Gregory M. Hart, CFP®
Haddon Wealth Management
2 Kings Highway W., Suite 201
Haddonfield, NJ 08033
(856) 888-1744
www.haddonwealthmgt.com / gregh@haddonwealthmgt.com

Market Update

(all values as of 06.30.2025)

Stock Indices:

Dow Jones	44,094
S&P 500	6,204
Nasdaq	20,369

Bond Sector Yields:

2 Yr Treasury	3.72%
10 Yr Treasury	4.24%
10 Yr Municipal	3.21%
High Yield	6.80%

YTD Market Returns:

Dow Jones	3.64%
S&P 500	5.50%
Nasdaq	5.48%
MSCI-EAFE	17.37%
MSCI-Europe	20.67%
MSCI-Pacific	11.15%
MSCI-Emg Mkt	13.70%
US Agg Bond	4.02%
US Corp Bond	4.17%
US Gov't Bond	3.95%

Commodity Prices:

Gold	3,319
Silver	36.32
Oil (WTI)	64.98

Currencies:

Dollar / Euro	1.17
Dollar / Pound	1.37
Yen / Dollar	144.61
Canadian /Dollar	0.73

Macro Overview

Trade tensions continued as uncertainty surrounding the implementation of tariffs in early July drove volatility higher. Developed and emerging market trading partners including Japan, South Korea, Malaysia and South Africa were part of the most recent trade negotiations. An executive order was signed in early July that will hold off new tariff rates until August 1st for all nations facing reciprocal tariffs.

Duties on imports generated $37.8 billion in revenue for the U.S. in April and May, after newly imposed tariffs became effective on steel, aluminum, cars and numerous goods from China, Mexico and Canada. Duties collected in May made up 6% of the government's monthly income and increased 42% from the $15.6 billion the U.S. received in April and $22 billion collected in May.

Some economists perceive any inflationary effects from tariffs to bring about a one time increase in prices, as opposed to a continual increase in prices. Some retailers and importers are absorbing newly imposed tariff costs, while others are passing along the tariffs in the form of higher prices to consumers.

Geopolitical tensions in June elevated financial market volatility resulting in a demand for gold and foreign currencies. The dollar and treasuries have seen less demand recently, yet demand has been increasing for foreign currencies and other investment vehicles.

Recent trade tensions have shifted holdings of U.S. Treasuries as large trading partners such as Canada and China have shed positions while Japan and Norway have accumulated positions. The Treasury market has become a focal point as trade negotiations continue and countries adjust holdings based on exposure to U.S. debt and currency fluctuations.

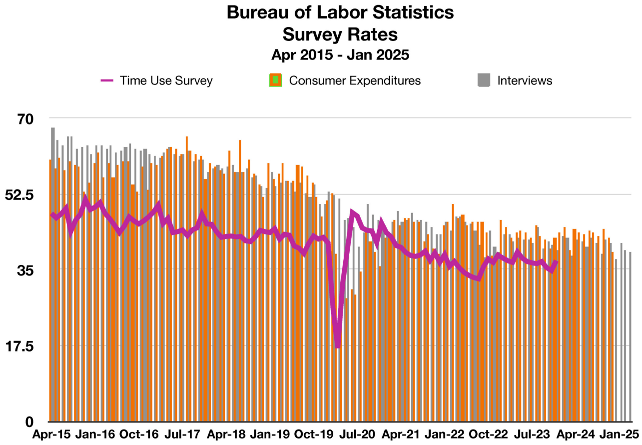
A stronger than expected employment market is weighing on the Fed's decision to lower rates. The unemployment rate fell to 4.1% from 4.2% in June, as jobs in healthcare and education rose and manufacturing jobs fell. The Fed's hesitancy stems from the threat of higher wages which can be considered inflationary as workers spend more throughout the economy.

Passage of The One Big Beautiful Bill (OBBB), also known as the Tax Cuts and Jobs Act of 2025, will permanently extend the individual tax rates signed into law in 2017, which were originally set to expire at the end of 2025. It also raises the cap on the state and local tax deduction to $40,000 for taxpayers making less than $500,000. Numerous government programs as well as Medicaid will see the implementation of new provisions, such as the requirement for individuals aged 19-64 enrolled in Medicaid to demonstrate they are working or participating in qualifying activities for at least 80 hours per month. Certain groups are exempt from these requirements, including parents of dependent children and those with disabilities, substance use disorder, or serious medical conditions.

