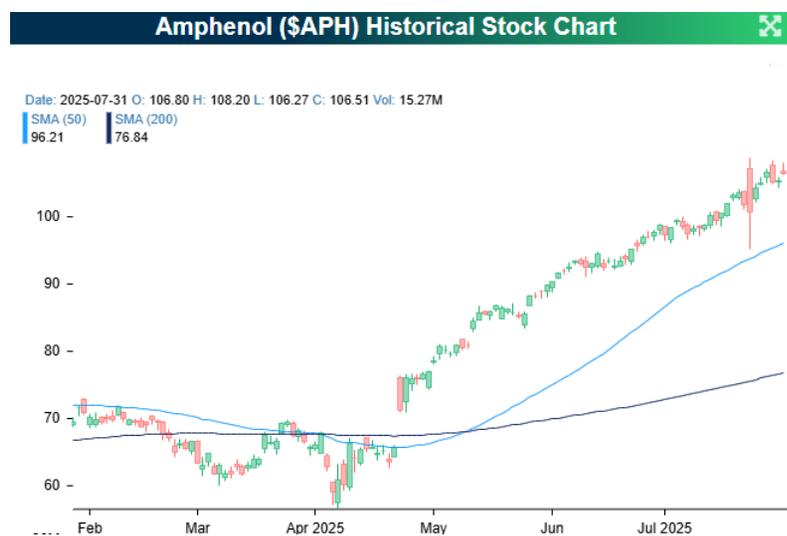
On Wednesday, we published our latest Triple Play report which features key stocks that posted earnings triple plays over the last month. We like triple plays as an indication that a company's business is firing on all cylinders, with better-than-expected results and an improving outlook. A triple play is indicative of positive "fundamental momentum" instead of pure fundamentals, and there are always plenty of names with both high and low valuations on our quarterly list. If you have access with your subscription level and you would like to read the full report, click on the image to the right, and to keep up to date on the latest companies reporting triple plays check out our [website](#).



One of the companies highlighted in this month's report is Amphenol (APH) which reported an earnings triple play before the open on 7/23. It was the company's third straight triple play, but the stock turned negative that day after the positive moves in reaction to the two prior triple plays.

Here's how AI describes the company: *Amphenol (APH) is one of the world's largest designers, manufacturers, and marketers of electrical, electronic, and fiber optic connectors, as well as interconnect systems, coaxial and specialty cables, and high-performance sensors. APH enables high-speed signal transmission and power distribution across a wide range of demanding environments, serving industries such as automotive, aerospace, defense, industrial, IT/data communications, mobile devices, and broadband. The company operates through three primary business segments: Harsh Environment Solutions, Communications Solutions, and Interconnect and Sensor Systems. The Harsh Environment Solutions segment provides ruggedized connectors and interconnects used in military, commercial aerospace, automotive, and heavy industrial markets. Communications Solutions serves the mobile devices and IT/data communications markets, supplying connectors for smartphones, tablets, servers, and networking equipment. Interconnect and Sensor Systems covers a broad industrial and transportation footprint, including sensors and interconnects used in factory automation, rail, green energy, medical, and hybrid-electric vehicle applications.*

Amphenol posted a blockbuster Q2 with record sales of \$5.65B, up 57% YoY and 41% organically, as every end market delivered double-digit organic growth. The standout driver was AI-fueled demand in the IT datacom segment, which surged 133% organically and now makes up 36% of total sales. CEO Adam Norwitt said the company actually shipped "substantially more than expected," including some Q3 volume, because "our team outperformed even our customers' very high expectations." Roughly two-thirds of both YoY and sequential IT datacom growth came from AI-related products, which Amphenol delivers across the stack, from chipmakers to hyperscalers, thanks to its critical role in high-speed, power, and fiber-optic interconnects. Even with some pull-forward, Q3 sales are only expected to dip mid-single digits, and Norwitt emphasized they're still winning new AI programs and expanding capacity globally, supported by elevated CapEx. Outside of AI, defense sales rose 25% YoY, with global geopolitical tensions driving long-term opportunity, and European industrial sales turned positive, with broad strength in factory automation, medical, and alternative energy.





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Looking ahead to next week, while none of the mega-caps will be reporting, it will be another busy one with more than 100 S&P 500 companies expected to report. The table below lists the 30 companies in the S&P 500 with the largest market caps that will be reporting earnings. For each one, we show how often they have reported better than expected EPS, sales, and raised guidance for all Q2 earnings season reports as well as all quarters.

For Q2 specifically, Arista Networks (ANET) has never reported weaker than expected EPS, while Pfizer, (PFE), Amgen (AMGN), and Motorola Solutions (MSI) have exceeded EPS forecasts at least 90% of the time. Apollo (APO), DoorDash (DASH), and Monster Beverage have all missed EPS forecasts at least half of the time for Q2.

In terms of revenues, AMGN, ANET, and Vistra (VST) have never missed estimates while Williams (WMB), Duke Energy (DUK), Walt Disney (DIS), Emerson Electric (EMR), ConocoPhillips (COP) and MNST have all missed at least half of the time.

Regarding guidance, Axon Enterprises (AXON), Palantir (PLTR), and ANET have each raised guidance at least half of the time.

Lastly, related to stock reaction, AXON, WMB, Uber (UBER), DASH, ANET, VST, TransDigm (TDG), and AMGN have all averaged gains of at least 2% on their earnings reaction days in response to their Q2 reports. On the downside, Airbnb (ABNB), AMF, and Marriott (MAR) have averaged decline of at least 2%.

## Largest S&P 500 Companies Reporting During Week of 8/8/25

Ticker	Name	Sector	Date	Time of Day	Q2 EPS Reports				All Reports			
					EPS Beat Rate (%)	Sales Beat Rate (%)	% Raised Guidance	1 Day Chg. (%)	EPS Beat Rate (%)	Sales Beat Rate (%)	% Raised Guidance	1 Day Chg. (%)
AXON	Axon Enterprise	Industrials	8/4	PM	67	67	50	7.83	83	78	48	6.82
PLTR	Palantir	Technology	8/4	PM	50	75	50	0.56	42	95	53	3.45
VRTX	Vertex Pharma	Health Care	8/4	PM	57	70	4	0.24	59	62	7	-0.72
WMB	Williams	Energy	8/4	PM	61	25	4	4.49	59	53	5	1.56
APO	Apollo Global	Financials	8/5	AM	43	69	0	-0.74	50	66	0	-0.34
CAT	Caterpillar	Industrials	8/5	AM	73	64	14	0.05	69	61	18	-0.52
DUK	Duke Energy	Utilities	8/5	AM	65	43	4	0.34	60	41	3	-0.07
ETN	Eaton	Industrials	8/5	AM	83	70	26	0.50	84	56	16	0.84
MAR	Marriott International	Cons Discret.	8/5	AM	78	52	9	-2.22	78	62	11	-0.21
PFE	Pfizer	Health Care	8/5	AM	96	52	9	0.00	87	56	12	-0.23
TDG	TransDigm	Industrials	8/5	AM	89	53	26	2.23	83	61	13	0.70
ZTS	Zoetis	Health Care	8/5	AM	67	92	25	1.72	82	88	20	0.60
AMD	Advanced Micro	Technology	8/5	PM	55	86	18	-2.85	62	78	21	-1.54
AMGN	Amgen	Health Care	8/5	PM	96	100	39	2.00	81	75	18	0.08
ANET	Arista Networks	Technology	8/5	PM	100	100	64	2.41	100	100	61	1.20
DASH	DoorDash	Cons Discret.	8/6	AM	0	100	0	2.48	22	94	0	2.78
DIS	Walt Disney	Comm Svcs	8/6	AM	87	48	4	-1.56	78	60	4	0.13
EMR	Emerson Electric	Industrials	8/6	AM	61	39	35	-0.43	61	57	16	0.38
MCD	McDonald's	Cons Discret.	8/6	AM	50	64	0	-0.52	56	67	0	0.09
UBER	Uber Technologies	Industrials	8/6	AM	50	67	0	2.52	64	72	0	0.72
ABNB	Airbnb	Cons Discret.	8/6	PM	75	75	25	-3.49	72	94	22	0.65
FTNT	Fortinet	Technology	8/6	PM	80	93	20	0.51	87	94	11	1.48
CEG	Constellation Energy	Utilities	8/7	AM	58	75	0	1.03	60	48	0	0.20
COP	ConocoPhillips	Energy	8/7	AM	68	23	0	-0.50	74	43	0	-0.06
LLY	Eli Lilly	Health Care	8/7	AM	70	78	17	0.97	66	67	9	-0.23
PH	Parker-Hannifin	Industrials	8/7	AM	74	65	9	-0.38	83	74	27	0.72
VST	Vistra	Utilities	8/7	AM	50	100	0	2.42	36	45	0	-0.36
GILD	Gilead Sciences	Health Care	8/7	PM	83	83	0	-0.56	78	83	6	0.00
MNST	Monster Beverage	Cons Staples	8/7	PM	31	38	0	-0.14	37	54	0	1.76
MSI	Motorola Solutions	Technology	8/7	PM	93	86	21	1.26	93	81	10	1.05



# The Bespoke Report

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Regarding the economy, there was a ton of data on the calendar this week. We'll only cover some of the more major ones in this week's report, but with July winding down, the last of the economic indicators covering June were released today which completed the dataset that comprises our *Matrix of Economic Indicators*. The updated matrix (and an explanation) is shown on the following page.

