Helping People Plan Their Financial Futures"

April 14, 2025

On Wednesday afternoon, President Trump announced that he would pause tariffs for 90 days on all countries that had not retaliated against the United States. The pause excluded China, which had retaliated against US levies, and will see tariffs increased to 125%. US equities staged a blistering rally after the announcement as the S&P 500 (SPX) gained more than 400 points in the afternoon, finishing the day up more than 9%. Meanwhile, the Nasdaq-100 (NDX) gained 12%, its best day since October 2008.

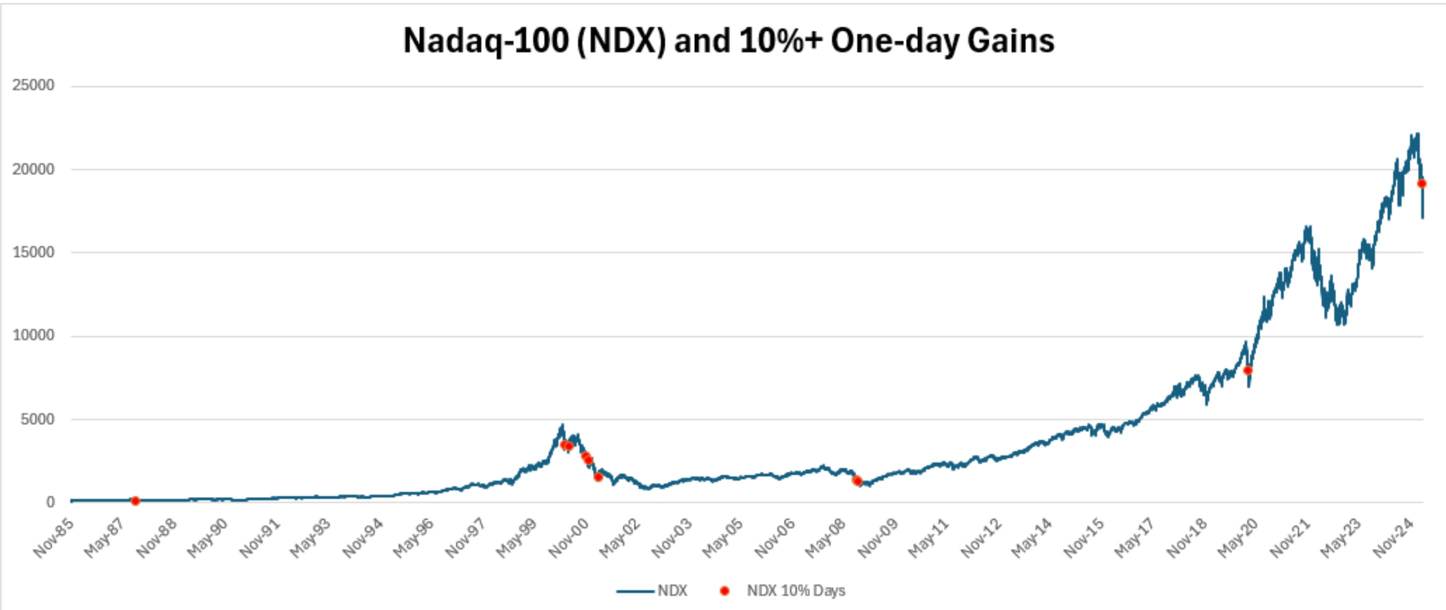
What should we make of this move? It's tempting to think that a bounce like the one we recently saw means that the market has bottomed. After all, breadth thrusts are one of the classic technical signs of a reversal. And by some metrics, Tuesday's action qualified as a breadth thrust – the NYSE recorded 2,658 advances to just 171 declines. However, other breadth indicators like the Bullish Percent for the NYSE (^BPNYSE) and the S&P 500 (^BPSPX) recorded no action on their charts due to the recent one day rally.

Meanwhile, from an economic standpoint, what is the long-term impact of Tuesday's announcement? The tariffs were paused but not cancelled, so if nothing changes, in 90 days we will presumably be in the same position we were before the pause while the tariffs on the world's second-largest economy have been stepped up.

S&P 500 Performance After Nasdaq-100 10%+ One-day Gains

Date	NDX 1D Gain	7 days	30 days	6 months	12 months	12-month max drawdown
10/21/1987	10.3%	-9.7%	-6.3%	-0.9%	9.5%	-13.3%
4/17/2000	10.0%	2.0%	3.3%	-1.9%	-15.0%	-21.3%
5/30/2000	10.1%	2.5%	1.4%	-6.1%	-12.3%	-22.4%
12/5/2000	11.7%	-0.4%	-3.1%	-6.7%	-15.0%	-29.8%
1/3/2001	18.8%	-2.5%	0.1%	-8.4%	-13.5%	-28.3%
4/5/2001	10.8%	2.8%	10.0%	-7.1%	-2.5%	-16.1%
5/8/2002	10.6%	0.2%	-5.6%	-15.2%	-15.5%	-28.7%
10/13/2008	12.6%	-1.8%	-15.1%	-14.4%	7.0%	-32.6%
10/28/2008	10.9%	6.9%	-5.6%	-9.1%	10.9%	-28.1%
3/13/2020	10.1%	-15.0%	2.9%	23.2%	45.5%	-17.5%
4/9/2025	12.0%					
	Average	**-1.5%**	**-1.8%**	**-4.7%**	**-0.1%**	**-23.8%**
	Median	**-0.1%**	**-1.5%**	**-6.9%**	**-7.4%**	**-25.3%**

Since its inception in 1985, the Nasdaq-100 (NDX) has 11 days (including the recent double digit day) where it recorded gains of 10% or more; to put some perspective around the recent up move, we looked at how the market has performed following those days. As we have previously discussed, the best and worst days of the market are often clustered closely together, so it's not surprising to find a wide dispersion of short-term outcomes. Over the next 30 days, the returns for the S&P 500 (SPX) ranged from a 10% gain to a 15% loss and over the next year the outcomes ranged from a 45% gain to a 15% loss. But we do see that the average and median returns are negative across all time frames and, perhaps more significantly, in each instance the S&P had a double-digit drawdown over the next year. So, historically, moves like the one we saw recently have not signaled the "all-clear."



Of course, there's no way to know exactly how things will play out this time. This could be the time the market bucks the trend, but history suggests that it could be a bumpy road going forward. If you're still holding onto positions that have recently broken down, this may be an excellent opportunity to sell them on a rally. On the other hand, if you're feeling like you missed out on chance to add exposure at the bottom, the data suggests that if you remain patient, there may be more opportunities in the not-too-distant future. Whichever camp you may find yourself in, remember to stick to your process, keep an eye on your indicators, and don't let FOMO affect your decision making.

As our long-term clients know, these are the market conditions that triggers our moves to defensive strategies, "Get out of the boat and move to shore." As we recently mentioned in an earlier newsletter, there will be some rainy days in life and in our investment journey. However, we have and will continue to attempt to side step any "hurricanes". Our long-term outlook, based on history, is for continued long term growth for this Great Nation we are Blessed to live in. If you have any questions concerning these comments or any other questions, feel free to reach out to us at your convenience.

> We would like to invite you to visit our website at your convenience at www.conwayfinancialservices.com. There is a wealth of information on our website including but not limited to: Markets At A Glance, Market Portfolios, Market Charting, Tax Library, Articles, Videos, Retirement & Investment Planning, and Life Planning & Insurance.

As always, we encourage you to give us a call if you would like to discuss anything further. We will visit again soon. Proudly and successfully serving our clients for 50 years.

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