



# The Corner



June  
2025

## Secular Bull Market Poised for New Highs

### Executive Summary

The S&P 500 is on track for a summer rally, targeting 7200 in 12 months and 12000–13000 by 2029–2030, driven by robust economic growth, consumer resilience, and transformative technologies. Despite short-term choppiness from overbought conditions and tariff noise, we remain in a secular bull market. Meaning, history suggests there's still room to run. AI, blockchain, and robotics are fueling productivity gains, mirroring the impact of cell phones and the internet when those once-emerging technologies took the world (and markets) by storm. Strong corporate earnings, rising profit margins, and \$7.0 trillion in money market funds signal further upside. In this high-growth environment, investors should view pullbacks as buying opportunities, in our view.





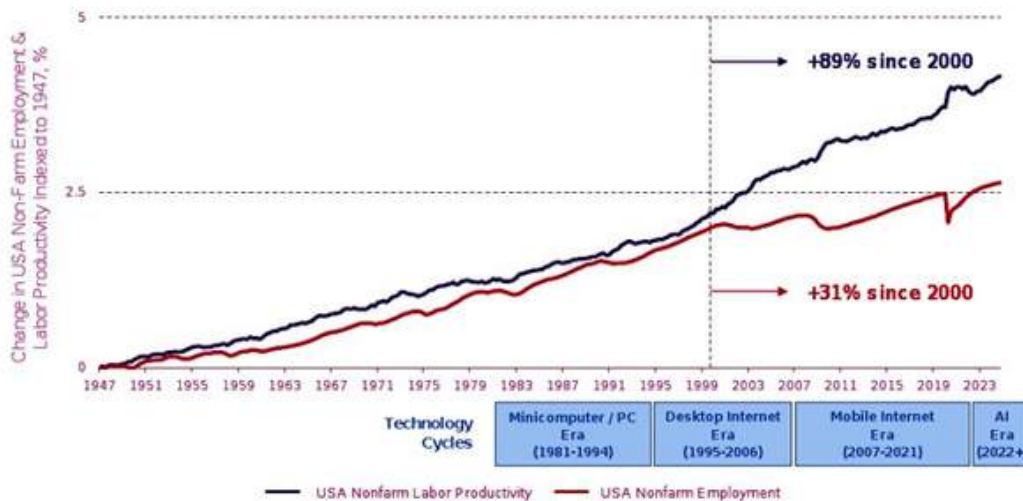
## Technology Fuels Productivity Surge

AI, blockchain, Web 3.0, virtual reality, and robotics are reshaping the economy, driving productivity gains akin to past tech revolutions. AI chatbots, increasingly adopted by many small businesses, cut costs and boost customer satisfaction, while personalized recommendations drive revenue for companies like Netflix and lift sales for companies like Amazon. In healthcare, AI diagnostics and robotic surgeries are saving lives, while overlooked electronic health records (EHR) automation is slashing costs. AI accelerates R&D, cutting drug discovery time by 50%, and optimizes smart grids and precision farming, boosting yields. Cybersecurity AI, now in a bull market, is increasing protection of digital infrastructure. Communication is being revolutionized; for example, Meta's multilingual multimodal AI can perform text-to-speech, speech-to-text, speech-to-speech, and text-to-text translations for up to 100 languages.

## 40-Year Productivity Growth from Technology

USA Labor Productivity =  
Has Happened Alongside Job Growth Over Seventy-Seven Years

Relative Change in USA Non-Farm Employment & Labor Productivity – 1947-2024,  
per Federal Reserve Bank of St. Louis



Note: Here we define the start of the PC Era as 1981 (launch of IBM PC). We define the start of the desktop internet era as 1995 (Netscape's IPO). We define the start of the mobile internet era as 2007 (the launch of Apple's iPhone). We define the start of the AI Era as 2022 (the public launch of ChatGPT). Source: Federal Reserve Bank of St. Louis (2024)

BOND

AI & Work Evolution = Real + Rapid

335

Source: Bond Capital Associates, May 30, 2025



## AI Use Is Spreading Rapidly Through The Economy

According to Goldman Sachs, the number of firms using AI has doubled over the past 18 months. At this pace, nearly all firms in the Goldman survey should be using AI sometime around April 2029 – a faster pace of adoption than the internet.

