

The Atlantic Legacy Group at Morgan Stanley

Monthly Market Viewpoint – August 2025

A summary of our view of the market at the given moment

Capital Market Indices

S&P 500

- **Year to Date – ↑8.4**
- **Month to Date – ↓0.1**
As of: August 4, 2025
Source: Morgan Stanley's Capital Market Indices, August 5, 2025

Bloomberg Aggregate Bond Index

- **Year to Date – ↑2.8%**
- **Month to Date – ↑0.9%**
As of: August 4, 2025
Source: Morgan Stanley's Capital Market Indices, August 5, 2025

MSCI EAFE

- **Year to Date – ↑18.5%**
- **Month to Date – ↑0.2%**
As of: August 4, 2025
Source: Morgan Stanley's Capital Market Indices, August 5, 2025

Morgan Stanley Mid-Year Target

2026 S&P 500 – 6,500
Source: GIC Weekly, August 4, 2025

Economic Concerns

1. Unemployment
2. Consumer Spending
3. Inflation

Economic Indicators

1. U.S. Unemployment Rate
2. Consumer Price Index (CPI)
3. Consumer Confidence

Our Approach to Navigating this Environment

** All references to “we” and “our” reflect the opinions of Carl Pierson, and Christopher Russi of The Atlantic Legacy Group**

What a difference three months can make.

April 2nd, 2025 was the day the Trump Administration announced its “Tariff Liberation Day.” The aftermath of the announcement saw extreme concern from investors and the U.S. equity market dropped nearly 20% when it bottomed on April 7th (Standard & Poor’s S&P 500 Index). We can’t say for certain, but at the time we feel few would have thought then that in such a short period of time we would not only have rebounded but appreciated as well by close to 10% by the end of July. What a difference three months can make.

Despite the recent momentum, concerns remain high for just how much longer the market continues its upward trend. There are several concerns that require monitoring but the three we feel are at the top of the list would be the following points. One circles back to April's announcement on tariffs in that, although some deals have been made and for some the decision deadline has been extended, what remains to be seen are the full affects the agreed upon tariffs will have on prices. To say that we have not felt the affect just yet would be an understatement and just how much they increase prices and reduce spending remains to be seen which trickles into our second point, the Consumer. The U.S. is a consumer driven economy and the slightest weakness in spending can have profound effects. The most recent jobs reports announced in the first week of August were disappointing the say the least, and apparently revisions downward to prior reports now has the market spooked about Consumer strength. Again, these are reports that have just been released and their affects have yet to truly been seen but are of great concern. Lastly is just pure valuation of the U.S. stock market now trading at levels reminiscent of the late 90's/early 2000's. The Artificial Intelligence (A.I.) theme has caught traction and Global corporations are spending trillions to adopt and benefit from the technology. This influx of spending and its future growth has provoked investors to bid stocks higher and led the U.S. equity markets to all-time highs. But at these valuations, the markets remain fragile and having been through "crazes" like this before we know how this movie could end.

Our advice remains consistent from prior months; proceed with optimistic caution. While we see what potential A.I. could offer, in many cases the benefits and revenues from those benefits remain far off. Given we like investing when markets are not hitting all-time highs, we suggest clients not over-weight U.S. securities and remain close to their base-line allocations dependent on risk tolerance. Three months from now could be a completely different story.

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