**We're back (sort of)! After five months in a row of negative readings, economic momentum turned positive in June.** The net number of indicators showing positive momentum went from negative five to positive eight, representing the first positive reading of the year. **One caveat to this month's strength was the fact that positive momentum in the inflation category contributed to the gains,** although even without that positive contribution, the net bottom line reading would have still been positive. Overall, the economy is hardly hot, but it's not freezing up either.

Below are a few of the key takeaways from this month's update:

The funk in **Manufacturing** data reversed a bit in May as four of the seven indicators in the category showed positive momentum. To the downside, Chicago PMI remained negative while Durable Goods Orders showed negative momentum but still grew at a healthy pace. On the upside, the ISM Services index moved back above 50, while the Manufacturing components improved but remained below 50.

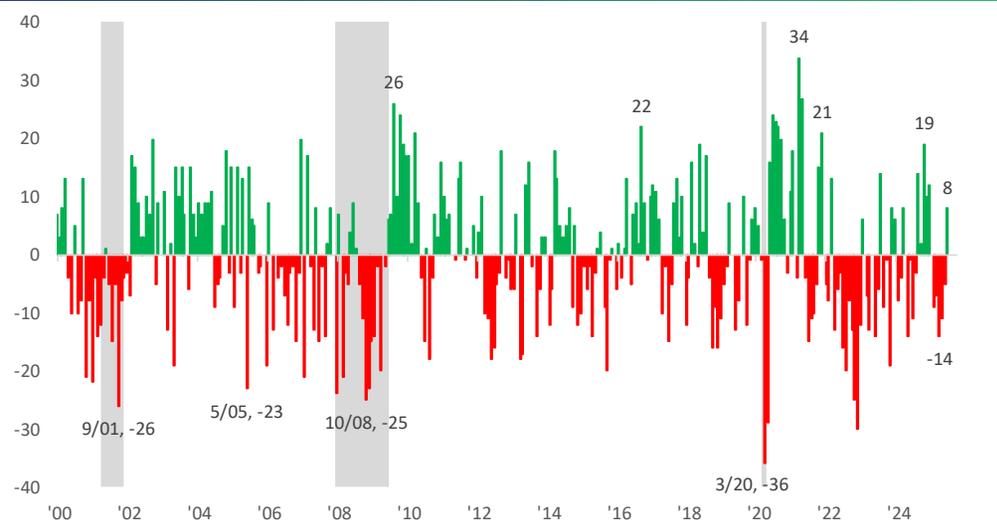
June was the sixth month in a row that **Employment** data was either neutral or skewed to the downside. Jobless claims trended higher for the third month in a row while growth in ADP Private Payrolls also showed a slower rate of growth. Regarding the Unemployment Rate, June was also the first time since July 2023 that it didn't increase on a year/year basis.

Like Employment, data in the **Housing** sector was biased to the downside in June, and it was the fifth time in the last six months that the majority of indicators in the sector showed negative momentum. A look at the actual levels of the year/year readings also illustrates the weakness in the sector as every indicator besides monthly supply is either flat or down on a year/year basis.

After four months where the majority of **Inflation** readings have shown negative momentum, June was the second month in a row where the vast majority of indicators we track in the sector showed positive momentum. Readings like this aren't likely to increase the odds of a rate cut, but one consolation is the fact that every one of the indicators in the sector has a 2-handle or lower.

After five months in a row where the majority of **Consumer** related indicators showed negative momentum, June saw a big improvement as Retail Sales Ex Autos was the only indicator to show negative momentum. On the upside, while sentiment surveys like Consumer Confidence and University of Michigan were both down on a year/year basis, they were the least negative readings of the year.

Net Number of Economic Indicators Accelerating Y/Y: 2000 - 2025





# The Bespoke Report

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The Matrix of Economic Indicators to the right summarizes the y/y change by month (unless otherwise noted) in economic indicators over the last year by category. The numbers in the left-most column show the most recent y/y readings as of the end of June. We also highlight each release to show if it got better (green) or worse (red) versus its prior reading. Charts of each indicator are provided on pages four through eight.

**Momentum turned positive for the first time this year in June, but it's more like muddling through than on cruise control as inflation related indicators flattered the bottom-line reading.**

Matrix of Economic Indicators: 6/30/25												
Category Indicator	Year/Year Change (Unless Otherwise Noted)											
	6/30/25	5/31/25	4/30/25	3/31/25	2/28/25	1/31/25	12/31/24	11/30/24	10/31/24	9/30/24	8/31/24	7/31/24
<b>Manufacturing/Output</b>												
Chicago PMI (actual)	40.40	40.50	44.60	47.60	45.50	39.50	36.90	39.80	41.00	44.90	44.40	44.40
ISM Manufacturing (actual)	49.00	48.50	48.70	49.00	50.30	50.90	49.20	48.40	46.90	47.50	47.50	47.00
ISM Services (actual)	50.80	49.90	51.60	50.80	53.50	52.80	54.00	52.50	55.80	54.50	51.60	51.40
Industrial Production	0.73	0.66	1.30	1.12	1.18	1.38	0.40	-0.91	-0.36	-0.69	-0.07	-0.54
Capacity Utilization	-0.72	-0.75	-0.07	-0.21	-0.11	0.13	-0.80	-2.08	-1.52	-1.86	-1.28	-1.80
Durable Goods	10.93	19.93	2.88	10.02	4.02	3.77	-4.52	-3.43	2.55	-1.93	0.28	-0.02
Durable Goods ex Tran	2.23	2.39	1.66	2.29	2.40	2.04	0.87	1.12	1.45	1.40	0.59	-0.39
<b>Employment</b>												
Jobless Claims (4 Wk Avg)	241.3	235.3	226.0	223.0	226.5	217.8	222.3	219.0	236.3	225.0	230.0	236.5
ADP Employment	1.13	1.25	1.35	1.39	1.35	1.35	1.31	1.25	1.17	1.10	1.03	0.98
Non Farm Payrolls	1.15	1.11	1.14	1.12	1.20	1.28	1.28	1.25	1.17	1.27	1.22	1.27
Average Hourly Earnings	3.89	3.94	4.02	3.93	4.18	4.02	4.04	4.08	4.17	4.18	4.16	3.96
Average Workweek (actual)	33.50	33.70	33.70	33.80	33.60	33.60	33.70	33.60	33.70	33.70	33.70	33.70
Unemployment Rate (actual)	0.00	0.20	0.30	0.30	0.20	0.30	0.30	0.50	0.20	0.30	0.50	0.70
Challenger Job Cuts	-1.61	47.01	62.75	204.78	103.24	-39.50	11.42	26.84	50.93	53.45	0.98	9.23
<b>Housing</b>												
Building Permits	-4.65	-0.92	-2.54	0.34	-7.80	-5.50	-2.57	0.33	-6.54	-6.70	-5.45	-5.65
Housing Starts	-0.45	-4.03	0.94	3.28	-3.99	-1.67	-0.46	-14.46	-1.17	-1.02	5.62	-13.36
New Home Sales	-6.56	-6.32	-1.95	-4.62	-2.43	-2.79	11.66	10.66	-8.81	5.29	7.44	1.14
Existing Home Sales	0.00	-0.49	-1.96	-2.43	-0.93	2.25	9.72	6.65	3.07	-2.99	-3.68	-2.45
Pending Home Sales	-2.83	1.11	-2.46	-1.17	-3.48	-5.23	-5.01	6.04	5.22	2.58	-2.57	-8.13
Monthly Supply	16.67	14.12	10.39	13.58	10.71	11.11	-2.38	-1.14	19.23	2.60	2.50	8.22
NAHB Homebuilder Index	-25.58	-24.44	-21.57	-23.53	-12.50	6.82	24.32	35.29	7.50	-6.82	-22.00	-26.79
<b>Inflation</b>												
CPI	2.67	2.38	2.33	2.41	2.81	3.00	2.87	2.71	2.57	2.43	2.61	2.94
Core CPI	2.91	2.77	2.78	2.81	3.14	3.29	3.21	3.28	3.29	3.29	3.29	3.23
PPI	1.94	1.35	0.45	0.91	2.09	3.03	2.66	1.92	0.87	-0.86	0.40	1.91
Core PPI	2.73	2.57	2.52	2.33	2.33	2.35	2.61	2.48	2.46	2.43	2.37	2.23
PCE	2.58	2.42	2.24	2.34	2.68	2.56	2.60	2.46	2.34	2.10	2.28	2.47
Core PCE	2.79	2.76	2.62	2.70	2.95	2.71	2.86	2.83	2.82	2.66	2.73	2.67
Import Prices	-0.21	-0.21	0.07	0.78	1.72	1.72	2.17	1.36	0.71	-0.07	0.78	1.72
Import Prices ex Petrol.	1.28	1.53	1.28	1.53	1.86	1.69	2.27	2.11	2.28	1.79	1.38	1.21
<b>Consumer</b>												
Consumer Confidence	-2.66	-2.86	-12.10	-8.92	-4.48	-5.05	1.39	11.68	10.60	-4.89	-2.85	-10.61
Michigan Confidence	-11.00	-24.46	-32.38	-28.21	-15.86	-9.24	6.17	17.13	10.50	3.39	-2.16	-7.13
Personal Income	4.74	4.63	5.35	4.68	4.62	4.33	5.17	5.15	5.24	4.84	4.96	5.30
Personal Spending	4.75	4.66	5.20	5.24	5.27	5.50	5.80	5.66	5.53	5.36	5.25	5.39
Retail Sales	3.92	3.29	4.97	5.08	3.86	4.56	4.57	3.91	3.13	1.98	1.86	3.05
Retail Sales ex Autos	3.35	3.62	4.10	4.24	4.26	4.36	3.71	3.12	3.04	2.54	2.18	3.38
Auto Sales	0.33	-1.57	9.72	14.72	1.20	4.00	6.13	7.70	3.48	0.64	0.60	0.51
<b>Total</b>	<b>8</b>	<b>-5</b>	<b>-11</b>	<b>-14</b>	<b>-7</b>	<b>-9</b>	<b>12</b>	<b>10</b>	<b>19</b>	<b>2</b>	<b>14</b>	<b>-3</b>

Stronger than prior month.

