

Market Update – April 7, 2025

The Weekly Briefing

Equity markets fell sharply in the wake of the Trump Administration's sweeping tariff announcement on US trade partners. Directionally, these changes were expected but the scope and magnitude of the tariff plans were far greater than most expected. The S&P 500 declined -9% and the Nasdaq 100 and Russell 2000 both fell -10% on the week. Risk assets across the world are down significantly from recent highs. The S&P 500 ended the week 17% below its high from late February and the Nasdaq 100 and Russell 2000 slumped into a bear market, defined as a 20% decline. International stocks were not spared from the pain. The MSCI ACWI-ex US Index, an international benchmark, closed 10% below its 52-week high. WTI Crude Oil ended the week at \$62 per barrel, its lowest close since early 2021.

President Trump detailed widespread levies on most US trading partners including a 10% minimum rate on all imports. Higher reciprocal tariff rates were announced on many top US trading partners. Notable penalties include an additional 34% levy on imports from China (raising the total tariff rate to 54%), 20% on the European Union, 45% on Vietnam, and 32% on Taiwan. These tariffs are set to go into effect April 9th.

Risk-off sentiment will likely continue if the proposed levies remain in place. Adding to the uncertainty is the Trump Administration's history of changing prior tariff announcements. While this most recent announcement could be seen as a negotiating tool to get foreign nations to make concessions, the continued lack of clarity surrounding trade policy will weigh on investment planning even if the planned import duties are walked back.

The implementation of these tariffs would raise the price of many goods significantly. Shifting production to the US would allow companies to avoid tariffs, however it takes years to restructure supply chains and build out manufacturing capacity. In the interim, prices will rise and profit margins will compress. A further complication is the notable wage disparity between US and foreign labor. Any increase in domestically produced goods will almost certainly result in higher prices.

Although stocks have traded off in recent days, downside risk remains for equity markets. The S&P 500 ended the week at 18x next-twelve-month earnings, and analysts currently expect earnings to grow 11% year-over-year in 2025. Earnings estimates will likely be revised lower as companies face increased costs and an uncertain consumer. Retaliatory policies from foreign nations could also impact sales.

Taking a step back, volatility is a normal part of market cycles. Long-term investors are able to ride out the ups and downs of equity markets. Most important during periods of disruption is to have a financial plan one can review and use as a guidepost to better understand the actual impact on long-term goals and objectives. In most cases, bouts of volatility have a minimal impact on the likelihood of achieving one's goals.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
		FOMC Meeting Minutes	Initial Jobless Claims Continuing Claims CPI	PPI FAST JPM MS WFC
		STZ		

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-9.1%	-13.4%	-1.2%
DJIA	-7.8%	-9.5%	0.3%
Nasdaq 100	-9.7%	-17.0%	-3.2%
Russell 2000	-9.6%	-17.8%	-10.2%
S&P 500 E/W	-8.5%	-9.8%	-3.8%
2yr Yield	3.65%	-0.59%	-1.10%
10yr Yield	3.99%	-0.57%	-0.41%
VIX	45.3	28.0	29.3
WTI Crude	\$ 62.0	-13.6%	-28.7%
Gold	\$ 3,038	15.8%	29.9%
Bitcoin	\$ 84,130	-10.2%	21.4%

Economic Summary

	Actual	Expected	Prior (r)
JOLTS Job Openings	7,568k	7,658k	7,740k
ISM Manufacturing PMI	49.0	49.5	50.3
ISM Services PMI	50.8	52.9	53.5
Initial Jobless Claims	219k	225k	224k
Continuing Claims	1,903k	1,870k	1,856k
Nonfarm Payroll Adds	228k	140k	117k
Unemployment Rate	4.2%	4.1%	4.0%

