



## **THE EUPHORIA HAS PASSED, THE “TRUMP EFFECT” IS NOW WORRYING THE FINANCIAL MARKETS TOO**

March 10, 2025 was a black day for the stock markets, the worst on Wall Street since 2022.

All the indices closed in decline: the Nasdaq fell 4%, the Dow Jones 2.08% and the S&P 500 suffered a contraction of 2.70%.

Tesla shares, the company created by the "politician" Musk, recorded the worst closing, -7.95%, after having lost up to over 15% and having dragged down all the "Magnificent 7", (low by 5% except Microsoft).

After the good start seen by financial markets during the month of January, February began to register the first jolts (the S&P 500 index fell 1.4% last month, while the tech-heavy Nasdaq fell 4% after the massive sell-off of AI stocks).

The implementation of Chinese tariffs on some American agricultural and food products and the threat by the Canadian state of Ontario to cut off electricity to the United States - in its sights are the neighboring states of New York, Minnesota and Michigan - are fueling fears of an all-out, no-holds-barred trade war. A war for which the U.S. economy is also destined to pay a very high price, regardless of interest rate cuts by the Fed or not.

JPMorgan has increased the risk of a U.S. recession this year from 30% at the beginning of 2025 to 40%: *“We see a material risk that the U.S. falls into recession this year owing to extreme U.S policies”* the bank's economists said.

Goldman Sachs has revised upwards the probability of a recession in the next 12 months from 15% to 20%, warning that it could raise further if the Trump administration continues with its policies which will probably worsening the economic data as well.

What is certain is that volatility will increase and that the tariffs policy will create discontent in the United States too, in addition to favoring the rise of inflation, which the Fed has spent years re-establishing within stable parameters.

Despite President Trump speaking of a "transition period", financial markets now fear recession, which has been avoided during the last post-Covid years with many efforts.

### **How to invest in March?**

Many analysts advise not to listen to the background noise, but to focus on the fundamentals.

The U.S. economy remains strong, as the labor market is. Nevertheless, it is important to stay vigilant, because the trade war has begun and Washington currently offers no certainties, but only an unprecedented scenario.

For this reason, it is advisable to prefer value stocks over growth stocks, as well as mid and small cap stocks over large-cap stocks.



For those who want to invest without too much risk, healthcare, real estate and basic materials sectors are recommended.

On the other hand, for those who like risk, Tech stocks, such as Nvidia (NVDA) and Tesla (TSLA), are still advised during market corrections.

Obviously, it is also wise to maintain a good amount of liquidity in the portfolio.

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