

FSI Snapshot

April 20, 2025

How to Make Sense of a Choppy Stock Market?

**Hardika Singh**

ECONOMIC STRATEGIST, MARKET INTELLIGENCE

Major stocks indexes **pared back some of last week's gains**, hurt by the ever-changing tariffs policy and warning of a hit to a major chipmaker's earnings.

The S&P 500 fell 1.5% this week, with the **declines led by tech stocks**. The consumer discretionary sector and information technology sector were the worst performers, down 3.2% and 3.6%, respectively. Meanwhile, the Nasdaq Composite fell 2.6%.

Despite being a holiday-shortened trading week, there was no shortage of market-moving events. On the tariffs-front, the percentage imposed by the U.S. on China became **"further absurd," rising to as much as 245%**. Fundstrat Head of Research Tom Lee isn't too worried about that number because he believes that this is not a normal market at this moment. "In this post-Liberation day environment, 'headlines' not fundamental developments drive market moves," he said.

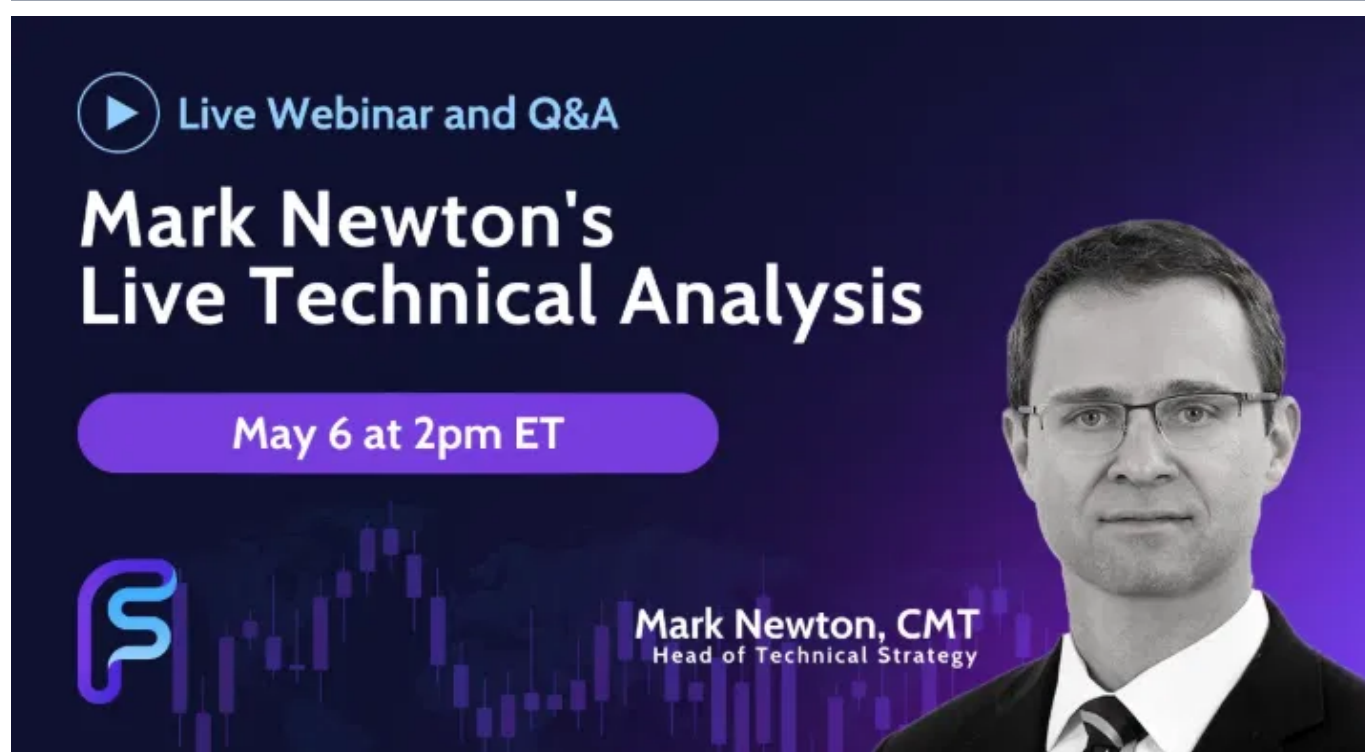
Another drag on markets came Wednesday morning when **Nvidia said it would record a \$5.5 billion charge** on its quarterly earnings, after the U.S. asked it to require a license for exporting the company's H20 processors to China and other countries. Head of Data Science "Tireless" Ken Xuan said during the weekly huddle that he likes that Nvidia Chief Executive **Jensen Huang visited Beijing on Thursday** to allegedly discuss new chip designs for Chinese customers.