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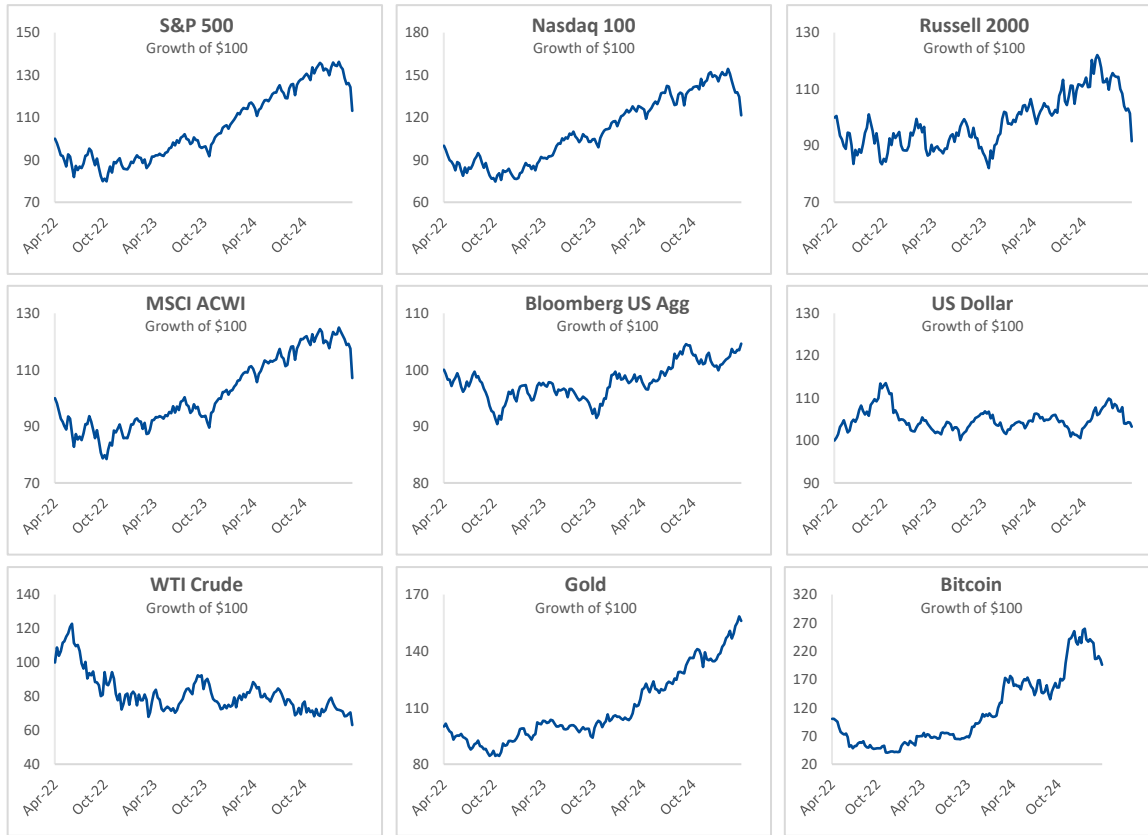
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500 -13.4%	Comm. Services -9.6%	Cons. Discretionary -18.3%	Cons. Staples 0.3%
Energy -7.3%	Financials -8.2%	Healthcare -1.3%	Industrials -10.2%
Materials -7.0%	Real Estate -3.6%	Technology -21.4%	Utilities -0.8%

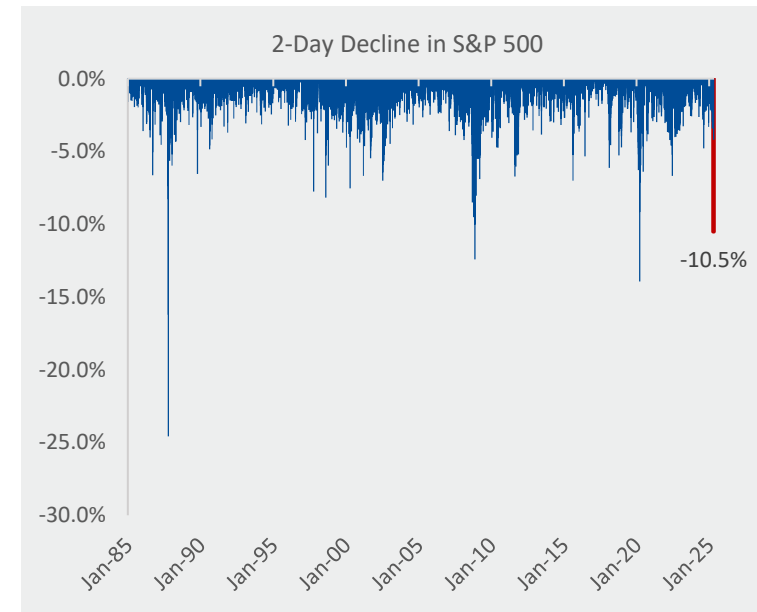
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
None of note.				

World Watch

	Last Week	YTD	1yr
MSCI ACWI	-7.9%	-8.8%	-0.1%
MSCI Europe	-6.9%	4.5%	2.2%
MSCI APAC	-4.4%	-1.2%	4.0%
DXY Index	102.8	-5.3%	-1.4%
EUR / USD	\$1.10	5.4%	-0.5%
GBP / USD	\$1.29	3.1%	2.0%
USD / JPY	145.6	-7.4%	-4.1%
USD / CNY	7.28	-0.2%	0.7%

The S&P 500's Two-Day Decline on Thursday and Friday Was One of the Largest In History



WEALTH MANAGEMENT

As of 3/24/25
Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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