

Daily Market Notes

April 11, 2025

Well, what did you expect, as one day after the President's "buy" recommendation a few hours before he then announced a pause to many of his tariffs worldwide to most countries sent the market higher by records in some cases, the market then turned around and pushed things sharply lower yesterday. This large drop probably means that investors still believe that his trade war continues to threaten the U.S. economy.

The Dow dropped by 1,014 points, or 2.5% to 39,594 after having been lower by twice this amount, the S&P tumbled by 3.5% after Wednesday's surge of 9.5% and ended down by 188 to 5268.

The Nasdaq collapsed by 4.3%, or 737 points to 16,387 while the Russell 2000 Index of small stocks got blasted by xxx to xxxx. The VIX rose once again on another horrible day in the market and ended back up at xx.xx.

Trump has focused more on China, raising tariffs on its products to well above 100%. Even if that were to get negotiated down to something like 50%, and even if only 10% tariffs remained on other countries, the hit to the U.S. economy could still be large enough to hurt expected growth for upcoming U.S. corporate profits.

The losses for stocks accelerated Thursday after the White House clarified that the United States would tax Chinese imports at 145%, not the 125% rate that Trump had written about in his posting, once other previously announced tariffs were included. The drop for the S&P exceeded 6% at one point.

China, meanwhile, has reached out to other countries around the world in apparent hopes of forming a united front against Trump. The world's second-largest economy is also ramping up its own countermeasures to Trump's tariffs.

WBA, the company behind "A Minecraft Movie," dropped 12.5% for one of the sharpest losses after China said Thursday it will "appropriately reduce the number of imported U.S. films." DIS joined in the negative parade with a 6.8% decline.

A spokesperson for the China Film Administration said it is "inevitable" that Chinese audiences would find American films less palatable given the "wrong move by the U.S. to wantonly implement tariffs on China."

That was after Trump and his Treasury secretary, Scott Bessent, sent a clear message to other countries Wednesday after announcing their pause on tariffs for most countries: "Do not retaliate, and you will be rewarded."

The European Union said Thursday it will put its trade retaliation measures on hold for 90 days and leave room for a negotiated solution.

Thursday's swings also hit the bond market, which had been showing encouraging signals earlier in the day that stress may be easing.

The bond market has historically played the role of enforcer against politicians and economic policies it deemed imprudent. It helped topple the U.K. Liz Truss in 2022, for example, whose 49 days made her Britain's shortest-serving prime minister. James Carville, adviser to former U.S. President Bill Clinton, also

famously said he'd like to be reincarnated as the bond market because of how much power it wields.

Earlier this week, big jumps for U.S. Treasury yields had rattled the market, so much that Trump said Wednesday he had been watching how investors were "getting a little queasy."

Several reasons could have been behind the sharp, sudden rise in yields. Hedge funds may have sold Treasuries in order to raise cash, and investors outside the United States may be dumping their U.S. government bonds because of the trade war.

Regardless of the reasons behind it, higher Treasury yields put pressure on the stock market and push rates higher for mortgages and other loans for U.S. households and businesses.

The 10-year Treasury yield had calmed following Trump's U-turn on tariffs, dropping all the way back to 4.30% shortly after the release of a better than expected C.P.I. report Thursday morning. That is after it had shot up to nearly 4.50% on Wednesday morning from just 4.01% at the end of last week. As Thursday progressed, though, the 10-year Treasury yield climbed once again and reached 4.40%.

Many of the market's whipsaw moves have come not just day to day but also hour to hour. The S&P still remains below where it was when Trump announced his sweeping set of tariffs last week on "Liberation Day."

In stock markets abroad, indexes rallied across Europe and Asia in their first chances to trade following Trump's pause on many of his tariffs. Japan's Nikkei 225 surged 9.1%, South Korea's Kospi leaped 6.6% and Germany's DAX returned 4.5%.

Earnings this week will have: yesterday - STZ higher, DAL, KMX lower; today – BLK, JPM, higher and WFC, MS lower.

Economic reports show: yesterday – March CPI up 2.4% for the year and 2.8% year over year for the core rate, weekly jobless claims remained the same at 223K; today - March P.P.I. down 0.4% and higher by 2.7% year over year and the core rate excluding food and energy down 0.1% for the month and higher by 3.3% year over year, early April U. of Michigan Consumer Sentiment Index down to 50.8 and the inflation survey rose to 6.7%, which was not good

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Don Selkin is the Chief Market Strategist at Newbridge Securities Corporation, member FINRA/SPIC and provides the Fair Value analysis for CNBC each morning. The commentary provided in this Market Letter is intended to provide our current or potential customers with timely market analysis and should not be considered a research report. This Market Letter may contain, and is limited to discussions of broad based indices; Commentaries on economic, political or market conditions; Technical analysis concerning the demand and supply for a sector, index or industry based on trading volume and price; Statistical summaries of multiple companies' financial data, including listings of current rating; and recommendations regarding increasing or decreasing holdings in particular industries or

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