



Tariff Turmoil: Are Markets Reacting to Signal or Substance?

Latest Developments

- After the US ordered a torrent of new tariffs in early April, markets are no longer scrambling to keep up with the news flow. **Instead, investor attention has shifted to two questions: how long will tariffs stay in place, and how will they affect the global economy?**
- **Markets have little certainty about the substance of either of these questions.** The International Monetary Fund forecasted a “significant impact on the global economy” but noted that uncertainty is “off the charts.” And while news stories are indicating positive developments in some tariff negotiations, the status of talks with China – which alone accounts for about two-thirds of the recent surge in the US tariff rate – remains unknown.
- **With the policies in place as of April 23, the US effective tariff rate stands at about 20%.¹** The US is now levying a 145% tax on imports from China and 10% from the rest of the world.² However, the 145% tariff on China may serve as an effective embargo as importers may be unwilling to pay such a steep fee.

Market Reaction³

- **US equities remain highly volatile with large daily and intraday price swings.** Since the April 2 tariff announcement, the daily change in the S&P 500 has exceeded 2% in seven trading days in the last three weeks, something that has only happened during a few of the most volatile periods of the last 30 years.⁴
- **Globally, stocks have recovered a significant portion of losses in the last month.** Stock indices representing every major region globally retreated by at least 10% following the recent global tariff turmoil. However, each of these indices has rebounded significantly, and today no major index is off its April 2 level by more than 5%.⁵
- **Fixed income volatility has retreated somewhat but is still elevated.** The 10-year Treasury yield rebounded 11 basis points over the past week to 4.38% after a sharper decline the week prior.
 - Investment-grade and high-yield corporate bond spreads have narrowed somewhat after their initial surge, indicating markets see a bit lower risk for corporate borrowers.
 - Markets are ruling out an interest rate cut at the upcoming Federal Reserve meeting on May 7 but are pricing in three cuts by the end of 2025.

Next Steps

- In addition to tracking the latest developments on trade policy negotiations, markets will be watching for how tariffs are affecting economic data and corporate profitability. In particular, next week’s data on GDP and employment as well as quarter-one earnings will be in focus.

CONTACT

**Brent Ciliano, CFA | SVP,
Chief Investment Officer**

brent.ciliano@firstcitizens.com
919-716-2650

**Phillip Neuhart | SVP, Director of
Market and Economic Research**

phillip.neuhart@firstcitizens.com
919-716-2403

**Blake Taylor | VP, Market and Economic
Research Analyst**

blake.taylor@firstcitizens.com
919-716-7964



[Sign up](#) to receive regular
market & economic updates
straight to your inbox.

¹ Source: Bloomberg Intelligence

² Canada and Mexico are excluded but face a higher tariff imposed in March on goods not in compliance with the 2018 US Mexico Canada Agreement.

³ All market data sourced from Bloomberg as of 4/23/2025 at 4:00pm. US equities is the S&P 500 index.

⁴ For example, the only times daily price changes of 2% have happened as or more often in a three-week period are during the 2008-09 financial crisis, the 2020 pandemic lockdown, the 2002 market downturn, the 1998 financial crisis, the May 2022 inflation spike, and the 2011 Eurozone and US sovereign debt situation.

⁵ Source: Bloomberg. This list includes the US S&P 500 and Nasdaq, the Eurozone EURO STOXX 50, the British FTSE 100, the French CAC 40, the German DAX, the Japanese NIKKEI, the Hong Kong Hang Seng, the Shanghai Shenzhen CSI 300.



First Citizens Wealth™

Making Sense



[Sign up](#) to receive regular market & economic updates straight to your inbox.

FIRSTCITIZENS.COM/WEALTH

The views expressed are those of the author(s) at the time of writing and are subject to change without notice. First Citizens does not assume any liability for losses that may result from the information in this piece.

This material is for informational purposes only and is not intended to be an offer, specific investment strategy, recommendation, or solicitation to purchase or sell any security or insurance product, and should not be construed as legal, tax or accounting advice. Please consult with your legal or tax advisor regarding the particular facts and circumstances of your situation prior to making any financial decision. While we believe that the information presented is from reliable sources, we do not represent, warrant, or guarantee that it is accurate or complete.

Your investments in securities and insurance products and services are not insured by the FDIC or any other federal government agency and may lose value. They are not deposits or other obligations of, or guaranteed by any bank or bank affiliate and are subject to investment risks, including possible loss of the principal amounts invested.

About the Entities, Brands and Services Offered

First Citizens Wealth™ (FCW) is a marketing brand of First Citizens BancShares, Inc., a bank holding company. The following affiliates of First Citizens BancShares are the entities through which FCW products are offered. Brokerage products and services are offered through First Citizens Investor Services, Inc. ("FCIS"), a registered broker-dealer, Member [FINRA](#) and [SIPC](#). Advisory services are offered through FCIS, First Citizens Asset Management, Inc. and SVB Wealth LLC, all SEC registered investment advisers. Certain brokerage and advisory products and services may not be available from all Investment Professionals, in all jurisdictions, or to all investors. Insurance products and services are offered through FCIS, a licensed insurance agency. Banking, lending, trust products and services, and certain insurance products and services are offered by First-Citizens Bank & Trust Company, Member [FDIC](#), and an Equal Housing Lender and SVB, a division of First-Citizens Bank & Trust Company. [FDIC](#)

For more information about FCIS, FCAM or SVBW and its Investment Professionals click here:

<https://www.firstcitizens.com/wealth/disclosures>

©2025 First-Citizens Bank & Trust Company. All rights reserved. Silicon Valley Bank, a division of First-Citizens Bank & Trust Company. Member FDIC., First Citizens Wealth is a trademark of First Citizens BancShares, Inc. .