The losses picked up steam later that afternoon when Federal Reserve Chair **Jerome Powell warned that tariffs could make it harder** for the central bank to address both of its dual mandates of stable prices and maximum employment.

The messaging was **undoubtedly perceived hawkishly** by investors and President Donald Trump, who said Thursday that the chair's end of tenure "cannot come fast enough."

But Xuan said that Powell wasn't necessarily negative. "It has been the **same message delivered by Powell**, so nothing new. The Fed is basically in the wait-and-see game, which is fair because there are no clear signs" he said.

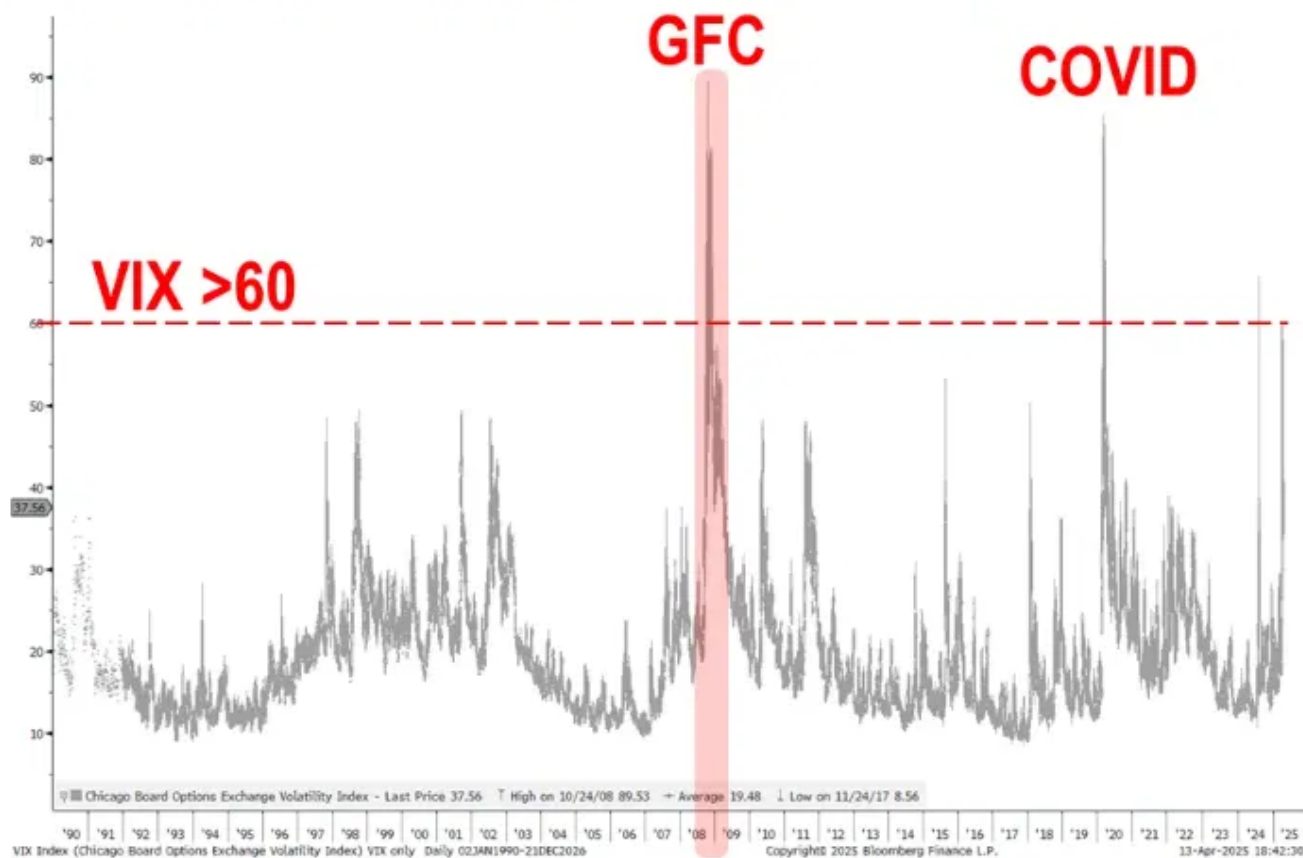
Sentiment and momentum, however, remain negative for now. Head of Technical Strategy Mark Newton said that, "it's not unrealistic to think we're still going to be choppy, but the bigger picture is that in the second half of the year, **I expect it to be much better.**"