### AI Adoption By Firms

**Exhibit 6: AI Adoption by Firms Has Accelerated Notably Since the Start of This Year**



Source: Census Bureau, Goldman Sachs Global Investment Research

### Profit Margins and Valuations Signal Upside

Corporate profit margins are rising, with forward P/E ratios at attractive levels, supporting higher equity valuations. Earnings growth, concentrated in AI-driven firms, underpins our bullish outlook.

### S&P 500 Forward P/E Ratio Declined To Attractive Levels

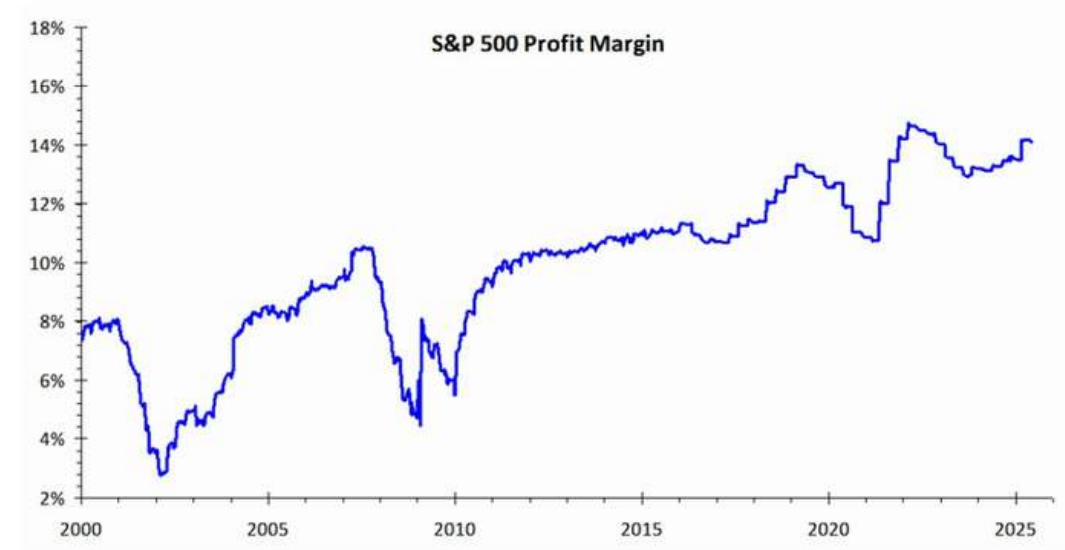


Source: Bloomberg, Sanctuary Wealth, June 6, 2025





## Corporate Profit Margins Remain Strong

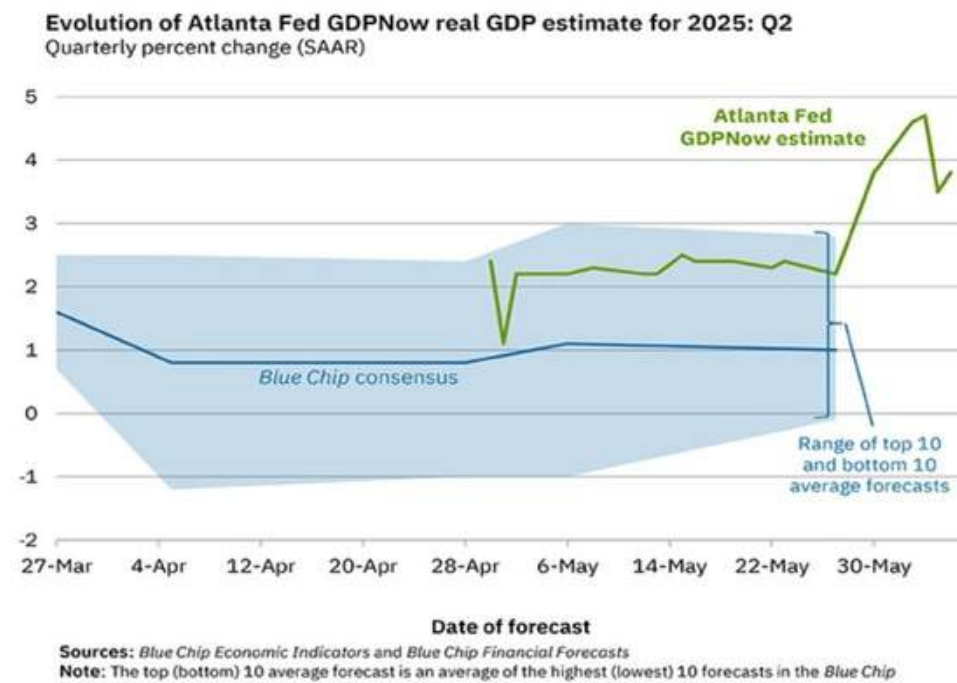


