

## Tariffs Bring April Showers For Markets



### April Showers Came Early for Stocks

Stocks fell in March, primarily due to tariffs sparking market jitters. While the U.S. economy had already been slowing from last year's 3% growth rate, weak economic data added to concerns.

### Tariffs and Economic Uncertainty

The Trump administration's new tariffs heightened market uncertainty. As companies absorb these costs, profit margins shrink, and inflation-wary consumers face higher prices. Some are rushing to buy before tariffs take effect, while others are delaying spending, further weighing on growth.

### Recession Risks and Consumer Resilience

The odds of a recession in the next year are around 30%, with tariffs pressuring economic activity. Federal layoffs and stock market declines have dented consumer confidence. However, strong savings, steady income growth, and accumulated wealth may help sustain economic expansion.

### A Silver Lining: Lower Inflation and Fed Support

Slower growth is putting downward pressure on inflation, which could offset tariff effects and lead to additional Federal Reserve rate cuts. This could help contain borrowing costs and support economic stability.

### Market Outlook: A Path to Recovery?

While uncertainty weighs on stocks, history suggests markets tend to rally as clarity emerges. During the 2019 trade war, the S&P 500 surged 19% after uncertainty began to fade. A similar rally may not be as dramatic, but a solid rebound by year-end remains possible.

### The Power of Diversification

Despite first-quarter struggles, value stocks and broad international markets posted gains, with seven of 11 S&P equity sectors finishing positive. Bonds also performed well, highlighting the importance of diversification.

### Staying on Track

Volatility may persist, but negative sentiment often signals a turning point. While the road ahead may be bumpy, history suggests more ups than downs in the coming months. Staying invested and maintaining a diversified portfolio remains key to navigating market fluctuations.

We're always happy to discuss your account and how market changes may impact your financial plan. If you'd like to review your portfolio or explore new opportunities, **feel free to schedule a meeting—just click the button below.**

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