

WIMAN & WONG

Wealth Management Group

Monthly Newsletter

August 2025 Comment

Melt UP!

Welcome to the ho hum summer! Well not exactly. As we drive through the summer doldrums the markets are ignoring the noise and melting higher! What is a melt up? A melt-up in finance refers to a rapid and often unexpected increase in the price of an asset or market, driven more by investor psychology and momentum than by fundamental improvements in the underlying economy or company. It's characterized by a "stampede" of investors trying to capitalize on the upward trend, fearing they'll miss out on further gains.

One could argue the definition or labeling of this market is not correct. WHY? Basically, because things are happening. Consider that one core position on the dividend side just announced pricing increases and is up 7 % on the day (July 23rd as we write). So, some things are happening. The US continues to march to the tariff deal drum and the markets are applauding? Weirdly but the recent announcement with Japan had the Japanese stock index up 3% on the news. We are also in the heart of earnings season and about to hear from the big tech names which should add some interesting outcomes to critical spends in the AI space. We are also seeing the Reddit meme crowd back in action with run ups in largely shorted micro stocks. Bottom line lots of moving parts in this current summer rally or market melt up.

Blue Sky or Cloudy?

The macro picture is more complex. If we were just focused on the bigger world, it would be a very cloudy construct. Wars and political unrest are still alive and well, the news headlines continue to get more obscure and tariff impacts are showing up in corporate names. Most recently GM announced earnings (July 21st) and the summary of the headline news stated the following:

- › GM maintains tariff impact of \$4 billion to \$5 billion for the year
- › Automakers shift focus to gas vehicles as EV demand slows, tax credits end
- › Shares down 8% Tuesday
- › EV growth slows, GM invests in gas-powered vehicle production
- › GM's US sales rise 7%, strong pricing on trucks and SUVs

Source: Reuters

The bottom line for the market is mission accomplished Tariffs matter and have a material (or varied) impact on companies. In this case the sky remains a bit cloudy. The blue sky view is that it is not a throw the baby out with the bath water type of market or response. The impact seems at this point of writing that impacts are singular, and the market sees through this and MAYBE? Sees this as a event that is one time? Either way we continue to melt up.

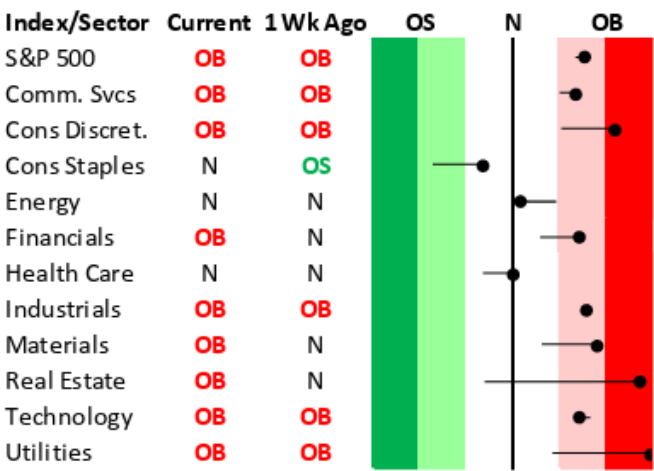
Earnings Bar is Low

It has historically been tongue in cheek as millennial earnings expectations 😊 whereby you lower the bar so much that the hurdle to meet expectations is almost a forgone conclusion. With the tariff chatter this is what analysts did. They basically lowered expectations. As companies start to report we are clearly getting mixed results but in some cases the bar was lowered too much, and the surprise sometimes is to the upside. This should normalize through this next quarter but in this world, things can continue to develop and evolve. Bottom line is it remains a day-to-day observation of policy, earnings, negotiations et al developments.

Bottom Line

We are enjoying the melt up. We know it will not last forever. Monty Hall and the “Let’s Make a Deal” global game show will at some point be irrelevant (or not). Stocks or sectors of the market in some cases have become overbought:

Trading Ranges: Sectors



Source: Bespoke July 23, 2025

The chart above will at some point mean revert and those sectors will get oversold. BUT for now, the water is warm, the summer is hot, and the markets are Melting UP. Enjoy the summer and be safe!



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