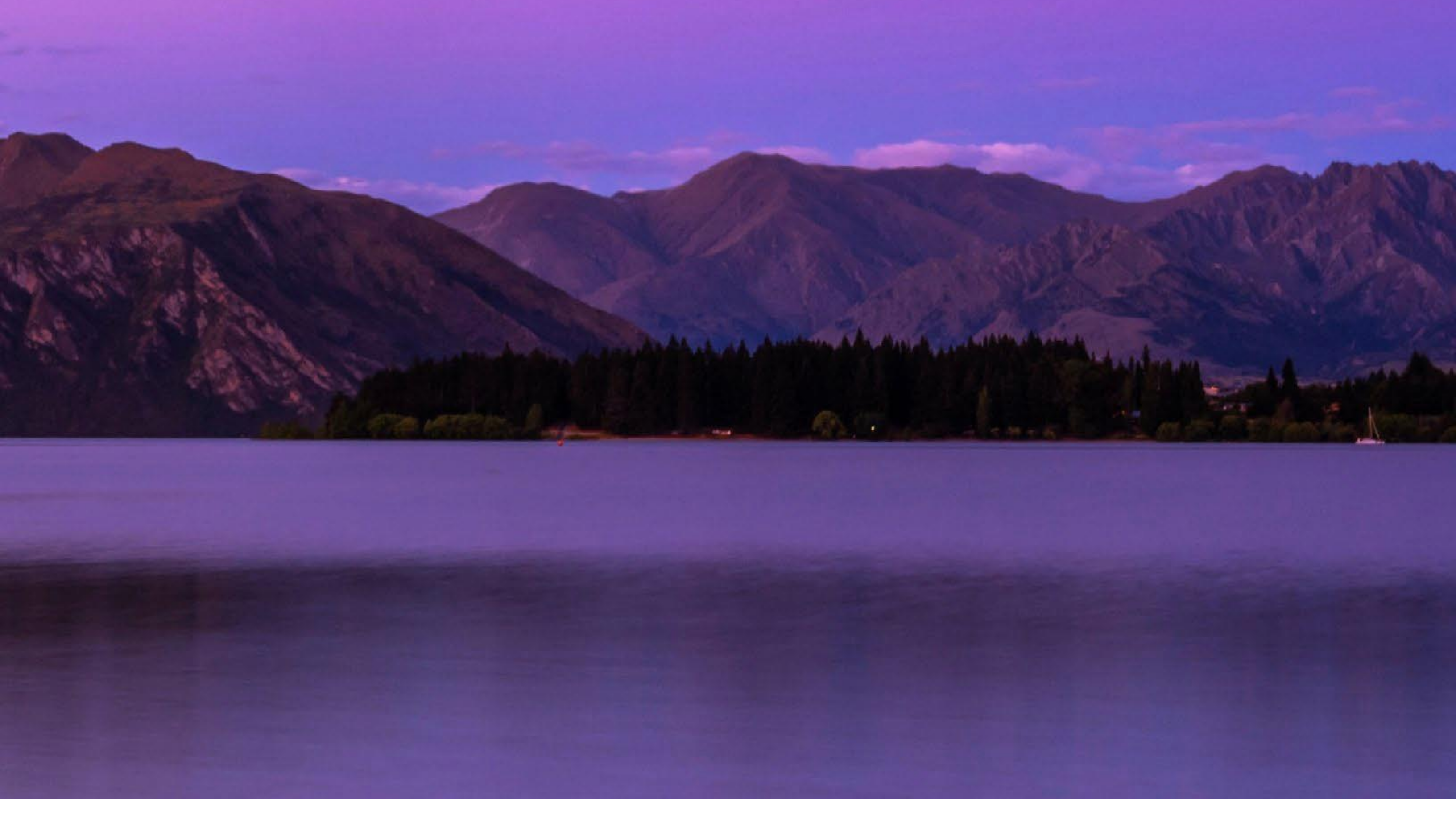
APRIL 2025

Market Perspectives: The Month That Changed the World, Again



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MARKET PERSPECTIVES: THE MONTH THAT CHANGED THE WORLD, AGAIN

"History does not repeat itself, but it often rhymes."

