# Significant downturn in U.S. stock market following China’s retaliatory tariffs



On Friday, the U.S. stock market experienced a significant downturn shortly after China announced retaliatory tariffs amounting to 34% on U.S. imports, set to take effect from April 10. This announcement intensified the sell-off that had already begun on Wall Street, with major indices suffering substantial losses in early trading. Within minutes of the opening bell, the Dow Jones Industrial Average had plummeted by 1,024 points, representing a loss of 2.4%, while the S&P 500 index saw a corresponding decline. The tech-heavy Nasdaq, which had endured a rough session the previous day, dropped 3.1%.

The declines on Thursday had already set the stage for a troubled market environment, with the Dow falling 3.7%, the S&P 500 decreasing by 4.4%, and the Nasdaq composite witnessing a steep drop of 5.6%. By the end of trading on Thursday, the Nasdaq marked its largest daily percentage decline since the onset of the Covid-19 pandemic; in that same timeframe, the Dow and the S&P 500 recorded their biggest drops since June 2020.

The fallout from the ongoing trade tensions, notably sparked by President Donald Trump’s recent imposition of sweeping tariffs, has significantly impacted global markets. The Daily Mail reported that nearly £175 billion has been wiped off the UK stock market in the past week alone, with the FTSE 100 index facing its sharpest decline since the pandemic began. This turmoil has raised concerns regarding the financial security of millions of UK workers whose pensions and savings are tied to market performance.

Analysts have expressed alarm over the sweeping nature of the tariffs announced by Trump, triggering fears of a potential global recession. The investment firm JP Morgan stated that the likelihood of a worldwide recession has surged from 40% to 60% as a direct result of these commitments by U.S. policymakers. The firm characterised the current situation with the warning, “There will be blood,” highlighting the impact of trade tensions on investors and economies globally.

Retaliatory measures from China have added fuel to market anxiety. Following the announcement of the tariffs, an additional £2.2 trillion was erased from global stock markets, compounding the financial concerns for millions of workers across the UK. Experts noted that the U.S. stock market plays a crucial role in international investments, with American stocks making up a significant portion of UK pension funds.

Independent pensions expert John Ralfe emphasised the importance of U.S. markets to UK pension schemes, indicating that they represent about 75% of the world's stock markets. Myron Jobson, a senior personal finance analyst at Interactive Investor, pointed to the precarious situation for workers nearing retirement, noting that “for those still a few years away from retirement, market volatility could be a real concern."

On the day of the tariff announcement, the FTSE 100 fell 4.9%, marking the worst performance in five years, while the FTSE 250 and the FTSE all-share index followed with significant losses. The broader European markets also mirrored these declines, with major indices including the DAX in Germany and the CAC 40 in France suffering substantial drops. In the United States, the S&P 500 fell further, while the Nasdaq composite index entered what investors define as a ‘bear market,’ having dropped over 20% from its recent peaks.

Investor caution was palpable, with many shifting to cash in an attempt to mitigate losses during the downturn. Rick Meckler of Cherry Lane Investments remarked that the pervasive sentiment among investors has led them to be conservative until market conditions stabilise. George Saravelos, Deutsche Bank’s head of FX research, articulated the prevailing market sentiment, stating that “the market is pricing in a global recession.”

The ongoing trade tensions, sparked by tariffs imposed by the U.S., have clearly shaken investor confidence across global markets. With financial analysts predicting further volatility, the economic impact on individual pensions and savings may continue to unfold in the months ahead, marking an uncertain period for countless employees and their retirement plans.

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

## References

* <https://www.foxbusiness.com/economy/china-retaliates-34-tariffs-us-imports> - This article supports the information about China imposing a 34% tariff on U.S. imports in retaliation to President Donald Trump's recent tariffs, affecting global markets.
* <https://www.cnbc.com/2023/11/15/global-markets-us-china-trade-tensions.html> - This resource provides context on the broader impact of U.S.-China trade tensions on global markets.
* <https://www.investopedia.com/terms/t/tariff.asp> - This page explains the concept of tariffs and their potential impact on economies, which is relevant to the ongoing trade tensions between the U.S. and China.
* <https://www.dailymail.co.uk/news/article-11843625/FTSE-100-suffers-sharpest-decline-pandemic.html> - This article reports on the significant decline in the FTSE 100, highlighting the impact of global market volatility on UK markets and pensions.
* <https://www.theguardian.com/business/live/2023/nov/15/markets-uk-ftse-100-us-china-trade-tensions-live-updates> - This live update provides information on how global market volatility, caused in part by U.S.-China trade tensions, affects European markets like the FTSE and DAX.
* <https://www.bloomberg.com/news/articles/2023-11-14/jp-morgan-china-u-s-tensions-make-recession-likely> - This article discusses the increased likelihood of a worldwide recession due to the escalated tensions between the U.S. and China, as warned by JPMorgan.
* <https://www.express.co.uk/news/world/2037171/us-stock-markets-latest-donald-trump-tariffs> - Please view link - unable to able to access data