



## Market Strategy Weekly

July 11, 2025

Todd Sohn breaks down what the market's recent rally means for forward returns, how he's thinking about the resurgence of the technology sector, and whether or not sentiment is starting to get too bullish.

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## BULLISH SETUP | CYCLICAL LEADERSHIP | SENTIMENT PERCOLATING

**ROSS MAYFIELD:** Can you contextualize the recent rally in stocks? What does that strength mean for forward returns?

**TODD SOHN:** From the April lows, we've seen one of the best and fastest S&P 500 snapback rallies ever. What does this mean? Historically, every major market low has been accompanied by a price momentum extreme. In the first one or two months after a big move like that, the returns are a coin flip. But 3, 6, 12 months out, we've historically seen a high probability of above-average returns. I think the point here is, don't be too scared of "too far, too fast." The snapback off the lows is actually a bullish signal for investors. Yes, we may get some setbacks in the near term, but the big picture is that it's a very bullish setup right now.

**ROSS:** With Tech again outperforming, are you thinking about concentration in indexes?

**TODD:** Technology has stormed back, particularly off the back of semiconductors (and semis are about as cyclical an industry as you can get). We also see strength from Financials, Industrials and Consumer Discretionary. So, the leadership backdrop is good. As for concentration, we've seen a nice expansion in the number of Tech stocks hitting a new 3-month high, so it's more than just the big names. Still, I think you just have to pay attention to what you own. There's a lot of crossover, especially within popular funds, that may lead your portfolio to having more exposure to a small group of names than you'd like. Is it a big risk? Not necessarily—at least not until things turn—but if you're loading up on ice cream, eventually that's not going to be great for you. We're happy with the leadership here but we're attuned to the concentration risk.

**ROSS:** A strong rally, risk-on sector leadership—when does optimism actually become a risk for stocks?

**TODD:** In our fund flows work we look at where money is going, and we've started to see demand pick up for equity exposure and particularly cyclicals. But there is a way to go before we get into a euphoric or risky zone like we had at the start of this year. I'm okay with the increase in flows to some of the more risk-seeking sectors. I think that's natural given stocks are back at new all-time highs. But we are in a far different sentiment backdrop than we were in January, and that's an important distinction between the new highs today and the new highs at the start of the year. So yes, sentiment is getting hotter, but it's more neutral than any sort of big flashing red light today. We'll keep an eye on that because things change quickly.

### Time from Trough to New High

S&P 500 (15%+ Selloff)

Month of Low	Month of New High	Trading Days (sorted)
Apr 2025	Jun 2025	55
Aug 1982	Nov 1982	58
Aug 1998	Nov 1998	59
Dec 2018	Apr 2019	81
Oct 1990	Feb 1991	86
Jul 2010	Nov 2010	87
Oct 2011	Feb 2012	99
Mar 2020	Aug 2020	103
Oct 1966	May 1967	143
Oct 1957	Sep 1958	233
Jun 1962	Sep 1963	299
Oct 2022	Jan 2024	318
Dec 1987	Jul 1989	414
May 1970	Mar 1972	451
Mar 2009	Mar 2013	1021
Oct 2002	May 2007	1166
Oct 1974	Jul 1980	1462

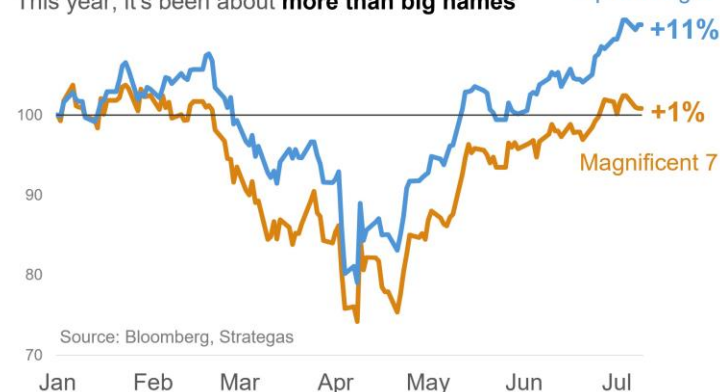
Median Time to New High: 143 Trading Days

Source: Bloomberg, Strategas

### Technology Strength in 2025

This year, it's been about **more than big names**

S&P 500 Tech  
Equal Weight



## IMPORTANT DISCLOSURES

This conversation is lightly edited and consolidated from an interview located at [www.youtube.com/@BairdTV](http://www.youtube.com/@BairdTV).

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