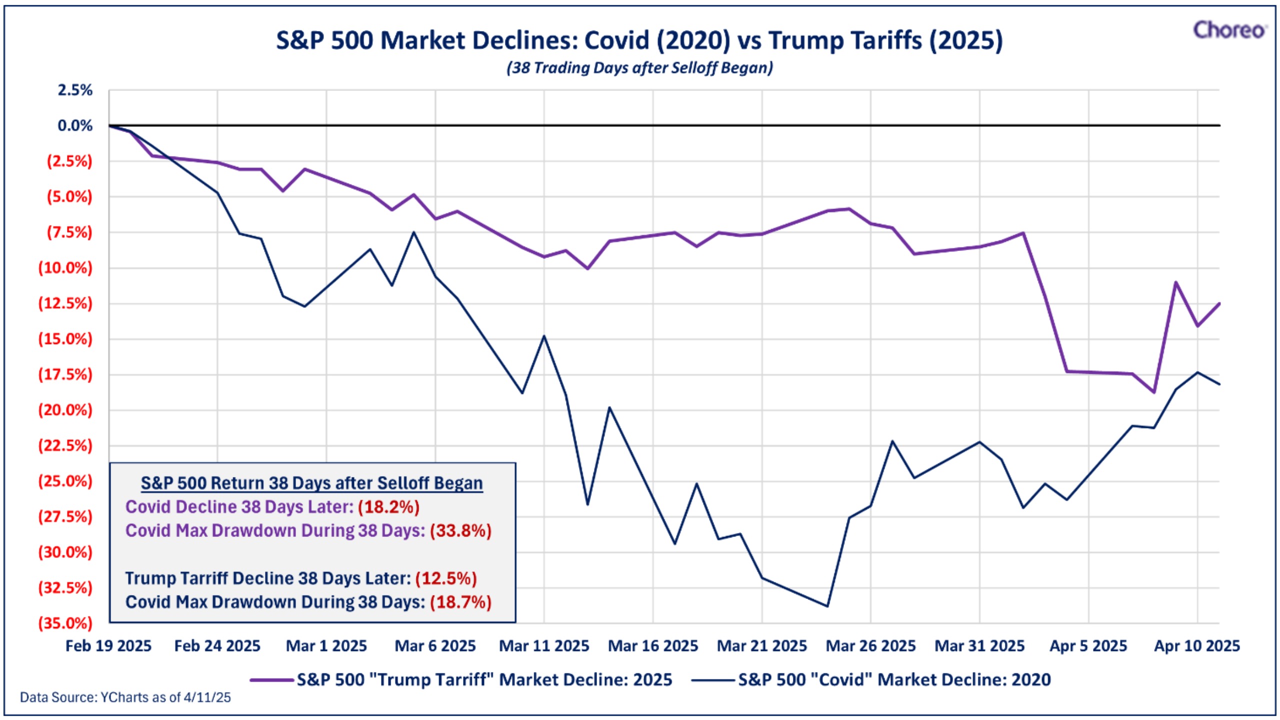
~Mark Twain

- Market volatility has dominated the headlines over the last month or so as trade policy comes into focus.
- The talk of tariffs has led to an increase in uncertainty, and broad market declines.
- At the same time, monetary and fiscal authorities around the globe remain closely focused on subduing inflation, while promoting growth.
- Economic conditions remain resilient, but market and economic observers are on high alert for potential changes in the outlook.

