

Are Used Car Prices Set To Soar Again?

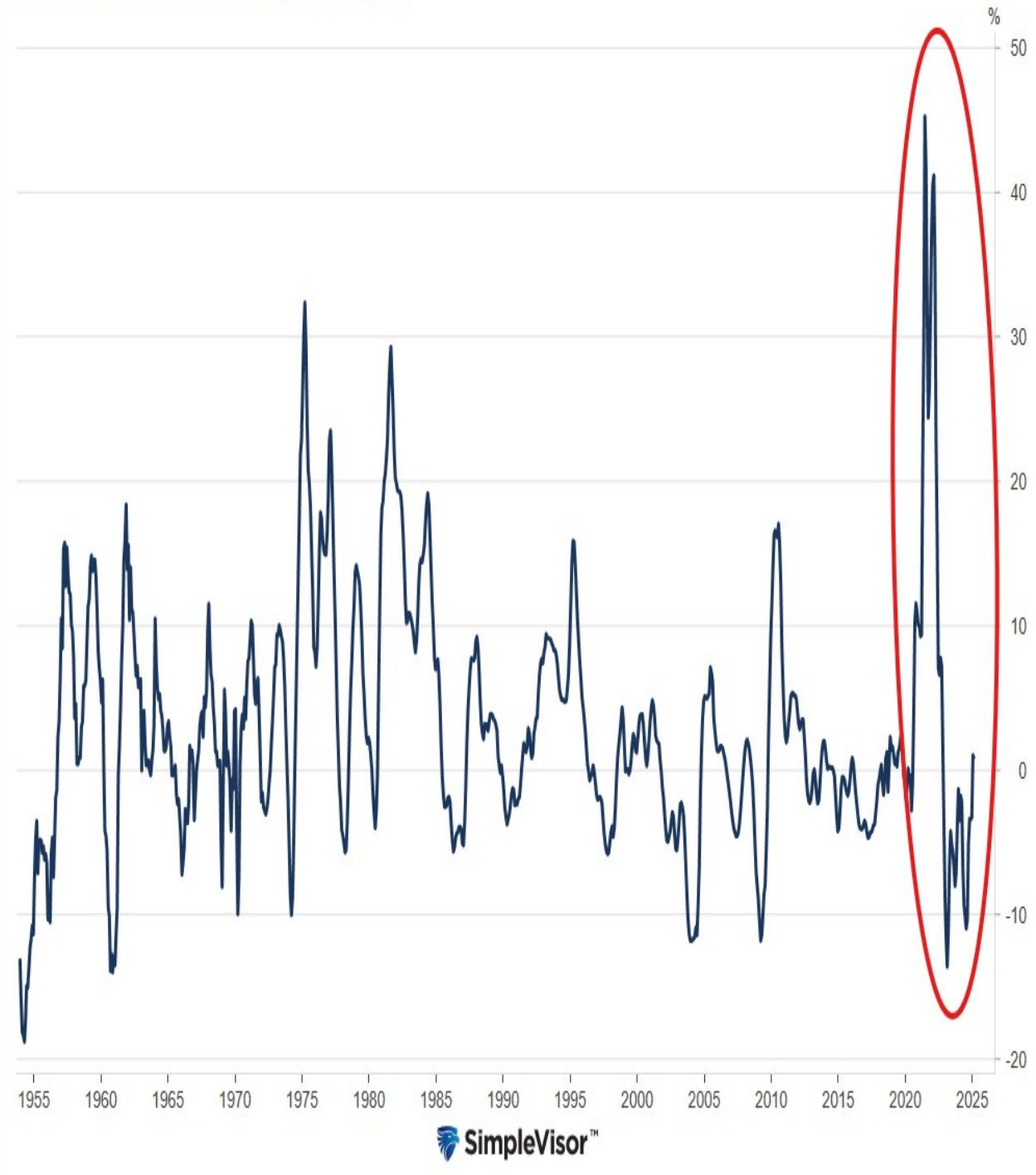
It wasn't that long ago that used car prices were soaring as the production of new cars was crimped due to Covid-related supply line shortages. Since then, used car prices have stabilized as the supply lines have healed. However, like many goods, prices haven't retreated to pre-pandemic levels. As we wrote in yesterday's Commentary, the new 25% tariff on cars assembled outside the US could raise new car prices. JP Morgan thinks the impact could be 10% or more if the tariffs are fully passed on to consumers. Thus, those consumers unable or unwilling to pay a higher price may resort to purchasing a used car. Economists call this the substitution effect.

