



(ILLUSTRATION BY LISK FENG)

EXCLUSIVE

Stock Market Bulls Have Gone Into Hiding. Why Our Money Pros Are the Most Bearish in Nearly 30 Years.

Big Money pros are more anxious now than during the bursting of the dot-com bubble, the 2008-09 financial crisis, and the Covid-19 pandemic.

By [Paul R. La Monica](#) [Follow](#)

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America's money managers are more bearish today than they have been in nearly 30 years. *Barron's* latest Big Money poll of professional investors finds 32% of respondents bearish on the outlook for stocks over the next 12 months—the highest percentage since at least 1997.

Just think about all the crises investors have weathered since then: the bursting of the dot-com bubble, the 9/11 terrorist attacks, the collapse of Lehman Brothers and the 2008-09 financial crisis, the Covid-19 pandemic. And yet the Big Money pros are more anxious now than during any of those painful points for the financial markets, the economy, and the country.

The bulls' ranks also stand at historic levels in our spring survey—historically low, that is. Just 26% of respondents call themselves bullish on the market's prospects, the smallest percentage since 1997.

A full 50% of managers [were bullish last fall](#), while only 18% were bearish. The change in sentiment largely reflects worries about the potential impact of the Trump administration's tariffs on corporate earnings and the economy. Although President Donald Trump has softened his stance since announcing tariff hikes on April 2, and has shown a willingness to make deals with both traditional allies and China, the managers remain concerned about the possibility of a global trade war.

“Trump may have overplayed his hand on tariffs,” says Harris Nydick, managing member and co-founder of CFS Investment Advisory Services in Totowa, N.J. “This is one of the top five times in my career for fog and murkiness. There are so many unknowns.”

The [S&P 500 index](#) \uparrow [SPX +1.47%](#) has fallen about 4% this year after two years of double-digit gains. Tariff worries are only partly to blame, however. Equity valuations were unsustainably high at the start of the year, and investors' concentrated bets on beneficiaries of artificial-intelligence technology were rocked in late January when [China's DeepSeek](#) revealed an AI model built more efficiently, and at far lower cost, than U.S. models.

MARKETS

Click or tap buttons below for survey responses:

OUTLOOK

MEASURES

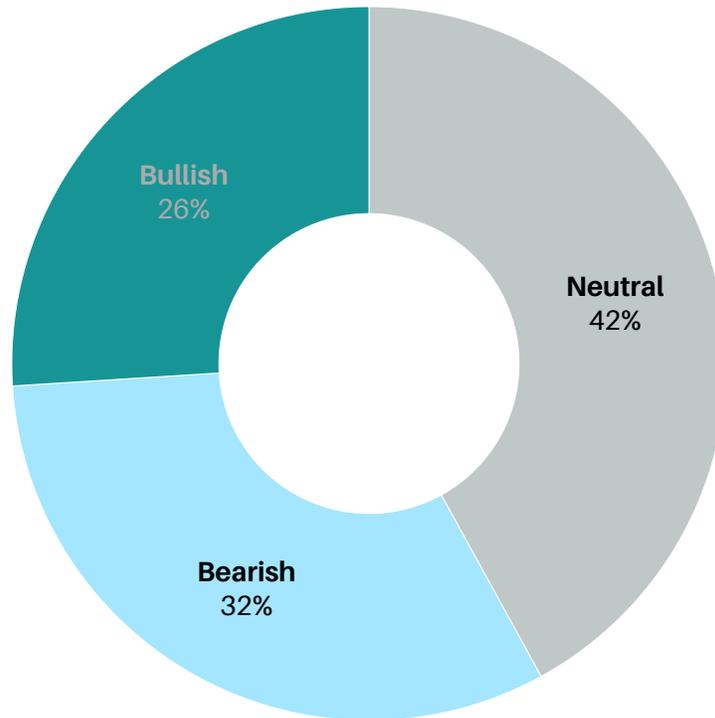
STOCKS

VALUE

CLIENTS

RISK

Describe your investment outlook for U.S. equities in the next 12 months.



Although [stocks have rebounded](#) from the lows reached after Trump's tariff announcement, the Big Money managers think more selling may be in store. Some 58% say the stock market is overvalued, while 38% call stocks fairly priced. Only 4% say the market is undervalued.

The managers' clients are even more pessimistic than the pros; 56% say their clients are bearish.

