



Fasten Your Seatbelts

There are no elections any time soon. No inaugurations. No Big Beautiful Bills. No bombings by U.S. aircraft. No new significant tariffs.

We tossed around the idea of not even publishing an Investment Commentary this month because there just didn't seem to be that much to write about. What could we possibly write . . . that you might actually want to read?

But then we remembered that Donald Trump is still president . . . and if there is nothing happening today, there is always something *about* to happen tomorrow.

Case in point: on Tuesday night, the U.S. finalized a trade deal with Japan, easing tariffs and opening doors for more U.S. agricultural exports. It's being hailed as a rare bright spot amid the trade tensions elsewhere, but it also serves as a reminder that this administration can pivot from threats to deals in the blink of an eye.

Fasten your seatbelts, because, Trump has promised tariffs as high as 50% to begin on August 1st for dozens of countries, including top trading partners like Canada, Mexico, and the EU . . . call it Liberation Day Part 2? Although, given Trump's history, those numbers (and countries!) could change a couple times between now and then.

If he follows through, the impact on trade and markets could be substantial. European leaders have already hinted at retaliation, and global companies are bracing for higher costs and supply-chain disruptions.

But if you've been reading our commentaries for long, you know the drill: markets tend to trade the announcement, not the actual policy. And this president's announcements often arrive before the details . . . or before the details change entirely.

Of course, trade isn't the only lever policymakers are pulling right now. In Washington, the [Big "But Not So" Beautiful Bill](#) quietly made its way through Congress this month. While initially advertised as something that would help address the growing national debt, the final laundry list of tax cuts and increased spending provisions transformed the bill into something not so beautiful.



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The bipartisan Congressional Budget Office (CBO) projects that the new law will add \$4.1 trillion to the national debt over ten years. Ouch.

But let's not overlook the silver lining . . . Trump's tariffs. Yes, they've caused a lot of volatility in the markets. *And* they've provoked uncertainty among businesses worldwide. *And* they've increased the risk that inflation will heat up again. BUT . . . they do generate revenue for the government that could help balance the budget . . . which, conceivably, could slightly *reduce* the risk of inflation.

The CBO projects that tariffs (as they are currently proposed) will generate enough revenue to *reduce* the national debt by \$2.8 trillion. Adding it all up, the combined result is \$1.3 trillion added to the national debt over the next decade, or \$0.13 trillion per year.

For context, during the 2024 fiscal year, the government spent \$1.8 trillion more than it took in (the "budget deficit"). Adding another \$0.13 trillion is not beautiful, but not nearly as ugly as it could have been.

As we've been saying for years, the growing debt will become a problem for our economy if it continues to grow. Every U.S. president since Clinton has run a budget deficit, and this president is no different, Trump just does so with more theatrics.

Speaking of theatrics, Trump has also turned his attention (again) to the Federal Reserve. There's been questions about whether he could fire Fed Chairman Jerome Powell if he doesn't get the rate cuts he wants. The answer? Legally murky. But even raising the question smacks of that CEO caught cheating on the [Coldplay kiss cam](#): ill-advised, poorly timed, and almost certain to backfire.

While the president has made no secret of his eagerness for lower interest rates, the Fed continues to walk its own path . . . one lined with inflation data, labor-market trends, and a desire to maintain at least some independence from political pressure. Markets are watching closely, because the wrong move (or social media post) could spark fresh volatility in both equities and bonds.

On a different note: we're hosting a webinar on **July 29th at 2:00 PM** with Amy Florian: "*Diminished Capacity and Elder Fraud.*" Internet scammers are relentless, and they love going after the elderly, so this is an important topic for anyone caring for aging loved ones—or thinking ahead for themselves. You should have received an email with your invitation to join us.