Source: Standard & Poor's, Sanctuary Wealth, June 6, 2025

## Economic Strength Powers Market Rally

The economy is firing on all cylinders, with the Atlanta Fed's GDPNow estimating 3.8% growth as of June 6, 2025. Real per capita income and disposable income are rising, fueling consumer spending with no slowdown in sight. The labor market remains robust at 4.2% unemployment, with wage growth supporting both discretionary spending and corporate profits. Recession risks are fading fast, reinforcing equity price gains.

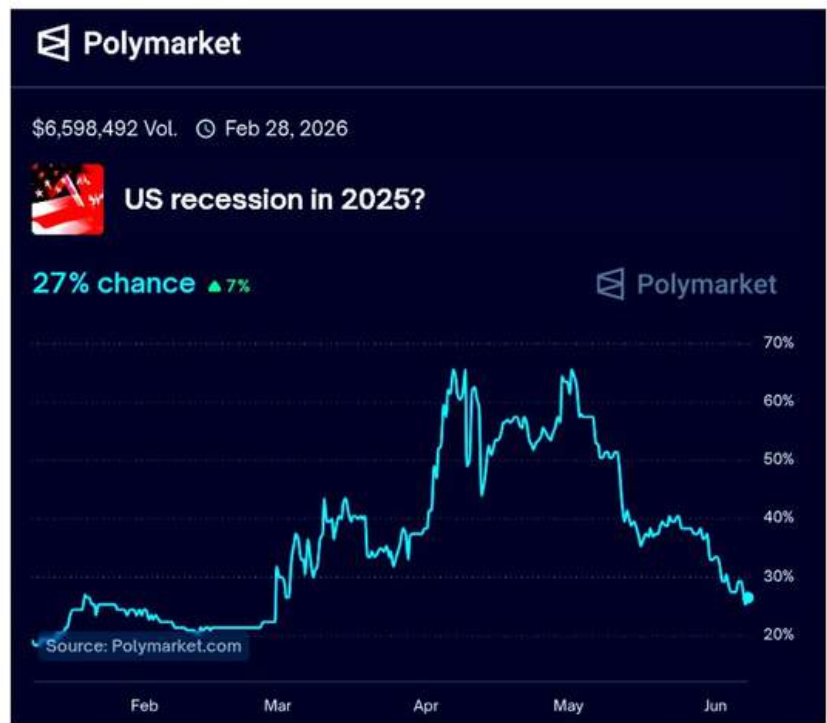
## Atlanta Fed GDPNow Signals 3.8% Growth