The market and economic volatility that has been the month of April (at least thus far) has several strong historical precedents. The most obvious is to simply look back to the beginning of this decade. March represented the five-year anniversary of one of the most volatile times in market history, and perhaps one of the most significant in human history. In mid-March 2020, the entire world shut down virtually overnight as a global pandemic took hold. This may seem like an eternity ago, but during those few short weeks so many events occurred that it is difficult to recall all of them. A global pandemic which was simmering in the months leading up to March wreaked havoc on many parts of the world, and the lasting changes since have been immeasurable. During March of 2020, a short list of what occurred is as follows:

- Market circuit breakers halted trading for the first time since 1997, not once but twice (on two different days).
- A National State of Emergency was declared (as well as many states declarations).
- The Federal Reserve added $1.5 trillion to the overnight lending system (eventually adding much more to the national liquidity). Central banks and governments around the globe added to this unprecedented liquidity inflow.
- Virtually all professional, college, and even high school sporting events were cancelled or postponed, including the NBA season and the NCAA college basketball tournament.
- Classrooms around the nation went virtual, as did many workplaces launching the work-from-home revolution, a seismic change that persists even five years later. Many others became unemployed suddenly (and thankfully temporarily).
- Global travel came to a virtual standstill. Airlines and cruise ships either ceased operations or greatly limited service.
- Challenges for simply obtaining goods and services became rampant as global supply chains experienced disruption.
- Volatility, as measured by various indexes, neared the 2008 Global Financial Crisis levels.
- Countries around the world, and certain locations within the U.S., went on near-total lockdown.

The obvious health implications were devastating as well. These reminders are not to stir emotions, but rather to point out the resiliency of markets, economies and more broadly, humanity. Five years later, this seems particularly apropos given the current economic (and political) environment. The market-related similarities are numerous: rising recession odds, dramatically increasing volatility, concerns about most asset classes, the potential for supply chain disruptions and elevated levels of uncertainty. The proximate cause may be different, but the market effects are similar, at least as of this writing. In an odd coincidence the Covid-related sell off began on February 19th of 2020 and the 2025 Tariff sell off also began on February 19th (2025). Markets peaked on those days and headed down consistently for some time. The graph below shows stock performance during February – April of 2020 vs. today (through April 11).