The market seems to think the tariffs will benefit used car suppliers. Per Bloomberg:

As of midday Thursday, shares of used-vehicle dealers CarMax Inc. and Carvana Co. were each modestly higher, while rental-car company Hertz Global Holdings Inc. soared as much as 27% to its best intraday gain in more than three years. GM, Ford, and Stellantis all fell.

While the supply lines are back to normal, the used car market is still short on supply. If demand for lower-end new models declines, as many of them are made outside of the US, used cars will likely be more in demand. Thus, their prices are likely to rise. Given the on-again, off-again nature of tariff announcements and actions, the net impact on new and used auto prices is unclear at this time.

United States, Consumer Price Index, All Urban Consumers, U.S. City Average, Transport, Private, Used Cars & Trucks, Index [c.o.p. 1 year]




What To Watch Today

Earnings

- *No notable earnings releases today*

Economy

Monday March 31 2025			Actual	Previous	Consensus	Forecast		
07:45 AM	 US	Chicago PMI MAR		45.5	45.4	43		
08:30 AM	 US	Dallas Fed Manufacturing Index MAR		-8.3		-12		

Market Trading Update

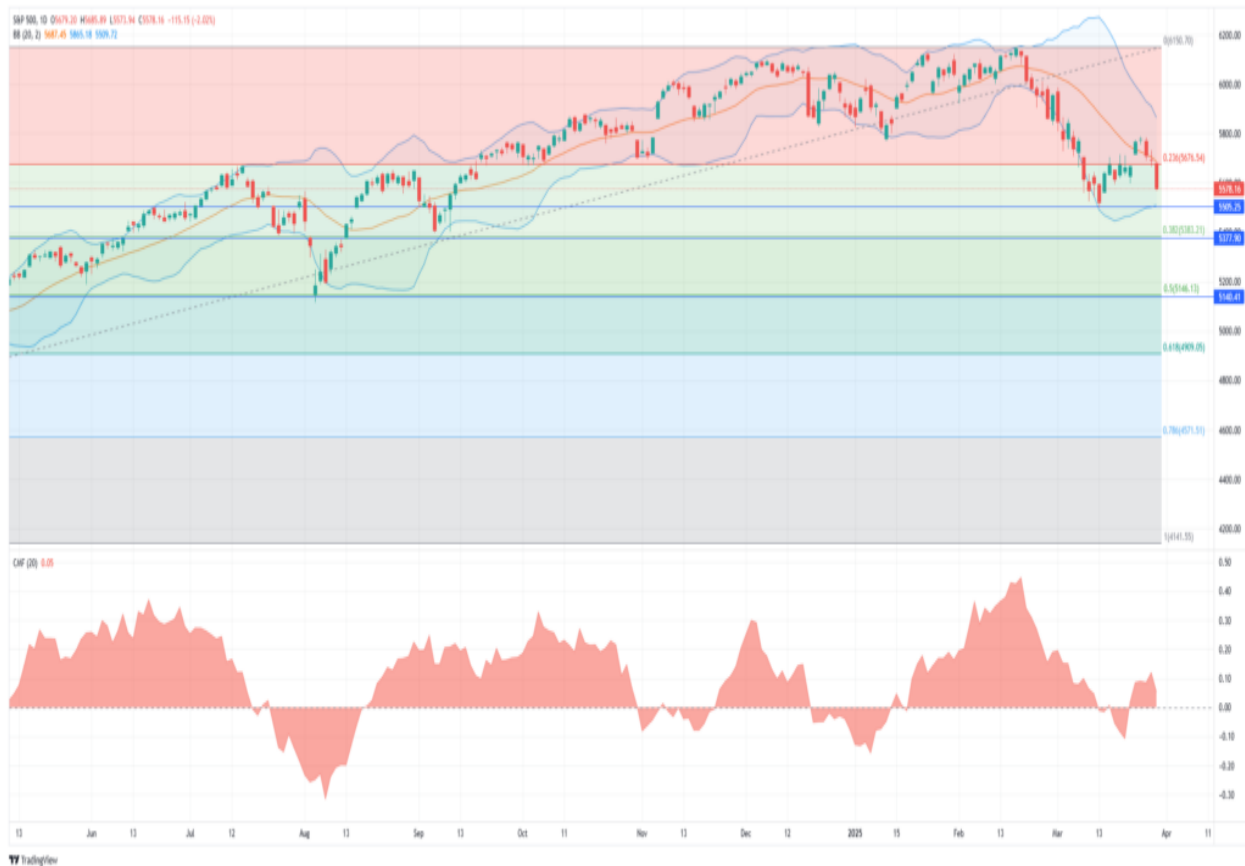
*?While Trump?s tariffs and bearish headlines currently dominate investors? psychology, we must remember that corrections are a normal market function. Yes, the market is down roughly 9% from the peak, but we have seen these corrections repeatedly in the past. **That does NOT mean a more extensive corrective process is not potentially in process.** It only implies that markets are likely in a position for a technical rally to reverse the more extreme oversold conditions. As shown, the MACD and relative strength are currently at levels not seen since the October 2022 lows. Furthermore, the market has completed a 23.6% retracement of the rally from those lows, providing the support needed for a rally.?*