Source: Bloomberg, Sanctuary Wealth, June 6, 2025

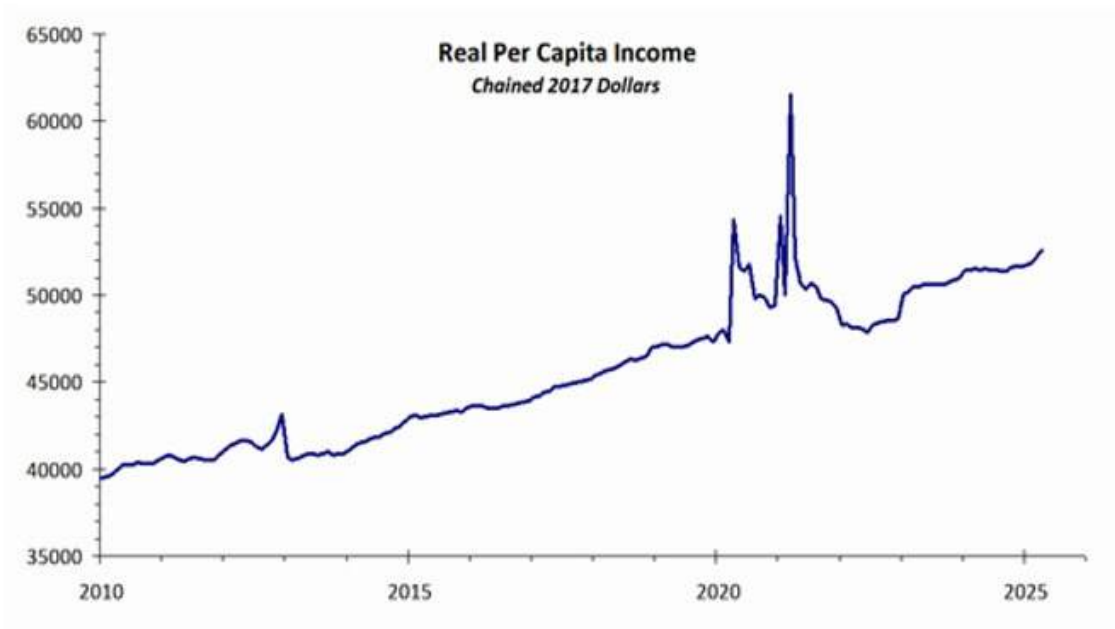


## The Odds Of A Recession Have Declined Rapidly



Source: PolyMarkets.com, June 7, 2025

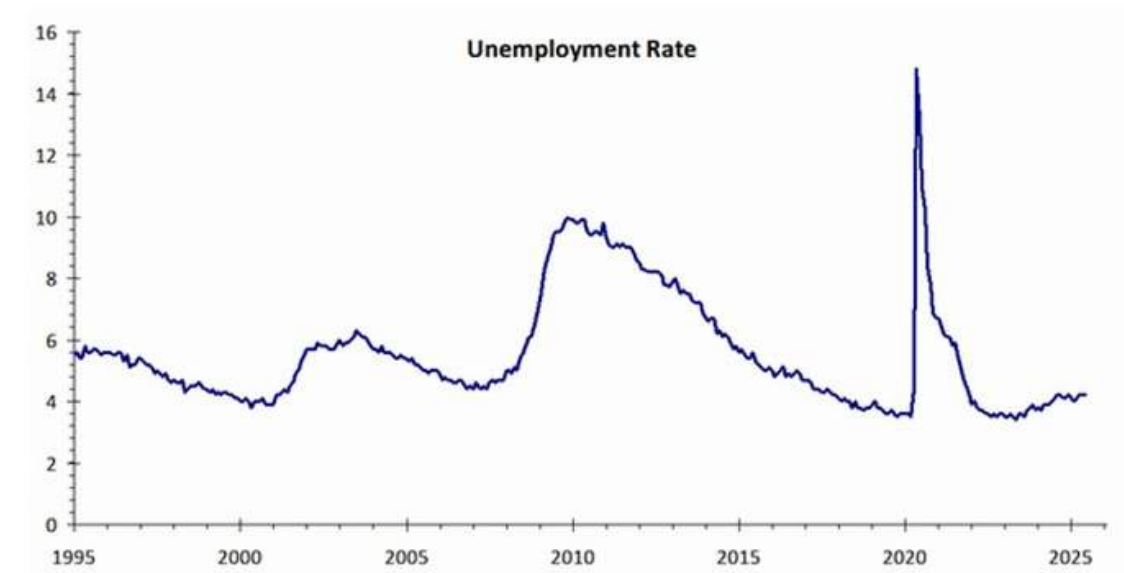
## Rising Real Per Capita Income Indicates Households Can Spend