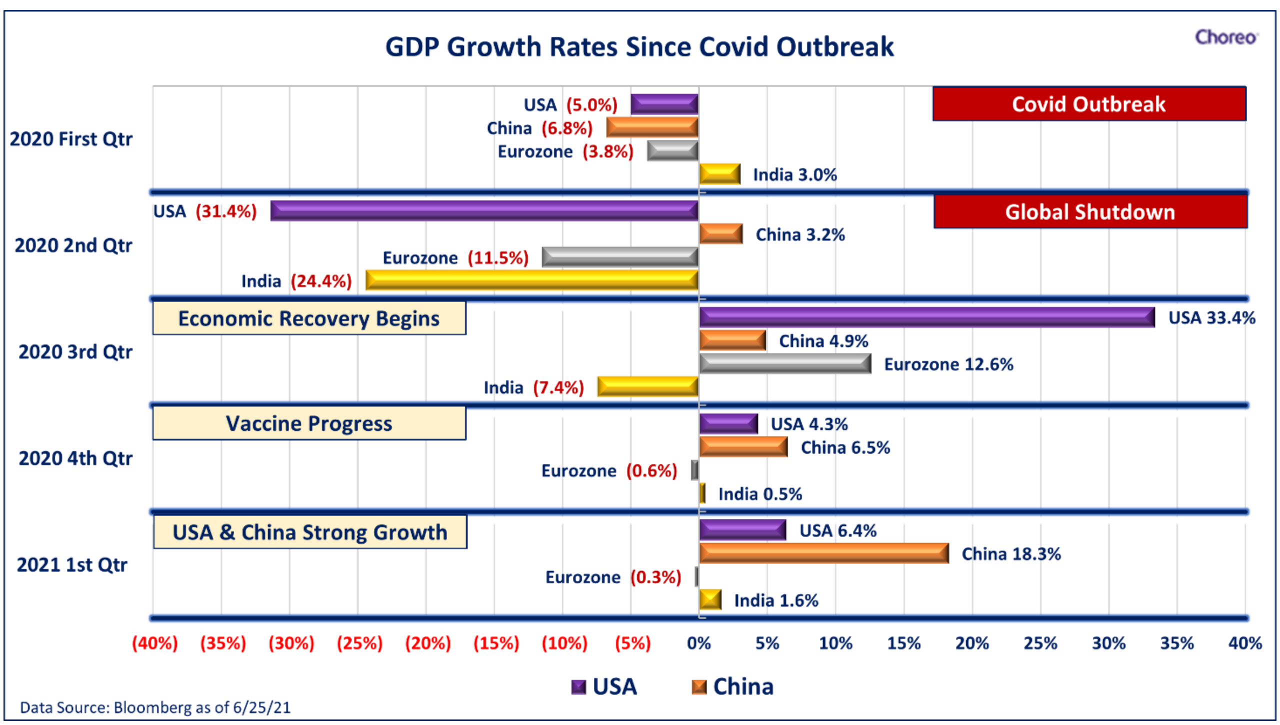


In no way does this suggest the same long-term outcomes as this is unknowable. This is not the same situation so policy responses will likely differ. There have been a variety of causes, and instances that have created similar bouts of volatility throughout history. The chart below is representative of such examples, with longer term outcomes generally positive.

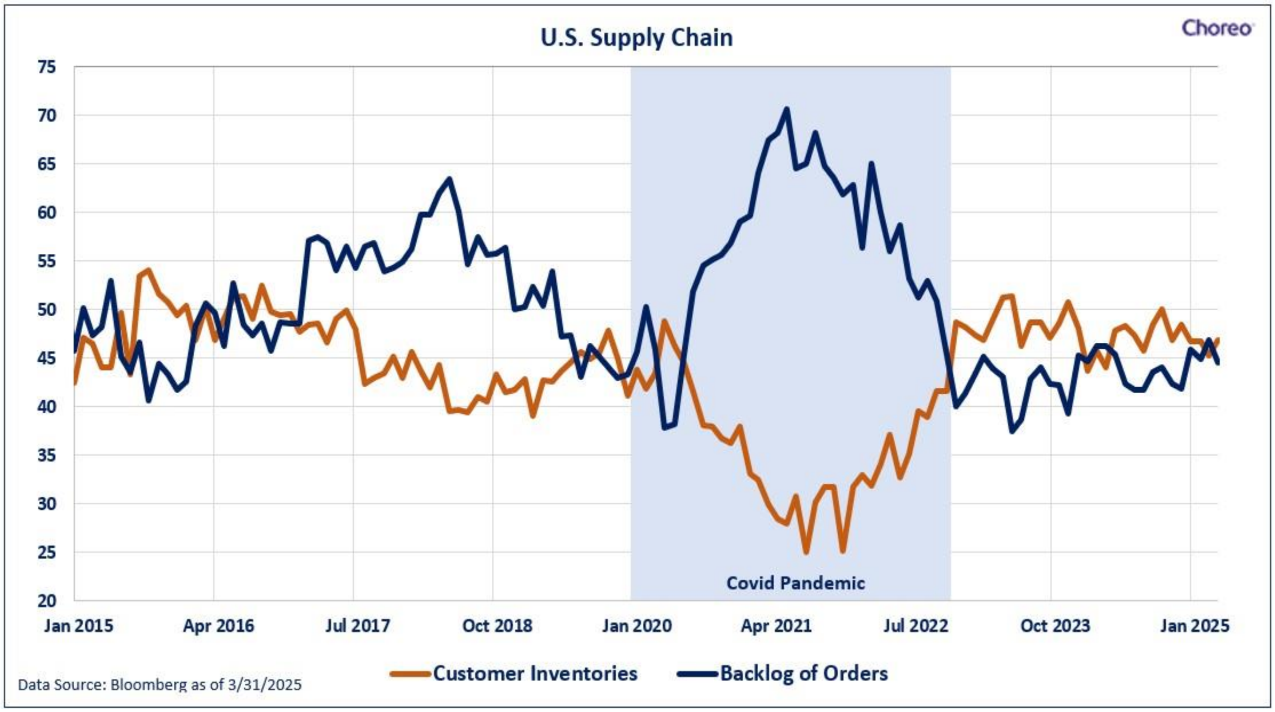
Event	Start Date of Event	Trough of Event	DJIA % Loss from Event	Return 30 Days After Trough	Return 180 Days After Trough	Return 1 Year After Trough	Return 3 Years After Trough
Germany Invades France	5/9/1940	6/10/1940	(24.5%)	8.6%	16.5%	9.0%	26.7%
Pearl Harbor	12/7/1941	4/28/1942	(19.8%)	8.7%	23.6%	44.4%	76.4%
Korean War	6/9/1950	7/13/1950	(13.0%)	8.9%	23.3%	28.8%	37.3%
Cuban Missile Crisis	5/1/1962	10/28/1962	(15.2%)	13.9%	26.0%	33.5%	68.6%
Yom Kippur War & Arab Oil Embargo	10/6/1973	9/13/1974	(35.4%)	4.9%	21.8%	29.0%	36.2%
1987 Stock Market Crash	10/5/1987	10/19/1987	(34.1%)	11.5%	15.8%	24.2%	41.1%
Gulf War	8/1/1990	10/11/1990	(18.4%)	5.2%	21.5%	26.2%	51.6%
Dot Com Bubble	1/14/2000	3/7/2000	(16.4%)	13.5%	14.7%	9.5%	(21.0%)
Crisis of Confidence & 9/11 Terrorist Attacks	2/20/2001	9/21/2001	(23.3%)	11.8%	27.5%	(3.0%)	23.9%
Financial Crisis	10/9/2007	3/9/2009	(53.8%)	19.7%	44.2%	61.4%	97.2%
Trump China 2018 Tariff Confrontation	1/23/2018	12/24/2018	(16.9%)	12.8%	22.6%	30.9%	65.0%
Covid Pandemic	2/19/2020	3/23/2020	(36.7%)	26.3%	48.8%	74.4%	72.7%
Trump 2025 Tariffs	2/19/2025	4/8/2025	(15.6%)	TBD	TBD	TBD	TBD