Bill Smead, founder and chief investment officer of Smead Capital Management in Phoenix, calls this "one of the craziest junctures for the markets" that he has ever seen. "We needed to unwind growth-stock mania," he says, but adds that the tariff news led investors to "slaughter things that should do better," namely industrial and consumer stocks that have been hit hard by trade-war concerns.

Barron's conducts the Big Money poll twice a year, in the spring and fall, with the help of Erdos Media Research in Ramsey, N.J. The latest poll was mailed out in late March, with supplementary tariff-related questions added in early April. The spring survey drew 119 respondents.

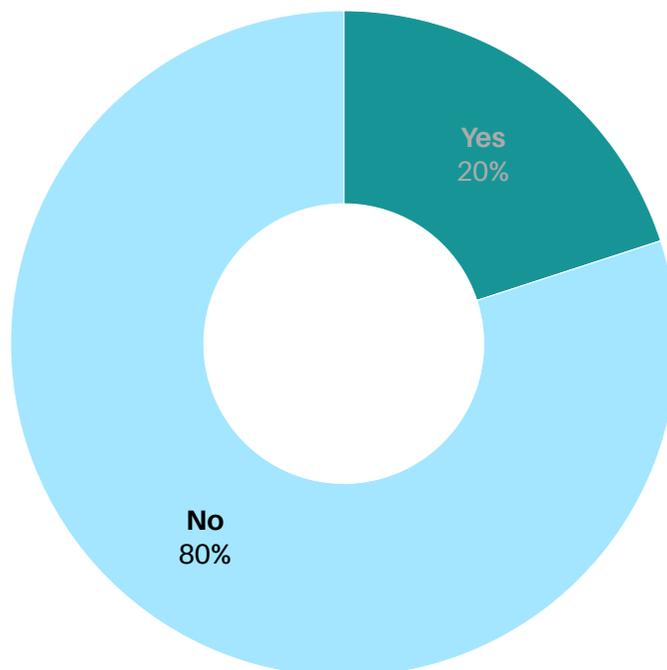
The optimists expect the [Dow Jones Industrial Average](#) \uparrow **DJIA +1.39%**, S&P 500, and [Nasdaq Composite](#) \uparrow **COMP +1.51%** to end the year about 4% to 7% above recent levels, based on their mean forecasts. But the bears see a 7% decline for the Dow and low-double-digit losses for the S&P 500 and Nasdaq. Forty-two percent of respondents describe themselves as neutral in the latest poll.

TARIFFS

Click or tap buttons below for survey responses:



Do you approve of President Trump's tariff policy?



Only 20% of Big Money managers indicate they approve of Team Trump's tariff policy, while about 80% put the odds of a tariff-related recession at 40% or

higher. Still, 60% consider the market's tariff-related tempest a buying opportunity.

Several respondents lamented the fact that the White House isn't focusing on policies that might spur more immediate growth. "I hope the administration begins to take a look at the process of deregulation," says John Stoltzfus, chief investment strategist at Oppenheimer Asset Management, based in New York.

He isn't alone: 38% of poll respondents say deregulation ought to be the administration's top economic priority this year.

POLITICS & POLICY

What should the Trump administration's top economic priority be for the remainder of this year?

Deregulation	38%
Tariffs and trade	20%
Tax cuts	20%
Deficit reduction	5%

Simply put, much of the optimism about a second Trump administration unleashing animal spirits on Wall Street has evaporated since stocks surged shortly after Trump defeated former Vice President Kamala Harris in November.

"Companies are frozen; CEOs are wondering if they should play the long game or short game," says Matthew Neyland, chief investment officer at SK Wealth Management in Providence, R.I. "There are things that could be done to make the mergers and acquisitions process easier that would help."

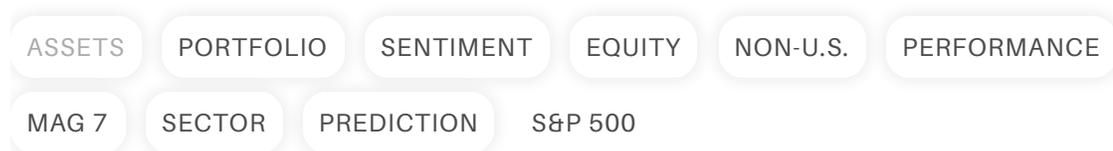
Neyland says banks might be willing to lend more if they had more flexibility with regard to capital requirements. At the same time, "burdensome reporting" regulations make it more complicated for public companies to do business and have led more companies to stay private, he says.

