MONTHLY VIEWPOINT

OUR CURRENT VIEW ON MARKETS
AND THE ECONOMY
APRIL 2025

FORWARD WEALTH MANAGEMENT

BIG THOUGHT

On April 2nd, the Trump administration took the biggest step to fundamentally reshape the tax-trade structure in the U.S. since Nixon took us off the gold standard in early 1970 by instituting significant tariffs (See: Chart of the Month). The announcement is now stoking fears that the vibecession (recessionary "soft" data) of early spring will lead to an outright recession. Historically, investors look to the Federal Reserve for monetary support during uncertain times (i.e. the "Fed Put"). However, Powell himself said in March the committee agreed to "wait for further clarity," before committing to further rate cuts. This leaves a great deal of uncertainty for markets without any notable policy support. Prior to the tariff announcement, our March month-end trend data downgraded from neutral to negative (See: Dashboard), as multiple segments of U.S. assets confirmed intermediate-term downtrends. This is a noteworthy signal that "risk-off" mandates have now been taken up by long-term asset managers, paving the way for continued volatility.

DASHBOARD

Valuation	Red
Trend	Red
Economy	Yellow
Inflation	Yellow
Money Flow	Red
Credit	Green

BULLISH

- Credit markets not showing expansion in spreads, i.e. currently no recession pricing
- Deficit reduction plan provides pathway to fiscal sustainability
- Sentiment is low, paving the way for near-term market support

BEARISH

- Near-term economic weakness & global trade restructuring risks negative feed-back loop
- Market valuation at levels last seen in 2000
- Big institutions selling (Negative Money Flow)
- US inflation expectations trending higher in response to tariff impacts

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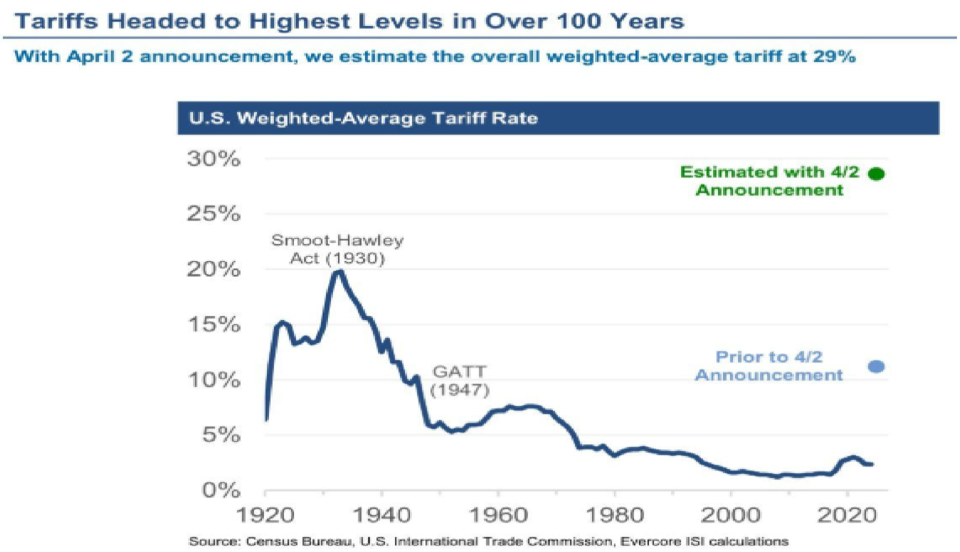
CHART OF THE MONTH



Evercore ISI via @jasonfurman

During Covid, U.S. policy-makers embraced a new economic approach of fiscal-monetary policy coordination. This lasted for several years until inflation (2022) and fiscal constraints (2025) limited availabe policy actions. Similarly, we are likely now at the dawn of a new secular change. Trump 2.0's America-first policies focus on reducing government spending and expanding the private sector. Tariffs have been added alongside the 3-3-3 plan as a revenue generator and aim to "level the playing field" of global trade. Whether this strategy proves successful or leads to escalating inflation, global tensions and recession is TBD. What we do know is the scope and scale of the plan is truly unprecedented in the modern era, eclipsing the Smoot-Hawley Act of 1930 (See: Tariff Chart) and that historically, tariffs don't work.

ABOUT FORWARD WEALTH MANAGEMENT

Established in 2014, Forward Wealth Management provides personalized financial advice that delivers peace of mind and confidence where client goals and money decisions intersect with markets and investing. Forward's proprietary approach, TRAC, is a goals-based guidance process which measures and maps Timelines, Resources, and a portfolio's Asset Allocation against current market Conditions and the expected cost of retirement income.

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