

April 16, 2025

Good Afternoon,

Investment markets continue to experience volatility not seen since the start of the COVID crisis five years ago. Trade policy uncertainty has clearly unnerved corporate leaders and investors. Corporations can't project prices and potential supply chain disruptions. Tariffs are announced, then delayed, then changed - as are tariff exemptions. It is difficult to operate efficiently in the current environment. And what will be the impacts of the trade war on the economy, itself?

The Fed had accomplished what many had thought was impossible, as evidenced by the recent strong jobs report and inflation hitting its lowest level in four years; it had brought us to the brink of a soft landing. Now, economists fear the tariffs change everything. The shifts in sentiment reflect how economists have been discussing the potential impact of President Trump's tariffs, with many expecting the new policies to boost inflation and slow economic growth. Some even believe the tariffs could push an already slowing US economy into recession later this year. Federal Reserve governor Chris Waller said these tariffs could be "one of the biggest shocks to affect the US economy in many decades."

The bond market has also been very volatile the past two weeks. The moves in Treasury yields and prices are sending signals that investors feel the US may have trouble paying its future debts and could soon fall into a recession. In addition, the dollar has fallen sharply compared to other currencies like the Euro. The falling dollar makes imports more expensive, further adding to fears that the tariffs will accelerate inflation.

The good news is that the Reds have won 7 of their last 10 games. And the tariffs shouldn't impact the price of popcorn, hot dogs, and Budweiser. Play ball!

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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.

Enjoy your holiday weekend,

Wade

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