Deregulation and tax-cut extensions may be coming, but Trump has given the market “the spinach first,” says Eric Green, chief investment officer at Penn Capital Management in Philadelphia. Green says he expects “more shoes to drop” before the market selloff is over.

He also expects a rebound in M&A activity, but notes that companies don't want to announce major transactions until there is more clarity about tariffs. “They've been overwhelmed by tariffs,” he says of the White House and Congress. “Everything else might be happening, but slowly. It's a matter of time.”

INVESTING

Click or tap buttons below for survey responses:



Describe your current asset allocation.

Equities 64%

Fixed income 23%

Cash 9%

Other* 15%

*Note: Other includes alternative assets, commodities, gold, real estate, short sales; results don't equal 100% due to rounding.

What is the biggest risk the stock market will face in the next six months? Among survey respondents, 24% cite an economic slowdown, 19% say a recession, and 14% say political turmoil in the U.S. Carter Randolph, CEO of the Randolph Company in Cincinnati, is the sole poll participant who sees no chance of a recession in the next year. Although investor and business sentiment hasn't been good, consumer spending has held up, he says, adding that “sentiment isn't a good investment tool.”

But others aren't as dismissive of widespread worry on Wall Street and Main Street. Joe Gilbert, a portfolio manager at Integrity Asset Management in Rocky River, Ohio, says the economy looks to be headed toward a downturn. "Tariffs have caused things to come to a standstill," he says. "It makes it tough to have confidence, and confidence is fuel for the economy, so a recession is more likely than not."

The Bureau of Economic Analysis reported on Wednesday that gross domestic product, adjusted for inflation, fell at an annualized rate of 0.3% in the first quarter, largely due to a surge in imports ahead of the implementation of tariffs. Real GDP grew 2.4% in last year's fourth quarter.

Economic concerns are a big reason for [gold's record-breaking rally](#) this year. Bullion has gained almost 27% year to date, to a recent \$3,312 an ounce. Gold is often viewed as a defensive holding, a commodity with currency-like qualities that performs well when the dollar is weakening. The Big Money managers are fans: 58% say they are bullish on gold.

Oppenheimer's Stoltzfus says he thinks it's fine for investors to own a little gold, noting the price has gotten a boost largely due to buying by the central banks of China, India, and other emerging markets seeking to diversify beyond the dollar. But Tom Forester, manager of the [Forester Value](#) fund, says gold miners might be a better play.

Forester's fund owns [Agnico Eagle Mines](#) and [Alamos Gold](#). Both are trading below their five-year average forward price/earnings multiples, he says, and are benefiting from lower oil prices, which reduces costs. Both are Canadian companies.

