

Will Tariff Turmoil Linger?



Live Webinar with Tom Lee

Monday, April 7 @ 4:30 pm ET

Markets in Turmoil: Assessing where things stand

[Register](#)

Last week was **undeniably painful** for most investors found this week to be painful, with **scant refuge to be found**. At the end of the month and quarter on Monday, we saw the S&P 500 down 5.8% in March, the worst month since December 2022. **The index also snapped a five-quarter win streak**, declining 4.6%. The Nasdaq fared worse, with a monthly decline of 8.2% and a quarterly pullback of 10.4%.

President Trump's tariff announcement – which he proclaimed to be “Liberation Day” – **obviously added to that pain**, as did China's not-unexpected retaliatory response on Friday. Head of Technical Strategy Mark Newton acknowledged that “most technical support levels have been broken with ease this past week.” Alas, **he isn't sure the pain is over yet**. In his view, various technical indicators – cycle work, seasonal studies, and certain DeMark indicators, for example – suggest that this might take a little more time. “In my view, **the next two weeks should represent an important time window** which should have some importance,” he told us, stressing the importance of vigilance. “**For now**, however, my view is that it's **nearly impossible to call a bottom**.”

Fundstrat Head of Research Tom Lee acknowledged the near-term fear gripping equity markets, but he suggested that “the extreme nature of the proposed measures points to a high likelihood that these will ultimately prove short-lived.” In his view, the reciprocal rates as calculated by the White House “are **so absurd that these look to be a negotiating tactic**,” with a methodology that reflects “an effort to impose **leverage rather than economic realism**.”

It might work, he suggested: “If we look at the early responses, India and Israel have pledged to drop tariffs by April 9, Canada has issued conciliatory remarks, and South Korea plans to negotiate,” he pointed out. On Friday, Trump also posted about a “productive call” with President Tô Lâm of Vietnam, which the U.S. had threatened with 46% tariffs.

Lee viewed this as more evidence that the tariff proposals are a negotiation ploy rather than the beginning of a deliberate trade war. “To me, **this is also an olive branch [from Trump] to equity markets** which have been getting crushed,” he said – further supportive of the “Trump put” in play. Despite this week’s shock, Lee’s view is that the proposed tariffs might be “**more tactical than permanent**.”

Sector Allocation Strategy

These are the latest strategic sector ratings from Head of Research Tom Lee and Head of Technical Strategy Mark Newton – part of the April 2025 update to the [FSI Sector Allocation Strategy](#). FS Insight Macro and Pro subscribers can [click here](#) for ETF recommendations, precise guidance on strategic and tactical weightings, detailed commentary, and methodology.



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April 7, 2025 at 4:30 pm ET



Chart of the Week



Top and Bottom 20 Sub-Industries by 1D % Abs. Chg.
4/3/2025

Bottom 20 Sub-Industries

Name	% Abs Chg.
S&P 500	-4.84
1 Homefurnishing Retail	-19.58
2 Oil & Gas Drilling	-16.20
3 Consumer Electronics	-14.80
4 Footwear	-14.04
5 Apparel, Accessories & Luxury Products	-13.78
6 Oil & Gas Refining & Marketing	-13.26
7 Computer & Electronics Retail	-13.17
8 Leisure Products	-13.08
9 Housewares & Specialties	-12.61
10 Independent Power Producers & Energy Traders	-12.26
11 Diversified Chemicals	-11.87
12 Passenger Airlines	-11.10
13 Aluminum	-10.80
14 Marine Transportation	-10.63
15 Coal & Consumable Fuels	-10.26
16 Technology Hardware, Storage & Peripherals	-10.02
17 Electronic Manufacturing Services	-9.98
18 Air Freight & Couriers	-9.94
19 Motorcycle Manufacturers	-9.93
20 Consumer Finance	-9.74

Top 20 Sub-Industries

Name	% Abs Chg.
S&P 500	-4.84
1 Tires & Rubber	12.55
2 Managed Health Care	3.89
3 Water Utilities	3.75
4 Tobacco	3.26
5 Health Care Distributors	2.86
6 Food Retail	2.23
7 Soft Drinks & Non-alcoholic Beverages	1.97
8 Household Products	1.97
9 Packaged Foods & Meats	1.95
10 Integrated Telecommunication Services	1.89
11 Wireless Telecommunication Services	1.84
12 Health Care Services	0.63
13 Brewers	0.59
14 Property & Casualty Insurance	0.50
15 Insurance Brokers	0.30
16 Electric Utilities	0.30
17 Health Care Facilities	0.30
18 Renewable Electricity	0.24
19 Multi-Utilities	0.23
20 Environmental & Facilities Services	0.11

Source: Fundstrat, Factset

*S&P 1500 GICS 4 Sub-Industries

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Although Trump's tariffs caused pain throughout the financial markets, there's no denying that some industries and sectors were hit harder than others. Fundstrat's data science team created our Chart of the Week above, showing which sectors were hit hardest and which suffered less pain relative to the S&P 500 index as a whole.

