



## Pre-Market Analysis

2 April, 2025.

The first 90 minutes of trading are likely to be highly volatile and skewed to the downside as investors react to escalating trade war concerns ahead of President Trump's tariff announcement. With S&P 500 futures down 1% and the Nasdaq hit even harder, risk-off sentiment is evident, especially in trade-sensitive sectors like tech and industrials. The VIX is up over 7%, indicating rising fear and a potential surge in hedging activity. Given the uncertainty around the scope and scale of the tariffs, markets may experience an initial wave of selling, particularly in multinational companies with significant international exposure.

However, there is also the potential for a relief bounce if investors view the announced tariffs as less severe than feared. Traders may look for opportunities to buy the dip, especially in quality names that have been unfairly punished. Economic data releases, including private payrolls, could introduce additional volatility, particularly if they hint at labor market weakness. With implied volatility still elevated but slightly off its highs, options pricing suggests that traders are bracing for turbulence but not outright panic. Expect an initial sharp move lower, followed by choppy price action as investors reposition ahead of the 4 p.m. tariff announcement.

Several developments today could influence the stock markets:

1. **Anticipated Tariff Announcements:** Investors are closely monitoring President Donald Trump's expected announcement of new tariffs, referred to as "Liberation Day" tariffs, scheduled for 8:00 PM GMT (4:00 PM ET). These tariffs are anticipated to be reciprocal levies on various goods, potentially escalating global trade tensions and impacting market sentiment.
2. **Economic Data Releases:**
  - **Private Sector Payrolls:** Ahead of the official jobs report due later this week, the private sector payroll data is being released today. This report offers insights into employment trends and can influence market expectations regarding economic health and Federal Reserve policy decisions.
3. **Federal Reserve Communications:**
  - **Speech by Governor Adriana D. Kugler:** Governor Kugler is scheduled to speak on "Inflation Expectations and Monetary Policymaking" at The Griswold Center for Economic Policy Studies and Julis-Rabinowitz Center for Public Policy and Finance 2025 Public Talk. Such speeches can provide valuable insights into the Fed's perspective on inflation and future policy directions.

While no major Federal Reserve announcements or official jobs reports are scheduled for today, these events and data releases are likely to influence market movements. Investors should monitor these developments closely and consider their potential impacts on investment strategies.

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