Data Source: Ycharts, Price Return of the Dow Jones Industrial Average as of 4/14/25

These statistics, while encouraging and easy to reflect on with hindsight, also suffer from the old adage "hindsight is 20/20." It is generally not possible to know when the trough occurs, but the longer-term implications are once again for resiliency. The point of being a student of history, be it markets or otherwise, is to help with a framework for calm, rational analysis of situations. The past does not portend the future, but ignoring the lessons learned should be done with caution. Ultimately, today's environment may be a battle of what tariffs could do to inflation, economic growth and the interplay of currencies and global trade (and a lot more). If these uncertainties end up creating recessionary conditions, and this is still an IF, it may be worth tracking prior recoveries. The following illustrates how the world recovered economically from COVID, a different cause (and reaction).



The parallels economically could even extend to supply chain issues. During COVID, the disruptions were significant, and it is possible similar supply chain issues could emerge as barriers to global trade increase (even though one of the stated goals is to reduce those barriers ultimately). Customer inventories dropped significantly, while the backlog of orders increased dramatically during COVID, a signal that obtaining many goods and services became difficult. This phenomenon led to supply chains leaving the state of equilibrium and eventually setting off inflation. Increased trade barriers could in theory distort supply chains once again. While it is too early to determine the ultimate outcome, it is a trend worth watching.



Conclusion

History can serve as a guide, particularly when situations are challenging. Calm, rational, thoughtful, long-term discipline is generally the solution. Tuning out the noise, no matter how loud it gets, can be a key factor in determining long-term success for an investment policy. The speakers are currently blaring, but a calm, disciplined approach has been successful over time. Current events will likely never be exactly the same as historical ones, but they may "rhyme." Still, we understand the stress market volatility may cause as we continue to work with our clients to navigate these times. In the meantime, please reach out with any questions.

Index Definitions

S&P 500 Index is a capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Disclosures