



## CORRIGAN FINANCIAL, INC.

### **Market Update: April 2025**

Domestic stock averages ended an extremely volatile April with only modest losses, as investors struggled with the uncertainties surrounding U.S. trade policy. The benchmark S&P 500 index, which started the month by falling more than 10% in just three days, ended the month on a seven-day winning streak. Overall, it was the most erratic month since the early days of the Covid-19 pandemic.

**This volatility is news-driven as policymaking on the fly remains the hallmark of the current government. We expect the uncertainty to continue, making investing in equities a difficult exercise as markets succumb to ‘headline roulette.’**

**David Rosenberg, Rosenberg Research – Barron’s 4/30/25**

For those of us keeping score: The U.S. *goods* trade deficit was a record \$1.2 trillion in 2024. However, the U.S. actually has a *services* trade surplus that grew to \$295 billion last year. You might recall that during the mid-20<sup>th</sup> century, the U.S. actually had a goods trade surplus and services trade deficit.

**For decades, the U.S. and the rest of the world had a deal: Other countries sent cars, phones, clothes and food to the U.S., and in return they got bonds, software, and management consultants.**

**Putzier/Pipe – WSJ 4/10/25**

The declining dollar has been a tremendous tailwind for foreign investments. Foreign stocks recorded gains of over 3% for the month and are now up 9% year-to-date. (In comparison, domestic stocks are down more than 5% over the past four months.) Foreign bonds have gains

in excess of 7% year-to-date, more than double the return of their domestic counterparts.

**The decline in the dollar has come as a surprise to many. Economic textbooks teach that foreign currencies tend to weaken when economies are hit with tariffs, helping to make goods cheaper to offset the cost of the levies.**

**Instead, investors have reacted by dumping U.S. assets, unwinding huge bets they made in recent years ... As investors sell U.S. dollar assets, they recycle them into home currencies, pushing up their value.**

**Dulaney/MacDonald – WSJ 4/16/25**

On Friday, May 2<sup>nd</sup>, the U.S. Labor Department reported 177,000 jobs were added in April. This was above economists' expectations but less than the 185,000 jobs added in March. For the third month in a row, government employment declined. Note that federal workers recently cut by the new Department of Government Efficiency (DOGE) are on paid leave and still considered to be employed.

**Some of April's job gains may have been driven by the burst of activity that occurred as companies worked to get in front of tariffs.**

**Samuel Tombs, Pantheon Macroeconomics – WSJ 5/2/25**

Existing home sales fell by 5.9% in March, the largest monthly decline in more than two years. It was also the slowest sales pace for any March since the peak of the great financial crisis. The national median existing-home price reached \$403,000 for the month ... up 2.7% over the past twelve months.

From a year earlier, March sales were off 2.4% according to the National Association of Realtors. Housing inventory, however, is up 8.1% from

February and 19.8% from March 2024. Still, high prices and high mortgage rates are keeping potential buyers on the sidelines.

Buyers are apparently gaining more negotiating power. According to real-estate brokerage Redfin, 44% of purchases in the first quarter included a seller concession.

**Even with more inventory, existing-home sales are struggling to get traction. I was hoping that we would begin to see some meaningful recovery this year. Well, so far, it's not happening.**

**Lawrence Yun, NAR's Chief Economist – WSJ 4/24/25**

Americans have amassed \$35 trillion in home equity, up from \$19.5 trillion in 2020. According to the Federal Reserve, that is nearly twice the increase of financial wealth (stocks and bonds). According to ICE Mortgage Technology, the average homeowner with a mortgage has about \$313,000 of equity.

**Yet rising home values also often translate into higher costs, such as taxes. Lots of equity can bring down college financial aid for families. And cashing in on wealth is difficult: High interest rates and prices have held back home sales – and the prospects of big capital-gains tax bills is spurring some to hold on to the homes.**

**Dagher/Tergesen – WSJ 4/7/25**

The University of Michigan's index of consumer sentiment dropped 8% in April to 52.2 ... down from the 57 reading in March. A separate index, which measures expectations for the future, has declined 32% since January. That was the biggest three-month percentage decline since the recession of 1990.

