



# The Awful Feeling of a Market Downturn

April 4, 2025

Okay, is it all right to start panicking now?

Many investors are asking themselves this question as the markets go through another bumpy ride. Market pundits who, just a few weeks ago were telling us that there would be a market surge, are now predicting a bearish decline. Others are saying the obvious: companies and traders don't like the anticipated effect of new tariffs on the American business community.

The tariffs are the story of the day, as they basically throw sand in what had been smoothly functioning global supply chains for U.S. manufacturers. The long-term goal is to make it painful for manufacturing companies to outsource work to other countries, and (secondarily) to make American-manufactured goods cheaper compared with tariff-ed imported products. We can't know what the longer-term impact will be, but companies like Apple, Nike, Ford, and General Motors are suddenly looking at higher costs, diminished profits and perhaps also lower sales in the short term. Adding to the uncertainty is the fact that virtually all of the countries targeted with new tariffs are contemplating what must be plainly named as revenge duties on American goods and services.

Interestingly, the actual tariff calculation on the U.S. side seems not to be precisely targeted at manufacturing, but a somewhat simplistic formula where the U.S. trade deficit with another country is divided by that country's exports to the U.S. As an example, cited by one economist, the U.S. experienced a \$17.9 billion trade deficit with Indonesia last year, and Indonesia exported \$28 billion worth of goods and services to the U.S. market. Divide \$17.9 by \$28 and you come up with the shockingly enormous 64% additional tariff announced on Indonesian imports.

For most investors, the fine details are irrelevant; market downturns cause a sinking feeling in the pit of the stomach that is one part fear, one part dread, and one part an unhappy calculation that 2% of the value of a portfolio can be lost in a single day. We want that awful feeling to go away, and the easiest way to do that is to sell everything so that further declines are irrelevant to our pocketbooks and (often more importantly) our emotional stability.

But of course, there is another awful feeling, what people experienced when they sold during the steep decline associated with the Covid pandemic and stayed on the sidelines, feeling comfortably insulated from further declines while the markets unexpectedly zoomed back upward. The lost opportunity comes at an emotional as well as monetary cost.

If we could know for certain that the markets will continue to decline and by how far, and if we could know for how long, and if we could know when to get back in so as not to miss the inevitable recovery (based on history, there has always been one), then the course of action would be very straightforward. Unfortunately, no person alive can tell you with certainty the answer to any one of these variables, much less all three. The markets have been very generous in the last few years, and the markets tend to take back some of their generosity from time to time. The tariffs have triggered another give-back period, and the markets today seem to be speaking directly to the White House.

One way or another, the American economy will get through this period, and the trade war, like all wars, will end. Our only real decision at this point is: should we follow the investing course that has always been long-term generous in the past? Or should we abandon the only strategy that has worked overtime because we don't want any longer to wake up with that feeling in the pit of our stomachs? Panic if you must, but don't let emotions rule your financial decisions.

**Sources:**

<https://finance.yahoo.com/news/live/trump-tariffs-live-updates-steep-liberation-day-tariffs-rock-markets-reverberate-across-the-world-191201769.html>

<https://apnews.com/article/stocks-markets-rates-tariffs-52dbb020a4c41122e31669c2da236d67>

[https://www.marketwatch.com/story/trumps-very-very-very-simple-way-of-calculating-reciprocal-tariffs-bdec48fd?mod=home\\_lead](https://www.marketwatch.com/story/trumps-very-very-very-simple-way-of-calculating-reciprocal-tariffs-bdec48fd?mod=home_lead)

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.



**Jeffrey Broadhurst**  
MBA, CFA, CFP  
Broadhurst Financial Advisors, Inc.



**\*\*PRIVACY NOTICE\*\***

This message is intended only for the individual or entity to which it is addressed and may contain information that is privileged, confidential, or exempt from disclosure under applicable federal or state law. You are hereby notified that any dissemination, distribution, or copying of this communication, except in accordance with its intended purpose, is strictly prohibited.

**Our physical and mail address:**

1911 West Point Pike  
P.O. Box 301  
West Point, PA 19486-0301

**Contact us:**

Phone: (215) 325-1595  
Email: [jeff@broadhurstfinancial.com](mailto:jeff@broadhurstfinancial.com)