Weaker than prior month.



# The Bespoke Report

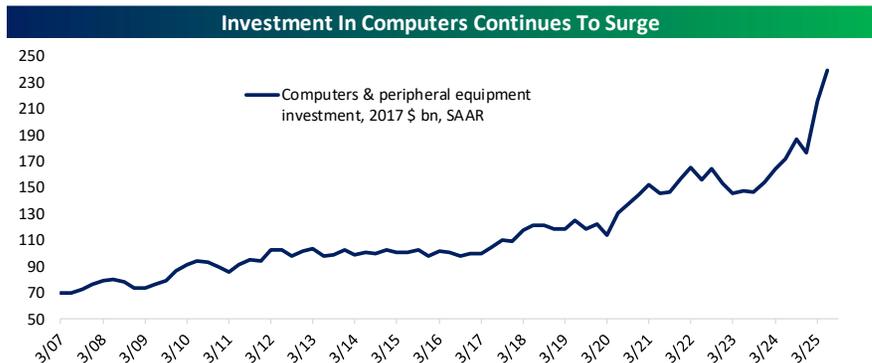
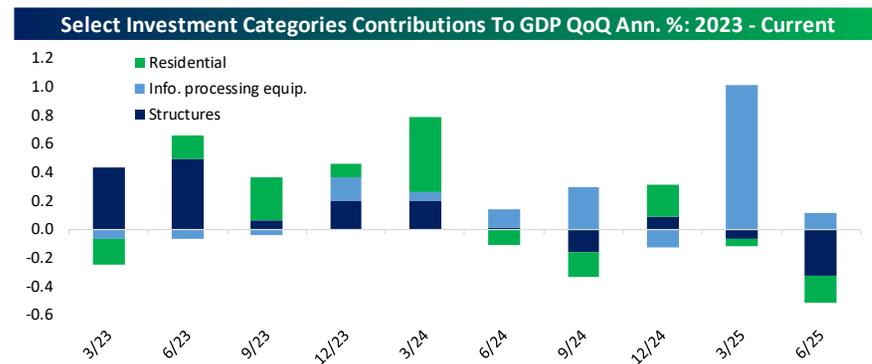
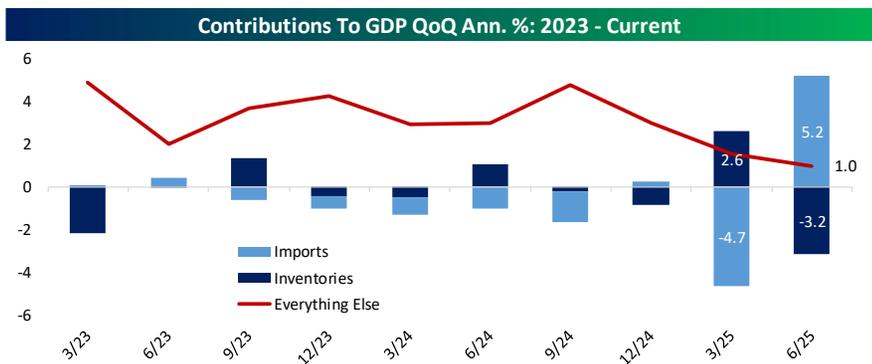
August 1, 2025

On Wednesday, the BEA released its **first reading on Q2 GDP, which topped estimates to rise 3.0% annualized**. That was broadly good news, but the **underlying growth picture was weaker and reflects a general trend we have observed for months with respect to the economy – it’s growing but not by much**. In the top left chart, we show the wild swings to imports and inventories in offsetting directions over the last two quarters. An import surge in Q1 led to weaker growth, offset by inventory building. That process reversed in Q2 with imports plunging, but imports dropping as well. Excluding those two categories, all other output added 1.0% annualized to total GDP growth.

Phrased slightly differently, real final sales to private, domestic purchasers grew 1.2% annualized in real terms during Q2, which was the slowest since Q4 2022 and marked a third-straight sequential deceleration (bottom left).

**Consumption was slightly weaker than expected in Q2**, rising 1.4% annualized versus 1.5% estimated; it rose 0.9% annualized over the last two quarters, the weakest since the pandemic or about the same as the lowest price from the late-2010s (+0.9% 2Q annualized in Q1 '19).

Investment was a key story in the swing for growth outside of imports and inventories. As shown below, residential fixed investment has been a steady drag on growth for over a year now. Information processing equipment, fueled by AI spending, added over 100 bps QoQ annualized to Q1 output growth but slowed in Q2 despite another big jump for real spending on the computers & peripheral equipment sub-category. Finally, **nonresidential structures investment was a major drag despite rapid data center growth**.





# The Bespoke Report

August 1, 2025

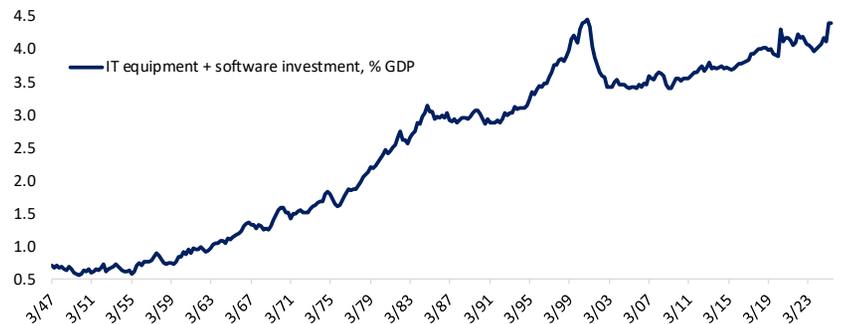
Despite the boom in investment for software (which was strong for another quarter) and IT equipment, those two categories' share of GDP is still slightly below the record levels it hit during the dotcom boom. It's also rising rapidly and given the accelerated data center capex announcements we've seen from large tech names it's likely to hit a new record later this year (top left).

Investment slowed in power generation. Renewables saw a massive increase in investment thanks to the Inflation Reduction Act, but that growth stalled in the latest quarter. That said, non-renewable power generation investment fell 3% QoQ, significantly more than renewables did (bottom left).

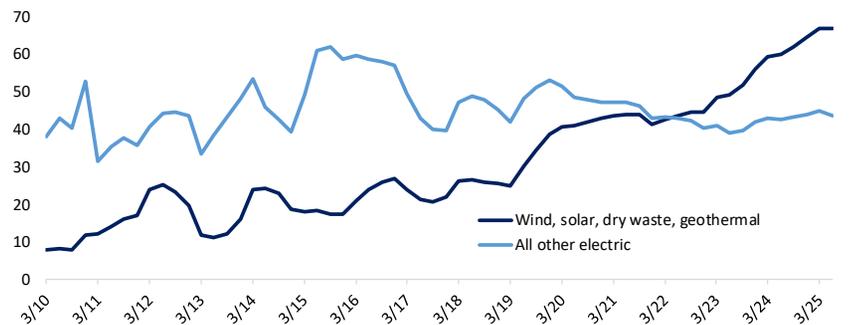
On housing, new multifamily investment hit a new cycle low for the quarter, continuing the retreat that has been underway since 2023. Single family housing investment has also continued to slow after a sharp decline in from Q1 2022 to Q1 2023 and a small rebound after. Meanwhile, residential improvement spend hit a record in the latest Q2 data (top right).

Finally, we note that Q2 core PCE came in +2.5% annualized, compared to the +2.3% economists expected. That implies some combination of upward revisions to core PCE data released for April and May or a higher-than-expected June print. As shown below, core PCE has run consistently above target for four years now and while it decelerated in Q2 it's still well above the 2% rate that the FOMC aims for. From this narrow context, it's a headwind to the idea of near-term rate cuts being necessary, even though the Fed did cut at these levels last year (bottom right).

