Hello everyone,

Stocks fell broadly last week as domestic and foreign markets reacted to the White House's tariffs.

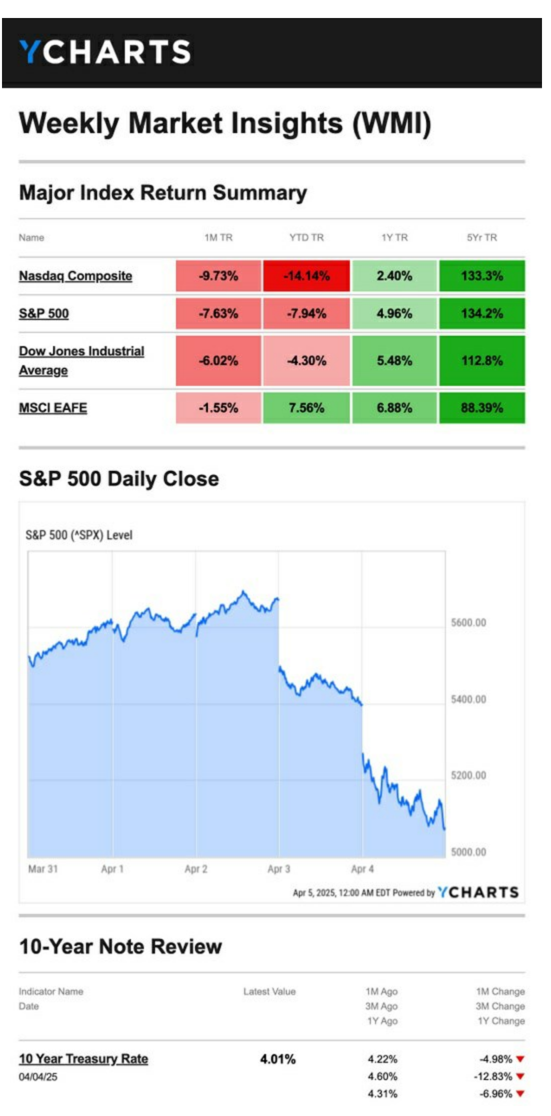
The Standard & Poor's 500 Index dropped 9.08 percent, the technology-heavy Nasdaq Composite Index fell 10.02 percent, while the Dow Jones Industrial Average won, by losing "just" 7.86 percent. Across the pond, stocks in the MSCI EAFE Index, which tracks developed markets overseas, lost 7.39 percent.[1,2]

Under Pressure

Stocks rallied the first half of the week as markets tried to anticipate the potential impact of tariffs previously announced by the White House.[3]

Soon after the closing bell on Wednesday, President Trump's new tariffs surprised markets. Global markets reacted to the news overnight.[4]

Markets opened lower on Thursday, and the selling continued through Friday. Treasuries rallied in a flight to quality as investors moved to the sidelines. The yield on the 10-year Treasury note closed Friday at 4.0 percent. Bond yields generally fall when bond prices rise.[5,6]



Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
Nasdaq Composite	-9.73%	-14.14%	2.40%	133.3%
S&P 500	-7.63%	-7.94%	4.96%	134.2%
Dow Jones Industrial Average	-6.02%	-4.30%	5.48%	112.8%
MSCI EAFE	-1.55%	7.56%	6.88%	88.39%

10-Year Note Review

Indicator Name Date	Latest Value	1M Ago 3M Ago 1Y Ago	1M Change 3M Change 1Y Change
10 Year Treasury Rate 04/04/25	4.01%	4.22% 4.60% 4.31%	-4.98% ▼ -12.83% ▼ -6.96% ▼

Source: YCharts.com, April 5, 2025. Weekly performance is measured from Monday, March 31, to Friday, April 4. TR = total return for the index, which includes any dividends as well as any other cash distributions during the period. Treasury note yield is expressed in basis points.

Powell's Speech

Federal Reserve Chair Jerome Powell gave a previously scheduled and much-anticipated speech on Friday. He explained:

- The labor market is in good shape and not a significant source of inflation.
- Longer-term inflation expectations are "well anchored and consistent with our 2 percent inflation goal" – despite higher expectations for inflation over the short term.
- Regarding consumer sentiment, while consumers "may not feel great about the economy now, they still keep spending." He added that the same happened during the pandemic.
- The Fed's policy stance is "well positioned to wait for greater clarity… (on the likely effects of trade and fiscal policy, for example) before considering any changes in monetary
- policy."[7]

Final Thoughts

It was quite a day, and that says something given the past few. Before the opening bell, the futures indicated another big drop and at the open, the S&P 500 was down over 4%. "Fake news" regarding a pause in the tariffs brought an 8% swing to the upside before the rumor was squashed. But when the dust settled, the market closed mixed on Monday with the Nasdaq composite index managing a small gain as reported by the WSJ.

In times like these, it's easy to let our emotions get the best of us. The headlines are horrific by design, they get clicks and it sells advertising. But we've been here before. Today's 8% swing shows just how easy it is for the tide to turn and points out the hazards of "market timing". As veteran financial planners Wade Pfau and Alex Murguia recently noted in their podcast, "Trying to time the market is a lot like trying to jump off a moving train and then leap back on at the perfect moment. It's both exhausting and dangerous — and it's rarely effective."

