

MONTH ENDING APRIL 30, 2025

Market Update

Quick Hits

1. Mixed Month for Markets

Equities faced a challenging month in April.

2. Bonds Rise as Interest Rates Fall

Falling long-term interest rates supported bonds.

3. Trade Uncertainty Impacts Markets

Shifting trade policies caused market volatility.

4. Solid Economic Backdrop

The economic updates were broadly supportive in April.

5. Risks Ahead

Investors should prepare for potential risks ahead.

6. Positive Outlook Despite Policy Uncertainty

We believe the most likely path forward is for long-term market appreciation and economic growth.



Mixed Month for Markets

It was a challenging month for stocks, as markets experienced large swings throughout the month due to political uncertainty. The S&P 500, Dow Jones Industrial Average, and Nasdaq Composite all sold off sharply to start the month; however, a late-month rally helped soften the sting for investors. The S&P 500 lost 0.68 percent in April while the Dow fell 3.08 percent. The Nasdaq led the way for the month, with a 0.88 percent gain.

Despite the mixed results, the fundamentals showed signs of continued improvement. We're roughly halfway through first-quarter earnings season, and so far the updates have largely been better-than-expected. Per Bloomberg Intelligence as of April 30, the average earnings growth rate for the S&P 500 stood at 10.2 percent. This is well above analyst estimates for a more modest 6.6 percent increase and indicates that businesses continued to show signs of healthy growth to start the year. Over the long run, fundamentals drive performance, so the strong earnings growth for the quarter is a good sign for investors.

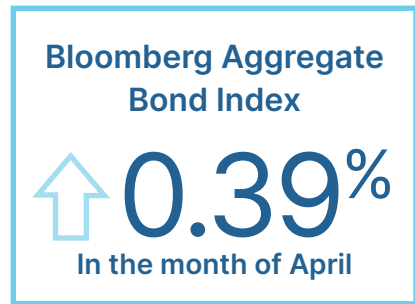
While fundamental factors were supportive during the month, the same can't be said for technical factors. All three of the major U.S. indices spent the entire month well below their respective 200-day moving averages. (The 200-day moving average is an important technical signal, as prolonged breaks above or below trend can signal shifting investor sentiment for an index.) This now marks two consecutive months with all three indices finishing below trend.

The story was similar for international stocks during the month, as they sold off sharply to start April before rebounding toward month-end. The MSCI EAFE Index rose 4.58 percent in April while the MSCI Emerging Markets Index was up 1.34 percent. Both developed and emerging markets were supported by a weakening dollar during the month as well as a pullback in some U.S. tariff plans. Technical factors were supportive for international stocks as both the MSCI EAFE and MSCI Emerging Markets indices finished the month above their respective 200-day moving averages.

Bonds Rise as Interest Rates Fall

Bond market investors also experienced a choppy April, as swiftly changing interest rates impacted bond prices during the month. The 10-Year U.S. Treasury yield started the month at 4.23 percent and rose to a high of roughly 4.5 percent mid-month before falling to end April at 4.17 percent. The Bloomberg U.S. Aggregate Bond Index gained 0.39 percent for the month. This now marks four straight months with positive returns for high-quality fixed income.

High-yield bonds, which are typically less interest-rate sensitive, were down modestly in April. The Bloomberg U.S. Corporate High Yield Index fell 0.02 percent during the month. High-yield credit spreads rose in April, which indicates rising investor concerns about the state of the high-yield market.



Skyline Overlook, Reno, Nevada

Trade Uncertainty Impacts Markets

The roller-coaster markets that we saw in April were primarily driven by the shifting tariff landscape and the high degree of policy uncertainty that we saw throughout the month. Although there had been plenty of rhetoric from the Trump administration on the plan to enact tariffs, the April 2 imposition of tariffs on virtually every country went further than markets expected and sparked a global trade war.

Stocks sold off sharply immediately following the announcement, which indicates that investors were not expecting the full degree of the tariffs. A week after the initial announcement, the White House revealed it was suspending most of the tariffs for a 90-day period. The delay was widely cheered by investors and catalyzed the rebound that we saw for stocks in April. Looking forward, trade negotiations and tariffs are expected to continue to drive uncertainty for nations and investors in the months ahead.