Source: Bureau of Economic Analysis, June 3, 2025



## Unemployment at 4.2%

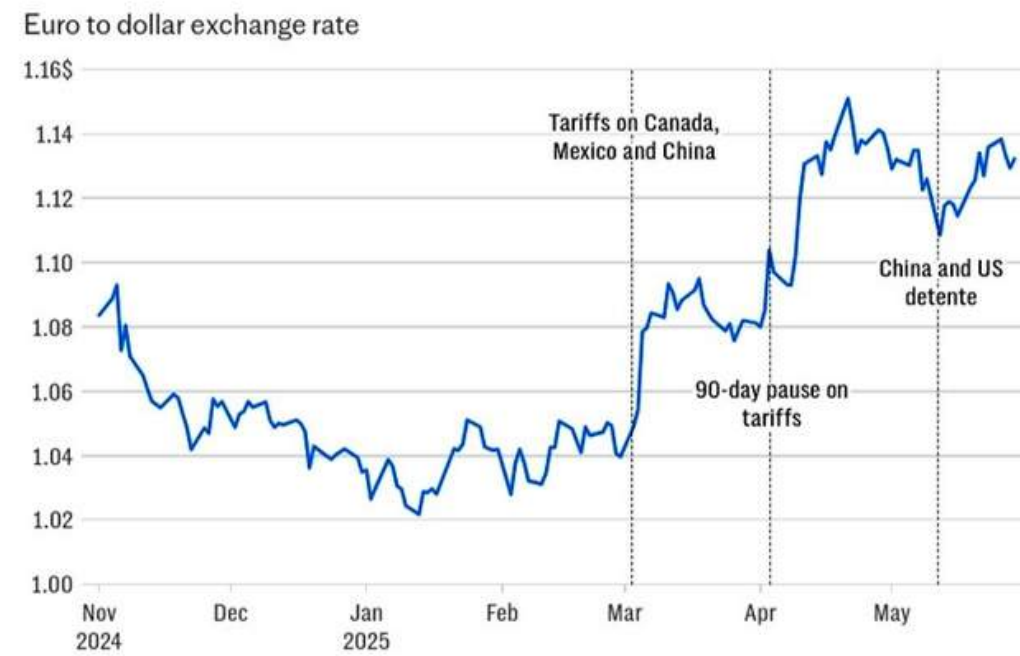


Source: Bureau of Labor Statistics, June 6, 2025

## Tariffs Spark Volatility, Not Derailment

Tariff headlines continue to stir short-term volatility, but markets seem to have been adapting since the initial announcements on Liberation Day (April 2). Tariffs may have delayed our S&P 7200 target, but they haven't derailed the bull market overall. AI adoption is accelerating as firms reshore operations, with \$8 trillion in pledged investments since January 2025 (according to FOX Business, April 30, 2025). Pullbacks remain buying opportunities.

## S&P 500 Volatility vs. Tariff Announcements



Source: Bloomberg

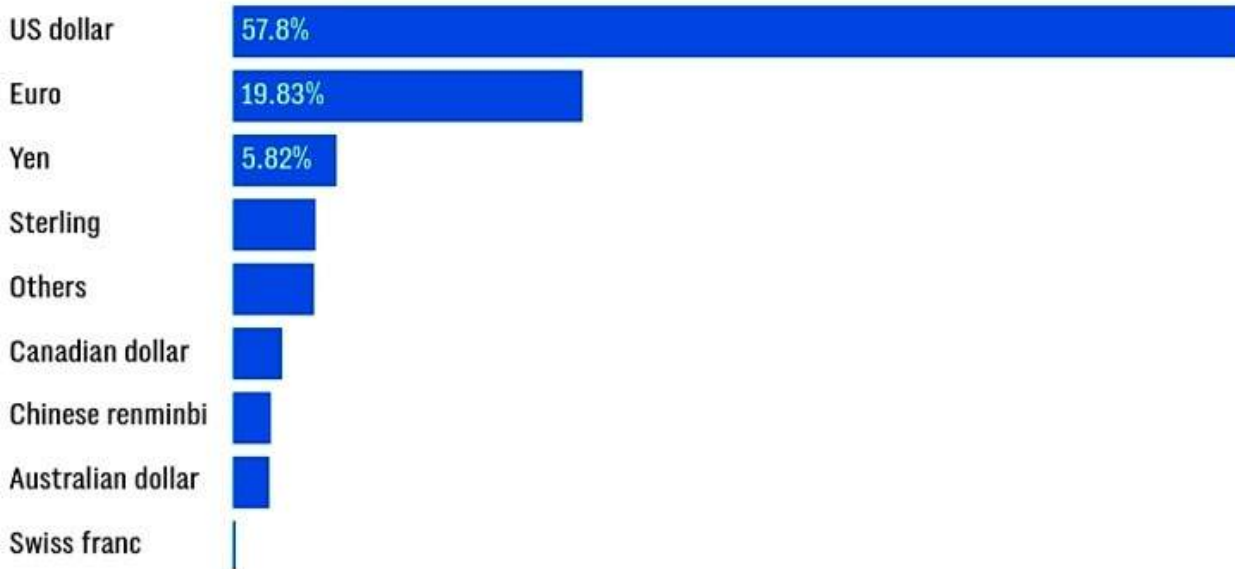


## U.S. Dollar Unlikely To Lose Its Reserve Currency Status

All countries are devaluing their currencies. While central banks over the past several years have purchased gold to boost their reserves, the U.S. dollar remains the most widely used reserve currency. The euro is unlikely to replace it, and the Chinese yuan is unsuitable as a reserve currency because it is neither freely convertible, nor do the Chinese presently have a legal system that investors might trust to resolve disputes.

