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Market Update

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More Volatility Ahead...

The U.S. stock market experienced a volatile week ending March 28, 2025, ultimately closing with significant losses across major indices amid persistent tariff uncertainty and mixed economic signals. The Dow Jones Industrial Average (DJIA) fell 1.0%, closing at 41,584, while the S&P 500 declined 1.5% to 5,581, and the Nasdaq Composite dropped 2.6% to 17,323. This marked a reversal from earlier gains, snapping a brief recovery from a four-week losing streak, as investor sentiment soured due to renewed trade policy concerns and weaker-than-expected consumer confidence data.

The week began with optimism following reports on March 24 that the Trump administration might scale back tariffs set for April 2, dubbed "Liberation Day." The S&P 500 surged 1.8% that day, driven by a tech rally led by Tesla (up 11.9%) and Nvidia, reflecting hopes of a more measured trade approach (Reuters, 2025a). By March 25, stocks edged higher, with the Dow and S&P 500 posting nominal gains, though Nvidia slid, signaling uneven momentum (Reuters, 2025b). Midweek, a stronger-than-expected GDP report briefly bolstered markets, but volatility persisted as tariff-related fears dominated (X Post@AXP883, 2025).

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	03/31/24	1/1/2025	03/31/25	12 MO ROR	YTD ROR
DOW	39,809	42,392	41,584	4.46%	-2.26%
S&P 500	5,254	5,903	5,581	6.22$	-5.11%
NASDAQ	16,380	19,404	17,323	5.76%	-10.29%

The downturn accelerated on March 27 when President Trump announced a 25% tariff on non-U.S.-made autos, sinking General Motors (-6.7%) and pressuring the broader market, despite Tesla gaining 2.4% (X Post, @AXP883, 2025). The week closed sharply lower on March 28, with the Dow dropping 1.7%, the S&P 500 shedding 2%, and the Nasdaq plunging 2.7%. A hot inflation reading and a Michigan Consumer Sentiment survey revised down to 57—the lowest since 2022—further eroded confidence (Reuters, 2025c; Edward Jones, 2025). Tech stocks, particularly Nvidia and Tesla, led declines amid trade worries, while defensive sectors like consumer staples outperformed earlier losses (Investopedia, 2025).

Year-to-date (YTD), the Dow is down 2.3%, the S&P 500 off 5.1%, and the Nasdaq down 10.3%, reflecting a broader retreat from post-election highs in November 2024 (X Post, @NuMoneyGuapo, 2025). Analysts attribute the week's 1-2.6% losses to heightened recession fears tied to Trump's tariff policies, with the S&P 500 now 9% below its February peak (U.S. Bank, 2025).

Despite some resilience in energy (+10% YTD) and health care (+6% YTD), the market remains in a "below-water holding pattern" until tariff clarity emerges post-April 2 (AP News, 2025). Investors await next week's jobs report as a critical gauge of economic health amid this uncertainty.

This market week begins, under significant pressure, with investors bracing for a confluence of events that could dictate its trajectory into the second quarter. As of March 28, the S&P 500 closed at 5,581, down 1.5% for the week, while the Dow Jones Industrial Average (DJIA) fell 1.0% to 41,584, and the Nasdaq Composite slid 2.6% to 17,323, reflecting a shaky end to a volatile month (Investopedia, 2025). Three primary issues—tariff policy developments, upcoming economic data, and lingering inflation fears—are poised to drive market dynamics this week.

U.S. Treasury Bond Yields

as of 03/131/2025

US1MO	4.31%
US3MO	4.29
US6MO	4.20
US1Y	3.99
US2Y	3.86
US3Y	3.84
US5Y	3.92
US10Y	4.20
US30Y	4.57

The most immediate concern is President Donald Trump's tariff announcement scheduled for April 2, branded "Liberation Day." Posts on X and reports indicate Trump intends to impose reciprocal tariffs on "all countries," escalating fears of a global trade war (Forbes, 2025; X Post, @Forbes, 2025). Following last week's 25% tariff on non-U.S.-made autos, which battered stocks like General Motors (-6.7%) while sparing Tesla (+2.4%), markets are pricing in further disruption (AP News, 2025). Reuters notes the S&P 500 is down 9% from its February peak, with hedge funds holding short positions at levels unseen since the COVID era, signaling bearish sentiment (Reuters, 2025a; X Post, @Gkatimertzis, 2025). Uncertainty over tariff scope—potentially targeting $1.4 trillion in imports—could exacerbate volatility, especially if retaliatory measures from trading partners emerge (Business Insider, 2025).

Economic data releases will also shape market reactions. The March jobs report, due April 4, is critical after February's payroll growth of 151,000 missed forecasts and unemployment ticked up to 4.1% (Nasdaq, 2025). A weaker-than-expected report could stoke recession fears, already heightened by the Atlanta Fed's first-quarter GDP contraction estimate of 2.1% (Reuters, 2025b). Investors will scrutinize wage growth and labor participation for clues on consumer spending power, especially as tariffs threaten to lift import costs. Persistent inflation, underscored by last week's hot inflation reading and a Michigan Consumer Sentiment Index drop to 57—the lowest since 2022—adds further pressure, raising doubts about Federal Reserve rate cuts in 2025 (Edward Jones, 2025; Reuters, 2025c).

Sector-specific dynamics will amplify these macro risks. Tech stocks, down nearly 10% year-to-date, face ongoing scrutiny as tariff fears and softening AI optimism weigh on giants like Nvidia and Tesla (Edward Jones, 2025). Meanwhile, defensive sectors like utilities and energy, up 10% YTD, may see rotational inflows if risk-off sentiment dominates (U.S. Bank, 2025). With the S&P 500 futures signaling a 1% drop on March 31 and gold hitting record highs, markets appear primed for a turbulent week unless tariff clarity or robust data restores confidence (Bloomberg, 2025; Reuters, 2025d).

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