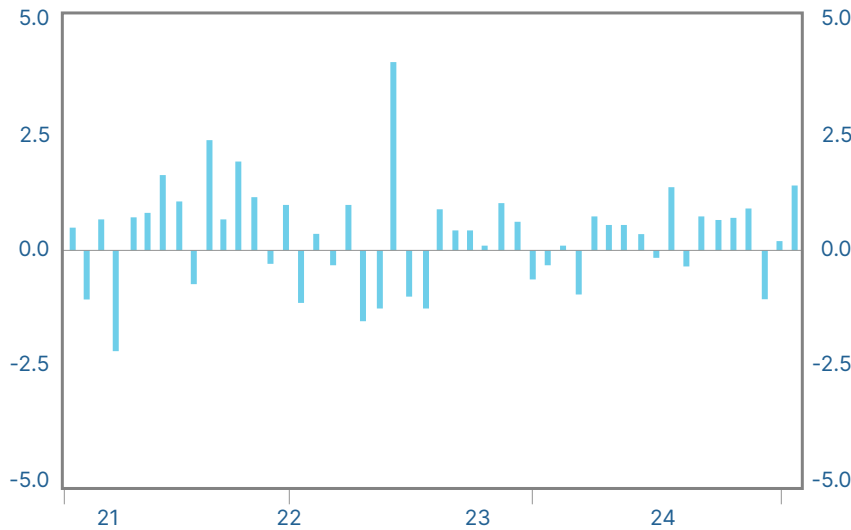
>> The Takeaway

- Tariffs and trade wars were the major market-moving factors during the month.
 - Going forward, tariffs and trade are expected to continue to drive uncertainty in the months ahead.
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Solid Economic Backdrop

The economic updates released in April largely showed signs of continued growth for the economy. The March job report came in well above expectations, as 228,000 jobs were added during the month against calls for 140,000. This acceleration in hiring to end the quarter was an encouraging sign for the state of the overall economy.

Figure 1: Retail Sales, % Change
April 2021–March 2025



Source: CENSUS/H/Haver, as of April 25, 2025

Consumer and business spending growth also improved in March. As seen in Figure 1, retail sales grew by an impressive 1.4 percent during the month. This is the best monthly result since January 2023 and indicates that consumers remained willing and able to spend to start the year.

While much of the economic data released in April was positive, there are some potential areas of concern to keep an eye on. Consumer and business confidence soured during the month, which could be a headwind for future spending growth.

Additionally, the first-quarter GDP report released at month-end showed the economy contracted modestly to start the year. This was due in large part to a surge in imports, which served as a headwind for overall growth during the quarter but is expected to shift into a tailwind later in the year. Despite the headline decline, the underlying data was more encouraging. Personal consumption growth came in well above estimates and showed solid spending growth for the quarter.

Risks Ahead

As we saw in April, markets face several risks that can create turbulence. Policy uncertainty remains the most pressing risk for U.S. investors. The widespread rollout of tariffs at the start of the month and the subsequent 90-day delay caused large market swings, and it's certainly possible that we'll see additional short-term volatility driven by trade policy uncertainty. Of course, foreign risks remain as well, as shown by the ongoing conflicts in Ukraine and the Middle East. Additionally, the potential for retaliatory tariffs and an escalating global trade war should not be ignored given recent protectionist rhetoric. On the whole, investors have a lot to keep an eye on in the weeks and months ahead.

Positive Outlook Despite Policy Uncertainty

Overall though, we remain in a pretty good place. Market fundamentals are healthy, and analysts expect to see continued earnings growth in 2025. With a solid economy, strong job market, and potential for more policy clarity in the months ahead, we believe the most likely long-term outcome is for further economic growth and market appreciation.

Of course, April served as a potent reminder that risks remain for investors, especially in the short term due to policy-driven uncertainty. Markets tend to dislike uncertainty, so it's no surprise that April was a bumpy ride for investors. Given the potential for further short-term disruptions, a well-diversified portfolio that matches investor goals and timelines remains the best path forward for most. If concerns remain, you should speak with your financial advisor to go over your financial plans.





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and convertible debentures. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. It excludes closed markets and those shares in otherwise free markets that are not purchasable by foreigners. The Bloomberg Aggregate Bond Index is an unmanaged market value-weighted index representing securities that are SEC-registered, taxable, and dollar-denominated. It covers the U.S. investment-grade fixed-rate bond market, with index components for a combination of the Bloomberg government and corporate securities, mortgage-backed pass-through securities, and asset-backed securities. The Bloomberg U.S. Corporate High Yield Index covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba¹/BB⁺/BB⁺ or below. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

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