I'll leave you with an encouraging statistic from our friends at First Trust regarding S&P 500 performance after it's worst days. Dating back to 1960, the 15 largest single day loses in the S+P 500 averaged -8.85%. If you held on, 1 year later you would be up 30.29% on average; 3 years later, you would be up 13.17% per year on average; 5 years later, you would be up 12.5% per year on average.

As always, give us a shout if you want to talk or need anything. For some light reading, our latest Soundings newsletter can be accessed by clicking Soundings April 2025. Take care, have a nice week, and talk soon.

Warmest regards,

Jon

This Week: Key Economic Data

Monday: Consumer Credit.

Tuesday: NFIB Small Business Optimism Index. Treasury Buyback.

Wednesday: Federal Open Market Committee (FOMC) Minutes released. 10-Year Treasury Note Auction. Wholesale Inventories.

Thursday: Consumer Price Index (CPI). Jobless Claims. Monthly Federal Budget. Chicago Fed President Austan Goolsbee and Dallas Fed President Lorie Logan speak.

Friday: Producer Price Index (PPI). Consumer Sentiment. New York Fed President John Williams speaks.

Source: Investors Business Daily - Econoday economic calendar; April 3, 2025
The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

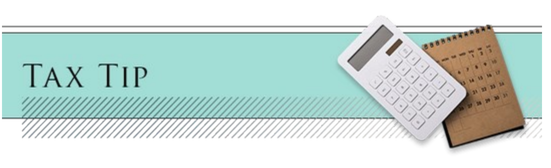
This Week: Companies Reporting Earnings

Friday: JPMorgan Chase & Co. (JPM), Wells Fargo & Company (WFC), The Progressive Corporation (PGR), BlackRock (BLK), The Bank of New York Mellon Corporation (BK)

Source: Zacks, April 3, 2025. Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

"I never try to please a certain audience. I think that's disastrous."

– Charles Schulz



Get Educated on Education Credits

Two education credits are available to American taxpayers: the American Opportunity Tax Credit (AOTC) and the Lifetime Learning Credit (LLC). The IRS has lots of information about these two credits on their site, but here are some highlights you might find helpful:

- The AOTC is allowed for expenses for course-related books, supplies, and equipment not necessarily paid to the educational institution but needed for attendance.
- The AOTC is limited to four years, but the LLC can be claimed for as many years as you like.
- To claim either credit, use Form 8863.
- The AOTC is worth up to $2,500.
- Your modified adjusted gross income must be $80,000 or less to claim the full credit.

This information is not a substitute for individualized tax advice. Please discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS[8]

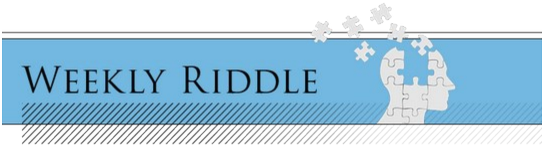
Healthy Roadtrip Snacks

Whether taking a short drive or heading off on a cross-country adventure, many families are packing up the car for some time away.

One of the best parts about road trips? Snacks! They aren't always the healthiest. Luckily, you can prepare many easy, healthier snacks for your trip. Skip the chips at the gas station and try these instead:

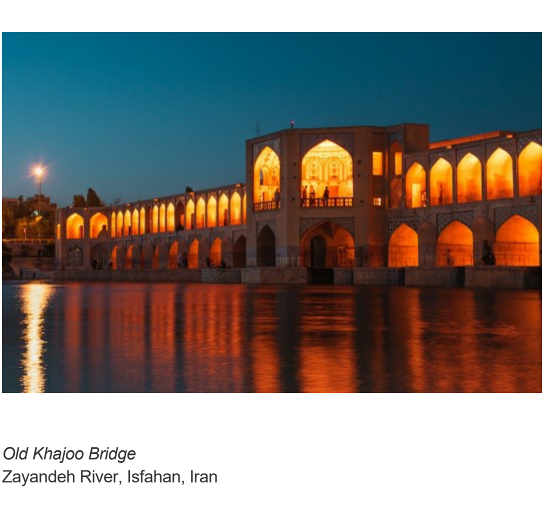
- Apples and peanut butter
- Celery and peanut butter
- Carrots and hummus
- Homemade trail mix with nuts and dried fruit
- Protein and granola bars
- Nuts and seeds
- Dried fruit and veggie chips

Tip adapted from Healthline[9]



I can certainly run, but I will never be able to walk by myself. Wherever I go, thoughts are close behind me. What am I?

Last week's riddle: It can only be broken with force, yet it can be dulled by contact with a piece of paper. What is it?
Answer: A pencil.



Old Khajoo Bridge
Zayandeh River, Isfahan, Iran

Footnotes and Sources

1. The Wall Street Journal, April 4, 2025

2. Investing.com, April 4, 2025

3. MarketWatch.com, April 1, 2025

4. The Wall Street Journal, April 2, 2025

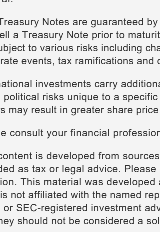
5. MarketWatch.com, April 3, 2025

6. The Wall Street Journal, April 4, 2025

7. MarketWatch.com, April 4, 2025

8. IRS.gov, September 11, 2024

9. Healthline, December 12, 2024



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