



THE MARKET HATES UNCERTAINTY!

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The expression “the market can deal with good news or bad news, but it hates uncertainty” reflects a common principle in financial markets. It highlights the idea that investors and markets are generally better equipped to handle clear and definitive information – whether positive or negative – because it allows them to make informed decisions.

Uncertainty, on the other hand, creates hesitation and volatility because it leaves market participants unsure about how to act.

Much of the present market uncertainty is being caused by the discussion of tariffs and the speculation about the damage that they might do. The discussion is the uncertainty causing volatility. The actual tariffs represent the good or bad news that the markets will digest, adjust for and will then settle down.

President Trump’s stated objective is to impose reciprocal tariffs on our trading partners.

Reciprocal tariffs are import duties imposed by one country to match or counteract the tariffs levied by another country on its exports. In President Trump’s words, “If they tax us, we tax them the same amount.” The primary purpose of reciprocal tariffs is to promote balanced trade and ensure fairness in international commerce.

If the President is successful with the reciprocal tariffs, tariffs may be reduced around the world. There is evidence that this is already beginning to happen. Nations

and corporations are committing to build their factories inside the United States to avoid having to pay tariffs on imported products. Additionally, some countries are offering to lower their tariffs on US products to avoid increased tariffs on their own goods.

Scale & Scope of India’s Tariff Reduction Offers

In a notable departure from other major economies like China, Canada, and the European Union, India has taken a proactive approach to address trade imbalances with the United States. Recent Reports indicate that India is willing to implement substantial tariff reductions on American imports, representing one of the most significant trade concessions from India in years.

United Arab Emirates (UAE): Pledged \$1.4 trillion in investments across various sectors, making it the largest foreign commitment during Trump’s presidency.

Saudi Arabia: Crown Prince Mohammed bin Salman announced a \$600 billion investment over the next four years, focusing on enhancing trade and economic relations with the US.

Corporations

Taiwan Semiconductor Manufacturing Company (TSMC): Announced a historic \$100 billion investment in semiconductor manufacturing in Arizona, creating thousands of high-paying jobs.

Apple: Committed \$500 billion over four years for AI server production and domestic job creation, including hiring 20,000 workers.



Hyundai: The South Korean conglomerate pledged \$20 billion, including a \$5 billion steel plant in Louisiana.

NVIDIA: Announced a \$100 billion investment in AI chip manufacturing in the US.

SoftBank/OpenAI/Oracle (Stargate Project): Jointly pledged up to \$500 billion for AI infrastructure development across the US, creating hundreds of thousands of jobs.

Other Investments

Pharmaceutical companies like Johnson & Johnson (\$55 billion) and Eli Lilly (\$27 billion)

Japanese automakers, such as Honda, relocating production to Indiana and increasing imports of American

liquefied natural gas.

These commitments reflect Trump's focus on reshoring manufacturing and attracting foreign direct investment to bolster the US economy.

Clearly the proposed tariffs are having dramatic effects. Time will tell whether the strategy will be successful, but it seems to be going in the right direction toward more domestic production and lower overall worldwide tariffs. As these commitments are implemented, tariffs will be avoided because more manufacturing will take place in the US. Right now, the tariff plan seems chaotic and is causing market uncertainty (negotiating is a messy process), but as talk turns to action, we will get a clearer picture. The end result should be less volatility in the markets.

OUTLOOK

On Wednesday, April 2, President Trump dropped the tariff bomb.

The details and scope of his plan did not leak out ahead of time and came as a shock to the markets when the particulars were revealed. It represents a restructuring of the world trade and commerce system.

After WWII, the US granted favorable trade rules to many nations in order to rebuild the war-torn countries and the global trading system. The internationally favorable US trade policy stayed in place long after the global economies were rebuilt. This policy was detrimental to the US in that it outsourced the American manufacturing base and saddled our companies with tariff imbalances that greatly disadvantaged the US.

On April 3 the market experienced a sharp selloff (about 5%). The initial reaction from the investment community was doubt and skepticism. Even though President Trump's use of tariffs in his first term were largely successful and did not produce an inflationary effect. The skeptics predicted inflation, and recession would be the result.

The market is currently in correction mode (defined as a decline of 10% or more from its previous high). It may fall further on this downdraft, but the factors are present for a recovery.

1. There will likely be tax cuts and reductions in regulations.
2. If the economy slows, the Fed is likely to reduce interest rates
3. Trillions of dollars have been committed by various nations and corporations to build factories in the US.
4. Increased tariffs on foreign products enable our companies to sell more -employment and profitability should benefit.
5. Negotiated reduced foreign tariffs and trade barriers should enable our companies to sell more products abroad.
6. At the beginning of the year the stock market was fully valued - now with the correction the market may be entering bargain territory.
7. Donald Trump is a businessman not an ideologue. If he finds that his tariff plan is not working and, as the skeptics claim it is causing inflation and recession, he will likely revise or even substantially change it. He wants to go into the mid-term elections (November 2026) in a strong position.

We realize that market corrections are unpleasant, but "this too shall pass" as all previous corrections have. It is our view that the positive factors will prevail. However, as always, different circumstances can change the outlook.

Remember to notify us if you have any material changes in your financial circumstances.

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