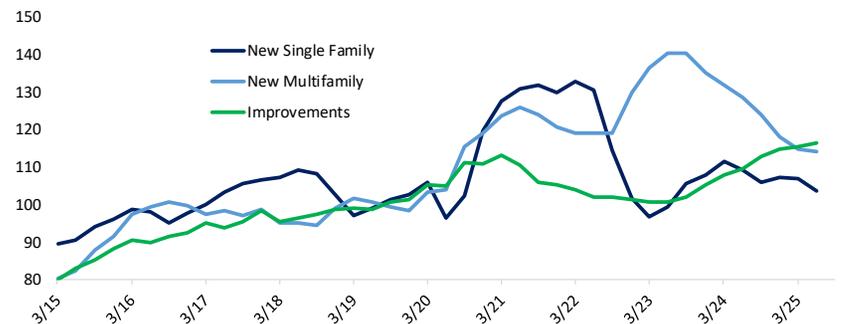
The AI Investment Boom Hasn't Driven Tech Investment Above Tech Bubble Levels



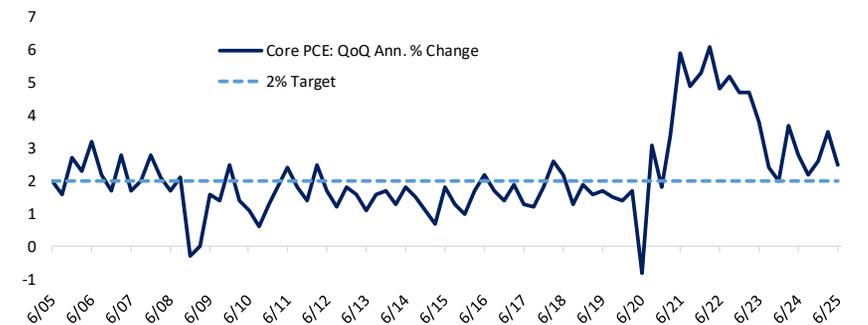
First Decline In Renewables Investment Since Q4 '21 (Real Investment, 2017 \$ bn SAAR)



Real Residential Investment (2019 = 100)



Core Inflation Continues To Run Above Target



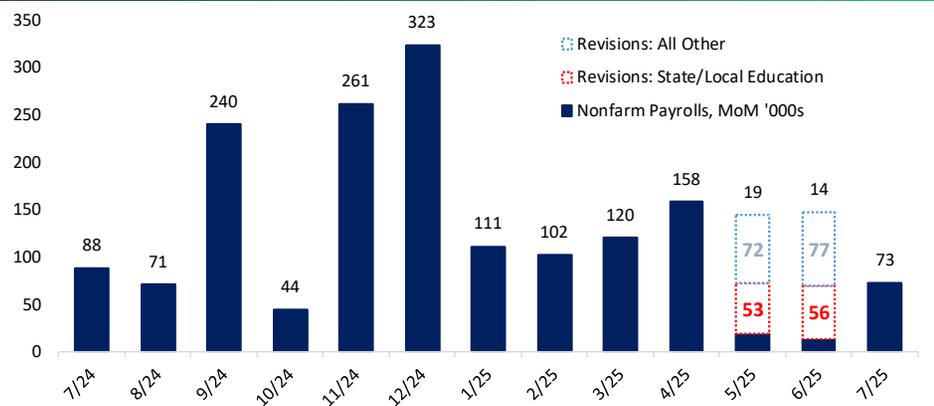


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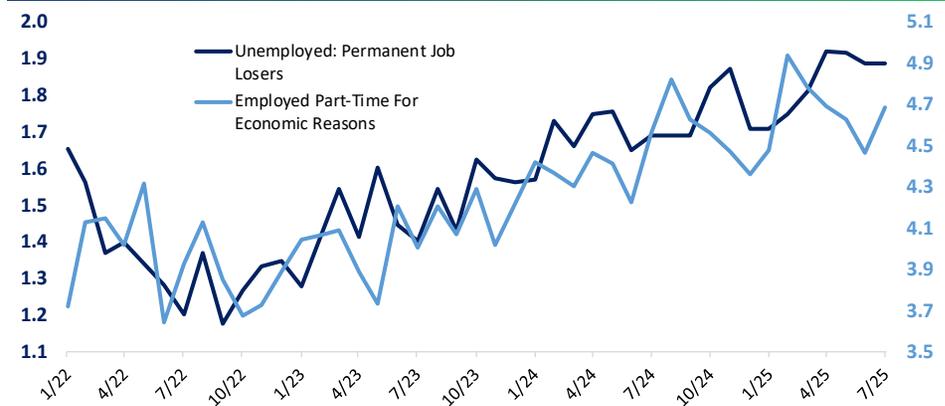
August 1, 2025

While payrolls missed in July (+73k versus +104k estimated) the bigger story was revisions. A combined 258k jobs were revised out of May and June numbers, taking those months' NFP prints to +19k and +14k, respectively. Almost half of the revisions came from state and local government education, which accounts for less than 7% of total employment. While jobs growth has slowed, there's been no major uptick in unemployment due to job loss or more workers only part-time because they can't find full-time work. Labor income (employment times wages times hours) was also up over 7% annualized on the month and is up at 3.7% annualized on a 3m/3m basis that is similar to 2019's nominal growth rate. Labor income has certainly slowed, but it's not cratering in a way that would drive sharp pullbacks in spending despite the slow jobs growth. Since the Global Financial Crisis, labor market data has broadly been viewed as an insight to the demand side of the labor market. But the current context is quite different: unemployment remains low, while labor supply is falling. The last 3 months saw a 9.3mm annualized decline in the labor force, driven by immigration policy and to a lesser extent demographics. As a result, slow job creation is much less concerning than when labor supply is rising.

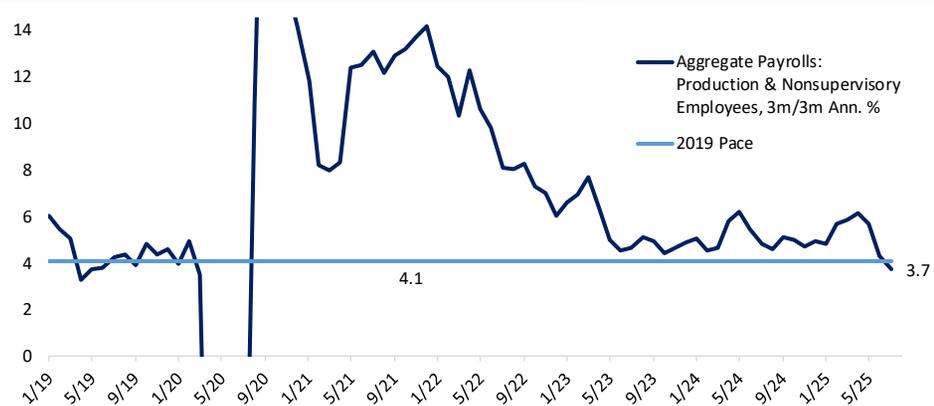
Significant Downward Revisions To May/June Jobs Growth, Driven By State/Local Education



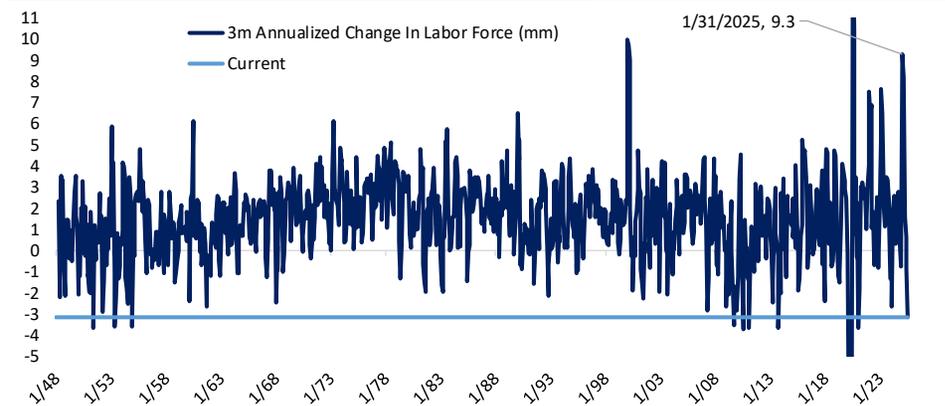
No Uptick In Job Losers Suggests No Uptick In Firings



Labor Income Growth Is Close To 2019's Pace



The Labor Force Has Dropped At An Annualized Pace Of Over 3mm Workers In 3m





# The Bespoke Report

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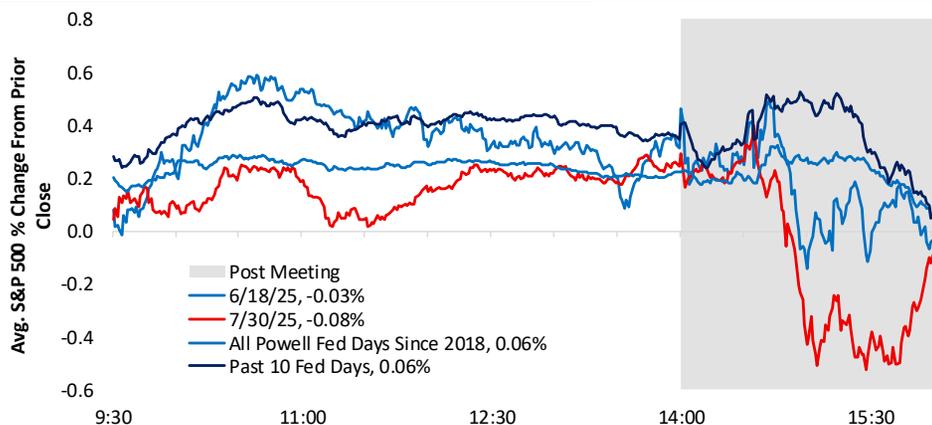
Wednesday’s FOMC policy decision was both unusual and among the most boring in recent memory. On the one hand, **two different FOMC governors dissented from the decision, something that hasn’t happened since 1993**. While unusual, the dissents were well-telegraphed. Waller’s dissent was largely political as he is angling to be Powell’s replacement while Bowman has also been vocal in her support for rate cuts. Neither governor represents a working majority on the FOMC, so they are not determinative or even illustrative of whether the FOMC decides to cut rates in September.

**Chair Powell repeatedly emphasized in his press conference that the decision over rates in September will be contingent on the data due over the intervening period.** For the majority of the FOMC, Powell characterized the current backdrop as having two-sided risk with the current pause at “moderately restrictive” rates being driven by the fact that inflation is still moderately above target (even after accounting for tariff effects, which Powell estimates at 0.3%-0.4% of the total inflation rate).