Recent *Flash Insights*

Mark L. Newton, CMT_{AC}

Head of Technical Strategy

Note that CCC spreads, the “Junkiest” level of fixed income, have been rising but still have a ways to go to indicate recession territory and remain still below last year’s peaks



Apr 4 • 10:27 AM

**Tom Lee, CFA, CFA_{AC}**Head of Research

This was posted on truth social minutes ago

- Trump making positive statements about free trade convo with Vietnam Sec General
- Definitely showing Trump wants to “negotiate” with countries on tariffs
- To me, this is also an olive branch to equity markets which have been getting crushed

SPY ▼-5.91%

QQQ ▼-6.26%

IWM ▼-4.55%



Donald J. Trump ✓

@realDonaldTrump

2m

Just had a very productive call with To Lam, General Secretary of the Communist Party of Vietnam, who told me that Vietnam wants to cut their Tariffs down to ZERO if they are able to make an agreement with the U.S. I thanked him on behalf of our Country, and said I look forward to a meeting in the near future.



64

213

912



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Apr 4 • 11:43 AM



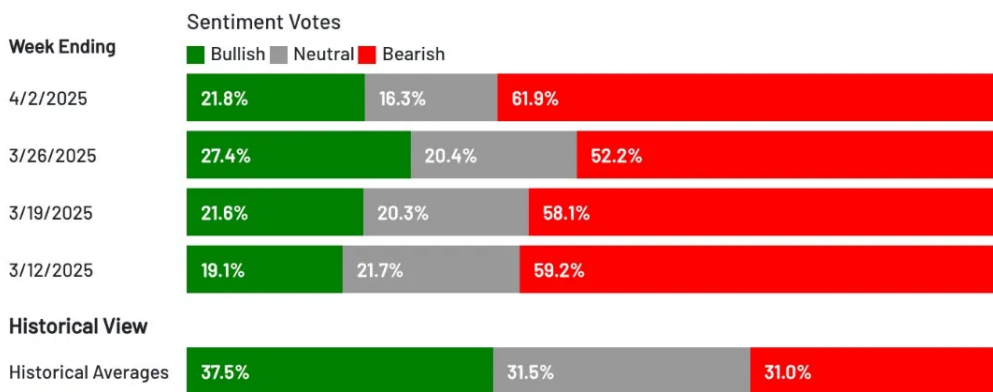
Mark L. Newton, CMT_ AC

Head of Technical Strategy



Sentiment polls like AAll showed a 61.9% % Bears, which is the 3rd highest bearish reading of all time, exceeded the height of Retail bearishness following the bear market in 2022. Only 3/5/09 and 10/19/90 showed higher negativity. Bullish responses were 21.8%, ranking among the 100 lowest readings ever. It goes without saying that bearishness, in of itself, cannot cause markets to reverse, and we'll need to see a drying up of selling on this decline, or evidence of Capitulation, which didn't happen yesterday. Given announcements forthcoming for 4/5 (tomorrow) 4/9 for Europe. It would seem imperative for negotiation of some sort to happen to prevent a larger trade war from developing

What Direction Do AAll Members Feel The Stock Market Will Be In The Next 6 Months?



[Apr 4 • 10:27 AM](#)

FS Insight Video: Weekly Highlight



Key incoming data

- ~~4/1 9:45 AM ET: Mar F S&P Global Manufacturing PMI~~ **Tame**
- ~~4/1 10:00 AM ET: Mar ISM Manufacturing PMI~~ **Tame**
- ~~4/1 10:00 AM ET: Feb JOLTS Job Openings~~ **Tame**
- ~~4/2 10:00 AM ET: Feb F Durable Goods Orders MoM~~ **Tame**
- ~~4/3 8:30 AM ET: Feb Trade Balance~~ **Tame**
- ~~4/3 9:45 AM ET: Mar F S&P Global Services PMI~~ **Tame**
- ~~4/3 10:00 AM ET: Mar ISM Services PMI~~ **Tame**
- ~~4/4 8:30 AM ET: Mar Non-farm Payrolls~~ **Hot**
- 4/7 9:00 AM ET: Mar F Manheim Used Vehicle Index
- 4/8 6:00 AM ET: Mar Small Business Optimism Survey
- 4/9 2:00 PM ET: Mar FOMC Meeting Minutes



