



## Weekly Focus – Think About It

“All that you touch You Change. All that you Change Changes you. The only lasting truth Is Change.” –*Octavia Butler, Author*

### AS THE MARKET TURNS...

When investor preferences shift and money flows from one sector, industry, investment style or geographic region into another, it is called a market rotation.

For years, stock markets in the United States have outperformed stock markets elsewhere. “The outperformance is attributed to U.S. exceptionalism fueled by a strong culture of innovation and entrepreneurship; more flexible labor markets; higher productivity; stronger consumer consumption driving demand for goods and services; a more favorable regulatory environment; lower corporate taxes; stronger intellectual property rights; and more open markets and trade policy,” reported Larry Swedroe of Morningstar.

One consequence of U.S. outperformance is that investors outside of the United States own a lot of U.S. stocks, about \$18.4 trillion, reported Tracy Alloway and Joe Weisenthal of Bloomberg. The percent of European investors’ total equity portfolios invested in U.S. stocks has more than tripled since 2011, in part due to strong performance.

Now, Europe’s financial markets are outperforming those in the United States.

“Across assets of all stripes, the Old Continent is collectively trouncing America in a way that’s rarely been seen before... German bonds last week beat Treasuries by the most ever. And while European shares have been knocked by the trade war, they’re turning out to be far more resilient than American ones,” reported Alice Gledhill, Abhinav Ramnarayan, and Julien Ponthus of Bloomberg last week.

Over the last two months, global investors have backed away from United States markets. Bank of America’s monthly global fund manager survey found that asset managers have reduced U.S. allocations by more than half since February. “A majority think a trade war that triggers global recession is the biggest risk for markets,” reported Reuters.

The recent geographic market rotation was a reminder of the importance of diversification. While diversification won’t prevent losses, it can help investors effectively manage risk. Investors who held a geographical diversified portfolio may have fared better this year than those who invested only in the United States.

Last week, which was shortened by a holiday, major U.S. stock indices moved lower, reported Teresa Rivas of Barron’s. Yields on U.S. Treasuries were mixed over the week.

Data as of 4-17-25	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-1.5%	-10.2%	5.2%	6.4%	12.9%	9.8%
Dow Jones Global ex-U.S.	3.4	2.7	6.2	2.3	7.0	2.0
10-year Treasury Note (Yield Only)	4.5	N/A	4.6	2.9	0.7	1.9
Gold (per ounce)	2.3	26.6	38.3	19.0	14.3	10.6
Bloomberg Commodity Index	1.4	4.2	0.7	-8.7	10.6	0.1

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

## THE CURIOUS PATH OF THE U.S. DOLLAR

It's easy to overlook the importance of the U.S. dollar. Many people have a few bills tucked in their wallets to buy sodas from vending machines, purchase vegetables at a farmer's market, or pay their babysitters at the end of an evening out.

A lot of the currency issued by the United States is not held by U.S. citizens and U.S. companies. It is tucked away in central banks around the world. For decades, the U.S. dollar has been the world's primary reserve currency, reported The Economist. The newspaper explained:

"For decades investors have counted on the stability of American assets, making them the keystones of global finance. The depth of a \$27trn market helps make Treasuries a haven; the dollar dominates trade in everything from goods and commodities to derivatives. The system is buttressed by the Federal Reserve, which promises low inflation, and by America's sturdy governance, under which foreigners and their money have been welcome and secure."

The U.S. dollar is not as dominant as it once was. In the early 2000s, many central banks began to diversify their holdings into Australian and Canadian dollars, Swedish krona, and Swiss francs, reported The Economist.

Regardless, the reason other countries keep their reserves in U.S. dollars is because the U.S. has large and open financial markets and other countries can access their reserves when needed, reported Anshu Siripurapu and Noah Berman of CFR.

### Is the U.S. dollar a safe haven?

Normally, when markets become volatile and investors flee to perceived “safe havens”, the U.S. dollar strengthens. But that isn’t what happened recently. Since the start of the year, the United States dollar has weakened despite market volatility, reported Randall Forsyth of Barron’s.

“...the chaotic rollout of...tariff policy has resulted in declines in the dollar and prices of longer-term U.S. government securities in tandem with declines in risky assets such as stocks—a reaction contrary to the currency’s and Treasuries’ usual performance as havens during episodes of market volatility. Markets stabilized in the latest week but remain on edge,” wrote Forsyth.

One market concern is that falling demand for the U.S. dollar and rising U.S. Treasury yields could spell trouble for the United States. High demand makes it possible for the U.S. to borrow money at a low cost, reported CFR. If demand falls, that could change.

“...rising Treasury yields also cloud the outlook for U.S. government spending, and by extension economic growth. Higher yields mean the U.S. government will owe more interest on any debt it rolls over or issues for new spending, exacerbating worries about the federal deficit,” reported Jesse Pound of CNBC.

