



August Newsletter

Date: August, 2025

Presented by: Royal Route Advisory Group, LLC



Welcome back to our monthly newsletter!

As summer winds down, we're reminded that financial planning—like navigation—requires regular course checks. Whether markets are calm or choppy, our mission remains: helping you stay on track toward your financial future with confidence and clarity.



Financial & Economic Update

The U.S. economy continues to show resilience, but signs of strain are emerging beneath the surface. **GDP grew 3.0% in Q2**, largely due to a sharp drop in imports following a tariff-driven surge in Q1. While consumption rose modestly (1.4%), **investment fell 15.6%**, and exports declined slightly—raising concerns about future growth.

Inflation is heating up again. The Fed's preferred measure, **core PCE**, rose to **3.12%**, up from 2.69% in June. This uptick, driven by rising prices in imported goods like appliances and clothing, complicates the Federal Reserve's path forward. Despite this, the Fed held rates steady at **4.25%–4.5%**, citing mixed signals from the labor market and inflation data.

The labor market is softening. July saw only **73,000 new jobs**, and previous months were revised downward by a combined **258,000**. The unemployment rate edged up to **4.25%**, and labor force participation dipped slightly. While wage growth remains positive, the slowdown in hiring—especially in goods-producing sectors—suggests caution ahead.

Consumer sentiment remains fragile. Despite strong corporate earnings and stable oil prices, confidence has been shaken by tariff uncertainty and inflation pressures. The attached **City National Rochdale Speedometers Report** reflects this tension, showing modest improvements in long-term sentiment but continued caution in the near term.

NEWS FLASH: Right before going to press with our August Newsletter, the U.S. Bureau of Labor Statistics reported that consumer prices rose 2.7%, a bit below forecast. The markets are responding favorably.



Market Update & Analysis

Markets have remained surprisingly resilient, with the **S&P 500 up 8.1% year-to-date**, driven by strong earnings in tech and AI-related sectors. July saw modest gains, with the S&P rising just over 0.5%, while small caps and IPOs began to rebound amid easing regulatory pressures.

Commodities were volatile, especially copper, which swung from **\$5.05 to \$5.93**, then dropped to **\$4.40** by month's end. This reflects broader uncertainty around tariffs and global supply chains.

Investor sentiment is cautiously optimistic, but **valuations are stretched**, and **volatility remains a risk**. The bond market is showing strength, with the Bloomberg Aggregate Bond Index up **3.6%** through July, as investors anticipate potential rate cuts later this year.

Key drivers to watch:

- **Tariffs:** While their impact has been muted so far, price pressures are building in import-heavy sectors.
- **Tech & AI:** Continued strength in mega-cap growth stocks is fueling market momentum.
- **Global trade:** New agreements with Japan and the EU offer hope for reduced tensions, but uncertainty remains.

Our strategy remains unchanged: **disciplined, long-term investing**, with opportunistic buying during pullbacks and a focus on fundamentals over headlines. As always, we're here to help you navigate through the noise and stay focused on your financial future.

