

Markets Cautious as Trump Implements His Agenda

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For February, the S&P 500 closed down nearly 2%, though it remains up over 1% for the year. The Dow Jones has shown greater volatility but is up a bit more – over 3% in 2025. Only the tech-heavy Nasdaq has slipped into negative territory, down over 2% year-to-date. These varied index performances reflect caution around technology favorites and renewed interest

in sectors largely overlooked since the 2008 financial crisis.

Investor pessimism reached notable levels in mid-February, with 47.3% of individual investors expecting market declines over the next six months, according to the American Association of Individual Investors. This

Adding to the uncertainty, the AI sector experienced significant turbulence following the emergence of Chinese newcomer DeepSeek, which appeared to deliver comparable results at substantially lower development costs. Nvidia, the poster child of the AI boom, plunged 17% in a single session in late January, wiping out nearly \$600 billion in market value. However, Nvidia—having surged nearly 800% since late 2022—has since rebounded, reducing its annual decline to less than 7% by the end of February. Meanwhile, other major tech stocks less reliant on AI fared better, and some fully recovered their losses. The rebound was bolstered by strong earnings reports and assurances from senior executives at various companies that AI investment remains strong.

Beyond the markets, the Trump administration's early actions in 2025 appear set to shape the economic landscape. Just over a month into his second term, President Trump has moved swiftly, securing nearly all

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sentiment shift stems from trade war concerns, regulatory uncertainty, persistent inflation, and diminishing hopes for interest rate cuts. While such pessimism often signals available capital on the sidelines, it represents a reality check after years of extraordinary returns. The prevailing mood remains one of confusion as investors await clarity on which policies will endure.

his cabinet confirmations and implementing policies with much greater efficiency than in his first term.

His administration has aggressively pursued a range of initiatives, including stricter border security, deportations of individuals with criminal records, and nearly 80 executive orders targeting energy regulations, bureaucratic structures, diversity policies, transgender rights, and censorship concerns. Additionally, the White

House has systematically rolled back Biden-era regulations and dismantled certain programs entirely. Trump has also engaged extensively in foreign policy, changing our commitments to multiple international organizations while Congress advances his tax reform plans.

Whether one agrees or disagrees with Trump, version 2.0 has been a model of political efficiency. Trump is no longer an outsider and has returned to the Oval Office with a clear agenda and plan for execution. Media criticism continues but their hearts don't seem to be in it.

With rapid political and economic changes unfolding, predicting the full impact of Trump's policies remains difficult. Elevated equity valuations and warnings of potential market corrections add to the uncertainty, yet they also present opportunities for investors willing to navigate the shifting landscape. As markets react to economic headwinds and political shifts, investors face both heightened risks and potential opportunities in an increasingly uncertain environment. It's likely going to be an interesting year!

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