

Market Update

April 7, 2025
www.roancp.com

Well, at least we don't have to read any more headlines about Blake Lively...

The U.S. stock market faced significant upheaval last week, driven by mounting fears of a global trade war sparked by President Donald Trump's announcement of sweeping tariffs. On Wednesday, April 2, Trump imposed a 10% tariff on all U.S. imports, supplemented by reciprocal tariffs of up to 24% targeting nations like Japan, eliciting a severe market response. This period ranked among the most volatile weeks for U.S. equities in recent memory, with major indexes suffering steep losses and the Nasdaq Composite officially entering bear market territory.

The week started with a mixed showing on Monday, March 31, as stocks rebounded from an initial selloff, closing with slight gains in the S&P 500 and Nasdaq, buoyed by cautious optimism ahead of expected tariff specifics. However, sentiment flipped midweek when Trump's tariff announcement on April 2 triggered a sharp selloff. On Thursday, April 3, the S&P 500 plummeted nearly 5%, its worst single-day drop since the 2020 COVID-19 crisis, while the Dow Jones Industrial Average shed 1,679 points.

The downturn deepened on Friday, April 4, following China's retaliatory 34% tariff on U.S. goods, effective April 10, causing the S&P 500 to fall an additional 5.97% and the Dow to decline 5.5%, losing 2,231 points.

	04/07/24	1/1/2025	04/07/25	12 MO ROR	YTD ROR
DOW	38,597	42,392	38,315	-0.73%	-9.94%
S&P 500	5,147	5,903	5,074	-1.42%	-13.73%
NASDAQ	16,049	19,404	15,588	-2.87%	-19.28%

By week's end, the Dow was down 7.9%, the S&P 500 slid 9.1%, and the Nasdaq dropped 10%, their worst weekly percentage declines since March 2020. The Nasdaq's 22.7% fall from its December 2024 peak confirmed a bear market, while the S&P 500, 17.4% below its all-time high, neared bear territory. The CBOE Volatility Index (VIX) soared to 45.31, its highest since April 2020, underscoring widespread investor panic.

Sector impacts diverged sharply. Technology and consumer discretionary stocks, vulnerable to trade disruptions, took heavy hits—Apple and Nvidia together lost \$470 billion in market value. In contrast, defensive sectors like healthcare and utilities gained, with stocks such as Molina Healthcare and Dollar General rising as investors sought refuge. The S&P 500's market capitalization shrank by a record-breaking \$5 trillion over two days, exceeding the March 2020 pandemic decline. Globally, the MSCI World Index fell 5.37%, its sharpest weekly drop since 2020, while Europe's STOXX 600 declined 4.8%. In Asia-Pacific, Japan's Nikkei and South Korea's Kospi fell 6.2% and 5.8%, respectively, as export-driven economies reeled.

U.S. Treasury Bond Yields

as of 03/13/2025

US1MO	4.31%
US3MO	4.27
US6MO	4.11
US1Y	3.86
US2Y	3.64
US3Y	3.63
US5Y	3.71
US10Y	4.00
US30Y	4.42

Oil prices dropped 7% to \$65.58 per barrel for Brent crude, reflecting demand fears, while a robust U.S. jobs report of 228,000 jobs added in March failed to ease trade war concerns. Investors flocked to safe-havens, pushing 10-year Treasury yields to 3.9% and gold above \$3,160 per ounce.

This week, the market's trajectory will hinge on Trump's tariff rollout, with reciprocal tariffs up to 24% on countries like Japan starting Monday, April 7, and China's 34% counter-tariff looming on April 10. These measures threaten export-reliant sectors like technology and consumer discretionary, with firms like Apple and Nike already battered. Posts on X indicate nations are racing to negotiate before April 9 deadlines, injecting uncertainty likely to keep the VIX elevated. Economic data will also be pivotal: Wednesday's FOMC minutes will clarify the Federal Reserve's stance on rate cuts amid trade pressures, following the strong jobs data.

Thursday's March CPI and jobless claims will test if inflation, at 2.8%, is rising due to tariffs, potentially affecting the 110 basis-point rate cuts expected by year-end. Friday's PPI and Michigan Consumer Sentiment will further assess inflation and confidence after last week's safe-haven shift. The Q1 earnings season, kicking off midweek with bank reports, will gauge corporate strength amid trade chaos, potentially amplifying volatility.

In summary, escalating trade tensions, economic indicators, Fed signals, and early earnings will steer the U.S. stock market this week. Defensive sectors may see sustained interest, but broader losses could deepen if tariff fears overshadow economic resilience, with analysts anticipating continued turbulence.

References:

- Investopedia. (2025, March 31). "Markets News, March 31, 2025." (Initial market optimism)
- T. Rowe Price. (2025, April 4). "Global markets weekly update." (Tariff announcement details)
- Investopedia. (2025, April 3). "Markets News, April 3, 2025." (Thursday's S&P 500 and Dow drops)
- Reuters. (2025, April 5). "S&P 500 loses \$5 trillion in two days in Trump tariff selloff." (Friday's declines, weekly losses)
- CNBC. (2025, April 4). "Stock market today: Live updates." (Friday's market reaction, jobs report)
- Investopedia. (2025, April 4). "Markets News, April 4, 2025." (Weekly index losses)
- Reuters. (2025, April 5). "S&P 500 loses \$5 trillion in two days in Trump tariff selloff." (Nasdaq bear market, VIX surge, global index drops)
- The Guardian. (2025, April 4). "US stock markets see worst day since Covid pandemic after investors shaken by Trump tariffs." (Tech and consumer stock losses)
- Investopedia. (2025, April 3). "Markets News, April 3, 2025: Trump Tariffs Spark Worst Day for Major Stock Indexes Since 2020." (Defensive sector gains)
- Charles Schwab. (2025, April 4). "Schwab's Market Open Update." (Oil price drop, safe-haven moves)
- T. Rowe Price. (2025, April 4). "Global markets weekly update." (Treasury yields, gold prices)
- The Guardian. (2025, March 31). "Global stock markets fall as new Trump tariffs loom." (Asia-Pacific market declines)
- Reuters. (2025, April 5). "S&P 500 loses \$5 trillion in two days in Trump tariff selloff." (Tariff implementation, volatility outlook)
- X posts. (2025, April 6). Various users highlighting tariff developments and earnings season. (Negotiation uncertainty)
- CNBC. (2025, April 4). "Stock market today: Live updates." (FOMC minutes, jobs report context)
- T. Rowe Price. (2025, April 4). "Global markets weekly update." (CPI and rate cut expectations)
- U.S. News. (2025, April 2). "Will the Stock Market Crash in 2025?" (Inflation context)
- Charles Schwab. (2025,

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.