The market tried to muster a rally this week, and we are beginning to see early signs of a bottom forming. However, on Friday, the impact of tariffs and a slighter, hotter-than-expected PCE print sent markets tumbling. The good news is that the market remains on a buy signal, with an improvement in both money flows and relative strength. However, those improvements may be fleeting, with the market failing its first resistance test at the 200-DMA and decisively breaking below the recent uptrend.



While it would not be uncommon for the market to retest recent lows, we are becoming more concerned about a more protracted consolidative or corrective process. The following chart lays out the most probable retracement levels if such occurs. Using the October 2022 lows as the starting point for the bull market rally, the market recently completed a 23.6% retracement of that rally. A continuation of the correction will find support at the following levels:

1. *The recent lows are around 5500.*
2. *Immediately below that is the 38.2% retracement level at 5383*
3. *Lastly, the 50% retracement level at 5146 should hold, barring the onset of a fiscal event or recession.*



As noted last week, **nothing in the market is guaranteed**. Therefore, we must continue managing risk accordingly until the market's direction is revealed. When that will be, we are uncertain, so we continue to watch the technicals, make small moves within portfolios, and reduce volatility risk as needed.

Regardless of where the current corrective or consolidation process ends, sellable rallies will exist so that investors can take action. This is the topic of this week's newsletter.

SimpleVisor™

Don't invest alone.
Tap into the power of SimpleVisor.

