



## Markets Mixed in April Amid Volatility

Although US markets struggled in the first half of April on the back of tariff-related worries, the second half of the month was characterized by rallies amid policy reversal and easing of geopolitical tensions. However, both the S&P 500 and Dow Jones Industrial Average indices still fell in April (-0.7% and -3.1%, respectively), marking the third consecutive losing month for both indices. International developed equities and US growth posted gains (+4.0% and +2.0%, respectively), while US small-caps and US value declined (-4.1% and -3.6%, respectively). Bonds were also mixed, as the 7-10 year US Treasuries and the US Aggregate Bond Index were up (+1.1% and +0.4%, respectively) while municipal bonds and investment grade corporate bonds fell (-0.4% and -0.2%, respectively). Aside from gold (+5.4%), commodities produced negative returns as crude oil was down 17.8%, broad-based commodities fell 5.2%, and silver decreased 4.5%.

## Powell Signals Patience Amid Policy Uncertainty

In his most recent remarks, Federal Reserve Chairman Jerome Powell struck a cautious and patient tone as policy uncertainty, particularly around trade, clouds the economic outlook. He stated, "Inflation has come down a great deal but is running a bit above our 2 percent objective," as March annualized Core PCE (Personal Consumption Expenditure Index) showed a 2.6% rise. Moreover, Powell indicated that tariffs are "highly likely" to create at least a temporary increase in inflation. He also pointed to a sharp decline in sentiment across households and businesses, attributing the shift in part to the new Administration's significant policy changes. Market participants currently expect the Fed to hold interest rates steady at 4.25–4.50% at the upcoming May FOMC meeting.

## Tariff-Induced Stagflation, or Recession?

Amid rising tariffs, markets are increasingly pricing in a stagflationary environment, characterized by higher yields/inflation alongside weaker growth and equity performance. However, if the economic fallout from tariffs proves too severe, the U.S. could enter a recession, leading to declines across yields, growth, and equities.

Exhibit 1: Trailing Returns as of April 30, 2025

	Index/ETF	1-Mo	3-Mo	YTD	1-Y	3-Y	5-Y
Equities	International Developed Equities (SPDW)	3.98%	6.26%	10.93%	12.73%	9.17%	11.26%
	US Growth (SPYG)	2.03%	-8.96%	-6.58%	17.38%	13.37%	15.99%
	Broad-based Emerging Markets (SPEM)	0.05%	1.70%	2.66%	11.13%	5.84%	8.23%
	US Large-Caps (SPY)	-0.87%	-7.58%	-5.10%	11.88%	12.03%	15.49%
	US Mid-Caps (SPMD)	-2.42%	-11.65%	-8.38%	1.05%	6.13%	13.28%
	US Value (SPYV)	-3.60%	-6.08%	-3.40%	4.86%	9.73%	13.95%
	US Small-Caps (SPSM)	-4.07%	-15.13%	-12.64%	-2.00%	2.02%	11.42%
US Fixed Income	US Treasury 7-10 Year (IEF)	1.05%	4.24%	4.88%	9.00%	0.73%	-2.54%
	US Aggregate Bond Index (SPAB)	0.37%	2.60%	3.26%	8.01%	1.94%	-0.70%
	Treasury Inflation Protected Notes (SPIP)	0.03%	3.04%	4.34%	8.01%	0.53%	1.60%
	High Yield Credit (JNK)	-0.06%	-0.48%	0.87%	8.35%	5.64%	5.01%
	Investment Grade Corporate Bonds (SPBO)	-0.23%	1.48%	2.01%	7.58%	3.17%	0.61%
	Municipal Bonds (MUB)	-0.41%	-0.93%	-0.94%	1.53%	2.09%	1.19%
Commodities	Gold (GLD)	5.42%	17.49%	25.46%	43.41%	19.72%	13.85%
	Silver (SLV)	-4.49%	3.82%	12.42%	23.09%	12.04%	16.19%
	Broad-based Commodities (BCI)	-5.17%	-0.78%	3.04%	3.89%	-4.18%	13.05%
	Crude Oil (USO)	-17.81%	-18.53%	-15.87%	-18.92%	-6.25%	27.16%

Source: FactSet. Data as of April 30, 2025. 1Y, 3Y, and 5Y numbers are annualized.

