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Global Markets Stay Strong Despite Trade and Fed Tensions

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Global financial markets are holding firm and climbing higher, even as they brace for a critical test tied to President Donald Trump's latest tariff deadline. With the S&P 500 reaching historic highs and Bitcoin surging above \$123,000, investor sentiment remains surprisingly optimistic despite intensifying trade disputes, Middle East tensions, and criticism aimed at the Federal Reserve.

In the first half of Trump's second term, the S&P 500 has closed above 6,300 points for the first time ever, notching eight record highs over the past month. That milestone comes

despite fears triggered by Trump's "Liberation Day" tariffs and fresh concerns about the central bank's autonomy. Meanwhile, bonds have rallied steadily and volatility in oil prices has subsided, pointing to a broad-based market confidence.

Investor Momentum

Despite the current market strength, analysts caution that the rally may be built more on hope than on solid economic fundamentals. Trump's trade deadline on August 1 is fast approaching, and whether the tariffs are temporary or expanded could determine whether the bull market holds.

"Perhaps the move by US stocks off the early-April lows is emblematic of the age-old adage about bull markets often climbing a 'wall of worry,'" wrote Liz Ann Sonders and Kevin Gordon, investment strategists at Charles Schwab. "There is no shortage of things to worry about; but that's the wall markets often climb."

The S&P 500's sharp rebound from its April lows has become one of the most dramatic V-shaped recoveries in recent memory. According to LPL Financial's Jeff Buchbinder and Adam Turnquist, the swift turnaround ranks among the strongest post-correction comebacks in history.

The market's resilience comes even as valuations soar to historically expensive levels. Thierry Wizman, global foreign exchange and rates strategist at Macquarie Group, pointed out, "What has held stocks aloft... is the premise that whatever tariff increases come on August 1, they will not be permanent. The prospect that 'deals' will be struck thereafter remains a factor, we believe, in keeping traders from selling stocks more aggressively."

Adding to the optimism is the belief that Trump may retreat from the most extreme tariff plans. Former Bank of America economist Ethan Harris wrote that Trump's trade announcements often follow a familiar pattern. "His aggressive announcements are a way to test what he can 'get away with.' Hence the steady flow of new threats, partial retreats and then more threats."

Driving the recent surge is a wave of buying from retail investors. Venu Krishna, equity strategist at Barclays, estimates that individuals injected over \$50 billion into equities in the last month alone. Since April, the S&P 500 has risen nearly 27 percent, while the Nasdaq

Composite has climbed 37 percent. Bitcoin also hit an all-time high last week before stabilizing around \$119,000.

Still, not all signals are positive. Megan Horneman, chief investment officer at Verdence Capital Advisors, warned that markets may be ignoring real risks. “Given stocks are historically expensive,” she noted, “markets might be complacent.”

As the August 1 tariff deadline nears, investors will be watching closely to see whether markets maintain their upward momentum or finally respond to rising uncertainty.