The administration is seeking to ban certain foreign entities from buying farmland in the United States as a precaution, in order to avoid any national-security risk. Chinese owned entities currently own approximately 300,000 acres of U.S. farmland in over 12 states. (Sources: Federal Reserve, Treasury Dept., Labor Dept., USDA)

Accuracy of Government Data In Question – Government Data Gathering

Employment data gathered and complied by the Bureau of Labor Statistics has once again come into question as the accuracy of the data continues to be an issue. The employment data includes responses that are gathered through surveys nationwide, which were affected adversely by the pandemic and have seen deterioration of accuracy over the past five years.



Data collected is conducted via surveys throughout the employment market, which includes layoffs, new hires, sentiment, wages, and employees quitting. The onset of the pandemic brought about a drop in surveys conducted as well as the method of data collection. A consistent drop in surveys over the past five years has led to less collected data as well as questionable accuracy surrounding gathered data.

Economists and analysts are concerned that the drop in surveys and continued issues with questionable data may be restricting the Federal Reserve from making proper and timely determinations surrounding the status of the nation's labor market. Response rates for direct employment data conducted via interviews have fallen from roughly 65 in 2015 to less than 40 in the first quarter of 2025. There has also been a consistent drop in consumer interviews and expenditure tracking. This means that there is less data to formulate accurate and reasonable assumptions from, increasing the risk of making erroneous decisions regarding rates and the labor market by the Federal Reserve. (Sources: Labor Dept., BLS)

Which Countries Are Buying & Selling U.S. Treasuries – Treasury Market Overview

Foreign countries hold U.S. government debt in the form of Treasury bonds for various reasons, including trade, currency hedging and for investment. At one point, China was the largest holder of U.S. Treasuries as trade between the two countries expanded throughout the 1990s and 2000s. Eventually Japan became the largest holder of Treasuries in 2017, as trade expanded with Japan and as China began to limit its holdings of U.S. debt. As of March 2025, China's holdings dropped to $757.2 billion, down from $784.3 billion the previous month and significantly lower than the $901.7 billion held in September 2022, validating a continuation of a multi-year trend. Analysts attribute this reduction to a combination of trade tensions, diversification of reserves, and possibly reallocating to other markets such as Europe where trade for China has grown. Japan is currently the largest foreign holder of U.S. Treasuries, with holdings rising to $1.13 trillion in March 2025, up from $1.059 trillion in December 2024. Japan's purchases have increased for at least two consecutive months, signaling continued confidence in U.S. debt and its long term trading relationship. The U.K. has also increased its holdings, surpassing China as the second-largest non-U.S. holder with $807.7 billion in March 2025. The U.K. is often considered a custodial center, with much of the activity reflecting hedge fund and institutional flows. (Source: U.S. Treasury Dept.)

HADDON
WEALTH MANAGEMENT

One Big Beautiful Bill Act Highlights

Estate Tax Exclusion:

Increases to $15 million for single filers and $30 million for married filers in 2026, and with further inflation-indexed increases after 2026. Different from prior estate tax exclusion provisions in that the bill made this increase “permanent” in the sense that no automatic sunset or expiration date has been imposed. The current exemption for individuals of $13.61 million and $27.22 million for married couples, was set to be reduced by half at the end of 2025.

Interest Deduction On Auto Loans:

Interest on auto loans deductible, yet applicable to only new autos with final assembly in the U.S. for tax years 2025 – 2028. Deduction limited to $10,000 and phases out when income exceeds $100,000 for single filers and $200,000 for joint filers.

Tax On Overtime Pay:

This deduction, capped at $12,500 for individuals and $25,000 for joint filers, phases out for higher earners and is set to expire on December 31, 2028. While it doesn’t eliminate taxes on overtime, it provides a tax break for those working extra hours, potentially increasing take-home pay.

Trump Accounts / MAGA Accounts:

Tax-deferred investment accounts for newborn American children born in the United States between January 1, 2025 and December 31, 2028. Newborns will be seeded with a one-time government contribution of $1,000. The accounts will track a stock index and allow for parents and families to make additional private contributions of up to $5,000 per year.

