

Primary Market Drivers

Economic Data

Last week's Nonfarm payrolls blowout was overshadowed by tariff headlines, though its worth noting that the economy added +228,000 jobs, well above expectations for +140,000 and up from February's +117,000. The labor market continues to exhibit strength amidst fear-driven recession speculation. This week's economic calendar is light until later in the week when we get key inflation data in March CPI (4/10) and PPI (4/11). The only other notable release is Michigan Consumer Sentiment (4/11). Economic data has been an afterthought amidst the volatility induced by tariffs in recent days, and we view this as unlikely to change this week. Finally, earnings season begins on Friday with announcements from JPMorgan, Morgan Stanley, Wells Fargo, Blackstone, BlackRock, and Fastenal. Investors will be looking very closely at guidance and firm commentary this earnings season.

Fed Policy

Expectations for a May 7th rate cut are on the rise. Volatility in the market and uncertainty over the economic impact of tariffs have driven the odds of a 25bps cut up to 30% by May, and 94.1% by June. While Jerome Powell has not yet admitted any change in direction of policy, traders are already shifting expectations ahead of the notoriously late Fed. A strong labor market and a slight uptick in inflation in March has given the Fed cover to leave rates unchanged at recent meetings. It remains to be seen in the wake of recent market volatility and calls for rate cuts from business leaders if the Fed's plan to sit idle can be swayed. We will be watching for any notable shift in Fed's tone ahead of May's meeting, and continue to update rate cut odds here each week.

Tariffs

Global markets are reeling following the "Liberation Day" tariff announcements, where the Trump administration detailed reciprocal tariffs against all countries' current trade barriers with a minimum of 10% across the board. The plan unveiled was much stronger than the market was hoping for, driving equities sharply lower. Over the weekend, 50+ countries have reportedly been in negotiations for lower rates with the White House, highlighted by pushes for 0% from Vietnam and Taiwan. While we will have to wait and see what type of negotiated deals are accepted moving forward, immediate retaliation from China and the EU have sent Wall St. traders into panic mode. While progress is already being made, the general mood surrounding tariffs is extremely negative and criticism over the policy in its current form is widespread. We will continue to update this section as more information becomes available.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

Market Returns 4/4/2025

Category	Ticker	YTD%
Domestic Equity		
S&P 500	SPY	-13.53%
Dow Jones	DIA	-9.59%
Large-Cap Growth	QQQ	-17.20%
Large-Cap Value	IVE	-9.18%
Mid Caps	MDY	-14.86%
Small Caps	IWM	-17.81%
International Equity		
Developed Intl	EFA	-0.78%
Emerging Markets	EEM	-2.97%
Fixed Income		
Core Bonds	AGG	3.64%
Corporate Bonds	LQD	2.97%
High Yield Bonds	HYG	-1.02%
ST Treasuries	IEI	3.93%
LT Treasuries	TLT	7.41%
International Bonds	BNDX	0.68%



Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

Current Environment Summary

What's Working	What's Not	What's Next
Inflation Falling	Tariff Policy	March CPI (4/10) & PPI (4/11)
Fed Easing Cycle	Global Economic Uncertainty	Friday Earnings: JPM, MS, WFC, BK, BLK
Strong Earnings Growth	Fed Pause	Tariff Negotiations Progress
Interest Rates Falling	Tariff Retaliation Against US	Volatility in Equities
Strong Labor Market	Extreme Volatility	4/9 Reciprocal Tariff Implementation
	Extreme Negative Sentiment	

Disclosures

The views and opinions expressed herein are solely those of the authors, Ken Hartley, CFA, and Don Moenning, and do not reflect the opinions or beliefs of Clarus Wealth Advisors and/or Private Client Services. The content of this report is for informational purposes only and is not investment advice. Market information, statistics, and economic data referenced in the Portfolio Manager Commentary were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc, and Ned Davis Research, a paid third-party research provider.

Clarus Wealth Advisors, LLC is a registered Investment Advisor with the Securities Exchange Commission.

Securities offered by Registered Representatives of Private Client Services, Member FINRA/SIPC.

Clarus Wealth Advisors LLC and Private Client Services are unaffiliated companies.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Investors should carefully consider investment objectives, risks, charges and expenses before investing. Some risks to consider are:

Equity Market Risk : *Economic, market, political, and issuer-specific conditions and events will cause the value of equity securities to rise or fall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.*

Value Investment Risk : *Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform equity funds that use other investment strategies.*

Small Company Risk : *Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.*

Tax Advantage Strategy Risk : *An investment strategy that considers the tax implications of investment decisions may alter the construction of portfolios and affect portfolio holdings, when compared to those of non-tax managed. The Clarus Wealth Advisors anticipates that performance of a tax-managed portfolio may deviate from that of non-tax managed portfolios.*

Cyber Security Risk : *Clarus Wealth Advisor's use of internet, technology and information systems may expose the Portfolio to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, among other things, could allow an unauthorized party to gain access to proprietary information, customer data, or fund assets, or cause a portfolio and/or its service providers to suffer data corruption or lose operational functionality.*

Portfolios are subject to change at any time and are under the sole discretion of Clarus Wealth Advisors, LLC.