Exhibit 2: Economic Scenarios & Impacts

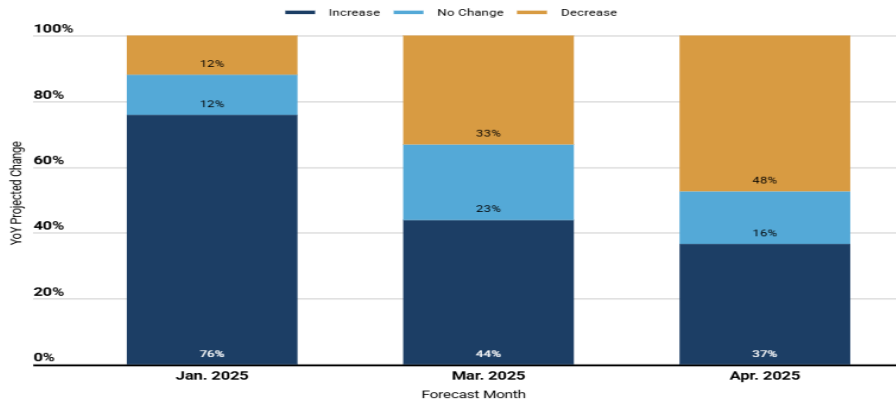


Source: Apollo Chief Economist

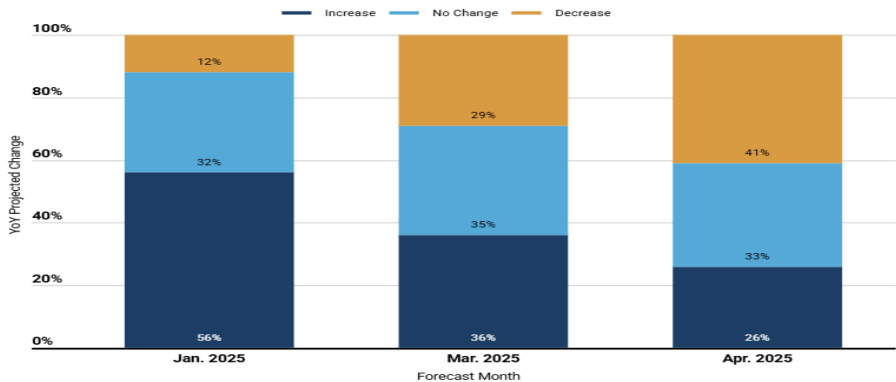
## CEO Sentiment on Profitability and CapEx Declines

Since January, CEO sentiment has meaningfully deteriorated as an increasing number of executives anticipate no change or a decrease in both profitability and capital expenditures twelve months out. As of April, the share of executives expecting a decrease surpasses those forecasting an increase across both categories.

**Exhibit 3: Profitability Forecasts – Next 12 Months**



**Exhibit 4: CapEx Forecasts – Next 12 Months**



Source: CEO Confidence Index, Chief Executive Group, ChiefExecutive.net. Data as of April, 2025.

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## Time to Take Profits, or Will the Rally Continue?

Since the April 8<sup>th</sup> lows, which consists of only 17 trading sessions, the S&P 500 has rallied over 12.5%. Since 1988, there were 13 other instances resulting in a gain of 12.5% or more over the same number of sessions, and stocks rallied onward thereafter in most of these cases. Given looming policy uncertainty, is it time to take profits, or will stocks rally on?

