



Coffee & Commentary

April 14, 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?

- Volatile swings in trade tensions once again rattled the U.S. stock market, but when the dust settled, the major indexes ended the week on a strong note. The NASDAQ soared over 7%, the S&P 500 rose nearly 6%, and the Dow advanced by around 5%. Final results on the week were; **S&P 500 +5.7%**, **NASDAQ +7.3%**, and the **Dow +5.0%**.
- Even as worries persist that higher tariffs might drive up prices in the near future, the government's latest Consumer Price Index (CPI) reading hit a four-year low. Inflation stood at an annual rate of 2.4% in March, dropping from 2.8% in February. On a monthly basis, prices edged down 0.1%—the first decrease since May 2020.
- Gold continued its ascent for the fifth time in six weeks, surpassing \$3,200 per ounce for the first time and trading near \$3,250 on Friday afternoon. The precious metal climbed 7% for the week and has risen 22% year to date.

2. How are we to prepare and act?

- Markets were able to regain some lost ground this week as the U.S. introduced a 90-day pause on newly proposed levies for most countries. While this reversal suggests that the peak of trade uncertainty may have

passed, ongoing negotiations could still produce a mix of positive and negative headlines that keep market volatility higher than usual. Historically, volatility spikes of this magnitude have been rare, and often occur when pessimism is already priced into asset valuations. While there is no guarantee of a sharp “V-shaped” recovery, further clarity around tariffs and the path to their reduction and/or removal would be well-received by markets. For now, it appears that a large portion of potential bad news has been factored into current stock prices, meaning that if the economy continues to grow—rather than slip into recession—prices could begin a sustained comeback.

- Although uncertainty can be unsettling, investors can draw encouragement from the fact that downturns have historically given way to dramatic rebounds once extreme fear subsides. Valuations across major equity indexes are now at or below their 10-year historical averages, suggesting that stocks may be less vulnerable to further downside if the global trade backdrop improves. On balance, there is room for hope that ongoing talks and delays will eventually yield more lasting resolutions, providing time for businesses to adjust and for markets to refocus on economic and corporate fundamentals.

3. Taking a look at the week ahead.

- Wednesday — Retail sales
- Friday — Good Friday

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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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