The federal deficit is the difference between what the government receives and what it pays out. Each annual deficit is added to the national debt.

Best regards,

Andrew Zittell  
Yerba Buena Financial Partners

---

### Sources:

Andrew Zittell, CLU®, ChFC®, AIF®, RFC® is a registered representative with, and securities offered through LPL Financial, Member FINRA/SIPC.

\* These views are those of Carson Coaching, not the presenting Representative, the Representative’s Broker/Dealer, or Registered Investment Advisor, and should not be construed as investment advice.

\* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named firm or broker/dealer.

\* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

\* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

\* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

- \* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- \* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- \* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.
- \* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- \* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- \* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- \* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- \* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- \* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- \* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
- \* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
- \* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
- \* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
- \* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
- \* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
- \* Asset allocation does not ensure a profit or protect against a loss.
- \* Consult your financial professional before making any investment decision.
- \* To unsubscribe from the Weekly Market Commentary please email us at [info@ybpf.com](mailto:info@ybpf.com)

<https://www.morningstar.com/markets/how-sustainable-is-us-exceptionalism>

<https://www.bloomberg.com/news/newsletters/2025-04-17/the-world-s-biggest-pain-trade-gets-even-more-painful>

<https://www.bloomberg.com/news/articles/2025-04-16/trump-s-trade-war-boosts-european-stocks-and-bonds-eur-usd>  
or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/04-21-25-Bloomberg-Worlds-Biggest-Pain-Trade%20-%203.pdf>

<https://www.reuters.com/business/finance/global-investors-dump-holdings-us-stocks-record-pace-bofa-survey-says-2025-04-15/> or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/04-21-25-Bloomberg-End-of-America-First%20-%204.pdf>

[https://www.barrons.com/articles/fed-chair-powell-stock-market-tariffs-6cad688d?refsec=the-trader&mod=topics\\_the-trader](https://www.barrons.com/articles/fed-chair-powell-stock-market-tariffs-6cad688d?refsec=the-trader&mod=topics_the-trader)

[https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily\\_treasury\\_yield\\_curve&field\\_tdr\\_date\\_value\\_month=202504](https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202504) or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/04-21-25-Barrons-Stock-Market-Another-Rough-Week%20-%206.pdf>

[https://www.federalreserve.gov/paymentsystems/coin\\_currircvalue.htm](https://www.federalreserve.gov/paymentsystems/coin_currircvalue.htm)

<https://www.census.gov/library/stories/2024/12/new-year-population.html> and [https://www.federalreserve.gov/paymentsystems/coin\\_currircvalue.htm](https://www.federalreserve.gov/paymentsystems/coin_currircvalue.htm) or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/04-21-25-Economist-Trump-Might-Topple%20-%208.pdf>

<https://www.economist.com/finance-and-economics/2025/04/16/how-trump-might-topple-the-dollar> or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/04-21-25-Economist-How-Dollar-Crisis-Would-Unfold%20-%209.pdf>

<https://www.economist.com/leaders/2025/04/16/how-a-dollar-crisis-would-unfold>

<https://www.barrons.com/articles/usd-us-dollar-604de403> or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/04-21-25-Barrons-US-Spending-Threatens%20-%2011.pdf>

<https://www.cfr.org/backgroundunder/dollar-worlds-reserve-currency>

<https://www.cnbc.com/2025/04/12/investors-are-growing-concerned-about-a-us-asset-exodus-as-treasuries-and-the-dollar-decline.html>

<https://www.goodreads.com/quotes/7567950-all-that-you-touch-you-change-all-that-you-change>

#728001-1

---

Andrew Zittell, CLU®, ChFC®, AIF®, RFC® is a registered representative with, and securities offered through LPL Financial, Member FINRA/SIPC. Investment advice is offered through WCG Wealth Advisors, LLC, a registered investment advisor. The Wealth Consulting Group, WCG Wealth Advisors, LLC, and Yerba Buena Financial Partners are separate entities from LPL Financial. 1-05108952

Securities are offered through LPL Financial, member FINRA/SIPC. Investment advice is offered through WCG Wealth Advisors, LLC, a registered investment advisor. The Wealth Consulting Group, WCG Wealth Advisors, LLC, and Yerba Buena Financial Partners are separate entities from LPL Financial.

The LPL Financial registered representative(s) associated with this website may discuss and/or transact business only with residents of the states in which they are properly registered or licensed. No offers may be made or accepted from any resident of any other state.

1010 B Street, Suite 217 | San Rafael, CA 94901  
(O) 415.334.8000 | (F) | 415.334.8500 | (M) 415.225.4639  
andrew.zittell@ybfp.com | www.ybfp.com