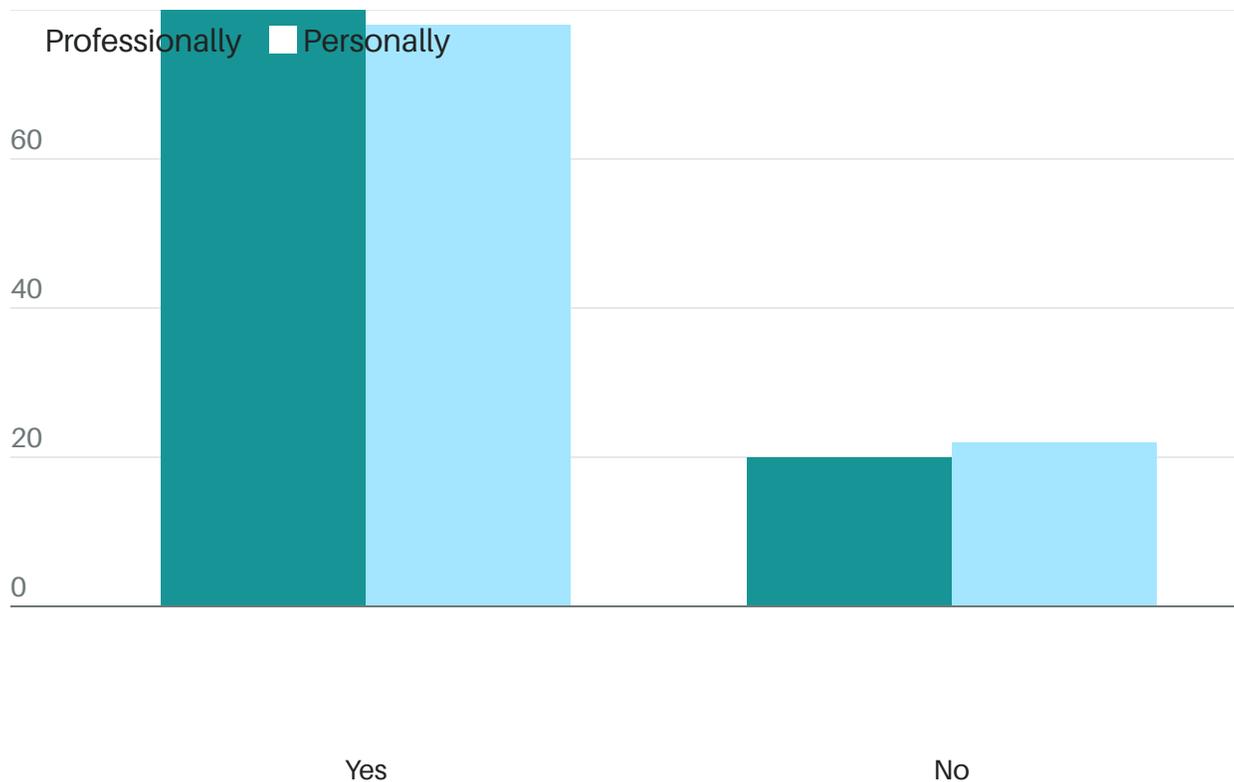
Many Big Money participants say they are looking beyond the U.S. for better values this year, with 70% calling themselves bullish on non-U. S. stocks. Charles Zhang, founder and president of Zhang Financial in Portage, Mich., tells *Barron's* that he likes both developed and emerging market stocks, and favors the [iShares MSCI EAFE Value](#) exchange-traded fund and the [Vanguard](#)

[FTSE Emerging Markets](#) ETF. “The U.S. dollar is weaker; that and a stronger euro are helping international stocks,” he says.

Zhang, No. 1 in the [Barron's ranking of independent advisors](#), also sees potential for Chinese stocks to keep rising, noting that Alibaba Group Holding and other leading Chinese stocks still look reasonably priced. Alibaba is up more than 40% year to date but trades for just 13 times the next 12 months' expected earnings.

PERFORMANCE

Are you beating the S&P 500 this year...



Better prices elsewhere, coupled with frustration about U.S. trade policies, have led some investors to throw in the towel on U.S. assets. “Some clients are apoplectic,” says Sandra S. Martin, managing director of Martin Investment Management, which has offices in Palm Beach Gardens, Fla., and Evanston, Ill. She says some of the firm’s Asian clients are now focusing more on international stocks.

It isn't all doom and gloom in the investment world. A volatile start to 2025 has created better buying opportunities in some stocks that had become too rich. "The average investor needs to think for the long term," says Joseph Parnes, president of Technomart Investment Advisors in Baltimore. He calls himself a contrarian, and bullish. "You should take advantage of downturns, and within two to three years we should see solid growth," he says.

Sharon Hill, a senior portfolio manager at Vanguard, likes dividend-paying stocks, particularly in the banking and pharmaceutical industries, and especially as bond yields retreat. "High-yielding stocks are already more attractive as a safety play," Hill says.