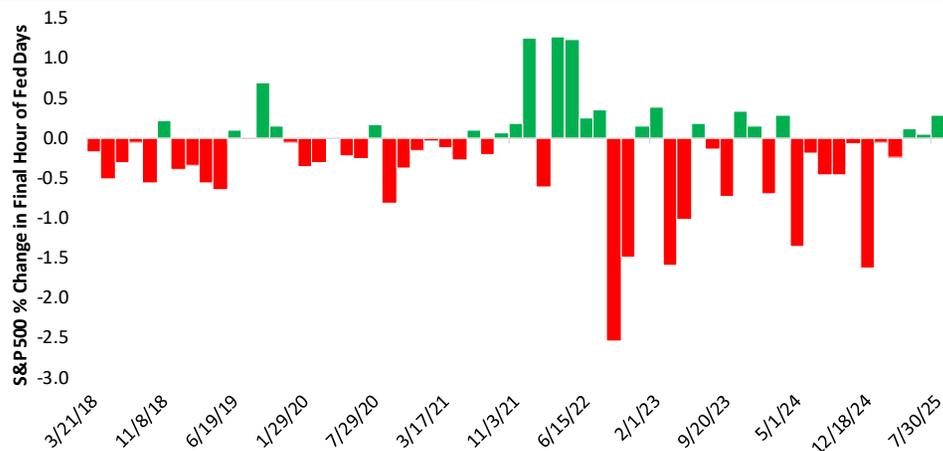
Given that inflation is only “a bit” above target after accounting for tariff effects in Powell’s estimation, should we see relatively gentle acceleration in CPI and similar jobs data to the last few months between now and September, we see the FOMC as willing to cut. On Wednesday, **markets priced out about one-quarter of the easing they had priced for that meeting and stocks declined in reaction (as they usually do under Powell), but then on Friday, after a weak jobs report, market pricing moved firmly back to a September cut as the most likely scenario.**

As shown in the chart at left, about five minutes after Powell took the podium (red line), the S&P 500 began to roll over with losses accelerating over the next half hour. Around the time of that intraday high was when Powell commented that there has been no decision for the September meeting. The market put in a low a little after 3:00 PM with choppy price action for the next hour. While that price action closely matched the action from the June meeting, there was a distinguished ramp higher in the final 15 minutes of trading making for a 28 bps final hour gain. As shown below to the right, that was the best final hour move for a Fed day since March of last year and the third final hour gain in a row; the first time that has happened since the first half of 2022!

S&P 500 Intraday Composite: 7/30/25 and 6/18 vs Powell Averages



S&P 500 Performance (%) in the Final Hour of Fed Days: Powell Fed Days





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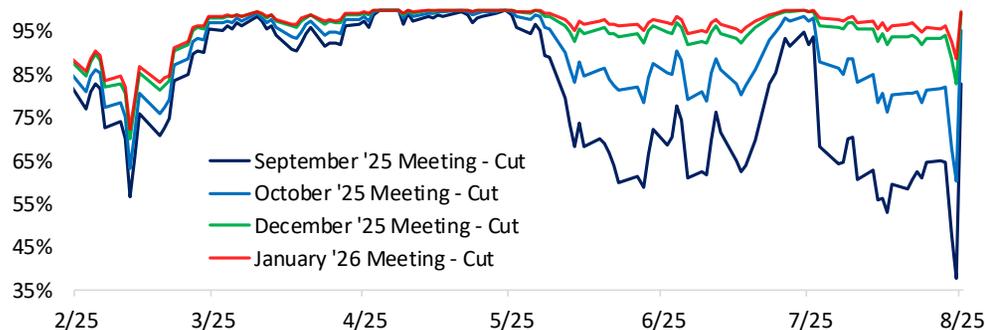
Despite two dissents, Wednesday's hawkish tone from Powell caused a large move in rate cut odds that was reversed Friday. The CME's FedWatch tool uses Fed Funds futures to extrapolate probabilities of rates being at various levels for upcoming meetings. As shown below, the September meeting is now being given an 83% change of a 25 bps cut.

### Current Target Rate Probabilities for Upcoming FOMC Meetings

Rate Range	FOMC Meeting								
	Sep '25	Oct '25	Dec '25	Jan '26	Mar '26	Apr '26	Jun '26	Jul '26	
2.75% - 3.00%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	11.1%	11.1%	
3.00% - 3.25%	0.0%	0.0%	0.0%	0.0%	10.8%	17.7%	26.4%	26.4%	
3.25% - 3.50%	0.0%	0.0%	0.0%	20.5%	33.1%	33.9%	31.7%	31.7%	
3.50% - 3.75%	0.0%	0.0%	46.8%	44.4%	35.7%	29.8%	20.5%	20.5%	
3.75% - 4.00%	0.0%	60.2%	40.7%	27.8%	16.6%	12.5%	7.1%	7.1%	
4.00% - 4.25%	82.9%	35.1%	11.5%	6.7%	3.4%	2.5%	1.2%	1.2%	
<b>Current: 4.25% - 4.50%</b>	<b>17.1%</b>	<b>4.7%</b>	<b>1.0%</b>	<b>0.6%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	
4.50% - 4.75%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

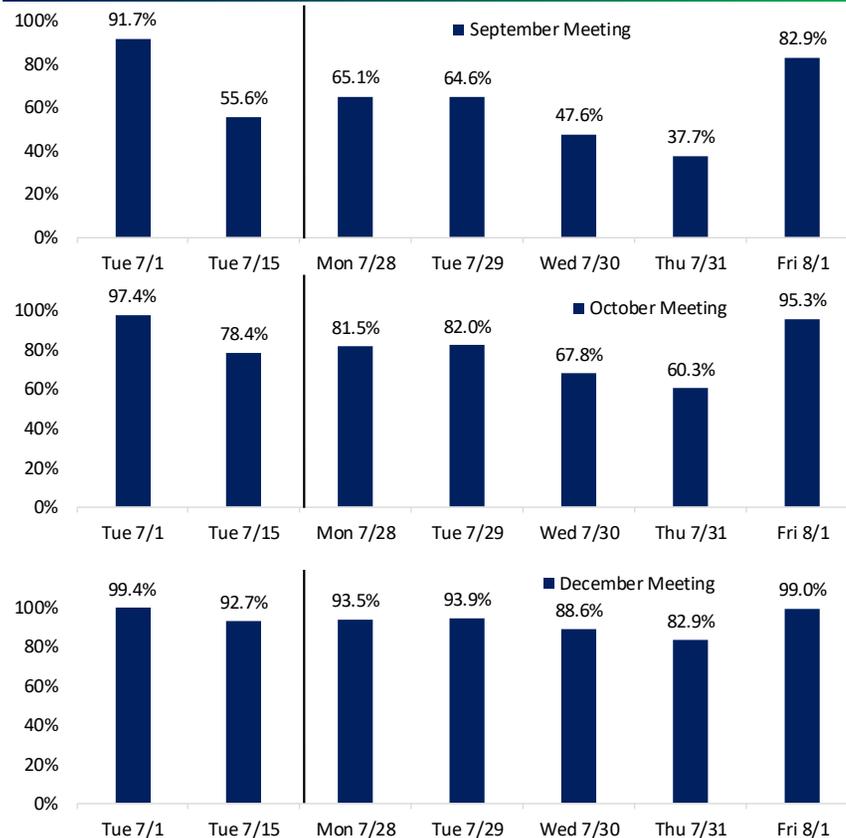
It's been a roller coaster in terms of market pricing for the Fed Funds rate. As recently as May, markets were essentially guaranteeing a cut for the September and out month meetings. June and July saw those odds of a cut get much less certain, and after this week's FOMC, those odds fell to a low of 37%. Following the latest jobs report, though, it is back above 80%.

### Rate Cut Probability (%) for Upcoming FOMC Meetings - Past Six Months



To show on a more granular level, in the charts below we highlight those rate cut odds for the September meeting in addition to those for the October and December meetings each day this week. We also include bars for where those odds stood at the start of July and at the mid-point of the month. Again, this week's moves were wild. Whereas on Tuesday markets were assuming a 64% chance of a cut in September, those odds fell to less than 50% after the FOMC Wednesday and reached a low of 37.7% on Thursday. Friday's jobs report brings it back into the 80% range. Probabilities also swung for the October and December meetings, although to lesser degrees, especially with regards to December.

### Rate Cut (vs. Current Level) Probabilities for Upcoming FOMC Meetings





# The Bespoke Report

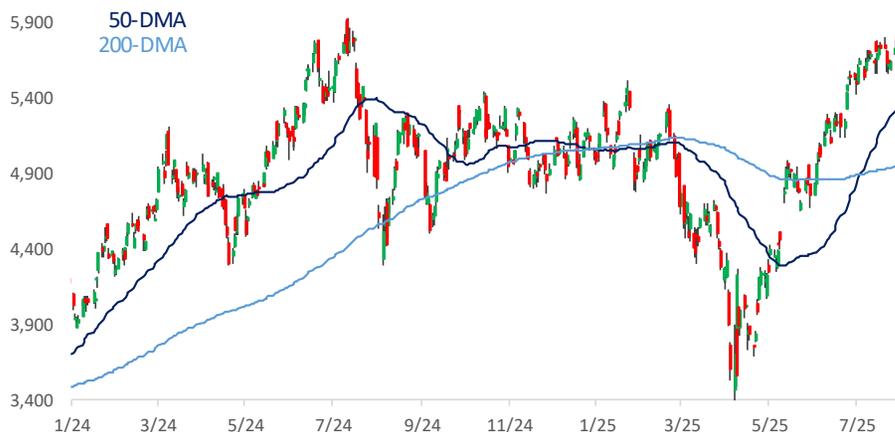
August 1, 2025

Semis are an important leading indicator for the market and the economy, and while the sector has had a monster run off the April lows, it's not flashing a green light.

