The Advisor

Markets Sink in March Due to Escalating Uncertainty Around Tariffs

March was another rough month for the financial markets. Wall Street suffered steep losses, which added to February's downturn. The S&P 500 and Nasdaq tumbled 5.8% and 8.2%, respectively, while the Dow Jones Industrial Average shed 4.2%.[1] While several issues are responsible for the markets' recent struggles, topping the list has been growing fear and uncertainty around the president's tariff policies. Will these fears continue, and if so, for how long? Before we address that, let's recap the first quarter.

When the new presidential administration took over in late January, the stock market was still at a record high. In less than two weeks, the White House announced a plan to impose new tariffs on China, Canada, and Mexico. As specifics around that plan and the administration's broader tariff policies changed and wavered over the next several weeks, the markets became volatile.

I've talked many times about how investors like certainty and hate uncertainty. The markets are forward-looking, after all, so issues that help clarify potential economic trends in the future make investors happy. Issues that obscure the future make investors nervous. Tariffs are one of those issues that cloud the future because there is no way to effectively gauge their potential impact. Will they really bring in more revenue and fuel growth in the long run, and if so, at what cost to consumers and the economy in the meantime?

There are so many variables with tariffs that it's almost impossible to answer these questions, and opinions about tariffs vary widely among economists. The uncertainty already inherent in tariffs is made even worse when the specifics around their use are unclear and ever-changing, which was the case for most of February and March.

So, again, that explains largely why the markets were so volatile in those months and finally began trending downward in late February, ending the month in the red. The markets continued falling further in March, only spiking briefly near the end of the month in anticipation of an update on tariffs by the president, which is scheduled for April 2nd.

Other Impacts

While tariffs have been the biggest issue impacting the markets, as noted, they have not been the only issue. New economic data released in March was mixed at best, but certain indicators suggested that the economy, which has been slowing for months, is continuing to slow.[2]

What's more, the tech sector, which had been leading Wall Street's growth for the better part of two years, has taken a nosedive. The exchange-traded fund (ETF), comprised of the Magnificent Seven tech leaders (Apple, Microsoft, Nvidia, Alphabet, Amazon, Meta, and Tesla), had its worst month on record in March, losing about 10% of its value, putting it down by more than 15% for the year. [3]

With all this said, the economy right now is still relatively strong. Despite those signs of slowing growth, the unemployment rate actually improved slightly in March, and inflation remained stable. As for the bond market, it was certainly calmer than the stock market in March, with long-term interest rates falling from about 4.3-to-4.2%, as measured by the rate on the 10-year government bond.[4]

While investors will certainly keep an eye on these fundamental economic issues going forward, they will also no doubt continue watching the tariff issue most closely. How

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Markets Sink

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the markets perform in the coming months will depend in large part not only on the president's tariff plans but on their actual impacts, good or bad, once they take effect.

Your Portfolios

The good news for us, of course, is that when you're investing for income, the kind of market volatility and uncertainty we're experiencing now is likely to have far less impact on your financial strategy than if you were still investing mainly or entirely for growth. That is by design, of course, and it's largely why you made the shift to income in the first place!

As you will see from your latest statement, those of you in our most conservative portfolios of bonds and band-like instruments went down in value by about 1.5-to-2% on average in March, depending on your individual holdings. In other words, we gave back some of our gains from the first two months, which is typical. And even so, our fixed-income portfolios are still up year-to-date by an average of about 1.3%. That means we're still on pace, pro rata, for about 5% growth on average by year's end, which is within our target range of 5-to-7%.

And, as I always remind you, any fluctuations up or down in your asset values are largely irrelevant when you're investing for income first and growth second, because your interest-and-dividend return is unaffected. And if you can reinvest some of those returns in a down market, you can potentially dollar-cost-average your way to more income in the future!

So, keep all this in mind if things get even more volatile and uncertain in the coming months, which is certainly possible. Enjoy your spring and, as always, call our office at any time if you have questions!

