



Navigating Market Uncertainty: Separating Signal from Noise

As investors, we need to separate signal from noise—a challenging task when the noise is deafening and complicates sound decision-making.

Recent tariff announcements are driving market volatility, but the ultimate impact of these announcements depends on multiple factors:

- Implementation timeline and specifics
- Responses from trading partners
- Federal Reserve's approach to potential inflation
- Actual impact on corporate earnings in coming quarters
- Investor perception: temporary negotiating tactic or permanent policy

Markets typically price in policy changes before implementation, suggesting some adjustments were already underway prior to yesterday's announcements.

The US economy began the year on fairly solid footing with low unemployment, positive economic growth, and strong consumer spending.¹ Although US market valuations were slightly elevated at the start of the year, they are now at reasonable levels. Also, while tariffs and consumer concern could crimp US economic growth over the near term, many economists still predict positive GDP growth for 2025.² Likewise, history suggests positive S&P 500 returns in the 6 – 9% range as a plausible outcome for 2025.

Remember, market corrections are a normal and often short-lived occurrence that shouldn't prompt serious investors to reconsider their strategy.

What about the perpetual question: "Is it different this time?" As legendary investor Sir John Templeton warned, these are "the five most dangerous words in investing." Most often, we are simply experiencing temporary, unpleasant normalcy rather than a paradigm shift.

Adhere to fundamental principles:

- Need funds within 0-5 years? Focus on cash, money markets, CDs, and Treasury Bonds
- Longer investment horizon? Prioritize equities, which historically appreciate over time
- Maintain diversification across company sizes, geographies, and industries—your BLBB portfolios are structured to weather varying economic conditions.

While we are monitoring developments closely, it is still too early to distinguish facts from posturing and speculation. Long-term investment discipline remains your best defense against short-term market noise.

¹ <https://www.cbsnews.com/news/us-economy-gdp-healthy-last-quarter-2024/>

² <https://www.cnbc.com/2025/03/31/first-quarter-gdp-growth-will-be-just-0point3percent-as-tariffs-stokestagflation-conditions-says-cnbc-survey.html>

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Investing involves risk including loss of principal.

Gross Domestic Product (GDP) is a key economic indicator that measures the total value of all final goods and services produced within a country's borders during a specific period, typically a year or a quarter. It's used to assess a nation's overall economic health and track its growth over time.