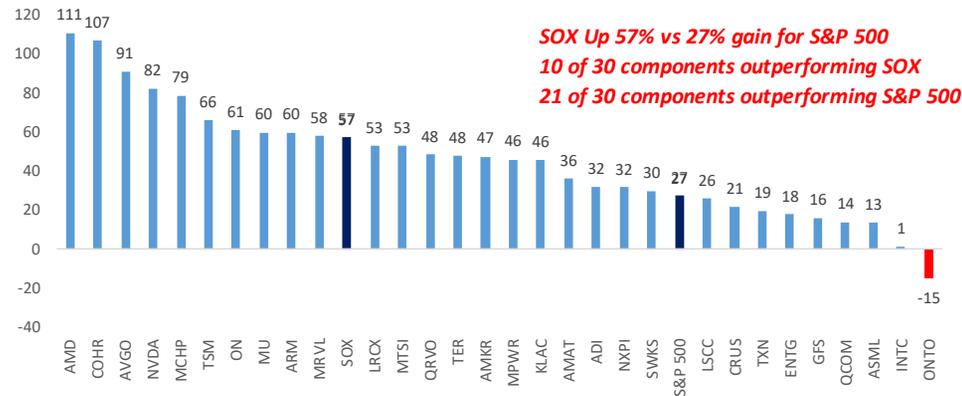
As shown in the chart below, the Philadelphia Semiconductor Index (SOX) has rallied 57% since the April low, which is more than double the gain of the S&P 500, and 21 of the 30 components in the index have outperformed the S&P 500. Within the index, though, the rally has been a bit uneven as just ten of the index's 30 components have outperformed the index.

The price action of the index is also a little concerning right now. As shown in the top chart at right, the SOX has yet to take out its high from mid-2024, and on a relative strength basis (lower right chart), momentum has stalled out in the last week or so. A few days does not make a trend, but when the market is rallying, semis should be leading.

Philadelphia Semiconductor Index (SOX): 2024 - July 2025



Performance of Philadelphia Semiconductor Components Since 4/8/25 Low



Relative Strength of SOX vs S&P 500: 2024 - July 2025





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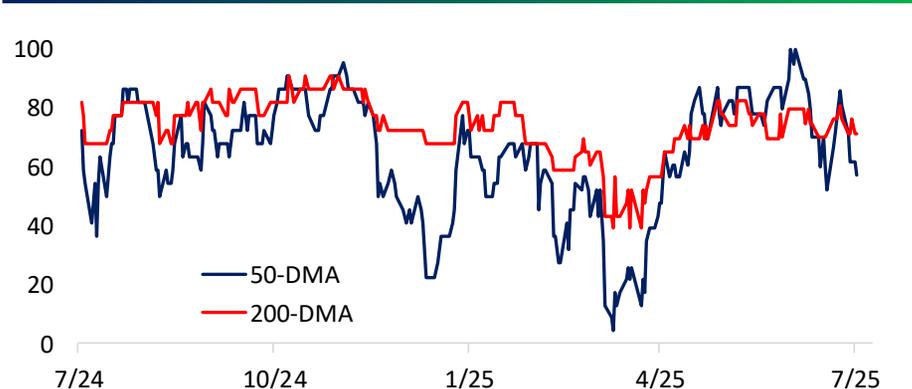
In the past month, there's been a handful of days in which price and breadth were disconnected (examples: [here](#) and [here](#)), but as prices rolled over this week, the two are back to moving in line with one another after both reaching a high earlier in the week. As shown in the first chart below, the latest declines in price have seen breadth dropping in tow. The S&P 500's cumulative advance decline line has fallen sharply in the past several days alongside the 10-day A/D line moving back below zero, indicating more stocks have fallen than risen recently.

Given the weakness across a wider number of stocks, there has also been a pullback in the share of S&P 500 members that are trading above their 50 and 200-DMAs. For the former, current levels of 57% are the weakest in about two weeks. With regards to the latter, the drop has been more marginal as it sits at the low end of the past few months' range, suggesting long term technicals are holding up.

**S&P 500 Price vs. Cumulative AD Line - Past Year**

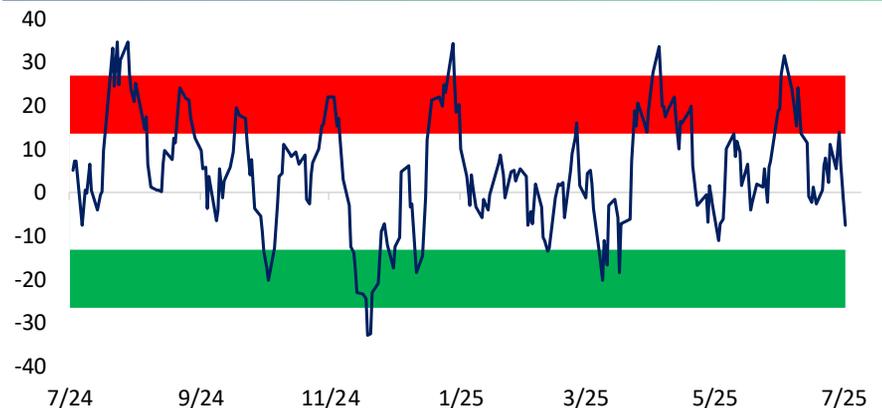


**S&P 500: % of Stocks Above 50 & 200-DMA**

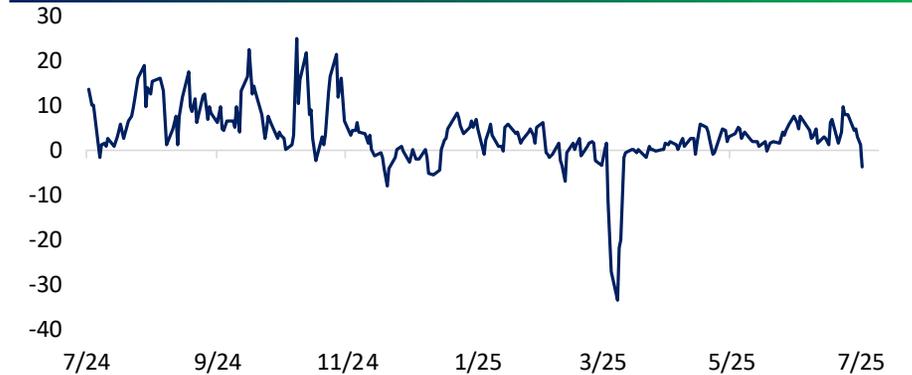


With that said, there are more stocks trading at 52-week lows than 52-week highs. 1.6% of stocks are at 52-week highs versus 5.4% at lows, and the current net reading is the weakest since the week of Liberation Day.

**S&P 500 10-Day Advance/Decline Line - Past Year**



**S&P 500 Net Percent of Stocks At 52-Week Highs - Past Year**





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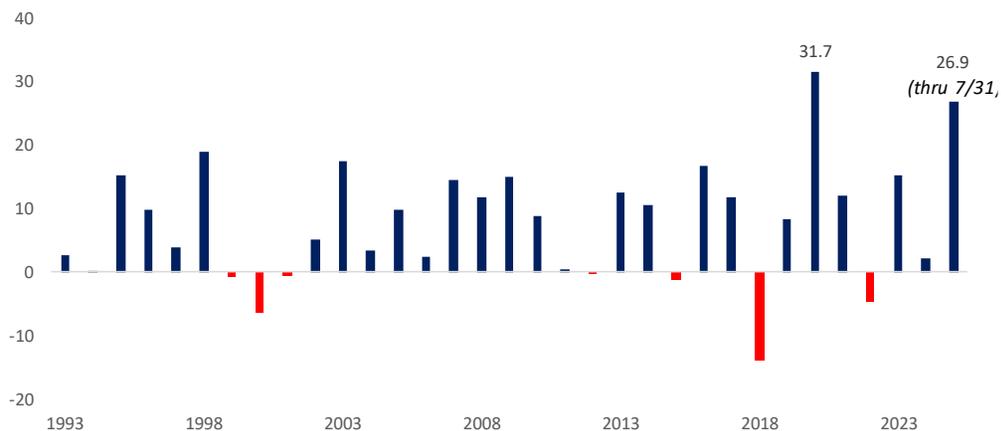
August 1, 2025

In our *Bespoke Report* from [June 13<sup>th</sup>](#) and at various other points this year, we have highlighted versions of the chart at right which shows the average performance of the S&P 500 ETF (SPY) on the day after down days during each year since its inception in 1993. **With an average gain of 26.9 bps through 7/31, this year is on pace to have the second highest average performance after a down day since 1993.** 2020, when Americans were flush with ‘stimmie’ checks and buying anything with a ticker, was the only year where the “buy the dip” trade was stronger.

