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Market Update

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This week in the markets...

The U.S. stock market experienced significant volatility during the week of April 7–11, 2025, driven primarily by developments surrounding President Donald Trump's tariff policies. The week was marked by sharp declines, a historic rally, and a subsequent pullback, with the major indexes ultimately posting their strongest weekly gains since October 2023. Below is a summary of the key events and performance metrics for the Dow Jones Industrial Average (DJIA), S&P 500, and Nasdaq Composite.

Market Overview

The week began with continued uncertainty following Trump's April 2 announcement of sweeping tariffs, which had already pushed the S&P 500 into correction territory (down over 10% from its February peak) and the Nasdaq close to a bear market. On Monday, April 7, stocks fluctuated wildly as investors awaited clarity on the tariff implementations. The S&P 500 and DJIA closed lower, while the Nasdaq eked out a slight gain amidst high volatility. Sectors with heavy exposure to international trade, such as technology and consumer discretionary, faced significant pressure, with companies like Apple and Tesla seeing notable declines due to their reliance on Chinese manufacturing.

The turning point came on Wednesday, April 9, when Trump announced a 90-day pause on many of the tariffs, sparking a massive relief rally.

	04/11/2024	1/1/2025	04/11/2025	12 MO ROR	YTD ROR
DOW	38,459.08	42,392	39,593.66	5.87%	-5.5%
S&P 500	5,199.06	5,903	5,268.05	8.25%	-8.8%
NASDAQ	16,442.20	19,404	16,387.31	7.05%	-13.4%

The S&P 500 surged 9.5%, its best single-day performance since October 2008, while the Nasdaq jumped 12.2%, its largest gain since January 2001. The DJIA rose 7.9%, gaining nearly 3,000 points, marking its strongest day in five years. Technology and industrial stocks led the advance, with investors reacting positively to the reduced immediate threat of a trade war-induced recession.

The week concluded on a positive note on Friday, April 11, as stocks rebounded in another volatile session. Investors reacted to early first-quarter earnings from major banks like JPMorgan Chase and Wells Fargo, which exceeded expectations, and digested economic data indicating persistent consumer caution. The University of Michigan's preliminary consumer sentiment index fell to 50.8, missing forecasts, while inflation expectations rose to 6.7%, signaling potential challenges ahead. Despite these concerns, the S&P 500, DJIA, and Nasdaq all closed higher, cementing weekly gains.

Key Influences and Outlook

The market's performance was heavily influenced by tariff-related headlines, with Trump's policy shifts creating a rollercoaster effect. The 90-day tariff pause provided temporary relief, but the escalation of tensions with China and uncertainty about future negotiations kept volatility elevated, as evidenced by the CBOE Volatility Index (VIX) remaining above 40. Strong corporate earnings provided some support, with banks reporting resilient results, though many companies, including Delta Air Lines and CarMax, suspended full-year guidance due to economic uncertainty.

Looking ahead, investors will closely monitor upcoming economic data, including the first-quarter GDP estimate due April 30, and further earnings reports for insights into the tariff impact.

U.S. Treasury Bond Yields

as of 04/14/2025

US1MO	4.37%
US3MO	4.33
US6MO	4.25
US1Y	4.10
US2Y	3.92
US3Y	3.95
US5Y	4.10
US10Y	4.41
US30Y	4.82

The Atlanta Fed's GDPNow estimate of -2.3% for Q1 suggests growing recession risks, though analysts note the economy's underlying strength could mitigate a severe downturn. Diversification across sectors and asset classes remains critical as markets navigate this turbulent period.

Markets face a complex landscape this week, shaped by ongoing trade policy developments, corporate earnings reports, and macroeconomic indicators. After a volatile week driven by tariff announcements and a subsequent pause, several key issues are poised to influence market performance in the week of April 14–18, 2025. Below is an analysis of the primary factors expected to impact the Dow Jones Industrial Average (DJIA), S&P 500, and Nasdaq Composite, supported by relevant sources.

1. Escalating U.S.-China Trade Tensions

The U.S.-China trade war remains a dominant concern, with President Donald Trump's tariff policies creating uncertainty. Last week's announcement of a 90-day pause on most tariffs, excluding those on China (now at 145%), provided temporary relief, but China's retaliatory 125% tariffs on U.S. imports signal deepening tensions (Charles Schwab, 2025). Posts on X indicate that exemptions for electronics like smartphones may support tech giants such as Apple and Microsoft, but Trump's planned semiconductor tariffs could pressure chipmakers (Reuters, 2025). This tit-for-tat escalation is likely to sustain volatility, particularly for technology and industrial sectors reliant on global supply chains, with the CBOE Volatility Index (VIX) expected to remain elevated above 40 (Financial Times, 2025). Investors will monitor any White House statements for signs of negotiation or further escalation, which could trigger sharp market swings.

2. First-Quarter Earnings Season

The ongoing first-quarter earnings season will significantly influence market sentiment. Major banks like JPMorgan Chase, Wells Fargo, and Morgan Stanley reported better-than-expected results last week, boosting Friday's rally (Wall Street Journal, 2025). This week, Bank of America, Citigroup, and other S&P 500 companies are set to release earnings, with analysts forecasting a 6.4% growth for the index, down from earlier projections due to tariff-related cost pressures (Edward Jones, 2025). Companies exposed to international markets, such as tech and consumer discretionary firms, may face scrutiny over tariff impacts, while guidance suspensions—like those from Delta Air Lines and CarMax last week—could signal caution (Investopedia, 2025). Strong earnings could provide support, but disappointing guidance may exacerbate downside risks.

3. Macroeconomic Data and Recession Fears

Key economic releases this week, including March building permits, industrial production, and the final University of Michigan consumer sentiment index on April 25, will shape perceptions of economic health (Edward Jones, 2025). Last week's preliminary sentiment reading of 50.8, coupled with inflation expectations rising to 6.7%, heightened concerns about consumer spending and stagflation (Reuters, 2025). The Atlanta Fed's GDPNow estimate of -2.3% for Q1 suggests a potential contraction, with Goldman Sachs raising recession odds to 45% if tariffs persist (Investopedia, 2025). Investors will also watch Federal Reserve commentary following remarks from officials like Susan Collins, who indicated readiness to stabilize markets if needed (Reuters, 2025). Any hawkish signals on inflation or rates could weigh on equities.

4. Treasury Yield Movements and Currency Dynamics

Rising U.S. Treasury yields, with the 10-year note reaching 4.49% last week, reflect concerns over inflation and potential foreign selling of U.S. debt amid trade uncertainty (Edward Jones, 2025).

Posts on X highlight a rare combination of rising yields and a weakening U.S. dollar, challenging the U.S. as a safe-haven market (Effi_Frontier, 2025). This dynamic could pressure growth stocks, particularly in the Nasdaq, as higher yields increase borrowing costs and reduce valuations. The bond market's reaction to trade developments and Fed policy will be critical, with any further yield spikes likely to dampen equity gains.

Outlook

The U.S. stock market is braced for continued volatility as trade war developments, earnings outcomes, and economic data converge. While tariff exemptions and strong bank earnings offer some optimism, the risk of renewed trade escalation and weakening consumer confidence looms large. Diversification across sectors and asset classes will be key to navigating this uncertainty (Edward Jones, 2025). Investors should closely track White House announcements, corporate guidance, and Fed signals for directional cues.

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