

Market Thoughts: Navigating Volatility Amid New Tariffs

On April 2, President Trumpâ??s administration implemented new tariff policies that could reshape the world economy. On April 3, stock markets across the world reacted. In this article, learn how to navigate market turbulence and how CAPTRUST at Work can help.

As youâ??ve likely seen in the news, President Trumpâ??s administration has implemented new tariff policies that have created volatility in the financial markets. In the wake of his tariff announcement on April 2, stock markets around the world reacted, with the S&P 500Â® Index of the largest U.S. stocks dropping 4.8 percent on April 3.

During times like these, it is important to focus on facts rather than media hype, so you can make sound decisions for your money and financial future. In this edition of *Market Thoughts*, weâ??d like to provide context for these developments and offer guidance on what they might mean for your retirement investments.

Understanding the Current Environment

While tariffs were discussed during the election cycle and since President Trumpâ??s inauguration, the scope of the tariffs announced last week surprised investors.

President Trumpâ??s tariff policies are part of a broader economic strategy that aims to reshape Americaâ??s fiscal and trade relationships.

While the media may focus on short-term market reactions, itâ??s important to view these changes as pieces of a larger economic landscape that includes efforts to:

- Reduce interest rates to ease the national debt burden and stimulate domestic investment;
- Protect critical industries and encourage U.S. manufacturing and jobs;
- Pursue gross domestic product (GDP) growth targets while managing federal budget deficits;
- Generate revenue to help offset the budget impact of a tax cut for Americans; and
- Prioritize American economic interests in trade relationships and reduce the U.S. trade deficit.

Markets Dislike Surprises

Wednesdayâ??s tariff announcement generated significant concern and questions among investors and business leaders alike, such as:

- How will the tariffs and the administrationâ??s other new policies reshape the U.S. economy?
- How will these policies change how corporations invest to grow their businesses?
- How will the world respond to the U.S. tariffs? Will other countries retaliate? Negotiate?
- Who will be the winners and losers in this new environment?

These are questions that will take some time to answer, and they highlight the risks and opportunities in the market right now.

What Could Happen Next

Markets are likely to experience bouts of short-term volatility during this period of *recalibration*. History tells us that markets are most volatile at peak uncertainty and that volatility recedes as the reality of policy implementation and its effect start to become known.

Often, the biggest impact of market volatility comes from our reaction to it rather than the market itself, and that emotional reaction to market news can lead to poor investment outcomes. Even worse, bad decisions made during stressful periods can undermine years of disciplined investing.

It is necessary to remember that retirement planning is a long-term endeavor, and short-term market fluctuations are normal and expected along the way. For example, 5- and 10-percent pullbacks happen every year or two, and a 20-percent pullback is likely every seven years or so.

We Are Here to Help

During periods of volatility, maintaining perspective is crucial. While headlines may cause concern, we recommend maintaining your long-term investment strategy. A well-diversified portfolio remains the best defense against unpredictable market movements. Market timing is difficult, and short-term volatility often creates opportunities for patient investors.

By staying disciplined and focused on your objectives, youâ??ll be best positioned to achieve your retirement goals regardless of short-term market fluctuations.

If you have questions about your specific situation or would like to review your investment strategy in light of the current environment, please contact the CAPTRUST at Work desk at 800.967.9948, or visit captrustatwork.com to schedule an appointment with an advisor. They can help ensure your retirement plan remains aligned with your long-term goals.

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***S&P 500Â® Index**: Measures the performance of 500 leading publicly traded U.S. companies from a broad range of industries. It is a float-adjusted market-capitalization weighted index.*

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