The banner features a dark blue background with a subtle candlestick chart pattern. On the left, a play button icon is next to the text "Live Webinar and Q&A". Below this, the title "Mark Newton's Live Technical Analysis" is prominently displayed in white. A purple pill-shaped button contains the text "May 6 at 2pm ET". On the right side, there is a portrait of Mark Newton, a man with glasses wearing a suit and tie. Below his name, "Mark Newton, CMT", is his title, "Head of Technical Strategy". The FSI logo is visible in the bottom left corner of the banner.

Chart of the Week

VIX: Can we go wrong buying S&P 500 with VIX >50?



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Fundstrat Head of Research Tom Lee likes that the VIX, considered to be Wall Street's fear gauge, fell to about 30 after surging to 60. Historical data show that the VIX has surged above those levels only two other times. The first was during the financial crisis in 2008 and the second was during the onset of Covid-19 in 2020. Both of those instances were accompanied by stocks rallying furiously afterward. "The fact is—it is wise to buy stocks when the VIX is above 50, and especially when it makes a move back below 50," Lee said.

Recent Flash Insights



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

Mexico's Equity ETF (**EWX**) has reached the highest levels since last October, after this week's breakout. EWX along with INDA and the Ishares LatinAmerica 40 ETF (**ILF**) all look like attractive vehicles for those who are growing impatient with US technology



Apr 17 • 2:02 PM



Tom Lee, CFA, CFA_{AC}

Head of Research

Powell at EC Chicago statements not surprising;

- Fed can't act until they know what impacts tariffs will have
- Tariffs impact ultimately determined by White House (aka Trump)
- In short, Fed will act after White House sets path
- Not a surprise since Powell said this last week

Market reaction: while stocks down, yields falling and VIX muted So markets not acting entirely shocked. And drop on yields is a good thing.

Apr 16 • 2:28 PM



Mark L. Newton, CMT_{AC}

Head of Technical Strategy

One more chart, courtesy of this month's Bank of America Fund Manager Survey Investor sentiment. We see below that the current level of sentiment is the 5th lowest on record (behind 2001, 2009, 2019 and 2022) This gauge is based on cash levels (which rose to 4.8%, the largest 2 month increase since April 2020), along with Equity Allocation, and Fund Manager Survey Growth expectations.

Chart 2: BofA Global FMS investor sentiment sinks to 5th lowest level on record
Percentile rank of FMS growth expectations, cash level, and equity allocation



Source: BofA Global Fund Manager Survey.

Our broadest measure of FMS sentiment, based on cash levels, equity allocation, global growth expectations fell to 1.8 in April from 3.8 in March, the lowest level since Oct'23.

The current level of sentiment is the 5th lowest on record (behind 2001, 2009, 2019 and 2022).

Note April Global FMS data causes BofA Bull & Bear Indicator to drop from 4.8 to 4.5.

Apr 15 • 4:18 PM

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~~ **Tame**
- ~~4/8 6:00 AM ET: Mar Small Business Optimism Survey~~ **Tame**
- ~~4/9 2:00 PM ET: Mar FOMC Meeting Minutes~~ **Mixed**