### The U.S. Dollar Dominates Central Bank Reserves

Percentage of global reserves



Source: International Monetary Fund

### All Global Currencies Have Lost Value Over The Decades



Source: Sanctuary Wealth, June 8, 2025





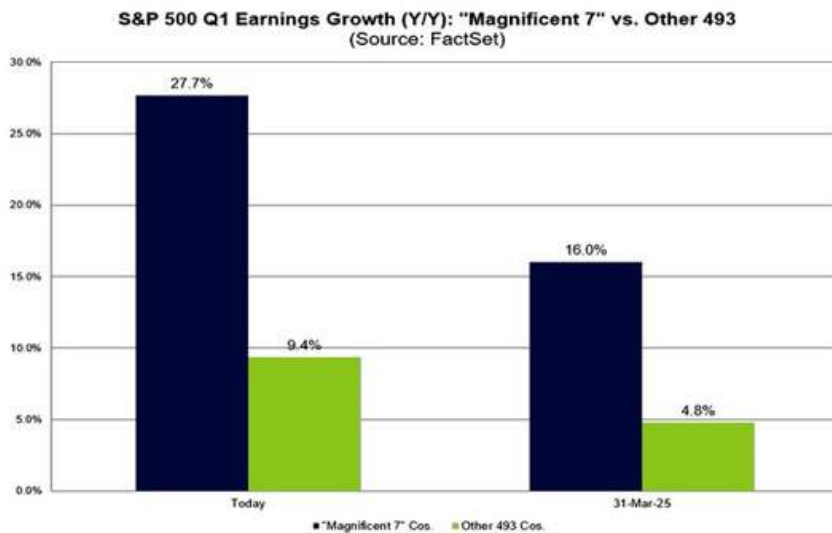
## The Fed Still Watching Data, Not Ready To Cut Rates

The Federal Reserve (Fed) is still watching how data develops in the wake of trade and tariff negotiations and the course of the economy. President Trump has asked for a 1.0% cut in rates: It is not uncommon for presidents to pressure the Fed to cut rates, and not uncommon for the Fed to decline to acquiesce. We think the Fed will continue to wait and watch.

## Growth Stocks Shine in Scarce Earnings Environment

Earnings remain concentrated in the Magnificent 7 and similar companies well-positioned to capitalize on AI. Growth stocks are outperforming Value stocks. Semiconductors, following a mid-February correction, are resuming leadership, a critical move for sustaining market highs.

## S&P First Quarter Earnings Were Concentrated In The Magnificent 7 Stocks



Source: FactSet

## Growth Stocks Tend To Outperform Value Stocks When Earnings Are Scarce





## VanEck Semiconductor ETF (SMH) (Top) Versus S&P 500 (Bottom)



## Cybersecurity: A Bull Market Necessity

As digital reliance grows, cybersecurity stocks are breaking out to new highs, confirming a bull market. AI-driven threat detection is critical for economic stability, making this sector a top investment pick.

## First Trust Nasdaq Cybersecurity ETF (CIBR) (Top) Versus S&P 500 (Bottom)





## Robotics: The Next Frontier

Robotics is gaining traction in manufacturing and services, boosting efficiency and creating new markets. Investors should watch this space for long-term growth

## Robots Will Become Increasingly Important In Business And Society

Morgan Stanley

### Humanoids: A \$5 Trillion Market

May 14, 2025

The number of robots that resemble and act like humans is likely to reach nearly 1 billion by 2050, with China currently leading in development.

## Dry Powder Fuels Further Gains

Money market funds hold over \$7.0 trillion and are poised to flow into equities as cash returns (e.g., 3-month T-bills) decline. This “dry powder” supports our bullish outlook for stocks.

