Is This Time Different?

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April 15, 2025

Yes. Maybe not.

Yes: This bear market or correction, depending on the vicissitudes of the day, is being driven by one man: President Donald Trump and his administration's evolving tariff policies. This is a "never-before" moment. Since World War II, we have never had the executive branch deliberately cause such havoc on markets and the world economy. *In terms of a bear market catalyst, this time is definitely different.*

Think about other bear markets over the past 25 years. The worst the executive branch could be accused of is a laissez-faire posture leading to excesses followed by dialing up bailouts:

S&P 500 Bear Markets of the Past 25 years			
Description	Bear Market Period	Length	Peak-to-Trough
Dot Com Bubble. Irrational exuberance follow by Fed tightening	March 2000 to October 2002	31 months	-49%
Global Financial Crisis (GFC): Bear Stearns & Lehman Fail. Government bailouts	October 2007 to March 2009	17 months	-56%
COVID Crisis: Pandemic followed by lockdowns and massive government spending	February 2020 to March 2020	1 month	-34%
Post-Pandemic supply chain inflation crisis. Aggressive Fed tightening	January 2022 to October 2022	10 months	-25%
TrumpTariff Turmoil	**February 2025 to April 2025?**	**2 months?**	**-19%?**

The last four bear markets were either led by an exogenous event (COVID, GFC), or by the Fed tightening to control inflation/reduce excess. Investors have a playbook for a Fed tightening cycle and have been trained to expect the government to come to the rescue in the case of exogenous events. Buy-the-dip is the lesson learned by today's investors. Some are staying with the buy-the-dip playbook even though this time the catalyst is different. Will this time be different with respect to subsequent market behavior, jeopardizing what has now become a knee-jerk buy-the-dip habit for many?

Maybe not: We do not have to look far to understand that President Trump can turn the market on a dime with a simple tweet or comment. On April 9th, after President Trump announced a 90-day pause on the reciprocal tariffs ex-China, the S&P 500 rose more than 4% in a New York minute. It spent the rest of the day rising and closed up by 9.5%, reversing most of the losses since Trump's so-called April 2nd Liberation Day.

The bear market President Trump is causing is one he can reverse, for now, and reward the buy-the-dip players. The best-case scenario is that he takes the 90-day pause to negotiate away his new reciprocal tariffs in exchange for our trading partners lowering or eliminating their existing "unfair" tariffs but not eliminating his 10% across the board baseline tariffs. He needs the baseline 10% to partially offset the upcoming tax cuts. He may convince our trading partners that the 10% baseline tariffs are a small price to pay to avoid a crazy man's Great Depression-style trade war.

If he can pull it off, come August, the market could be looking at tariff turmoil in the rear-view mirror with tax cuts and deregulation on the horizon, very much a bull market punch bowl scenario.

If he cannot pull it off in some fashion, or worse he chooses not to, well, then we have a bear market witches brew.

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