- ~~4/10 8:30 AM ET: Mar Core CPI MoM~~ **Tame**
- ~~4/11 8:30 AM ET: Mar Core PPI MoM~~ **Tame**
- ~~4/11 10:00 AM ET: Apr P U. Mich. 1yr Inf Exp~~ **Hot**
- ~~4/14 11:00 AM ET: Mar NYFed 1yr Inf Exp~~ **Mixed**
- ~~4/15 8:30 AM ET: Apr Empire Manufacturing Survey~~ **Tame**
- ~~4/16 8:30 AM ET: Mar Retail Sales~~ **Tame**
- ~~4/16 10:00 AM ET: Apr NAHB Housing Market Index~~ **Tame**
- ~~4/16 4:00 PM ET: Feb Net TIC Flows~~ **Tame**
- ~~4/17 8:30 AM ET: Apr Philly Fed Business Outlook~~ **Tame**
- ~~4/17 9:00 AM ET: Apr M Manheim Used Vehicle Index~~ **Mixed**
- 4/23 9:45 AM ET: Apr P S&P Global Services PMI
- 4/23 9:45 AM ET: Apr P S&P Global Manufacturing PMI
- 4/23 10:00 AM ET: Mar New Home Sales
- 4/23 2:00 PM ET: Apr Fed Releases Beige Book
- 4/24 8:30 AM ET: Mar P Durable Goods Orders MoM
- 4/24 8:30 AM ET: Mar Chicago Fed Nat Activity Index
- 4/24 10:00 AM ET: Mar Existing Home Sales
- 4/25 10:00 AM ET: Apr F U. Mich. 1yr Inf Exp
- 4/28 10:30 AM ET: Apr Dallas Fed Manuf. Activity Survey
- 4/29 9:00 AM ET: Feb S&P CS home price 20-City MoM
- 4/29 10:00 AM ET: Apr Conference Board Consumer Confidence
- 4/29 10:00 AM ET: Mar JOLTS Job Openings
- 4/30 8:30 AM ET: 1Q A GDP QoQ
- 4/30 8:30 AM ET: 1Q ECI QoQ
- 4/30 10:00 AM ET: Mar Core PCE MoM



