

# MARKET UPDATE

03/04/2025

## Asia stocks slide.

Asian stocks tumbled on Thursday, with Japan leading the declines, after U.S. President Donald Trump unveiled sweeping 10% tariffs on most imports and much higher reciprocal duties on some countries.

U.S. stock futures plummeted between 3% and 5% in early Asia hours.

Trump's tariff hike sparks global trade concerns

President Trump on Wednesday announced a comprehensive overhaul of U.S. trade policy, instituting a universal 10% tariff on all imported goods, effective April 5, 2025.

Additionally, "reciprocal tariffs" targeting specific nations deemed to have significant trade barriers against U.S. products will take effect on April 9, 2025. These reciprocal tariffs are approximately half of the rates those countries impose on U.S. exports.

Under this new policy, China faces a combined tariff of 54%, with the new 34% surcharge atop an existing 20% levy.

Other notable tariffs include 24% on Japan, 20% on the European Union, 26% on India, 32% on Taiwan, and 46% on Vietnam.

Additionally, a 25% tariff on foreign-made automobiles and key auto parts was set to take effect on April 3, 2025.

## European stocks drop.

European shares fell on Wednesday, weighed by losses in healthcare stocks, as investors awaited tariff plans from U.S. President Donald Trump that some fear could slow global growth and boost inflation.

The pan-European STOXX 600 index closed 0.5% lower, with Germany's trade-sensitive DAX falling 0.7%.

Markets waited for details of Trump's reciprocal tariffs on global trading partners, which will take effect immediately after they are announced at 2000 GMT.

European indexes have been volatile this week in anticipation of the announcement after Trump dampened hopes for more targeted levies. The STOXX 600 is hovering around two-month lows and is about 5.1% below its all-time high hit in March.

## Trump's tariffs send markets reeling.

President Donald Trump's new tariffs announced on Wednesday sent shockwaves through global markets amid worries the aggressive duties will slow growth, hit corporate earnings and stoke inflation, with one analyst calling the move markets' "worst-case scenario."

Global markets have been whiplashed since Trump took office and kept up a stream of rhetoric that threatened to unleash a global trade war. Trump's new levies crystallized those fears.

He set a baseline of 10% across all imports and higher duties on some of the U.S.'s biggest trading partners.

Taken together, the duties will erect new barriers around the world's largest consumer economy, reversing decades of trade liberalization that have shaped the global order following World War Two.

In interviews, several investors and analysts said the rhetoric around tariffs had already caused an economic slowdown, hitting both consumer and corporate confidence. The big unknown now is how trading partners will react, they said.

While Wednesday's announcement provided a baseline, it is likely to be followed by months of negotiations and debilitating uncertainty.

In the United States, stocks future fell as Trump spoke, with S&P 500 E-minis down 3.5%. In currencies, the dollar fell 0.9% against the yen at 148 yen, while the Mexican pesos was about 0.4% lower. Prices of safe-havens assets such as gold and Treasury rose.

In his speech at the White House Rose Garden, Trump cast the levies in terms of fairness, arguing that the "reciprocal" tariffs were a response to duties and other non-tariff barriers put on U.S. goods.

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