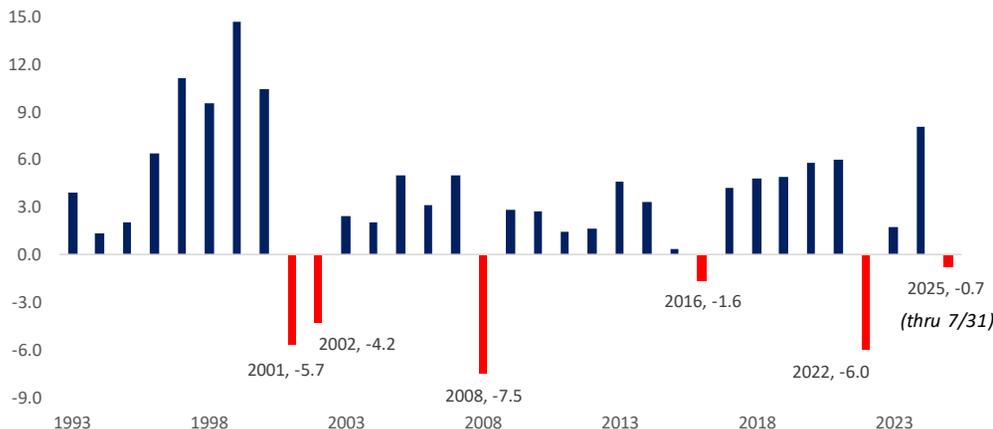
Expanding on the buy the dip trade, the charts below show the average opening gap and open to close performance of SPY on an annual basis. Starting with the average opening gap (lower left chart), through 7/31, SPY’s average opening gap was a decline of 0.7 basis points (bps) which ranks as the sixth worst year since 1993. In just about every case, years where SPY’s average opening gap was negative were usually bad years.

While this year’s average opening gap puts it in the company with some of the worst years for the market since 1993, **the average gain of 7.3 bps from the open to close, even after this week’s weakness from the open to close, ranks as the second strongest since the ETF launched in 1993.** As shown in the bottom right chart, the only year that had a higher average gain from the open to close was 1995 (10.1 bps), and the only other years that were even close were 2003, 2009, and 2023 – all great years for equities! **So, while stocks have tended to start the day lower in 2025, investors have been quick to step in and buy the dip as the average change from the open to close ranks among the best since 1993.**

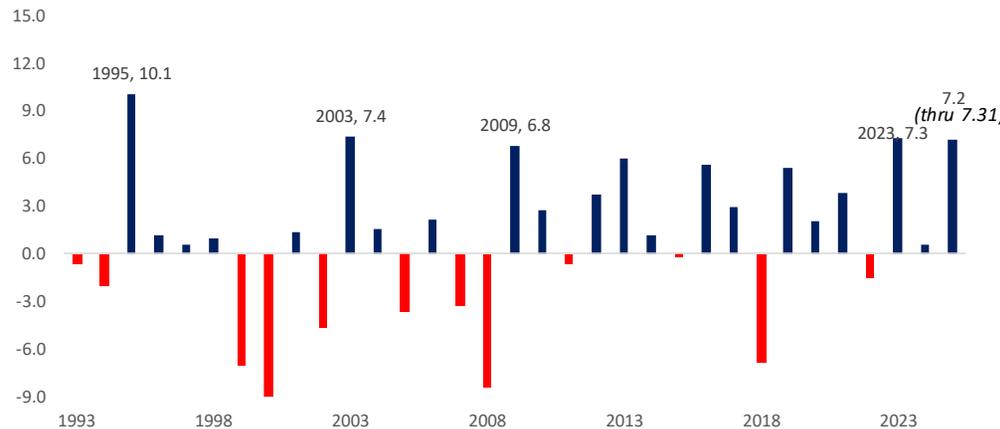
S&P 500 (SPY) Average Performance After a Down Day (bps)



S&P 500 (SPY) Average Opening Gap By Year (bps)



S&P 500 (SPY) Average Open to Close Performance by Year (bps)





# The Bespoke Report

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In last week's [report](#) and Monday's [Chart of the Day](#), we summarized some of the seasonality trends for the month of August and the August-September period, so for this week, we just wanted to add a little more color on seasonality trends starting with the S&P 500's intra-month pattern in August along with its performance during the month based on various scenarios.

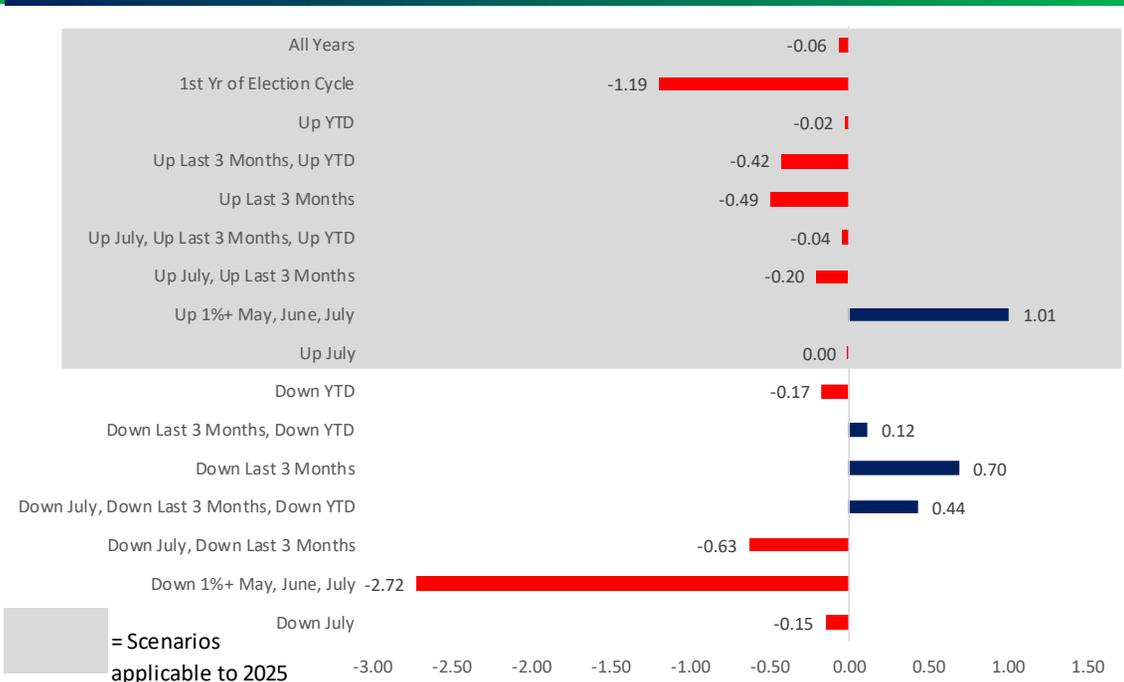
Starting with the S&P 500's intra-month pattern, the lower left chart shows the performance of the index during August going back to 1983 and over the last ten years. In terms of both time horizons, performance during the month has been modestly positive. Looking at both the entire period since 1983 and the last ten years, **August tends to start off weak with declines during the first few trading days before rallying back to even by mid-month.** From there, the pattern since 1983 varies from the pattern of the last ten years. Whereas the S&P 500 tended to gradually trend higher through month end, over the last ten years, the second half of August has seen a pullback similar in magnitude to the one in the first half, but once again, it tended to rally back to positive territory by month end.

The lower right chart breaks out the S&P 500's average performance for August based on several different performance scenarios leading up to the month. The area shaded in gray indicates scenarios applicable to this year, and unfortunately, they're mostly negative. In fact, the only scenario for August where the S&P 500 was positive was when May, June, and July all experienced gains of at least 1%. Seasonality is not on the side of bulls!

S&P 500 August Intra Month Performance: 1983 - 2024



S&P 500 Average August Performance (%) Based on Various Scenarios: 1953 - 2024



Gray shaded area = Scenarios applicable to 2025



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With July closing out yesterday, we wanted to provide a quick update on how the recent performance of the S&P 500 and long-term Treasuries stacks up relative to history. Starting with the S&P 500, the **16.3% gain over the last year is more than four percentage points better than the long-term average, while the 19.2% annualized gain over the last two years is nearly double the long-term average. Five and ten-year returns are also comfortably above the long-term average while 20-year annualized returns are just barely below average.** On a percentile basis, two and five-year returns are the most extended relative to history while 20-year returns are the only timeframe where returns are below the 50<sup>th</sup> percentile.

**For long-term Treasuries, performance has been incredibly weak with annualized returns over the last one, two, five, and ten years all negative.** Talk about a lost decade. 20-year returns are still positive, but at 3.2% annualized, that ranks right around the weakest of any 20-year period on record.

