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This Is Your Brain on Tariffs: The Mental Toll of Stock Drops

By Ed Lin [Follow](#)

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In this article

[↑ SPX](#)[↓ COMP](#)

It's been a rough month. A frustrated stock trader looks at financial graphs. (DREAMSTIME)

Anguish over investments isn't its own disorder apart from generalized anxiety disorder, a group of New York City psychologist say, but it certainly felt like a specific pain to anyone with a stock portfolio or retirement account when the market dove earlier this month.

President Donald Trump announced [a raft of tariffs](#) on what he called “Liberation Day”

after the market closed [April 2](#). The [S&P 500](#) [↑ SPX +0.06%](#) went on to drop 11% through the close on April 8, as investors fretted over a global trade war; the [Nasdaq Composite](#) [↓ COMP -0.10%](#) dove more than 13%, crunching tech-heavy portfolios. Since then, the Trump administration has announced [delays of tariffs](#), and [some walkbacks](#) [↗](#). Despite a rally in the past week, we're still under April 2's close, and the year-to-date losses in the S&P 500 and Nasdaq now stand at 6% and 10%, respectively. The Cboe volatility index itself has been volatile, with the VIX lurching day to day, and sometimes hour to hour. There's a natural human response to the numbers alternately flashing red and green.

“Investment and money mean a lot to different kinds of people,” says Robert L. Leahy, Ph.D., director of the American Institute for Cognitive Therapy. “It means security, freedom, status, success, how well you are doing in general, life chances

(the goods and advantages that money can buy), etc. So many people are anxious, some are angry, many are confused, some are depressed, and some are rather indifferent.”

“I have certainly seen an uptick in anxiety related to the economy and the value of patients’ wealth portfolios,” says Christopher J. Ceccolini, Ph.D., assistant professor of psychology in clinical psychiatry, Weill Cornell Medicine. “I hear things like, ‘I graduated college in the Great Recession, and had my child during Covid. It’s never easy for us.’”

Daniel Eden, M.D., Daniel Eden, M.D., a psychiatrist at Weill Cornell Medicine and NewYork-Presbyterian, and Chief of Ambulatory Access and Innovation, NewYork-Presbyterian, says, “The pain is visceral—and neurobiologically, that’s literal. Brain-imaging studies show that monetary losses can activate threat responses in the brain akin to physical danger.” Eden adds, “What we’re witnessing is the collision of two hard truths: Markets hate uncertainty, but the human brain hates lack of control even more.”

Losing money isn’t an abstract idea, and neither is a potential trade war.

Julia Samton, M.D., a psychiatrist and neurologist, and co-founder of the Midtown Practice, works with business owners who rely on foreign countries to sustain manufacturing. “Some have been to Washington to appeal to lobbyists and Congressmen and women. Others are sourcing options, or facing the reality that their businesses will no longer be viable.”

Samton encourages her patients to identify what they can and cannot control. “Trying to control factors and situations that are outside of our control is the biggest reason that people make mistakes, and develop severe anxiety.”

Why are we talking to four mental-health professionals who work in New York City? Consider the confluence of circumstances that make the Big Apple the center of finance and financial anxiety. First of all, there are more practicing

psychologists in the New York metro area than in any other in the U.S., 4,100 as of May 2023, compared with 1,670 in the Los Angeles area, according to the U.S. Bureau of Labor Statistics. The same agency found the New York metro area also had the most personal financial advisors, as of May 2024.

Also, there are far more millionaires in New York City than any other American city as of December 2023, according to residence and citizenship advisory firm Henley & Partners. Finally, the Council for Community and Economic Research found that Manhattan had the highest cost of living compared with the rest of the U.S. for the first quarter of 2024.

Put all that together, and it's obvious why Wall Street is more than just an institution in New York City. It's also a subway stop for two different lines, literally integrated into New Yorkers' lives.

The author of 30 books in psychology, Leahy says troubled investors can take some solace in a so-called life portfolio, "which should be larger than your financial portfolio." The life portfolio includes "all the pleasurable and meaningful experiences in your life and might include your spouse, children, pets, interests, hobbies, health, friendships, spiritual life, entertainment, and opportunities for professional and personal growth."

He suggests setting aside 20 minutes a day to worry about the market—"an appointment with your worries"—and to even write down concerns to address during worry time. "Most people can do part of this, and they find that it is helpful to free them up," Leahy says.

If that seems too unrealistic to put into practice, it certainly beats giving in to panic.

"Some individuals may cling to a sense of normalcy through increased spending—buying luxury items pre-emptively, for example, out of fear that tariffs or inflation might soon make them unaffordable," says Eden. "Others may retreat entirely—

delaying home purchases, canceling vacations, or even considering downsizing, despite having significant financial cushions.”

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Many of Ceccolini's clients are coping by “staying the course.” “With so much uncertainty due to tariffs, many want to keep things as normal as possible for as long as possible,” he says.

The ability of investors to ride out the uncertainty may be related to experience that comes with age.

“It's interesting that my patients who are very experienced investors with decades of experience are less worried than the younger investors,” says Leahy.

“Many of my patients have weathered financial crises before, such as [2008](#) [🔗](#), and [2020](#) [🔗](#), and are able to put some of their fears into context,” says Samton.

And how are our psychologists themselves holding up?

“Certainly, there is an uptick [in uncertainty] right now, but I have been through a number of stock-market corrections and recessions, and we generally bounce back with time,” says Leahy, 79.

Before medical school, Eden, 36, played poker to earn money on the side. “It taught me how to think probabilistically, manage risk under pressure, and recognize the difference between variance and poor decision-making. These days it's a hobby and passion, but the lessons stick with me. In both poker and investing, emotional control is everything.”

“I am in the same boat as many of my patients,” says Ceccolinni, 36. “I have similarly watched my 403(b) and other investments plummet in less than one

week. I remind myself that I'm playing the long game with this money; saving for retirement, the surrogacy process, a college fund. Combining my rational mind's analysis with my emotional mind's signals allows me to harness my 'wise mind.'” Using that concept, Ceccolinni says he “can persevere through the unpredictability by attending to what I can control in my life, and not reacting impulsively to fear.”

“I have had my moments [of anxiety], but I find as I get older, I have fewer,” says Samton, 54. “I try to stay in my lane, and hand it over to the experts. I have made peace with the downside of taking a more conservative path financially. I know what it takes to prioritize my mental health, and I work every day to keep mine steady so I can feel a sense of ease, and help others do the same.”

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