# Financial markets show surprising resilience despite ongoing US-China tariff tensions



The financial markets appear to exhibit resilience in the aftermath of the ongoing tariff war initiated by US President Donald Trump, with recent developments suggesting that predictions of significant economic collapse may not materialise. The equity markets have notably rebounded, with the S&P 500 index experiencing a 14 per cent increase from its lowest point in April, although it remains below its performance at the start of the year. Similarly, the FTSE 100 has risen for 15 consecutive days, currently outperforming its early January figures by 4 per cent, while Germany's DAX index hovers just a few percentage points shy of its all-time high.

Key messages from these trends indicate that major American businesses are demonstrating considerable resilience amid escalating trade tensions. Speaking to the Daily Mail, analysts have noted the importance of quiet negotiations among key international players, suggesting that pivotal aspects of global trade are being preserved. This could potentially lay the groundwork for a more enduring form of globalisation.

Among notable examples of corporate adaptability is Apple, which has announced a shift in the majority of its iPhone assembly from China to India. This move signals a clear intention to sidestep the pressures and pitfalls of Chinese trade relations. Microsoft similarly reported profits exceeding expectations, with its market capitalisation surging by 10 per cent. Meta Platforms, the parent company of Facebook, WhatsApp, and Instagram, also observed a recovery in its stock prices amidst the fluctuating market landscape.

A significant development in mitigating the impact of tariffs occurred recently when China disclosed the withdrawal of retaliatory tariffs on 25 per cent of its imports from the United States, including crucial commodities like pharmaceuticals, aerospace equipment, and semiconductors. While political posturing continues, it appears that pragmatic discussions are driving the resolution of trade issues.

Corporate executives, accustomed to navigating complex government relations, maintain a long-term view that transcends the political arena. For example, a recent altercation between Jeff Bezos, CEO of Amazon, and President Trump highlighted the tensions surrounding tariff-related pricing strategies. Following complaints from the White House about Amazon's consideration of a tariff-specific pricing model, a conversation between Bezos and Trump ensued, during which the President referred to Bezos as "a good guy."

Regarding tariffs themselves, there is a widespread belief that they might not be the optimal approach for driving reforms in global trade. Critics argue that the imposition of such tariffs often disadvantages smaller enterprises and economies in unpredictable ways. For instance, Jaguar Land Rover has temporarily halted car exports to the United States due to tariff complications, although its parent company, India's Tata Group, may ultimately benefit from improved access to US markets for software exports.

In the UK, the current economic climate is complicated further by governmental regulatory changes and tax increases, contributing to a sense of disruption. However, this turmoil is not anticipated to reach the catastrophic levels seen during the global pandemic and resultant economic freeze.

Overall, businesses—both large and small—seem to be adapting effectively to the evolving landscape. If this trend continues, analysts predict a potential mid-cycle slowdown but ultimately a stronger global economy in the long term.

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

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