▶ Live Webinar and Q&A

“Super Grannies” & Market Update Webinar

Monday, May 19 @ 2pm ET



Tom Lee, CFA
Head of Research



Mark Newton, CMT
Head of Technical Strategy

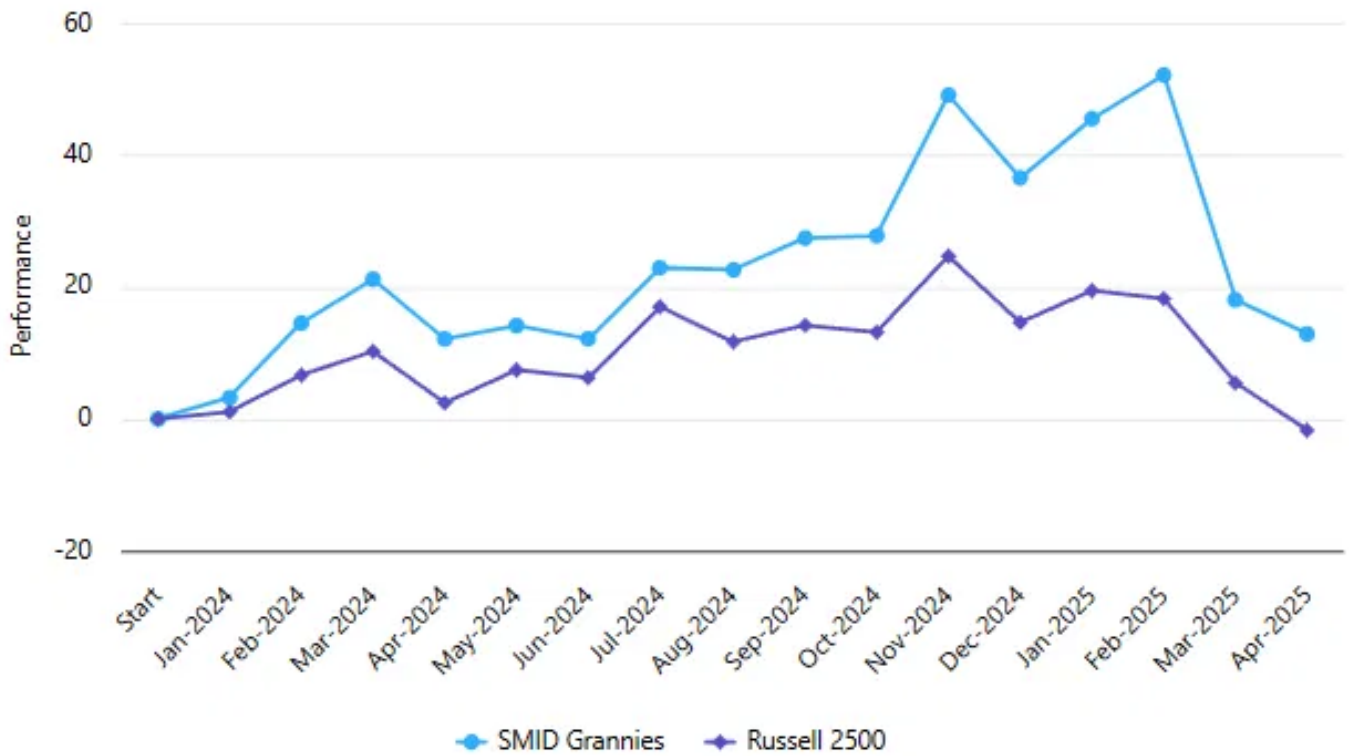


Register



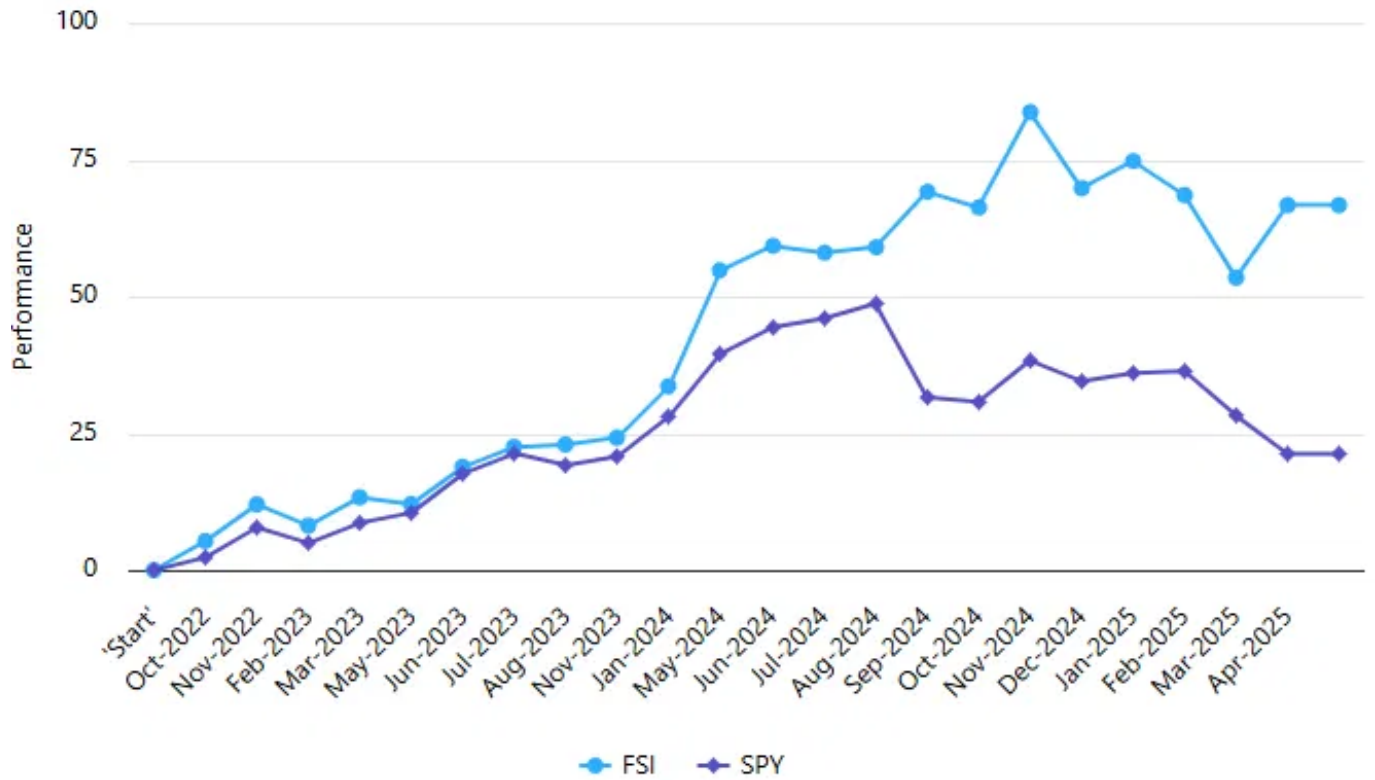
Stock List Performance

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



Highcharts.com

Upticks Against the SPY (Inception to Date)



Highcharts.com

In the News



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Apr 14, 2025



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