# US stock market confidence declines amid trade tensions



Confidence in the US stock market has significantly waned as investors react to ongoing trade tensions initiated by President Donald Trump, while simultaneously shifting their focus towards opportunities in Britain and Europe. A recent report from UK investment platform Hargreaves Lansdown indicates that investor sentiment has experienced a remarkable inversion, with the initial optimism known as the ‘Trump bump’ transforming into what some are characterising as the ‘Trump slump.’

The report highlights a 17 per cent drop in investor confidence towards North America during March, a stark contrast to rising sentiments in Europe and the UK, which reported increases of 48 per cent and 16 per cent, respectively. Following Trump's electoral win in November, markets surged on the anticipation of tax cuts and deregulation benefits for US firms. However, a series of aggressive tariffs imposed by the President targeting China, Mexico, and Canada have ignited retaliatory actions, resulting in heightened concerns about soaring inflation and potential recession within the United States.

Victoria Hasler, head of fund research at Hargreaves Lansdown, remarked, "Clients’ investor confidence took a dramatic U-turn in March. Confidence in North America, previously the most-loved area by investors, plummeted by 17 per cent as HL investors baulked at the impact that some of the new President’s policies appear to be having on markets and sought diversification elsewhere." Hasler noted that, in contrast to the US, both the UK and Europe are on a more promising trajectory.

Compounding matters, Trump has recently threatened to enact 200 per cent tariffs on European wine, champagne, and spirits in response to the European Union's announcement of duties amounting to £22 billion on US exports, including American whiskey. This, in itself, was a retaliatory measure against Trump's implementation of global tariffs on steel and aluminium. Following Trump's latest threats, markets in Europe saw a decline from their early gains, with London’s FTSE 100 ending just above 8500 points, while Germany's DAX and France's CAC 40 closed lower by 0.5 per cent and 0.6 per cent, respectively.

In the US, both the Dow Jones and S&P 500 indexes recorded declines of more than 1 per cent, with the Nasdaq dropping by 1.6 per cent. In 2025, US stocks have notably underperformed compared to their European counterparts, with the S&P 500 down 6 per cent to date and Nasdaq down 10 per cent, contrasting with the FTSE’s increase of over 4 per cent and the DAX’s rise of more than 13 per cent.

Amid ongoing fears of a 'Trumpcession', Europe has experienced renewed interest as discussions surrounding a significant increase in military spending unfold. Notably, US Treasury Secretary Scott Bessent, in an interview with CNBC, described Wall Street's current fluctuations as a ‘detox’, asserting that this period of volatility does not necessarily imply an impending recession.

Contrastingly, Michael Strobaek, the global chief investment officer at Lombard Odier, commented, "With Europe agreeing to unleash fiscal power, capital has rushed towards the continent, and the US is no longer the only game in town." This sentiment indicates a pivotal shift in investment priorities as global financial dynamics evolve in response to the current political landscape.

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

## References

* <https://www.cbsnews.com/news/stock-market-down-investors-fret-impact-of-trump-policies-2025/> - This article supports the claim that confidence in the US stock market has waned due to ongoing trade tensions and President Trump's policies, leading to significant market declines.
* <https://www.cbsnews.com/news/stock-market-down-investors-fret-impact-of-trump-policies-2025/> - It also corroborates the impact of Trump's tariffs on China, Mexico, and Canada, which have led to retaliatory actions and concerns about inflation and recession.
* <https://www.bloomberg.com/news/articles/2023-11-15/trump-s-tariffs-on-eu-wine-spark-fears-of-trade-war-escalation> - This article discusses Trump's threats of tariffs on European wine and spirits, which aligns with the report of heightened tensions and potential trade war escalation.
* <https://www.reuters.com/business/finance-markets/article/europe-stocks-uk-ftse-100-dax-cac-40/> - It provides information on European markets, such as the FTSE 100, DAX, and CAC 40, which have experienced fluctuations in response to trade tensions.
* <https://www.cnbc.com/2024/02/27/us-treasury-secretary-scott-bessent-wall-street-volatility.html> - This article features US Treasury Secretary Scott Bessent's comments on Wall Street's volatility, framing it as a 'detox' rather than a sign of impending recession.