> Sign up now

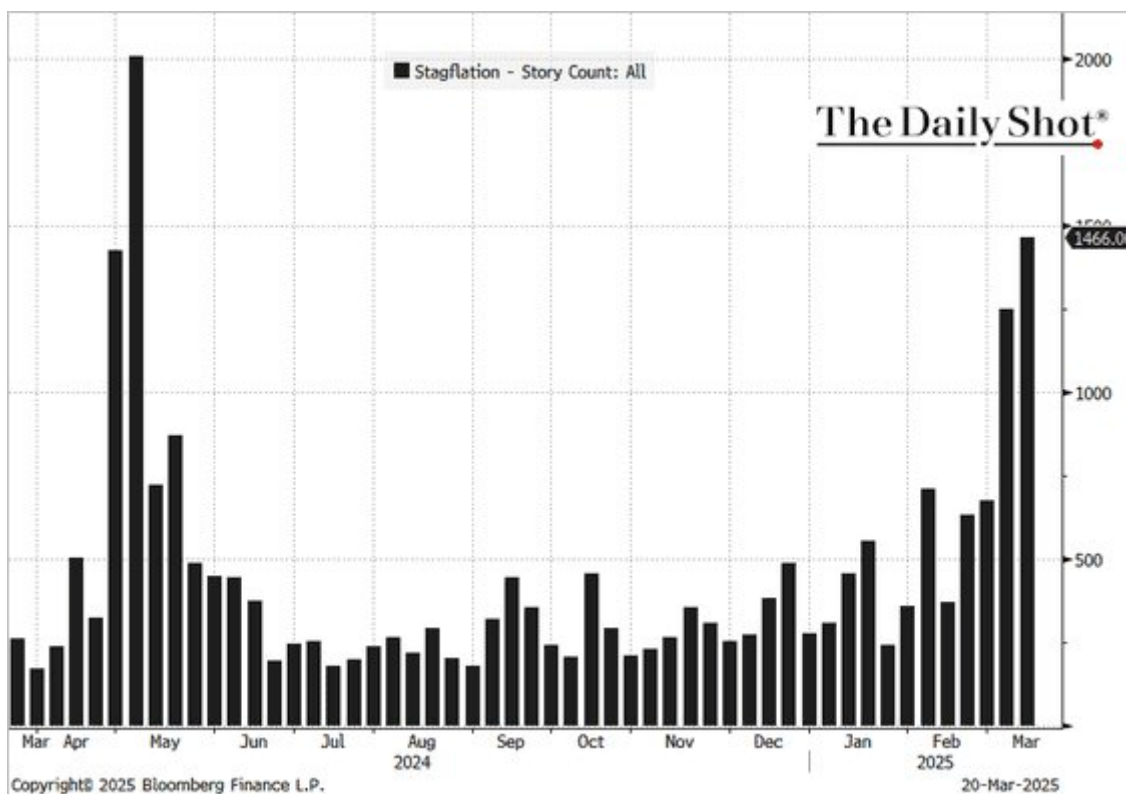
The Week Ahead

PCE prices were a tenth of a percent higher than expected despite the better-than-expected CPI and PPI reports earlier this month. The bond market seems more focused on inflation expectations, particularly how tariffs may impact prices.

Employment data will be in the spotlight this week, starting with JOLTs on Tuesday. On Wednesday and Friday, respectively, the ADP and BLS Employment Reports will release their inflation reports. The ISM manufacturing and service reports will inform us of business owners' sentiments. We suspect these could be volatile due to tariff uncertainty.

Stagflation Panic: A Misdiagnosed Media Spin

Following the latest Federal Reserve meeting, there was a massive surge in media headlines stating *stagflation*. The media's stagflation panic is unsurprising as it elicits memories of the late 1970s during the Arab oil embargo. Of course, a *stagflation* is excellent fodder for clicks and views as it scares the *bejeebers* out of people.



Over the last few weeks, the term *economic stagflation*; or just stagflation, has buzzed in the financial markets and media. For example, here is a short list of headlines about stagflation following the recent Fed meeting.



The World Economic Forum

<https://www.weforum.org> › stories › 2025/03 › stagflati... ⋮

Stagflation forced us to rethink how we manage economies ...

2 days ago – Anticipation has grown for an onset of '**stagflation**', a toxic blend of deteriorating growth and rising inflation, in the US and elsewhere.



ABC News

<https://abcnews.go.com> › Business › wireStory › stagflati... ⋮

'Stagflation' risk puts Federal Reserve in tricky spot as it meets ...

6 days ago – The toxic combination of still-high inflation and a weak or stagnant economy is often referred to as "**stagflation**," a term that haunts central ...



CNBC

<https://www.cnn.com> › 2025/03/04 › stagflation-fears-... ⋮

Stagflation fears swirl as Trump tariffs take effect and ...

Mar 4, 2025 – **Fears over "stagflation"** have come as President Donald Trump seems determined to slap tariffs on virtually anything that comes into the country.

Missing: [headlines](#) | Show results with: [headlines](#)



Yahoo Finance

<https://finance.yahoo.com> › news › stagflation-fears-ratt... ⋮

Stagflation fears rattle US markets ahead of key inflation data

Mar 10, 2025 – After months of optimism over the prospect of a US economic "soft landing," more Wall Street watchers are now warning of another possible ...

The problem is that economic *stagflation* is a complex economic phenomenon with significant implications for investors and the broader economy.

[READ MORE?](#)

Tweet of the Day



Michael Lebowitz, CFA ✓
@michaellebowitz



Automakers face slashed margins or the wrath of the president. Pick your poison.

Wall Street Journal- Trump told U.S. auto executives that they would face sanctions if they raise prices on U.S.- made autos.

8:27 AM · Mar 28, 2025 · 825 Views

?Want to achieve better long-term success in managing your portfolio? Here are our [15-trading rules for managing market risks.?](#)

Please [subscribe to the daily commentary](#) to receive these updates every morning before the opening bell.

If you found this blog useful, please send it to someone else, share it on social media, or contact us to set up a meeting.