- 4/10 8:30 AM ET: Mar Core CPI MoM
- 4/11 8:30 AM ET: Mar Core PPI MoM
- 4/11 10:00 AM ET: Apr P U. Mich. 1yr Inf Exp

▶ Live Webinar and Q&A

Mark Newton's Live Technical Analysis

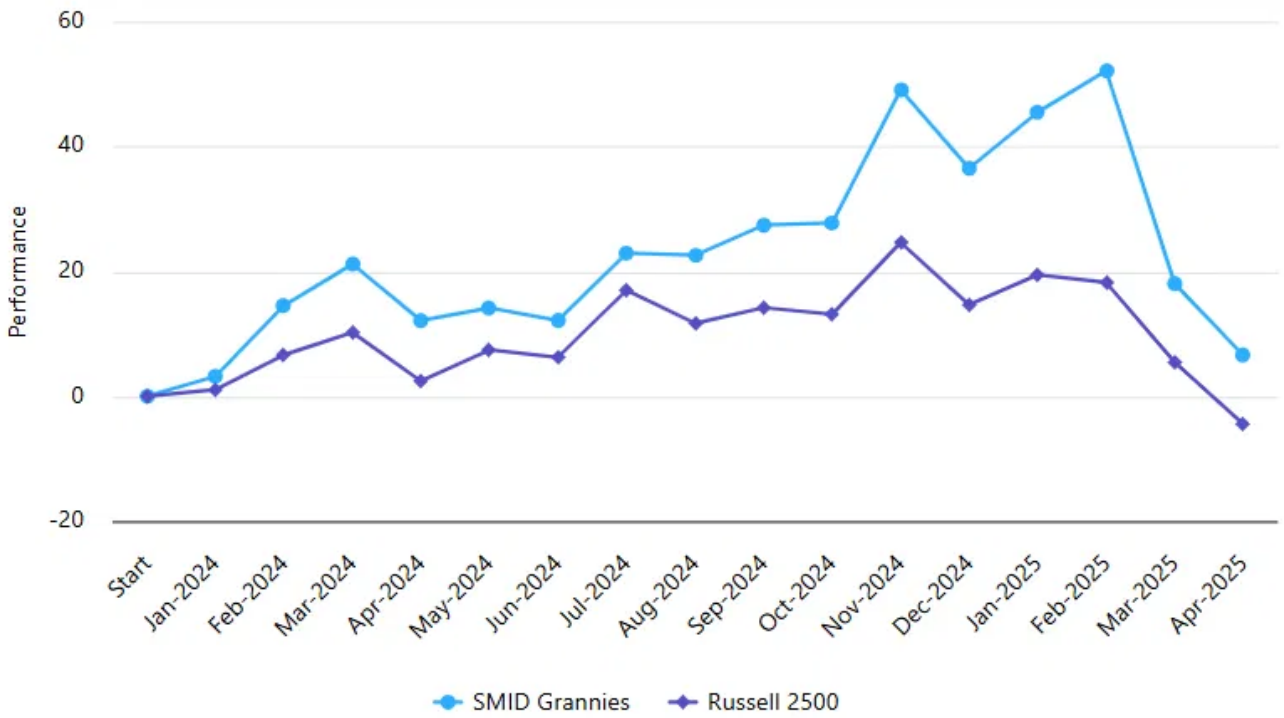
April 10 2025 at 2pm ET

Mark Newton, CMT
Head of Technical Strategy

Stock List Performance



Inception to Date SMID Granny Shots Performance (January 16, 2024)