S&P 500 Current vs Average Total Returns: 1928 - 2025

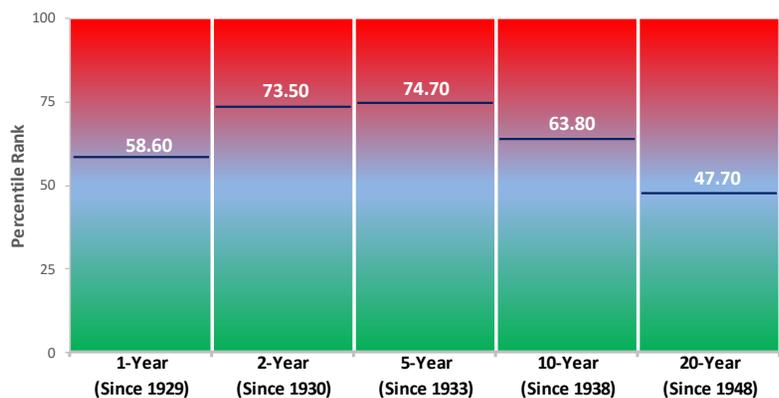


Long Term Treasuries vs Average Total Returns: 1977 - 2025

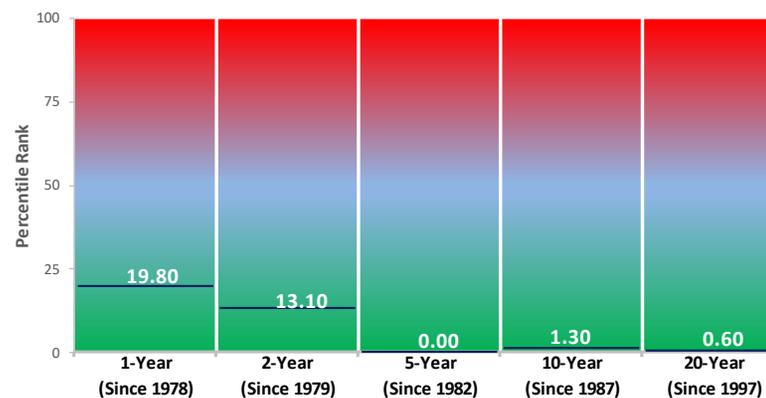


BofA/Merrill 10+ Year Treasury Index

S&P 500 Current Returns Percentile Rank: 1928 - 2025



BAML 10+ Year Treasury Current Returns Percentile Rank: 1977 - 2025





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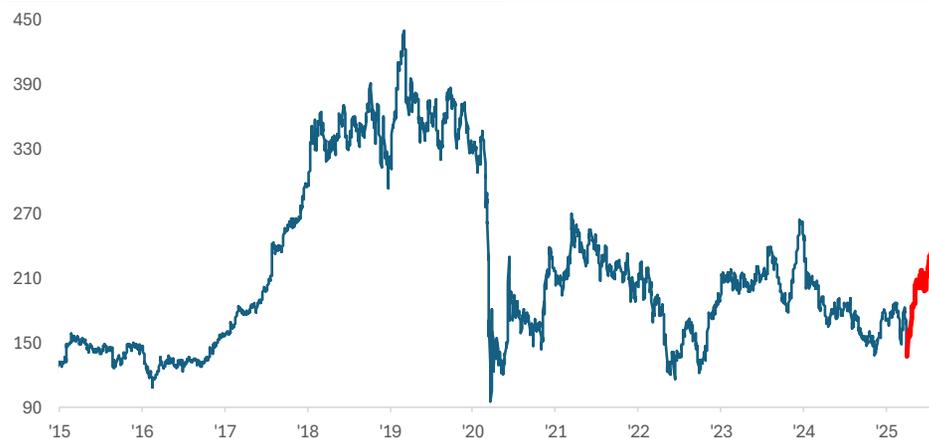
August 1, 2025

Before closing out for the week, we wanted to show two individual stock stories worth highlighting. We'll start with Boeing (BA). After a strong end to the decade of the teens, BA shares peaked near \$450 in early 2019, but then the company was hit with a number of safety issues, corporate mismanagement, and then Covid. As the market and even airline stocks recovered coming out of Covid, BA continued to languish in a range well below its pre-Covid levels. From April of this year through last week, the stock caught a bid again, rallying over 70%.

On Tuesday morning, BA issued a strong earnings report with a smaller than expected loss, better than expected revenues, and positive commentary from management. It looked as though the long-awaited revival for the stock had finally arrived. Investors enthusiastically responded to BA's earnings report and bid the stock sharply higher shortly after the open, but just as the stock was looking like it was ready to take off, it came crashing down intraday and kept declining all week.

**The lesson here is that just as the market or a stock rallying on bad news is usually a sign of a bottom as the worst has been priced into the stock, when stocks sell-off on good news like BA did on Tuesday and for the rest of the week, it's a red flag.** As we move through the remainder of earnings season, be on the watch for more examples like BA. The more often we see stocks or the market sell-off on good news, the more likely it is that the late summer/early fall months could be difficult.

### Boeing (BA): Last 10 Years



**Boeing reports smaller loss as CEO sees progress in turnaround  
Boeing Revival Ahead of Schedule as Jet Handovers Stem Cash Burn  
Boeing Reports Strongest Revenue in 6 Years**

### Boeing (BA) Intraday: 7/25 - 8/1





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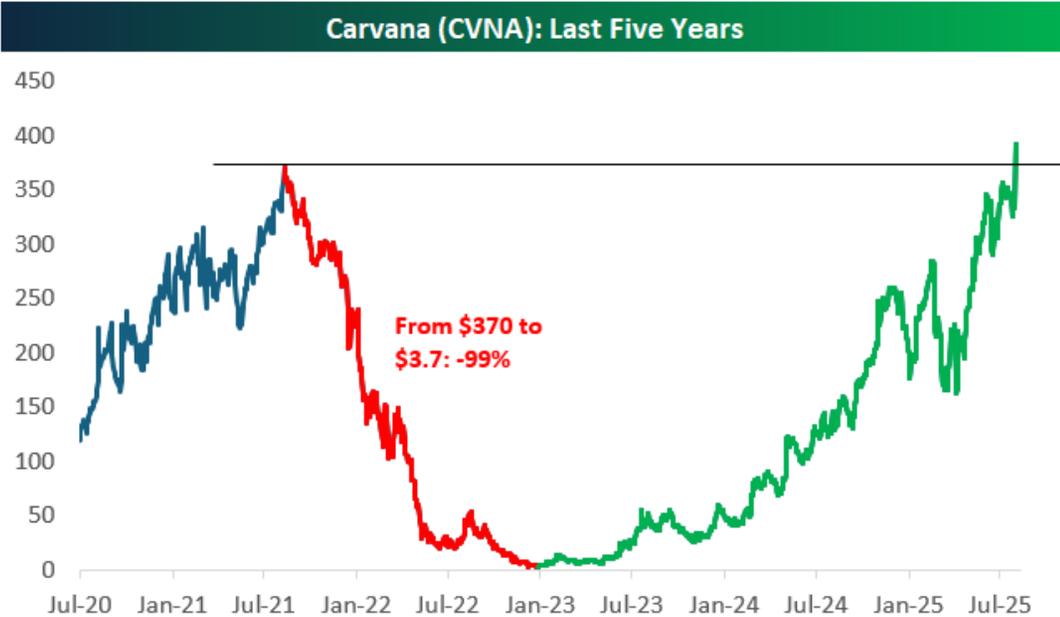
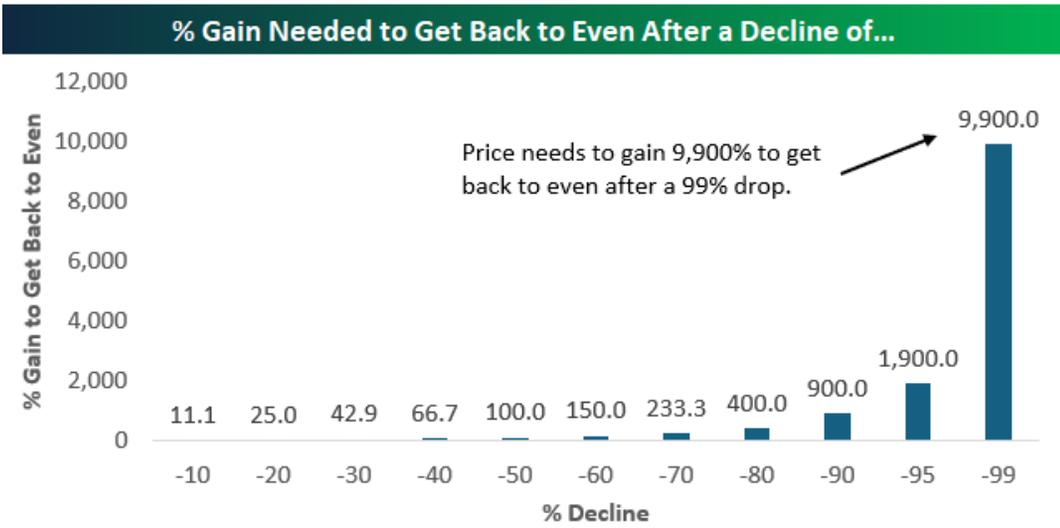
We'll finish off the week with a good story. Even if you've been following markets for decades, you've likely never seen anything as crazy as the comeback that online used-car company Carvana (CVNA) has experienced in the last couple of years. Big stocks like Netflix (NFLX) and Meta (META) saw massive drawdowns of 75%+ during the bear market of 2021 and 2022, but Carvana (CVNA) was on another level with a decline of 99% from a peak of \$370/share to its closing low of \$3.72 made on 12/27/22.

As shown in the chart at right, a stock that falls 70% needs to gain 233% to get back to even. That's a tall task, but it at least seems do-able. A stock that falls 99%, however, needs to gain 9,900% to get back to even. That seems downright impossible!

The second chart at right shows Carvana's share over the last five years. On Thursday, the stock rallied over 15% to \$390/share. With that gain, the stock has not only fully recovered its 99% drawdown, but it has also eclipsed its prior highs. In less than three years, the stock gained over 10,400%! Maybe you have, but we've never seen any recovery quite this remarkable.

Most stocks that fall 99% from a high likely ending up losing 100%, but the example of CVNA shows that it's not definite, and in the words of Lloyd Christmas, there's always a chance!

Have a good weekend!





BESPOKE Investment Group

# The Bespoke Report

July 11, 2025

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