Stock market dips into bear territory, stages a comeback, but closes red on tariff fears

TIM GRANT
Pittsburgh Post-Gazette
tgrant@post-gazette.com

APR 8, 2025 9:11 PM

Wall Street showed signs of life Monday, but ended mostly red for a third straight day as President Donald Trump's "Liberation Day" tariffs continue sending shock waves through global markets.

What started as a policy announcement on Wednesday has spiraled into a broader investor selloff, with Pittsburgh-area financial advisers warning that the once-invincible technology titans known as the Magnificent 7 have taken the worst beating.

"The Magnificent 7 stocks, which have been the darlings of the market for years, came under a significant amount of pressure," said Michael Godwin, chief investment officer at Fragasso Financial Advisors in Sewickley.

"In aggregate, those stocks [Microsoft, Apple, Amazon, Alphabet, Meta Platforms, Nvidia and Tesla] generate 50% of their earnings from abroad," he said, "while the rest of the S&P 500 generates only 40%."

Stocks saw a brief rally shortly after the market opened due to speculation on social media of a tariff pause, causing stock prices to spike — only to retreat again when the White House denied the rumor.

At its low point, the S&P 500 fell 20% from its high, moving it into bear market territory, before bouncing back. The Dow ended the day 349 points lower, or 0.91%; the broader S&P 500 was 0.23% lower; and the Nasdaq closed 0.10% lower.

"This has been one of the largest three-day rolling declines for the market ever," said David Root Jr., CEO of DBR & Co., Downtown. "This is a highly unique backdrop where the fate of the market lies in one person's hands. This makes forecasting very difficult."

But the sell-off isn't limited to technology stocks. The U.S. dollar, oil and even bitcoin have stumbled, while the traditional safe havens — gold, bonds and Treasury Inflation-Protected Securities (TIPS) and money market funds — are seeing a rush of inflows.

Some financial advisers are pulling back hard on the throttle, some going so far as to move all of their client's IRA assets into money market funds.

Money market funds, which are cash investment accounts that safeguard money when stocks are risky, attracted $30.26 billion in inflows during the week Trump announced sweeping reciprocal tariffs, according to London Stock Exchange Group.

Matthew Yanni, owner of Yanni & Associates in Pine, said he's not going all-in on cash, but his firm is hitting the pause button for now when it comes to client funds.

"For clients who have excess cash, new client funds or clients who are making monthly additions, we have significantly slowed or even paused investing monies into stocks," Mr. Yanni said.

"The longer this tariff war continues, the more difficult it will be for the markets and economy to recover," Mr. Yanni said. "The million dollar question is how long this tariff war will continue?"

Aaron Leaman, a partner and chief investment officer at Signature Wealth in Downtown, said he is raising about one year's worth of income for clients who are living off their portfolios.

"And then just keeping it in cash or in bonds or something that gives a nice yield and keeping it very safe," Mr. Leaman said. "What that does is it lets them not worry for a year, even if the market does keep going down, it doesn't matter. They're safe and they can wait it out."

Most major segments of domestic markets have fallen, including large, midsize and small company stocks as well as both growth and value stocks.

Consumer discretionary stocks have been broadly impacted as well, said Paul Brahim, managing director of Wealth Enhancement Group in Downtown.

"If we think that things will cost more, we'll cut back on discretionary spending, favoring consumer staples, which is actually slightly positive for the year," he said.

There might also be a silver lining for consumers.

"Energy has been hit hardest in April," Mr. Brahim said. "As the price of oil declines, so do the stocks associated with it. Consumers may benefit from the decline in oil prices as lower prices eventually make their way to the pumps."

Not everyone is running for cover. As stocks slide, a growing number of investors are assessing the damage for bargains, hoping to scoop up quality companies at a discount.

But these are still treacherous waters.

"I'm a little concerned about the fate of bargain hunters at this moment," Mr. Brahim said. "The Volatility Index [VIX] is at 48.78 and rising.

"Generally, as the VIX rises, stocks fall," he said. "Trying to pick winners and losers, trying to buy bargains, trying to time the market is a bit risky right now. We simply don't have enough information."

For now, the Oracle of Omaha Warren Buffett appears content to watch the storm from the sidelines while calmly holding onto a $334 billion cash hoard and seemingly reluctant to get in just yet.

"As always, Warren Buffet manages to successfully zig when everyone else is zagging," Mr. Leaman said.

Mr. Buffett's silence right now speaks volumes, said Mr. Root. The market may need to drop further before the investment world's biggest fish makes a splash.

"If stocks continue to fall from here, we would not be surprised to hear some announcement out of Berkshire Hathaway about the deployment of that cash," Mr. Root said.

First Published: April 8, 2025, 9:11 p.m.
Updated: April 9, 2025, 5:56 a.m.

Tim Grant is a business reporter who has covered personal finance and real estate in the Pittsburgh region since 2007. He can be reached at 412-779-5834

tgrant@post-gazette.com