Account holders will be allowed to make partial withdrawals at age 18, and access the full amount at age 25, but only for specific purposes, such as paying for higher education or taking a loan to start a small business. Account holders gain full access to the funds at age 30 to use it for any purpose. Parents or the child’s legal guardians manage the account until the child reaches 18.

To open an account, the child’s guardian or parent must have a Social Security number and be authorized to work in the US.

The initial $1,000 provided by the government to fund Trump Accounts is a government contribution, not a tax credit in the traditional sense for taxpayers who contribute to the account. There are no tax deductions for contributions, and earnings are taxed as ordinary income.

Expanded 529 Plan Provisions:

The bill expands the definition of qualified expenses for 529 plans beyond traditional higher education costs and K–12 tuition to include a wider range of educational and career development opportunities such as vocational schools, trade schools, and technical schools. Newly eligible expenses include tuition, books, fees, exam costs, and supplies for workforce, on-the-job training, and continuing education programs.
The $10,000 per-year limit for K–12 tuition and the $10,000 lifetime limit for student loan repayments remain in place. Federal tax treatment of 529 plan growth, as well as in-state tax deductions and credits, are unchanged.

One Big Beautiful Bill Act Highlights (continued)

Tax on Social Security:

The One Big Beautiful Bill (OBBB), also known as the Tax Cuts and Jobs Act of 2025, does not actually eliminate taxes on Social Security benefits, instead, it provides a temporary, income-based deduction for taxpayers aged 65 and older.

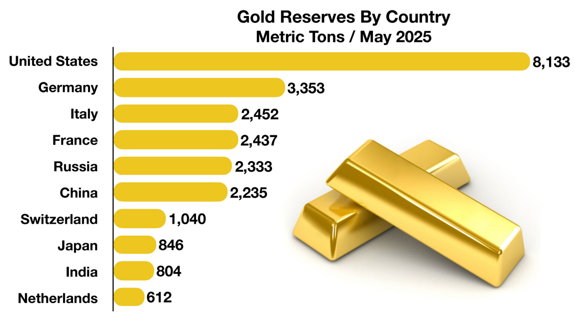
The deduction is $6,000 per individual and phases out for those with higher incomes over $75,000 for single filers, $150,000 for joint filers. The deduction is not limited to those receiving Social Security benefits, it also applies to all seniors within the specified income limits. The deduction is temporary and set to expire at the end of 2028. The OBBB does not make any changes to the Social Security program itself, such as the benefits structure or eligibility requirements.

StableCoins Evolving To Become More Accepted:

The GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025) is landmark legislation aimed at creating the first comprehensive federal regulatory framework for payment via stablecoins in the United States.The GENIUS Act establishes clear rules for the issuance, backing, and supervision of payment via stablecoins and digital assets pegged to a stable value such as the U.S. dollar. Long term, the act seeks to integrate stablecoins into the mainstream banking and payments system, providing legal certainty and consumer protections. (Sources: Tax Foundation, SSA.gov, TheWhiteHouse.gov)

Country Holdings of Gold Shifting – Global Gold Reserves

Some of the same countries that have been selling U.S. Treasury positions, have been buying gold as global trade has been adjusting. There have been instances when countries have imposed exchange controls or a freeze on assets, such as on foreign securities. Gold provides the essential liquidity in these circumstances. Thus central banks from around the world accumulate and hold gold to afford such benefits.



For thousands of years, gold has been one of the most sought after metals in the world. It was first used as jewelry as early as 2600 BC in ancient Mesopotamia, what today is Iraq. Most notably, gold currently plays a significant role in the international monetary markets, where countries worldwide hold gold as a reserve. Holding gold as a reserve provides diversification among assets, economic security, and liquidity.

As trade tensions have risen, so has the divergence from traditional dollar denominated holdings by foreign entities to gold. The recent drop in value of the U.S. dollar since the beginning of the year has concurrently increased demand for gold as a stable holding for various central banks worldwide. The Unites States has also been accumulating gold over the past few months, reaching a reserve of over 8,100 metric tons of gold, the largest of any nation. (Sources: CIA Factbook, World Gold Council)