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The US stock markets are celebrating new record highs. At the start of the second half of the year, the severe turbulence earlier in the year has already been largely forgotten. The S&P 500 benchmark index has gained more than 5% since the beginning of January. The Nasdaq 100, which includes the largest technology stocks, is up 7%.

Yesterday, Tuesday, the picture on the New York stock exchanges was characterized by a certain counter-movement. Stocks such as Nvidia, Broadcom, AMD, Meta Platforms, Netflix, and Palantir Technologies, which had advanced particularly strongly in recent months, came under pressure. In contrast, previous laggards were in demand, such as healthcare stocks like Merck, Pfizer, and Amgen, or cyclical consumer stocks like Nike, Starbucks, and Target.

It remains to be seen whether this is the beginning of a larger rotation. Much will also depend on developments in Washington in the second half of the year. Yesterday, the US Senate approved the Republican tax reform by a narrow majority. The House of Representatives is set to vote on it today, Wednesday, after which US President Trump plans to hold a signing ceremony on Friday, the US national holiday.

The package essentially extends the tax cuts that Trump pushed through in 2017 during his first term in office. It also provides for more spending on defense and border security, while cutting Medicaid health insurance for the needy and renewable energy programs. The bottom line is that Trump's "Big Beautiful Bill" will add another \$ 3.3 trillion to the US federal budget over the next ten years, according to calculations by the nonpartisan Congressional Budget Office (CBO).

In the immediate future, the focus is now on July 8, when the 90-day period during which the US government's reciprocal import tariffs are suspended ends. The markets assume that there will be a further extension. Jerome Powell's comments on Tuesday raised eyebrows in this regard. The Fed chairman said that the US central bank would have cut interest rates further long ago if it did not have to fear a rise in inflation due to Trump's tariff policy.

The first second-quarter corporate results will also be released next week. In view of the upcoming reporting season, we need to focus on a topic that is rarely discussed critically: more and more companies are embellishing their operating performance with adjusted figures. Such practices are particularly widespread in the tech sector.



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