# Walmart raises concerns for 2025, impacting stock market



Walmart, the largest retailer in the United States, has raised concerns regarding its financial outlook for 2025, leading to a notable decline in its stock and a downward trend in the broader market. The announcement came after the company reported solid sales growth to round off 2024 but warned that profits are likely to shrink next year, a scenario not encountered since the height of the pandemic.

The warning, delivered during an earnings call, seems rooted in factors such as consumer hesitancy stemming from persistent inflation and the implications of tariffs established during the Trump administration, which are expected to escalate costs for the retail giant. Analysts and investors alike have interpreted this cautious forecast as a sign of potential weakened consumer spending, a critical factor considering that consumer activity accounts for approximately 70 percent of the U.S. economy.

As a response to these developments, a broad stock selloff ensued, dragging all three major US stock indexes—Dow Jones, NASDAQ, and S&P 500—into negative territory before the close of markets at 4 pm in New York. The Dow Jones experienced the steepest decline, dropping by 1 percent, while Walmart shares plummeted by 6.5 percent. The S&P 500 also snapped its consecutive streak of record closings, displaying increased investor anxiety over future economic conditions.

In the wake of Walmart's projections, gold prices surged to record highs, often regarded as a safe haven amid economic uncertainty. Robert Pavlik, senior portfolio manager at Dakota Wealth, elaborated on the implications of Walmart's guidance, stating, "With the consumer driving 70 percent of the U.S. economy, Walmart's weak guidance gave rise to some nervousness [about] potential consumer spending going forward."

Walmart's future sales growth is projected at a more modest 3 to 4 percent, a stark contrast to the previous year's 9.7 percent growth. Furthermore, the company anticipates a decline in full-year profits, reaffirming the sentiment of cautiousness shared by its leadership. CEO Doug McMillon and CFO John David Rainey acknowledged the uncertainty surrounding future economic conditions. Rainey noted, "We have to acknowledge that we are in an uncertain time and we don't want to get out over our skis here," while also indicating that there is a considerable portion of the year yet to unfold.

Despite the tempered forecast, analysts maintain that Walmart is still well-positioned for ongoing growth. Neil Saunders, managing director of GlobalData, asserted, "The outlook for Walmart remains solid," suggesting that while others may view the projected sales growth as disappointing, it still represents a robust outlook amid the company's successful expansion phase.

Walmart's ability to attract consumers through competitive pricing has driven significant e-commerce traffic, helping bolster its position even amid market hesitancy. The company serves nearly 230 million customers weekly, placing it in a unique position to influence investor sentiment regarding overall economic stability.

The reactions following Walmart's cautious forecast have sparked broader concerns among investors, particularly as other companies also reported a sluggish start to 2025. Retail and food service sales fell by 0.9 percent in January, with fast-food chains such as Burger King and Popeyes noting reduced customer traffic. While some market analysts believe these declines may be typical post-holiday trends, they have not alleviated the worries generated by Walmart's update.

Overall, the financial community remains on alert as Walmart's performance continues to be seen as a barometer for the health of the U.S. economy. Doug McMillon encapsulated the company's approach during the call, stating, "We can't predict what will happen in the future, but we can manage it really well," while emphasising Walmart’s commitment to providing value to customers.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://fashionunited.com/news/business/walmart-forecasts-slower-growth-for-2025-26/2025022064608> - This article supports Walmart's cautious financial outlook for 2025/2026, including slower growth projections and potential declines in earnings per share. It highlights the company's conservative forecasting and the impact on its stock price.
* <https://fortune.com/2025/02/20/walmart-earnings-stock-drop-consumer-spending-inflation-retail-tariffs/> - This article corroborates the market reaction to Walmart's earnings guidance, including the stock price drop and broader market concerns about consumer spending and economic uncertainty. It also mentions the impact of tariffs and inflation.
* <https://corporate.walmart.com/news/2025/02/20/walmart-releases-q4-fy25-earnings> - This official Walmart release provides details on the company's Q4 FY25 earnings, highlighting solid momentum and strategic investments. It supports the narrative of Walmart's financial performance and strategic focus.
* <https://www.bloomberg.com/news/articles/2025-02-20/walmart-earnings-miss-estimates-as-consumer-spending-slows> - This article would typically cover Walmart's earnings report and its implications on consumer spending, providing additional insights into the company's financial performance and market impact.
* <https://www.cnbc.com/2025/02/20/walmart-earnings-q4-2025.html> - This CNBC article likely discusses Walmart's Q4 earnings, focusing on the company's financial results and how they reflect broader economic trends, including consumer behavior and retail sector challenges.