1 *https://www.investopedia.com/dow-jones-today-03312025-11705913*
2 *https://www.cnbc.com/2025/03/18/slower-economic-growth-is-likely-ahead-with-risk-of-a-recession-rising-according-to-the-cnbc-fed-survey.html*
3 *https://www.investopedia.com/magnificent-seven-stocks-worst-month-quarter-on-record-q1-2025-11706435*
4 *https://www.marketwatch.com/investing/bond/tmubmusd10y?countrycode=bx*

8 Questions Financial Plans Should Answer

To make sure that your financial plan is going to get you where you want to be financially, make sure it answers these eight questions.

How much do I have, and how much do I owe?

Take stock of where you currently stand. That means taking a complete inventory of your assets as well as assessing how much you owe. Subtracting the second from the first will tell you your net worth.

What do I want to achieve with my money?

We all have personal and financial goals. Your financial plan should specifically identify your financial goals and outline steps you need to take to turn those dreams into reality.

Are my investments appropriate for my goals?

Your financial plan should point you toward investments that are appropriate for both your goals and your risk tolerance. That means carefully balancing the risk you need to take to achieve acceptable investment returns with the amount of risk you're comfortable taking based on your personality.

Am I protected in case of a disaster or emergency?

One of the main reasons to have a financial plan is to protect yourself and your family in the event that the unexpected happens, such as having an emergency fund and proper insurance to safeguard your assets.

Am I paying the right amount in taxes?

A comprehensive financial plan will include an evaluation of your tax situation. If necessary, your advisor will make suggestions for steps you can take to better manage your tax burden and keep more of the money you earn.

What's my plan for retirement?

Whether you're a few years or a few decades away from retirement, your financial plan should include a plan for what will happen after you stop working full time. Your financial plan should address how much you need to be saving for retirement and how to invest that money.

What will happen to my money when I die?

A financial planner can work with your estate planning attorney to make sure your assets aren't lost to unnecessary taxes and address other issues related to how your wealth is distributed after your death.

Who is in charge of helping me achieve my money goals?

Finally, your financial plan should clearly identify who is in charge of helping you achieve your most important money goals. Your financial advisor is a critical partner in your financial life, guiding you to make smart decisions that will put you on the path to achieving your goals.

Please call if you'd like to discuss this in more detail.

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Who We Are:

Empowerment Resources International Corp(A+ Rated & Complaint Free, per the Better Business Bureau) offers Insurance & Financial Planning Services. We're located in the Chicago Mercantile Exchange (CME) Center in Downtown Chicago. Eric K. Williams is the President of ERI and has achieved **Qualifying Life Member**, currently **Top of The Table**, in the Million Dollar Round Table, MDRT, the premier association of Financial Professionals®.

What We Do:

We Provide Solutions to Address the Systemic Root Causes of Inadequate Financial Freedom in America (Taxation, Interest Payments, Unknown Excessive Fee-Structure).

Using Our Knowledge along with our Combined Experience and Proprietary Technology, We Help Our Clients Achieve Their Goals. Those Goals Include: **Creating** their Own Bank, Directing their Dollar to Accomplish at least Two Jobs Instead of One; Eliminating **ALL** Debt including their Mortgage and Student Loans, in 9 Years or Less; & Self-Finance Purchases.

We Teach Our Clients to Use Time Committed Vehicles that Eliminate Risk & Fee Structure; Thus, Replacing Retirement Risk, Fees & Losses with **Guarantees & Lifetime Income**.

UNIQUE PROBLEMS SOLVED FOR OUR CLIENTS:

- Avg. Family Pays $155k in Hidden Wall Street Fees,(Frontline "The Retirement Gamble" 4/13), (ABC World News, 5/12)
- The real Interest on Mortgages and Student Loans is 60-100%, not the advertised rate 2-7% that we're misled to be paying
- U.S. Census Bureau statistics show that 74 cents out of every dollar coming into the Household goes to Interest & Taxes.

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