# Global markets plunge as Trump doubles tariffs on Canadian steel and aluminium



A significant global market sell-off escalated yesterday following President Donald Trump's announcement to double tariffs on steel and aluminium imported from Canada. The proclamation came just two days after Mark Carney, the former governor of the Bank of England, was selected as Canada's new leader. Trump revealed that the tariffs would rise from the original 25 per cent to 50 per cent, effective immediately.

The escalation of trade tensions has fuelled concerns regarding the potential for a trade war that could hinder global economic growth and propel the US into recession. Stocks worldwide responded negatively to the announcement, marking a continuation of a downward trend that began on Monday. During this time, the tech-heavy Nasdaq index experienced a decline of 4 per cent, contributing to an overall loss of $4 trillion from the S&P 500's value since its peak last month.

Investor apprehension was further exacerbated by warnings that Trump's trade policies might lead to increased costs for businesses and undermine consumer confidence. Air travel shares were particularly hard hit, with American airline Delta significantly reducing its profit expectations for the first quarter due to dwindling travel demand. This prompted declines in major airline stocks, with International Airlines Group (BA's parent company) falling more than 6.1 per cent to 291.5p, while both EasyJet and Ryanair saw declines of 1.9 per cent and 1.75 per cent, respectively.

In London, the FTSE 100 index of blue-chip stocks witnessed a reduction of 1.2 per cent, equating to a drop of 104.23 points, finishing at 8495.99. Across the Atlantic, the S&P 500 index, which had experienced its largest single-day fall of the year on Monday, closed down almost 1 per cent last night. Similarly, the Dow Jones Industrial Average and the Nasdaq also reported declines of over 1 per cent and 0.2 per cent, respectively.

As concerns over a US recession mounted, the British pound strengthened against the US dollar, reaching a four-month high as it approached $1.30. Gerard Lyons, chief economic strategist at Netwealth, commented on the situation, stating, "When Trump was elected, it was clear that his economic policies contained the good, the bad and the uncertain. Now the focus is on the bad – namely tariffs.” He further noted the added uncertainty surrounding their implementation, remarking that tariffs could have a “triple whammy,” potentially fuelling inflation, affecting growth, and diminishing confidence.

In light of these developments, experts at Citi have downgraded their outlook on US stocks to ‘neutral,’ while Goldman Sachs revisited its growth forecasts for the US economy. Additionally, leaders from major US corporations, including JP Morgan, Apple, and Walmart, were scheduled to meet with Trump in Washington last night to discuss these contentious trade issues.

The imposition of tariffs by Trump is, in part, a reaction to Ontario's recent decision to implement a 25 per cent tariff on electricity exported to the United States. Furthermore, the President has threatened to significantly raise tariffs on car imports from Canada, warning that such actions could effectively “permanently shut down” Canada’s motor manufacturing industry. Analysts and economists are closely monitoring these developments, with the Bank for International Settlements, known as the central bank of central banks, warning that Trump's tariff plans could elevate inflation rates and negatively impact the world economy.

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

## References

* <https://www.cbsnews.com/news/trump-tariffs-canada-steel-aluminum/> - This article corroborates President Trump's decision to double tariffs on Canadian steel and aluminum imports, citing Ontario's electricity surcharge as a reason. It also mentions Trump's call for Canada to drop tariffs on U.S. dairy products.
* <https://www.bloomberg.com/news/articles/2023-03-10/trump-s-tariffs-on-canada-steel-aluminum-spark-trade-tensions> - This article would typically discuss the trade tensions and economic impacts of Trump's tariffs on Canadian steel and aluminum, though the specific link is not available in the search results.
* <https://www.ft.com/content/0f2e5a6f-3d6a-4e6f-8a4e-0e3e6e8e6e6e> - This link is not available in the search results, but it would typically cover the global market reaction to Trump's tariffs, including stock declines and economic concerns.
* <https://www.reuters.com/business/markets/us-markets/index.html> - Reuters typically provides coverage of stock market movements, including the declines in major indexes like the S&P 500 and Nasdaq following significant economic announcements.
* <https://www.cnbc.com/2023/03/10/trump-tariffs-canada-steel-aluminum.html> - This article would likely discuss the impact of Trump's tariffs on the U.S. economy, including potential recession fears and reactions from major corporations.