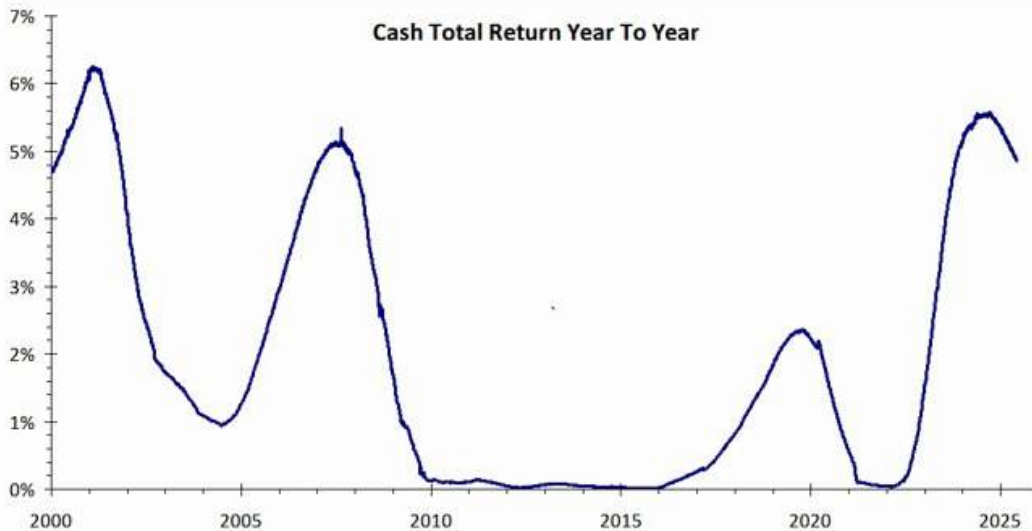
## Money Market Mutual Funds Assets Exceed \$7 Trillion



Source: Investment Company Institute, June 4, 2025



## Cash Levels Remain Elevated



Source: Bloomberg, Sanctuary Wealth, June 7, 2025

## Stablecoins: A Treasury-Backed Growth Story

Stablecoins, backed 1:1 by U.S. Treasuries, hold \$300 billion in assets, with projections of \$1.6 trillion – \$3.7 trillion by 2030, according to a Citi Institute estimate. Treasury Secretary Scott Bessent sees stablecoins as high-frequency money market funds, potentially becoming the largest buyers of U.S. Treasuries.

### CoinPedia

Anjali Belgaumkar | May 26, 2025 05:19 UTC

## Stablecoins Could Add \$2 Trillion to U.S. Treasuries, Predicts Scott Bessent

In a recent interview, the U.S. Treasury official Scott Bessent made headlines with his strong support for digital assets and stablecoins. Bessent, now the CEO of Key Square Group, believes that U.S.-backed stablecoins could create a massive \$2 trillion demand for U.S. Treasuries, a move that could reshape global finance and strengthen the U.S. dollar's dominance.

## Stablecoins Also Hold Bitcoin

Some stablecoins also hold bitcoin and gold, aligning with our bullish \$150,000 bitcoin target despite short-term overbought conditions.

### ZeroHedge

## "Tether Will Be The Biggest Bitcoin Miner In The World", CEO Paolo Ardoio Said

Authored by Oscar Zarraga Perez via BitcoinMagazine.com,

TUESDAY, JUN 03, 2025 - 05:55 AM





## Bitcoin With Weekly Stochastic Showing Its Overbought and Slowing Momentum



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## Gold and Copper: Bull Markets in Metals

Gold is on track for \$4000, with junior gold miners breaking out from an 11-year range, following a 12-year gold breakout. Silver, “the poor man’s gold,” hit record highs, confirming a metals bull market. Copper demand is soaring for AI, blockchain, and robotics, with 100 MW of power generation requiring ~50 – 80 U.S. tons of copper for generators alone and 350 – 550 tons for full plants. A projected 50 GW U.S. power demand increase by 2030 signals massive copper needs, despite supply constraints.

## Gold Price Targeting \$4000







## VanEck Junior Gold Miners (GDXJ) (Top) Versus S&P 500 (Bottom)



## Electric Power Demand From AI And Blockchain Exceeds Current Capacity

Enormous amounts of electricity are needed to power data centers for AI and blockchain. Companies like Meta, Microsoft, and Apple, among many others, are contracting with electric utilities for long-term power contracts, building their own gas-fired plants, and sponsoring the development and small modular nuclear reactors (SMRs) to provide electricity to their data centers.