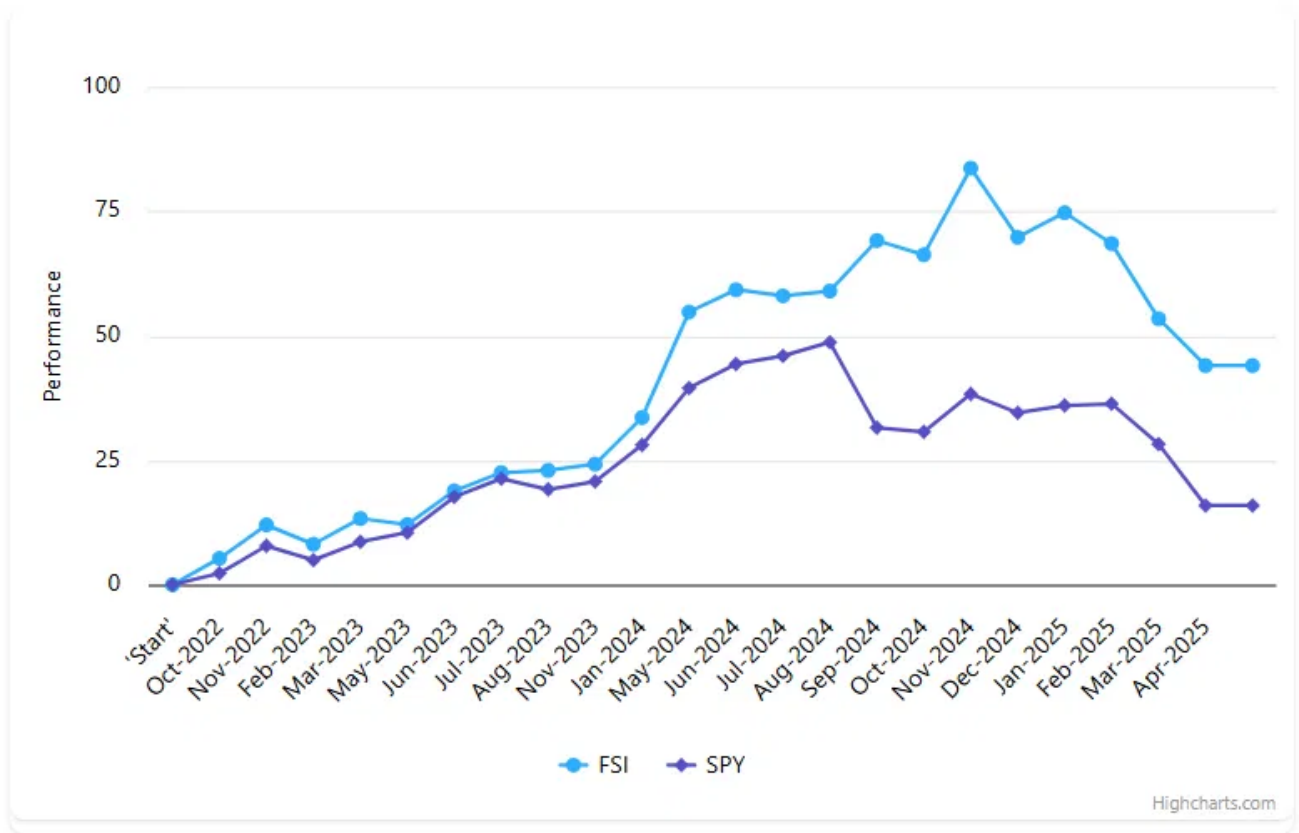


Highcharts.com

Performance period: January 16, 2024 through April 04, 2025



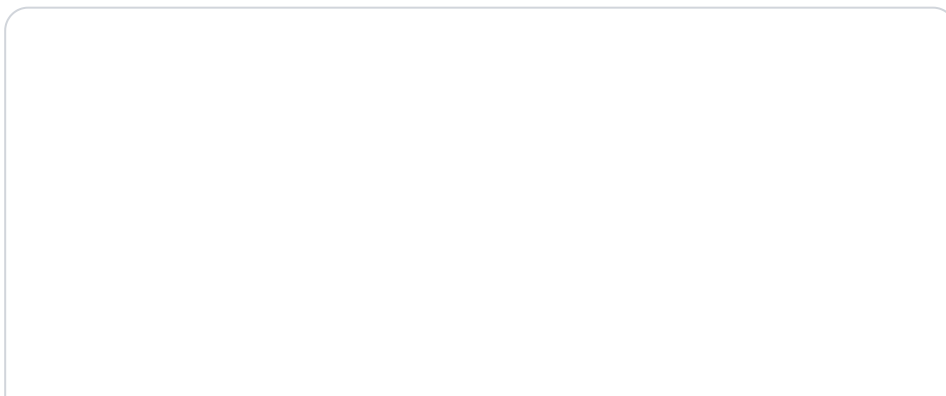
Upticks Against the SPY (Inception to Date)



- Upticks
- SPY

Performance period: October 5, 2022 through April 05, 2025

In the News





Markets could have the 'right pieces' for a bottom this week

Mar 31, 2025



Odds of a V-shaped recovery in stocks that come after April 2 is extremely high

Mar 27, 2025





Don't think the economy nor earnings justify this level of fear, says Fundstrat's Mark Newton

Mar 19, 2025



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