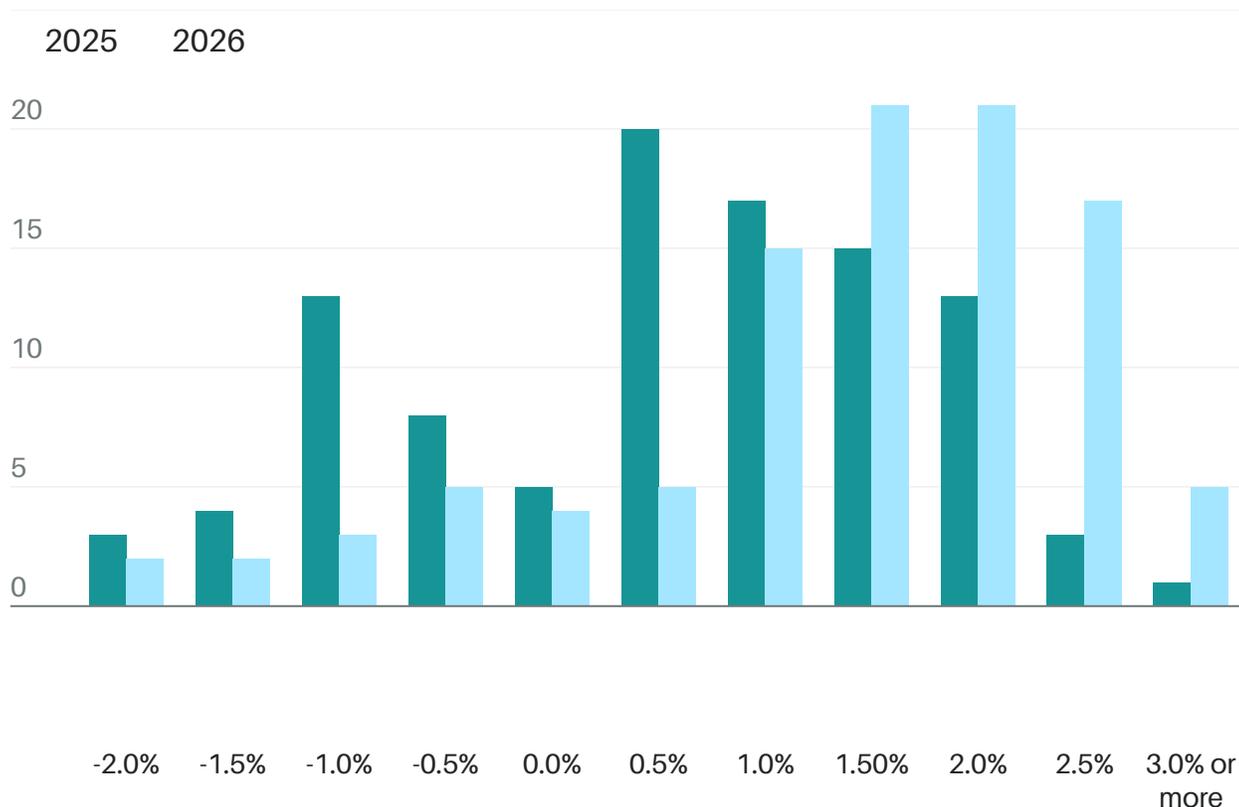
She expects volatility in the bond market to make them even more so.

THE ECONOMY & THE FED

Click or tap buttons below for survey responses:



Predict the growth rate of real U.S. GDP in 2025 and 2026.



Note: Results don't equal 100% due to rounding.

Many Big Money men and women are upbeat about the outlook for bonds. Nearly 75% of the survey participants say their weighting in fixed-income assets is higher than six months ago, while 70% say they are bullish on bonds. “There is still value in bonds,” says Erica Snyder, CEO of Hunter Associates, with offices in Pittsburgh and Salem, Ohio. “We see the Federal Reserve stepping in to cut interest rates a little bit a few times this summer.”

Rate cuts could put more downward pressure on the 10-year Treasury yield, which has fallen in recent months to a current 4.17%. Sixty-two percent of Big Money respondents expect the 10-year yield to be 4% or lower a year from now.

Lower bond yields are a boon to risk assets, prominently including equities. Jose Medeiros, a managing partner at Stonerise Capital Partners in San Francisco, likes the prospects for [Meta Platforms](#), [Amazon.com](#), and [Alphabet](#). “Tech isn’t a fad; it is a growing part of the global economy, and that isn’t going to change,” he says. “Tech companies are growing earnings at a much faster rate than the broader market, with much higher margins and better cash-flow generation. Tech stocks should trade at higher multiples on that alone.”

John Maffei, chief investment officer at MFM Capital Management in Orlando, Fla., says he has been “looking to scoop up values,” particularly dividend payers, as the market has fallen. “The selloff in some stocks has been overdone with this market volatility,” he says, adding that his clients aren’t panicking.

Still, 2025 is likely to remain a year of surprises. And if subsequent quarters mirror the first, investors could be in for a tumultuous ride. “It is a difficult market,” says Ken Laudan, manager of the [Buffalo Blue Chip Growth](#) fund. “You have to be comfortable being very uncomfortable.”

If the Big Money managers are preparing for more market turbulence, the rest of us should be, too.

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