

What We're Seeing Right Now - May 2025

Produced exclusively for clients and friends of Triad Investment Management

Well, we're one month removed from Liberation Day, also known as tariff day. Didn't feel especially liberating, did it? Perhaps enervating, which the dictionary defines as **"causing one to feel drained of energy or vitality"** is more appropriate? And yet, despite the turmoil and market volatility caused by the announced high tariff rates the stock market reclaimed most of the decline after the announcement. To the surprise of many, and the consternation of the pessimists.



Yes, we preach incessantly that it's advisable to ignore the short-term news, especially when the Talking Heads on television and the Internet are screaming and shouting for you to sell your investments and stay on the sidelines. Or worse, buy gold. Or cryptocurrency.

In fact, it's often best to simply do nothing. Perhaps take the dog for a walk, or go for a bike ride, or teach your grandchildren how to play chess. Obsessing about things that we have no control over is generally not very productive.

Ok, enough preaching. What about the current environment? President Trump is a poker player, one who goes **"all in"** and puts all his chips on the table early. We believe that Trump has established his maximum tariff position and is now seeking to negotiate much lower rates with most of our trading partners. The advantages of relatively free trade in our global trading system are too important to cast aside permanently. So, we'd guess cooler heads prevail and a relatively rational trade outcome should develop over the next 3 to 6 months. We don't believe this goes on beyond the end of 2025. Remember, mid-term elections are next year, and the Republicans will want a growing economy, and happy voters when election campaigns rev up in early 2026.

Meanwhile the economy continues to defy the naysayers, with employment and spending continuing to be positive. So far. Even interest rates have declined modestly, although fear of an economic slowdown is likely the reason. Inflation is still the great unknown, as higher tariffs will put upward pressure on inflation.

It's still a highly uncertain short-term environment, although the Battleship U.S.S. United States has endured many stormy waters before without sinking. We believe this period is no different.

We'll also remind you that your investments in some of the world's best companies are a strong defense against long-term economic adversity. Many of these businesses are global leaders in their industries. Common stock investments in great businesses have historically been excellent protection against higher inflation, as these dominant businesses can raise prices to offset higher costs. We'd expect our businesses to exit an economic downturn largely unscathed.

We appreciate your loyalty and patience during these periodic—but always temporary—setbacks.



Now, turn off the television. Go walk the dog.

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