ROAN CAPITAL PARTNERS
- JOHNSON CITY, TN -

Special Update

April 2025
www.roancp.com

Bond Market Update

The U.S. bond market experienced significant turbulence during the week of April 7–11, 2025, and is poised for further volatility in the week of April 14–18, driven by trade policy shocks, macroeconomic data, and shifting investor sentiment. The benchmark 10-year Treasury yield, a critical indicator for borrowing costs, saw dramatic swings, reflecting broader economic uncertainties. Below is an analysis of the key issues influencing the bond market during these periods, with citations from relevant sources.

Last Week (April 7–11, 2025)

The bond market was rocked by President Donald Trump's tariff announcements, which initially fueled a sharp selloff. On April 2, Trump's sweeping tariff threats triggered a "dash for cash," pushing 10-year Treasury yields from below 4% to a peak of 4.592% by April 11, marking the largest weekly jump since 2001 (Reuters, 2025). This selloff defied the traditional safe-haven status of Treasuries, as investors dumped bonds amid fears of tariff-driven inflation and recession risks (The New York Times, 2025). China's retaliatory 125% tariffs on U.S. imports further eroded confidence, raising concerns about foreign holders, like Japan and China, reducing Treasury holdings (CNBC, 2025).

A brief stabilization occurred midweek when Trump announced a 90-day tariff pause on April 9, excluding China, calming yields to 4.31% (CNBC, 2025). However, renewed escalation with China and weak demand at a $58 billion 3-year note auction reignited selling, with yields closing at 4.49% (Edward Jones, 2025).

Posts on X noted hedge funds unwinding leveraged bets, exacerbating volatility, though strong 10-year and 30-year auctions later in the week provided some relief (Reuters, 2025). The University of Michigan's consumer sentiment index dropping to 50.8, with inflation expectations spiking to 6.7%, added pressure, signaling potential stagflation (Reuters, 2025). Net outflows of $15.64 billion from U.S. bond funds underscored investor unease (Reuters, 2025).

This Week (April 14–18, 2025)

The bond market remains vulnerable to ongoing trade policy uncertainty. Trump's recent exemptions for electronics like smartphones may ease some pressure, but his warning of separate tariffs on Chinese chips keeps markets on edge (Reuters, 2025). Yields are expected to hover around 4.47%, as reported on April 14, with potential spikes if trade tensions escalate further (Trading Economics, 2025). Analysts anticipate volatility as investors assess whether Treasuries can regain their safe-haven status or face continued selling from foreign holders wary of U.S. debt amid a weakening dollar (CNBC, 2025).

Key economic data releases this week, including March building permits and industrial production, will influence yield trends. Forecasts of slowing growth could push yields lower, but persistent inflation fears may counter this, especially if consumer confidence remains weak (Edward Jones, 2025). Federal Reserve commentary will be critical, with officials like Susan Collins signaling readiness to intervene if market liquidity falters (PBS News, 2025). Corporate earnings from firms like Bank of America and Citigroup could indirectly affect bonds by shaping economic outlook; weak guidance may drive safe-haven demand, while strong results could keep yields elevated (Edward Jones, 2025). Finally, posts on X suggest growing concerns about "de-dollarization," with a declining dollar and high yields potentially signaling a broader shift away from U.S. assets, though this remains speculative (Deutsche Bank, 2025).

Outlook

The U.S. bond market's volatility reflects a confluence of trade war fears, inflation expectations, and shifting global confidence in U.S. assets. Last week's tariff-driven selloff and this week's ongoing uncertainty underscore the market's sensitivity to policy shifts. Investors should brace for fluctuations, with yields likely to remain range-bound between 4.25% and 5%, depending on economic data and Fed actions (Morningstar, 2025).

References:

- **CNBC. (2025). Treasury Yields Fall After Auction Success. Retrieved April 14, 2025, from cnbc.com.**
- **CNBC. (2025). Investors Concerned About U.S. Asset Exodus. Retrieved April 14, 2025, from cnbc.com.**
- **Edward Jones. (2025). Weekly Market Update. Retrieved April 14, 2025, from edwardjones.com.**
- **Morningstar. (2025). 2025 Bond Market Outlook. Retrieved April 14, 2025, from morningstar.com.**
- **PBS News. (2025). Stocks Jump, Bonds Swing Amid Trade War. Retrieved April 14, 2025, from pbs.org.**
- **Reuters. (2025). Bond Funds Hit by Outflows. Retrieved April 14, 2025, from reuters.com.**
- **Reuters. (2025). Sharp Treasury Selloff Evokes COVID-Era Fears. Retrieved April 14, 2025, from reuters.com.**
- **Reuters. (2025). Yields Rise, Dollar Down in Turbulent Week. Retrieved April 14, 2025, from reuters.com.**
- **The New York Times. (2025). Bond Selloff Raises Safe-Haven Questions. Retrieved April 14, 2025, from nytimes.com.**
- **Trading Economics. (2025). US 10-Year Treasury Yield at 4.47%. Retrieved April 14, 2025, from tradingeconomics.com. @business. (2025). US Treasuries Lose Sure-Bet Status. Retrieved April 14, 2025, from X.**
- **@JG_SBALending. (2025). Bond Market Volatility After Auction. Retrieved April 14, 2025, from X.**
- **@grok. (2025). Bond Market Turmoil Persists. Retrieved April 14, 2025, from X.**

Disclosures:

Adviser believes that the content provided by third parties and/or linked content is reasonably reliable and does not contain untrue statements of material fact, or misleading information. This content may be dated.

The opinions expressed herein are those of the firm and are subject to change without notice. The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Any opinions, projections, or forward-looking statements expressed herein are solely those of author, may differ from the views or opinions expressed by other areas of the firm, and are only for general informational purposes as of the date indicated.

Roan Capital Partners is a registered investment advisor located in the State of Tennessee. The information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.