



J.P. Morgan leader discusses how Milwaukee-area investors, business owners can navigate tariff concerns

— By Ashley Smart

In a time of uncertainty and market volatility, it can be easy to make reactive decisions related to managing your personal wealth and investments. Despite significant declines in the stock market recently as the United States institutes new tariffs and other countries respond with reciprocal tariffs, Andy Keller, managing director and market leader at J.P. Morgan Private Bank for the state of Wisconsin, says things are not as bleak as they may seem for investors. BizTimes reporter Ashley Smart recently spoke with Keller to learn what impact tariffs could have locally and what investors should be considering right now.

How are you seeing different industries react to these tariffs?

"I would start by saying for the clients that we've talked to in Wisconsin and in the Milwaukee area, it definitely seems like there's a lot of confusion. Business owners have to sort through that. Manufacturing is certainly one of the main industries here in Wisconsin that feels the impact. There are a lot of businesses here that make components for the auto industry, for example. I don't think those tariffs have actually gone into effect yet, but that's a big one that's on the table. If that happens, that will definitely have pretty massive ripple effects locally.

We've been hearing about impacts on the lumber and paper side as well. There's folks that are scrambling, trying to figure out what to do, because at the end of the day, ultimately these tariffs go into place and there's no other option besides raising the cost and passing that on to your consumer, which is probably the most common thing that you see."

What stocks will be impacted in the long-term due to this confusion?

"I would start by saying you have to level set. I think things have felt more painful recently than maybe they really are. If you step back and take a look at the bigger picture, the markets have been doing phenomenally well over the past few years, and even this year, the markets were off to a blazing start, so we've had a big pullback, but we're basically down in the equity markets, maybe 4% as of today, somewhere in that range, which is not altogether that significant. Now, the pullback from the peak to the trough feels a little bit worse, and I think the S&P entered correction territory (late last week). The first thing that we always look at is what your long-term plan is. Everybody has a different set of goals and long-term plans. Generally, if you stick to that, you're going to be just fine. It's about sticking and fighting your emotions in times of volatility."



Andy Keller

What advice do you have for people concerned about their 401(k) and savings accounts?

"Hopefully, those folks that are nearing retirement, even in a time like this where there's high volatility, they have a plan in place. They're not overly aggressive in their portfolios relative to their situation. If you good advice and have that plan, stick to it, and you'll be fine in the long term. If you don't have a plan, that's the first thing I would always recommend."

How are bond funds being impacted?

"They certainly play a big part in a diversified portfolio. When you think about portfolio diversification, the stock market's down 5%, fixed income generally is up 2% to 3% year to date. So again, a really good diversifier. If you go back to those folks that are nearing retirement, based on whatever their scenario is, there's probably a higher potential for more bonds in those portfolios now and over the long term, right? So yes, we'd still consider that a big part of the conversation."

What other concerns have clients in the Milwaukee market brought to your attention?

"If you think about lumber and paper products, obviously that's a big part of the industry in Wisconsin. About 40% of annual lumber imports come from Canada, so if there's a tariff on those, that is an increase in the cost of goods for any producers in Wisconsin that use that as a major component. If you think about different industries... packaging, paper, home builders, anything that revolves around furniture or construction, those are the industries that are going to be impacted by tariffs. Agriculture is another big industry in Wisconsin. One of the things you're

seeing is the administration will announce a tariff on imports from a specific country. Then that country will turn around and say we're going to tariff the United States. One of the things I saw is China introduced a 10% tariff on dairy products from us. That could definitely have ripple effects for the local economy in various ways. If it's more expensive to import dairy products from Wisconsin, they're going to stop importing them. They're going to go somewhere else where it's cheaper. That could lead to a surplus in the (dairy) industry."

How long can companies realistically continue passing on costs to consumers?

"I think it depends on what products are being produced. If it's more of an essential product, it might be sustainable for longer. If it's not an essential product, more of a want than a need, in the longer term, that could definitely lead to changes. If you think about increasing costs for imported materials and components, that could impact production and competitiveness over the long term. Those costs will generally get passed on. What happens when things get more expensive? If it's something that's not a necessity, the demand for that product might decline, which would eventually lead to adjustments in operations, employment, etc."

What impact will tariffs have on the strength of the U.S dollar?

"Tariffs may weaken the U.S. dollar against major trading partners, as initial pro-growth optimism is overshadowed by tariff concerns and policy uncertainty, leading to U.S. asset underperformance. Our base case remains that unless the U.S. outlook worsens significantly, a major USD decline is unlikely. This situation highlights the need for global diversification and considering alternatives like gold."

What long-term impact would these tariffs have on the economy if they stay in place longer than a few months?

"Historically, tariffs are generally inflationary. If all these tariffs that are announced go into effect, that would bring us back to 1940s tariff rates, which are high and can definitely lead to inflation. But I think to be a little bit more optimistic, I would take a step back and say we're not predicting recession or anything of that nature. We haven't changed our year end targets for equity markets. We're still very positive. In fact, we view a lot of this volatility as opportunities for investors to maybe nibble into the markets or rebalance or take advantage of the pullbacks."

Any other general advice for investors?

"There's a lot of things for investors and small business owners to take advantage of right now. We should be thinking about those things. You can harvest losses right now, right? So, think about that. Diversify if you're not diversified. I mentioned nibbling into markets that you're not part of. Things like AI. The pullbacks on some of these well-known stock names have been really, really big. They're the ones that have been hit the hardest recently. If you're interested in taking some risks, some of those are probably really good opportunities to think about right now."

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