Market Noise

October 24, 2025

The U.S. stock market was reaching new highs on a regular basis through the spring and summer months before a Truth Social post on Friday triggered the largest selloff in years. Hours after President Trump declared that he would impose an additional 100% tariff on Chinese produces entering the U.S., the S&P 500 lost 2.7% of its value, costing investors roughly $2 trillion in value. People who held cryptocurrencies lost another $18.28 billion over the course of the day, including $5 billion of bitcoin, $4 billion of ether and $2 billion of Solana.

The tariff threat came as China set restrictions on exporting rare earth materials used in electric vehicle batteries and green energy technology. Many insiders viewed it as an opening gambit to negotiating China into a less restrictive policy. Lay investors saw disaster and sold their stock positions. The markets are recovering as President Trump is now signaling that he is willing to negotiate, and that Chinese leader Xi is a friend of his.

There are so many lessons to this story that it's hard to know where to begin. The first, perhaps, is that many pundits and not a few voters have been expecting the Trump Administration policies to destroy the economy and the markets. That clearly hasn't happened, and it is likely that this rash negotiating tactic, and the panic selling, will ultimately be seen as a blip on the screen. However you feel about the recent government policies and initiatives, they generally aren't directly connected to the actual business workings of the companies that make up the stock market. In those cases where a company does happen to be affected, it has a board of directors and experienced management capable of navigating the choppy waters.

A second lesson is that bull markets don't last forever, so a correction is always possible—and these (usually) temporary declines are factored into a longer-term investment and retirement plan.

The third lesson, as the markets recover from the shock of the Truth Social announcement, is that it is never wise to react impulsively to the news cycle. It's likely that people who participated in that 2.7% decline will be kicking themselves as the U.S. and China negotiate their way out of the extreme positions, and the markets recover.

Does that mean the markets will continue testing new highs? Who knows? Even after the one-day meltdown, stocks were not cheap. The investing public could suddenly decide that stocks are too expensive for their taste—or they could resume their previous exuberance for days, weeks, months or years. Meanwhile, millions of Americans go to work each day and spend their time incrementally increasing the value of the enterprises they work for, hour by hour, day by day—and THAT'S what makes investing worthwhile.

Everything else is just noise.

Sources:

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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 or you can click here to schedule a meeting.

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