**Exhibit 5: The S&P 500 Returned 12.5% Since April 8<sup>th</sup> – What Happens Next?**

The S&P 500 Has Surged 12.5% Since April 8th. What Happens Next?												
Date at Which Current Situation (Stocks +12.5% in 17 Trading Sessions) Achieved	Total Return Over 17 Trading Sessions (%)	10 Sessions Later	20 Sessions Later	30 Sessions Later	40 Sessions Later	50 Sessions Later	60 Sessions Later	100 Sessions Later	150 Sessions Later	200 Sessions Later	250 Sessions Later	
2/6/1991	14.9%	2.1%	5.4%	3.2%	6.4%	9.7%	6.9%	5.1%	11.0%	13.8%	20.3%	
10/30/1998	13.2%	2.5%	8.7%	6.4%	11.9%	16.4%	11.9%	18.9%	19.4%	19.6%	15.0%	
4/27/2001	13.6%	-0.5%	2.1%	1.1%	-2.0%	-4.7%	-3.1%	-12.4%	-7.5%	-9.5%	-10.1%	
10/16/2001	13.8%	-3.4%	3.9%	4.9%	3.8%	4.6%	6.1%	5.0%	0.8%	-26.5%	-21.6%	
8/15/2002	16.8%	-1.3%	-4.5%	-7.9%	-13.3%	-4.8%	-2.6%	-1.6%	-9.6%	1.6%	8.3%	
10/30/2002	13.5%	-0.8%	5.6%	1.9%	0.5%	2.6%	-1.1%	-1.1%	8.2%	10.1%	19.6%	
12/15/2008	15.7%	0.2%	0.4%	-3.4%	0.6%	-13.9%	-21.5%	5.5%	5.4%	25.0%	29.2%	
3/25/2009	16.3%	1.5%	3.8%	13.2%	11.4%	15.0%	12.5%	24.7%	34.6%	40.8%	43.7%	
8/3/2009	13.7%	-2.1%	2.0%	5.0%	6.4%	7.8%	6.9%	12.1%	12.7%	17.5%	9.0%	
10/26/2011	13.1%	-0.9%	-6.3%	1.9%	0.5%	3.3%	5.9%	13.3%	7.6%	12.6%	17.9%	
4/8/2020	15.4%	1.8%	3.7%	8.3%	13.9%	13.7%	13.8%	27.4%	26.4%	40.4%	43.7%	
4/24/2020	15.0%	3.4%	4.4%	12.9%	9.6%	10.8%	14.2%	18.6%	26.7%	32.7%	47.9%	
6/5/2020	13.4%	-2.9%	-1.9%	1.2%	2.7%	5.9%	10.3%	9.2%	18.7%	25.0%	32.1%	
5/1/2025	12.5%	???	???	???	???	???	???	???	???	???	???	
Median Average		-0.5%	3.7%	3.2%	5.8%	5.9%	6.9%	9.2%	11.0%	17.5%	19.6%	
All Periods Median		0.0%	2.1%	3.7%	4.0%	5.1%	4.6%	9.6%	11.9%	15.6%	19.6%	
All Periods Average		0.7%	1.3%	1.8%	2.2%	2.7%	3.3%	5.2%	7.9%	10.4%	13.5%	
		0.4%	0.9%	1.3%	1.8%	2.2%	2.7%	4.5%	6.9%	9.4%	11.9%	

Source: Refinitiv, Twitter @JeffWeniger. Data period: January 1, 1988 – May 1, 2025, using S&P 500 Total Return Index.

## Staying Resilient in Uncertain Markets

It's tempting to get caught up in the latest headlines, but news changes on a dime, and that's why we believe in sticking to a long-term investment plan. We're not leaning bullish, but we're also not embracing a fully bearish stance either; we're positioned with caution. While what has worked over the last few years likely won't be what leads in the next, we feel it's crucial to focus on diversification and liquidity. A well-balanced portfolio inclusive of international equities and alternative assets can also help navigate this new cycle. If a recession is indeed unfolding, bond prices are likely to rise as yields fall, offering a potential buffer.