



Coffee & Commentary

February 10, 2025

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's Managing Partner and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- U.S. stocks began the week on a down note amid newly imposed tariffs and ensuing trade negotiations involving the United States, Canada, Mexico, and China. However, after some tariffs were temporarily rolled back, market indexes recovered part of those losses, ultimately ending the week with only fractional declines. Final results on the week were; **S&P 500 -0.2%**, **NASDAQ -0.5%**, and the **Dow -0.5%**.
- January's addition of 143,000 jobs came in below analysts' expectations and showed a slowdown from the prior month. Despite the reversal, the report included several positives: job growth estimates for November and December were revised upward by a total of 100,000, and the unemployment rate dipped from 4.1% to 4.0%.
- Gold reached a record high for the second consecutive week, continuing its nearly three month surge. On Friday, the precious metal briefly climbed above the \$2,900-per-ounce mark for the first time. A year ago, gold was trading just above \$2,000.

2. How are we to prepare and act?

- The U.S. economy has entered 2025 showing encouraging resilience, with

key indicators suggesting above-trend growth, healthy consumer spending, and low unemployment. Despite concerns over tariffs and trade uncertainty, U.S. stock markets have risen in the early part of the year, supported by strong fundamentals. Recent data shows first-quarter GDP tracking well above the historical growth range, indicating that businesses and consumers remain active participants in a growing economic environment. Consumption continues to advance at a higher-than-average pace, helped by wage gains that are outpacing inflation. Meanwhile, corporate earnings are on course for double-digit growth in 2025, with the majority of S&P 500 companies so far exceeding expectations.

- Against this backdrop, tariff policy stands out as a key source of uncertainty, particularly if levies on trade partners, including China, Mexico, and Canada, were to escalate significantly from here. Should tariffs expand and prices for everyday goods increase, there is a risk that households could feel the pinch, slowing overall growth and heightening market volatility. However, the current administration has described tariffs less as a “trade war” and more as a negotiation tactic, giving market participants hope that any severe escalation can be avoided. Even if tariffs cause market pullbacks, it is our belief that such dips will likely be short-lived, given the underlying strength of the economy and the possibility of more supportive policy changes in the future.

3. Taking a look at the week ahead.

- Wednesday — Consumer Price Index (CPI)
- Thursday — Producer Price Index (PPI)

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What’s Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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