CHART OF THE MONTH

APRIL 2025

S&P 500
Ten Years

Trump's Liberation Day on April 2 turned into Liquidation Days on April 3 and 4 as global investors expressed their opposition to his tariff plans by selling stocks worldwide. The S&P 500 plunged 4.8% and 6.0% on Thursday and Friday, respectively, for a cumulative rout of 11.1% in the two days following the higher-than-expected tariffs that a growing chorus believes could lead to a trade war and an economic recession here and abroad.

The S&P 500 has now fallen 17.4% since its record high on February 19. U.S. stock futures were falling as much as 4% Sunday evening, which, if carried out on Monday, would result in a loss of over 20% from the top or what is commonly referred to as a "bear market."

China announced retaliatory tariffs last week and the European Union is on the verge of approving countermeasures as well, both of which added to the risk-off moods in Asia-Pacific countries (with indexes declining 5-10% this weekend) in addition to the U.S., where many investors have flocked to Treasury securities and cash as temporary safe havens.

Equity markets could slide further or reverse quickly if and when the trade differences are resolved or narrowed, complicating the decision to buy, sell, or hold. Unless one's goals and objectives (including risk tolerance and time horizon), have changed, the most prudent action has historically been to stay the course. As difficult as it may be to hang in there in the midst of a downturn, it is important to remember that every bear market has been followed by a new bull market that recovers to make even higher highs in the ensuing cycle.

Companies will begin to report first-quarter earnings this week with the major banks leading the way. They will be reluctant to give second-quarter and full-year guidance, much less positive. Stocks will probably hit bottom when they no longer go down on less-than-desirable pronouncements or agreements are reached with our trading partners.

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