**Consumers perceive risks to multiple aspects of the economy, in large part due to ongoing uncertainty around trade policy and the potential for a resurgence of inflation looming ahead. Labor market expectations remain bleak.**

**Joanne Hsu, University of Michigan – WSJ 4/25/25**

The U.S. economy declined in the first quarter, as gross domestic product (GDP) fell at an annual rate of 0.3%, according to the Commerce Department. The main influence in the GDP calculation was *net exports*, the difference between what the U.S. imports and exports. Imported goods and services rose 41.3% during the quarter, as businesses rushed to get ahead of expected future tariffs.

In fact, net exports were responsible for the largest quarterly GDP drag on record. That measure alone subtracted 5 full percentage points from the headline GDP number. Note that imports subtract from the GDP calculation because they represent amounts spent on foreign-made goods and services.

**In the investment world, myriad market strategists are predicting imminent economic recession ... at the same time, consumer confidence has soured for a fifth consecutive month. These so-called soft indicators point to widespread worry about the economic outlook.**

**Yet there are ample reasons to think the economy will avert a recession this year ... The hard data, or objective measures of economic growth, employment, inflation, and retail sales, don't provide a clear picture so far of economic distress, and consumer data indicated continued growth in spending. That doesn't mean GDP growth won't slow, but the economy's residual strength suggests it may not contract.**

**Megan Leonhardt – Barron's 5/2/25**

China's manufacturing activity and new export orders declined in April. Some companies that supply the U.S. market have suspended production and put employees on leave. Somewhere between 10 million and 20 million manufacturing jobs in China depend on U.S. purchases, according to Goldman Sachs.

**While a trade war is also hitting American businesses and heightening inflationary pressure and recession risks in the U.S., the pain for China is likely to go deeper. That is partly because it has increased, rather than decreased, its focus on exports as a cornerstone of the economy.**

**Wei/Huang – WSJ 4/30/25**

The world's five largest containership operators report bookings for eastbound trans-Pacific shipments are down by at least one-third. The U.S. imported around 11 million containers from China last year. It is estimated that tariffs have so far cut the volume by 300,000 boxes.

**China's economy got a boost in the first quarter from a rush of exports to the U.S. ahead of stiff new tariffs, but growth is set to slow as the trade war between Washington and Beijing heats up.**

**Jason Douglas – WSJ 4/15/25**



For the last couple of decades or so, growth stocks have trounced value stocks, and domestic markets have decidedly outperformed foreign markets. So far this year, quite the opposite has occurred, as value stocks are beating growth stocks, while foreign equities are outperforming U.S. stocks by more than 14 full percentage points.

So, for many investors making investment decisions purely based on past investment experience, 2025 has been a real "head scratcher".

**The problem is that your memory bank can deceive you in dangerous ways. Your experience of the past is a reasonable guide to the future only if the future turns out to resemble the portion of the past that you've lived through. And it often doesn't.**

**Jason Zweig – WSJ 4/25/25**

Today's economic backdrop is loaded with uncertainty, particularly when it comes to global trade. As always, we continue to stress the importance of maintaining policy discipline and being humble when it comes to addressing the overall economic backdrop.

**When uncertainty is driving markets, investors must remember the basics. Diversification is critical, as bonds help diversify equity exposure against growth shocks. Investors should also get invested and stay invested.**

**J.P. Morgan Asset Management – Market Insights 4/14/25**

As you know, we have just completed our merger with Savant Wealth Management. We chose to partner with Savant because we share the same values and are committed to comprehensive planning strategies. In addition, we have the same core beliefs when it comes to the construction and ongoing management of investment portfolios.

Partnering with Savant gives us considerable resources, including many additional services we can offer to our clients. We now have access to a much wider and deeper toolbox ... and that will make us an even better firm.

More importantly, all 16 of our shareholders now have an equity interest in Savant, and our entire team remains fully intact. We are all very excited about this opportunity, and I am certain you will be too.

As always, thank you for your trust and support.

**Daniel G. Corrigan, CPA/PFS, CFP®**