



## It is Never Time to Panic

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With the unprecedented restructuring wave going on across the federal government, unorthodox (to put it mildly) personnel management, appointment of candidates with little or no background in the departments they're running and a wave of tariffs the like of which the world hasn't seen since the 1930s, it's easy to imagine that something might go wrong with the U.S. economy in the fairly near future. People are calling their financial advisors asking whether they should retreat to the safety of putting their money under the mattress—or, in the extreme, in a house in the woods with Krugerrands hidden in the floorboards.

The problem is that nobody knows what the outcome of all this is going to be with anything approaching certainty. Companies operate, at least nominally, independently of the government, and are only tangentially affected by the chaos in Washington. The tariffs are going to disrupt delicate supply chains, but manufacturers have had months to figure out how to cope. The abrupt termination of the USAID program will reduce an important market for farmers, and the retaliatory tariffs from China will reinforce that impact. But this might lead to more food dumped on the U.S. market at fire sale prices, lowering that aspect of the consumer price index.

The promised firing of tens of thousands of government workers will flood the job market, potentially raising unemployment levels and reducing consumer demand. But it might also lead to a new pool of qualified executives and staffers for local corporations.

Slashing Medicaid will undoubtedly cause economic pain for tens of millions of Americans, and the conversation about reducing Social Security benefits is hardly likely to reassure seniors. But those impacts are aimed at people, not companies.

The point here is that every election produces sounds of alarm from the party that was driven out of the office, and in the end, the impact on the markets has been minimal. The sounds of alarm are louder now than in recent memory because the Trump Administration has introduced what might delicately be called 'uncertainty' into government policies (meaning nobody knows what

they will do next), but the impacts are powerful politically and socially, but perhaps not tremendously so for publicly traded companies.

That doesn't mean that there won't be volatility, as people respond to uncertainty with the usual levels of alarm. But even if corporate earnings suffer and companies become less valuable as a result of the new policies, it is helpful to remember that the last time there was a crisis (remember Covid?) the government stepped in with a generous stimulus package that put a firm floor under the market and kicked off a bull market. This time around, the Trump Administration is talking about creating a sovereign wealth fund—basically a governmental investment portfolio. If the new president wants to boost a faltering market (and approval ratings), would he hesitate to tell that fund to become a heavy purchaser of stocks at bullish prices?

None of this is a prediction; it is simply an acknowledgment that we don't know what is coming in the unpredictable roller coaster that is the stock market. But we didn't actually know what was coming in each of the last 100 years, so our inability to predict future market movements is really nothing new. And there is nothing safe about the mattress when inflation eats away at it. We panic at our peril.

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](#).

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