16. Friday Footnotes

Closed Good Friday

We hope you enjoy this Easter weekend!
The market and office are both closed Friday the 18th.

Spring Property Taxes Due

Spring property taxes are due in May. Below are links to look up and pay Indiana taxes online if you wish.

REMINDER: You will not receive a fall mailing, that coupon is sent with the spring coupon. Please set a calendar reminder and we'll remind you, too!

Marion County: https://www.indy.gov/activity/pay-your-property-taxes-in-full
Johnson County: https://co.johnson.in.us/topic/index.php?topicid=25&structureid=42
Hendricks County: https://lowtaxinfo.com/hendrickscounty
Hamilton County: https://www.hamiltoncounty.in.gov/685/Property-and-Taxes
Shelby County: https://www.in.gov/counties/shelby/treasurer/
Morgan County: https://morgancounty.in.gov/topic/index.php?topicid=212&structureid=34
Hancock County: https://hancockin.gov/369/Property-Taxes
Boone County: https://boonecounty.in.gov/offices/treasurer/tax-payment-info/

Raymond James Investment Management

Weekly Market Guide
Michael Gibbs, Managing Director, Lead Portfolio Manager

If the past two weeks seem like two months, you're not alone! After President Trump announced reciprocal tariffs on April 2nd, the S&P 500 dropped -15% in three days before announcing a 90-day pause of those tariffs (ex-China) on April 9th that resulted in a 10% one-day rally (one of the sharpest in history). Equities have largely moved sideways in the several days since, as investors digest the volatility and attempt to make sense of the road ahead.

Assessing the short-term market moves: The S&P 500 currently sits -13% off of its February 19th highs and 10.5% above April 7th lows. (as of 5/16)

• **Positive signals**: Fear indicators had reached excessive levels prior to the bounce rally, which is often a good contrarian indicator. For example, AAII Bearish sentiment, the VIX (Volatility index), Put/Call ratio (downside protection), and percentage of stocks above moving averages all reached levels often seen in the vicinity of notable lows historically. Additionally, the accumulation signal seen on 4/9 was historically high. For example, the S&P 500 rallied 10% on 98.4% upside volume with 15x the number of advancers vs. decliners on the NYSE. "Breadth thrusts" of this magnitude have also been seen near notable market lows over the past 15+ years. Finally, the S&P 500 fell 21.5% at its lows, which is near the 24% average decline witnessed historically in non-recessionary bear markets. Therefore, if the current tariff situation and ongoing negotiations do not ultimately push the economy into recession, a lot of negativity was discounted at the lows.

• **Cautionary signals**: While the combination of "fear" and accumulation are encouraging, the character of the aftermath (and tone of tariff negotiations) provide pause. The market has not embraced a risk-on follow-through yet. For example, equalweight Consumer Discretionary vs. Consumer Staples has been unable to make up relative strength, with a similar move from High Beta vs. Low Volatility. The semiconductors have not seen follow-through on their bounce from the lows, while the defensive Utilities and Telecom areas built on their relative performance trends. In other words, the market may be higher but we're not seeing a drastic change in risk appetite. Moreover, the percentage of stocks above their 50-day moving average remains in a downtrend for now. These signals raise the odds that the current market weakness has not fully run its course (in price or time).

The mixed messages from technical indicators is not surprising given the back-and-forth on tariffs/trade talks. The hope is that "trade uncertainty" has peaked (and will provide relief over time), but the headwinds are also unlikely to go away quickly. The tone from the Administration still seems "dug in," particularly on China and sectoral tariffs. Accordingly, the market is not acting ready to go all in on rally-mode yet.

On the one hand, we think it will be difficult for the market to move appreciably higher without a dramatic shift in the perception of tariffs. Technically, the S&P 500 will probably struggle to get above 5800 without some back-and-filling. **On the other hand, a degree of negativity was discounted at the lows, this issue was self-inflicted, and can be backed-off with one tweet**. It just might take more volatility or economic pain to get the Administration to truly back-off though.

Thus, our bias is the market may be in for a grind right now. For long-term investors, the risk/reward improves the more stocks pull back. We recommend using the weak periods as opportunity to accumulate.

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