

April 4, 2025

Good Morning,

Are you feeling liberated? President Trump declared April 2nd as “Liberation Day” and announced his new tariffs on global trading partners. While stocks have fallen steadily since Trump’s inauguration, yesterday’s declines were historic (and the biggest single day drop since the COVID crisis began 5 years ago) for an economy that started the year in good health. At every instance, the president has conveyed that whatever obstacles arise — higher prices, a weakened stock market, frayed alliances, and stunted growth — the foreseeable future will be on his terms. In the meantime, many Americans are feeling liberated from about 10% of their stock holdings.

Trump’s new policy will make it more expensive for Americans to buy products from most countries, which investors fear will lead to a dramatic global economic slowdown and drive up inflation. Trump’s stated goal for the new policy is to stop foreign countries from taking advantage of the United States and to boost American manufacturing, but observers and analysts are almost universally united in their skeptical response to the “golden age” he promises the tariffs will bring. It would take years to meet the stated goal, so it’s hard to see anything positive in the reactions from markets in the short term, and the political and diplomatic reaction in the United States and abroad is likely to test the strength of Trump’s support.

How long will the Trump-Musk bromance last? It’s lasted longer than I expected, but we may soon see an end to Elon Musk’s involvement with the government. Musk, who has been leading a contentious push to cut spending with his Department of Government Efficiency, is becoming less popular, which is taking a toll on his electric automobile company, Tesla. Trump allowed Musk to be the hatchet man (or chainsaw man) on government cuts and if he becomes a liability to Trump, he’ll be gone.

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Hang in there and have a great weekend!

Wade

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