2025 Economic Tailwinds & Headwinds
A Part of Navigating to Our Financial Futures

Tailwinds	Headwinds
<p>1) Q2 2025 Results of the S&P 500 Earnings Are Strong:</p> <ul style="list-style-type: none"> a) Double-digit earnings growth is being reported, 11.8%. Q2 2025 is the third consecutive quarter of double-digit earnings. b) Surprises above estimates for both positive earnings and the magnitude of earnings is above their respective 10-year averages. c) So far, 81% of the companies reported earnings above estimates, which is notably above the 5-year & 10-year averages of 78% & 75%, respectively. <p>NOTE: The primary driver of the Market Valuation of your portfolio is the Earnings of companies. Period. End of Story. Hard Stop. Market Valuation represents investors' expectations of future Earnings.</p> <p>2) The breadth of the market is broader today than on January 1.</p> <ul style="list-style-type: none"> a) More companies are doing better today than on New Years Day. b) It's more than High Tech, driven by Artificial Intelligence. <p>3) American businesses are embracing the following:</p> <ul style="list-style-type: none"> a) Regulatory Reform, b) Tax Cuts – Personal & Corporate, c) Business Expensing: i) Capital Investments ii) Research & Development iii) Production Property d) Incentives for Supply Chain Reshoring. 	<p>1) Uncertainties Abound / Things Beyond Our Control:</p> <ul style="list-style-type: none"> a) Policy Uncertainty, Notably Tariffs, b) High Interest Rates, noting the speculation for 3 cuts in 2025, and 🍷 c) Geopolitical. <p>Note: These are things that are beyond the control of Corporate America. If Market Valuation declines, it will not be due to Corporate America operating their businesses poorly.</p> <p>At present, these are the things that are yanking & pulling & tugging Market Valuations because investors, like us, are Uncertain as to how these things will affect the Earnings of our investments.</p> <p>Investors tend to have Knee Jerk reactions to present day Uncertainties that are short-lived, Knee Jerk reactions that result in long term financial harm to the investor. 🚫</p> <p>2) The 20 Speedometers – A Dashboard Snapshot of the Economy:</p> <ul style="list-style-type: none"> a) 14 Neutral (Yellow), with all 15 at midpoint or better noting Economic Outlook, Consumer Sentiment and Interest Rates moving toward Positive, b) 2 Positive (Green), but Just Barely, Fiscal Policy and Credit Demand/ Availability, and c) 2 Negative (Red), but Just Barely, Equity Market Valuation and Geopolitical Risk (during our reviews, we discuss thoroughly Equity Market Valuation, which directly affects your portfolio).



Crew Snapshot



Granpa Ed with His Petite Princess, Rylee Rose



Amber and Her Children at Back to School Night.



Zoot Suit Bill
(He is way more fun than this. Trust Us. He is! 🤪)

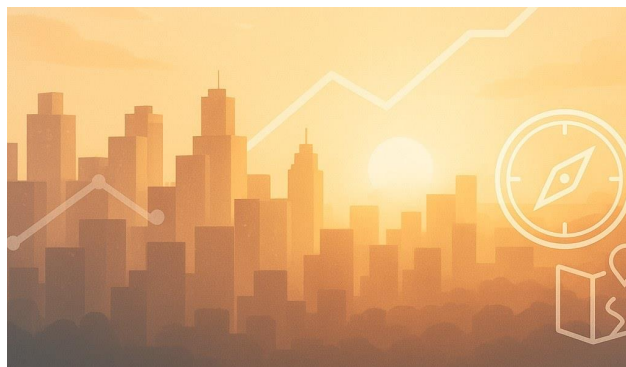
Firm Update

A Big Win for Royal Route!

We're thrilled to share some exciting news: **Royal Route Advisors Group now holds four fully Registered Service Marks!**

In July, we received final confirmation that the last of our four trademark applications reached Registered status. With only a **13% chance** of achieving this across all four filings, this is a major milestone. This achievement reflects and is a testament to the persistence, strategy, and teamwork that define our crew. These marks are more than legal protection: they're symbols of the brand we've built and the trust we continue to earn. It's a win worth celebrating!

📞 **Reviews:** We're reaching out to schedule Reviews. Let's discuss your goals, portfolio positioning, and any life changes. Prefer to schedule now? Just call or email us.



Looking Ahead

As we enter the second half of 2025, we remain focused on helping you stay the course. The economic landscape may shift, but our commitment to your financial journey is unwavering. If someone you know could benefit from a steady hand, we'd be honored to help guide them.

Warm regards,

The Royal Route Advisory Group Crew

Royal Route Advisory Group, LLC



Office - 913-336-3837



Ed - eprince@royalroutecompany.com
William - wfok@royalroutecompany.com
Amber - ajones@royalroutecompany.com



www.royalroutecompany.com

Closing Note

At Royal Route Advisors Group, our mission is simple: **Navigating our clients to their financial future.** We're proud to offer thoughtful, personalized service grounded in integrity, innovation, and excellence.

