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THE TRADER REVIEW

market forecast & model portfolio

March 5, 2025

Tariffs Activated;

Stocks Crash and Sectors to Watch

Prepared by

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Dear Readers,

I believe I learned from Ron Paul about 15 years ago that tariffs are simply bad for the stock market.

There are exceptions like when China dumps steel into the US meaning lower than the cost or production for the goal of bankrupting Steel companies or making their earnings weak so they can buy them. That’s economic warfare.

But if two countries charge each other 25% tariffs then obviously no one wins do they. It’s really a tax on business, by another country.

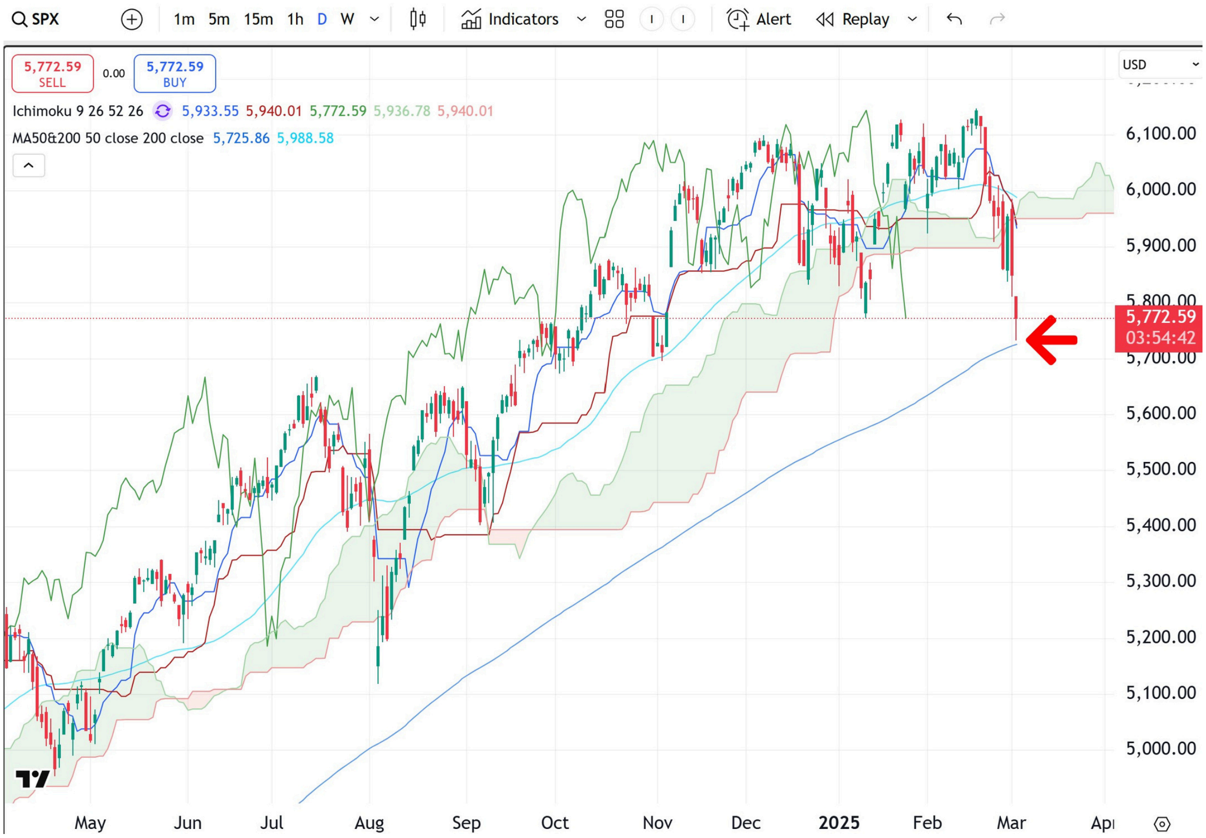
However, I do believe Mexico deserves if for letting in millions of illegals. I’d actually prefer Trump to BANKRUPT Mexico for what they did.

But nonetheless, tariffs are not good for the stock market. Even when Trump did steel tariffs his first time around US Steel stock went down when it should have gone up.

We’ve been in TLT the long bond and TLT calls for about a week and they’re up. I also used the move up in bonds and an inverting of the yield curve as a signal that stocks could move lower and I wrote to everyone about it here. (I hope you took action). We don’t hold bonds long term. Only for the moves for trading them. You’d be surprised however, that many times in the last 20 years bonds outperformed stocks since rates were going down meaning bond prices go up.

Now The Fed will most likely lower rates (going against the Phillips Curve since they are hypocrites even though the Phillips Curve doesn’t work) and that will be good for housing.

Therefore watch for housing to be the first sector, or at least one of the first sectors to rebound when that comes. Even though houses are expensive my experience has always been that Americans just “have money” somewhere. I don’t know where they have it but they just do so as rates get lowered, and prices come down (maybe) on houses it could mean some activity in the housing sector.



Market Outlook:

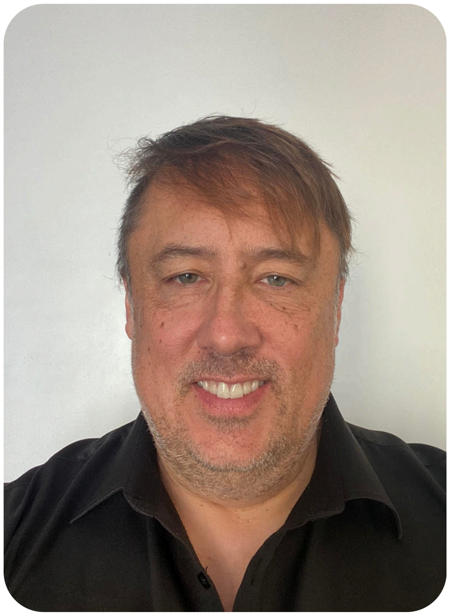
Wait and see.

The S&P500 has bouned off the 200 day moving average. That's an indicator to always have up during selloffs as that's often the first big bounce if it's already blown through the 50 day.

Keep an eye on NAIL, a leveraged housing and housing sector ETF that we've had massive gains on in the past of over 50%

Let's see if the market shrugs off the tariffs... for now and keep an eye on the 200 day moving average. If that breaks we're in for more downside.

Meet The Expert



Neil Batho

Long-Time Trader & Investor

Neil writes commentary on the market, economy, finance, and trends in the marketplace in order to get you in the picks and sectors that can move right now.

Neil issues model portfolios for individual traders to trade in Stocks/ETFs, Options, and Crypto.

Neil has a Bachelor in Finance, Minor in Economics, and was an NCAA Div. 1 ski racer and on the University Dean's List and a former Series 7, 63, 65 fully licensed Financial Advisor.

Neil uses his knowledge and experience to see "through" what the Fed is saying while using historical trend analysis to get you into trades like technology since 2022 since he knew rising interest rates favor tech stocks since tech companies have billions in cash.

Long term readers were also warned of the crashes in 2009 and 2020, profiting in a big way on the downside while buying at the bottom. Or, at least staying out.

Recent successes were 55% in 2022 when the S&P500 was down -18% due in large part to being in the right sectors. Oil, Natural Gas, and Potash. In fact, energy was the only sector up the entire year proving that sector allocation is the most important thing in trading as we were heavily weighted in energy since the first trading day of the year. A $100,000 account in the S&P500 would have been only $82,000 at the end of 2022, while an account trading our picks would have been at $155,000, an 89% difference. We are still well ahead of the market since 2020.

Risk Disclaimer

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