The Market Rebounds Following Historic Decline

MAY 2025

In April, the S&P 500 Index closed the month with a decline of approximately 1%, rebounding significantly from its 12% loss between April 3rd and April 8th. A widespread selloff ensued following tariff announcements, with the S&P 500 touching bear market territory after falling 20% from its February 2025 high. The Index gained back most of its losses after President Trump announced a 90-day pause on some tariffs.

International stocks outperformed U.S. markets, with the MSCI EAFE Index rising 4.5% in the month. In general, U.S. growth companies outperformed their value counterparts in April. For example, the Russell 3000 Growth Index ended the month up nearly 2%, while the Russell 3000 Value Index declined 3%.

In terms of sector returns, Information Technology stocks rose the most in April with a return of 1.6%, while Energy lost over 13%. Many Energy companies fell in value as oil prices fell to a 4-year low, along with investor concern about how President Trump's tariff measures may affect global trade.

The economy continues to show strength in the face of tariff discussions. Job growth was stronger than expected in April. Nonfarm payrolls increased by 177,000 and the unemployment rate remained the same at 4.2%.[1] Consumer spending rose in April, and the Consumer Price Index remained relatively low, rising 2.4% over the last 12 months ended March.[2]

Short-term market downturns and heightened volatility are a normal part of investing. While it may be challenging to see portfolios fall in value, the key to building wealth over time is to stay invested. Consider that over the past 20 years, $10,000 invested in the S&P 500 Index would have grown to over $70,000. However, if an investor had sold out of stocks and missed the best 10 days during that period, their investment balance would be less than half that amount.

Looking ahead, no one has a crystal ball to know what the best or worst days will be in the market. That's why it's wise to remember that it's time in the market—not timing the market—that remains important for investors. At Buska, we work with you to create a financial plan that helps you focus on building wealth over the long term.

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1 U.S. Bureau of Labor Statistics, Employment Situation Summary. 2 U.S. Bureau of Labor Statistics, Consumer Price Index.