

# MARKET UPDATE

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## Asia stocks sink: China & Japan lead losses.

Asian stocks tumbled further on Monday as a broad market sell-off deepened amid an escalating global trade war triggered by U.S. President Donald Trump's sweeping tariff announcement last week.

Stocks in Japan, China, and Hong Kong led regional declines, while broader markets across South Korea, Singapore, and Australia also retreated sharply.

Monday's sell-off followed a dismal session on Wall Street on Friday, where major U.S. indexes plummeted. Most Asian stocks suffered weekly losses.

U.S. stock index futures also fell sharply in Asian trading on Monday, leading to fears the markets will witness another "Black Monday" – as seen in 1987 – when markets around the world crashed.

Global markets rattle as Trump trade war escalates

China now faces a combined 54% tariffs, with the 20% duties already in place.

Beijing also retaliated with a sweeping 34% tariff on a wide swath of U.S. imports, including agricultural products, energy commodities, and key tech components.

## Global stock markets tumble, bonds rally.

Asian share markets and U.S. stock futures tumbled on Monday as fears of a global trade war led investors to ramp up bets on the risk of recession and a U.S. rate cut as early as May. [MKTS/GLOB]

Monday's rout extends a two-day selloff that wiped trillions of dollars from equity values after U.S. President Donald Trump's administration announced sweeping tariffs last week.

**BEN BENNETT, HEAD OF INVESTMENT STRATEGY FOR ASIA, LGIM, HONG KONG**

"Our multi asset portfolio positioning was relatively defensive entering last week – underweight risk, mostly via credit and overweight interest rate duration. At the margin we're using the sell-off to reduce this a bit, so adding some equity/credit risk and reducing duration. But markets look pretty murky still, so we're happy to remain defensive in general."



## Major stock indexes plunged in Asia.

Major stock indexes plunged in Asia on Monday as U.S. President Donald Trump showed no sign of backing away from his sweeping tariff plans, and investors bet the mounting risk of recession could see the Federal Reserve cutting rates as early as May.

Futures markets moved swiftly to price in almost five quarter-point cuts in U.S. rates this year, pulling Treasury yields down sharply and hampering the dollar on safe havens.

The carnage came as Trump told reporters that investors would have to take their medicine, and he would not do a deal with China until the U.S. trade deficit was sorted out. Beijing declared the markets had spoken on their retaliation plans.

"The only real circuit breaker is President Trump's iPhone, and he is showing little sign that the market selloff is bothering him enough to reconsider a policy stance he has believed in for decades," said Sean Callow, a senior FX analyst at ITC (NSE:ITC) Markets in Sydney.

Investors had thought the loss of trillions of dollars in wealth and the likely body blow to the economy would make Trump reconsider his plans.

"The size and disruptive impact of U.S. trade policies, if sustained, would be sufficient to tip a still healthy U.S. and global expansion into recession," said Bruce Kasman, head of economics at JPMorgan, putting the risk of a downturn at 60%.

"We continue to expect a first Fed easing in June," he added. "However, we now think the Committee cuts at every meeting through January, bringing the top of the funds rate target range down to 3.0%."

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