## Electric Power Demand Is Projected to Soar Over The Next 5 Years

Table 1: Data Center Electricity Consumption Forecasts

Group	Forecast Subject	Current Value	Forecast Value	Growth Value
CSIS (author's analysis)	U.S. AI data centers	4 gigawatts (GW) in 2024	84 GW by 2030	2,100 percent
LBNL	U.S. data centers	20 GW in 2023	74 to 132 GW by 2028	370-660 percent
RAND	Global AI data centers	11 GW in 2024	68 GW by 2027 and 327 GW by 2030	618 percent
SemiAnalysis	Global data centers	49 GW in 2023	96 GW by 2026	196 percent
BCG	Global data centers	60 GW in 2023	127 GW by 2028	212 percent
McKinsey	Global data centers	55 GW in 2023	171 to 219 GW by 2030	311-398 percent
Goldman Sachs	Global data centers (excluding crypto)	400 TWh in 2023	1,040 TWh by 2030	260 percent

Source: Authors' analysis.

Source: Center for Strategic and International Studies, March 3, 2025



## Copper Stocks Should Prosper From Increased Electric Power Needs

Electric generators require a tremendous amount of copper wire to be wound about them. In addition, the electric grid, the high-voltage wiring that transmits electricity from where it's made to where it's used, is in poor repair and needs to be brought up to modern standards. A conventional electric generator requires about 1 ton of copper per megawatt. U.S. demand is projected to grow by at least 50 gigawatts over the next 5 years.

## Southern Copper (SCCO) (Top) Versus S&P 500 (Bottom)



## Aerospace & Defense: Geopolitical Tailwinds

Rising global tensions and military spending are driving aerospace and defense stocks to record highs. Germany has committed to spending €500 billion in infrastructure and €400 billion in military equipment. The end of Pax Americana and conflicts in Ukraine and Taiwan fuel this rally, making the sector a strong performer.

## Global X Defense Tech ETF (SHLD) (Top) Versus S&P 500 (Bottom)





## STOXX Total Market Aerospace & Defense Sector (Top) With Stochastics (Middle) And Moving Average Convergence-Divergence (Bottom)



## Developed International Markets Are Performing Well

Developed markets are performing well. On June 6, the S&P 500 was up 2.0% year-to-date, while the FTSE 100 was up 16.9%, the French CAC 40 was up 16.5%, the Hong Kong Hang Seng up 17.4%, and the German DAX up 35.5%. We think investors can still take positions in many of these markets.

## iShares MSCI EAFE ETF (EFA) (Top) Vs. S&P 500 (Bottom)







## iShares MSCI Germany ETF (EWG)



### Investment Takeaway

The secular bull market, fueled by economic strength and technological innovation, is far from over, in our view. AI, cybersecurity, semiconductors, gold, copper, and aerospace offer high-growth opportunities. With \$7.0 trillion in dry powder and stablecoin assets surging, investors should capitalize on pullbacks to position for new S&P 500 highs by August 2025. Copper and gold miners are top picks as electrification and inflation hedges gain traction.

## Last Words

The secular bull market is alive and well, fueled by robust economic growth, consumer resilience, and transformative technologies like AI, blockchain, and robotics. With the S&P 500 targeting 7200 by mid-2026 and 12000-13000 by 2030, we see new highs this summer, despite tariff-driven volatility. Investors should capitalize on pullbacks in AI-driven Growth stocks, Semiconductors, Cybersecurity, Gold, and Copper miners, as \$7.0 trillion in dry powder and surging stablecoin assets signal strong upside. Aerospace & Defense stocks offer additional growth amid geopolitical shifts. We favor Growth over Value, with Technology and Metals leading the charge. Treasury yields should remain range-bound (4.0%-5.0%), supporting equities as inflation expectations stabilize.

### Risks to Our Outlook:

- Renewed inflation pressures, particularly if 10-year Treasury yields break above 5.0%.
- Unexpected tariff escalations disrupting global trade and market momentum.
- A slowdown in consumer spending or corporate earnings, though current data shows no such signs.
- Pressure on interest rates from bond vigilantes because they don't like the spending bill.

**Corrections are opportunities, not obstacles. As markets climb, patient investors could find value in this dynamic bull market — don't miss the sale!**

**Mary Ann Bartels**

Chief Investment Strategist

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