# London’s FTSE 100 falls sharply as Trump’s sweeping new tariffs deepen global market fears



London’s blue-chip FTSE 100 index declined sharply following a global stock market backlash triggered by U.S. President Donald Trump’s announcement of sweeping new trade tariffs. The UK’s benchmark index fell 0.6%, losing over 50 points to 9082.7 in mid-morning trade, while major European markets such as France’s CAC 40 and Germany’s DAX slumped by nearly 2%, reflecting intensified fears of escalating global trade tensions.

This latest round of tariff impositions significantly broadens the scope of affected countries, with 69 trading partners—including Canada, Brazil, India, Taiwan, and South Africa—now facing duties ranging from 10% to 41%. Notably, Canada had its tariffs raised from 25% to 35%, a move that took effect immediately after a failed trade negotiation deadline, exacerbating diplomatic strains between Ottawa and Washington. President Trump pointed to Canadian Prime Minister Mark Carney’s recognition of Palestinian statehood as a complicating factor in securing a trade deal. Meanwhile, countries like Mexico secured deals to avoid such penalties. The tariffs represent a major structural shift, pushing the average U.S. tariff rate to approximately 18%, a steep rise from 2.3% before Trump’s tenure and markedly up from 13.3% earlier this year.

Global financial markets responded with marked declines across multiple regions. In addition to the European sell-off, Asian markets were hit hard, with South Korea’s Kospi plunging nearly 4%, Japan’s Nikkei 225 dropping 0.7%, and Hong Kong’s Hang Seng falling over 1%. In the U.S., futures contracts for major indices such as the S&P 500 and Dow Jones were down by around 1%, highlighting widespread investor anxiety. Analysts have cautioned that these tariff increases are likely to disrupt supply chains and dampen global growth prospects. The measure threatens long-term uncertainties and market volatility despite some hopes that negotiations could eventually moderate tariff levels.

Experts warn that while some nations might experience temporary competitive advantages, the overarching consensus is that such protectionist policies create no true winners. The tariffs risk fragmenting global trade relations and complicate business planning, particularly for countries in the ASEAN region and major exporters to the U.S. The effects are not only economic but diplomatic, as seen in the strained U.S.-Canada relationship and the ongoing 90-day trade truce with China, set to expire shortly, which adds another layer of uncertainty to the global landscape.

Despite these tensions, broader market movements reflect a nuanced backdrop. Recent rallies fueled by strong technology sector earnings—highlighted by companies like Nvidia and Microsoft surpassing $4 trillion in market value—and robust U.S. economic data have given investors an anchor amid volatility. The U.S. dollar has gained 2.5% over the week, its best performance since September 2022, suggesting underlying economic resilience. Some market analysts interpret the current sell-off as a healthy correction following recent highs rather than a capitulation, especially occurring during a typically quiet summer trading period.

Looking ahead, markets are poised to react further to upcoming U.S. economic indicators, such as the jobs report, which could influence investor sentiment amid the evolving trade landscape. Meanwhile, legal challenges and diplomatic efforts around these tariffs are expected, as the global economy grapples with the balance between protectionism and open trade in an increasingly interconnected world.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.belfasttelegraph.co.uk/business/uk-world/global-stock-markets-under-pressure-after-trumps-latest-tariff-blow/a1470790750.html), [[4]](https://www.ft.com/content/c97c4b6d-da22-4ff3-a4c1-43435c05d56a)
* Paragraph 2 – [[2]](https://www.reuters.com/world/china/trump-hits-more-countries-with-steep-tariffs-markets-tumble-2025-08-01/), [[5]](https://www.reuters.com/business/view-investors-react-trumps-new-tariffs-announcement-2025-08-01/), [[6]](https://www.axios.com/2025/08/01/trump-tariffs-canada-take-effect-trade-deals)
* Paragraph 3 – [[3]](https://apnews.com/article/5bf5640b85f63cf7db292d0aaf26e97a), [[5]](https://www.reuters.com/business/view-investors-react-trumps-new-tariffs-announcement-2025-08-01/)
* Paragraph 4 – [[5]](https://www.reuters.com/business/view-investors-react-trumps-new-tariffs-announcement-2025-08-01/), [[6]](https://www.axios.com/2025/08/01/trump-tariffs-canada-take-effect-trade-deals)
* Paragraph 5 – [[4]](https://www.ft.com/content/c97c4b6d-da22-4ff3-a4c1-43435c05d56a), [[1]](https://www.belfasttelegraph.co.uk/business/uk-world/global-stock-markets-under-pressure-after-trumps-latest-tariff-blow/a1470790750.html)

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## Bibliography

1. <https://www.belfasttelegraph.co.uk/business/uk-world/global-stock-markets-under-pressure-after-trumps-latest-tariff-blow/a1470790750.html> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/china/trump-hits-more-countries-with-steep-tariffs-markets-tumble-2025-08-01/> - U.S. President Donald Trump has imposed steep tariffs on 69 trading partners, including Canada, Brazil, India, and Taiwan, with duties ranging from 10% to 50%. This has raised the U.S.'s effective tariff rate to approximately 18%, causing a drop in global stock markets. The STOXX 600 and U.S. futures declined, though less sharply than during previous tariff announcements. Some countries are pursuing negotiations, while others warn of job and economic disruptions. Overall, these tariffs are expected to hinder global growth and harm industries in both exporting and importing nations. ([reuters.com](https://www.reuters.com/world/china/trump-hits-more-countries-with-steep-tariffs-markets-tumble-2025-08-01/?utm_source=openai))
3. <https://apnews.com/article/5bf5640b85f63cf7db292d0aaf26e97a> - Global financial markets declined sharply after U.S. President Donald Trump imposed new tariffs effective August 7, 2025, on imports from numerous countries. These tariffs, which reach up to 41%, include a 35% duty on Canadian goods and introduce a minimum 10% rate for nearly all trade partners. The decision comes as part of a structural tariff overhaul, raising the average U.S. tariff from 13.3% to 15.2%, compared to 2.3% before Trump resumed office. Markets responded negatively worldwide: Germany's DAX dropped 1.8%, France's CAC 40 fell 2.1%, and the UK's FTSE 100 slid 0.6%. In Asia, South Korea’s Kospi plunged 3.9%, Japan’s Nikkei 225 dropped 0.7%, and Hong Kong’s Hang Seng fell 1.1%. U.S. futures also declined, with the S&P 500 and Dow Jones down 1% each. Analysts suggest these tariffs may face future legal or diplomatic challenges. ([apnews.com](https://apnews.com/article/5bf5640b85f63cf7db292d0aaf26e97a?utm_source=openai))
4. <https://www.ft.com/content/c97c4b6d-da22-4ff3-a4c1-43435c05d56a> - Global stock markets declined on Friday, August 1, 2025, following the announcement of new US trade tariffs by President Donald Trump, prompting investor profit-taking after a recent market rally. The Europe-wide Stoxx 600 fell 1.3%, and US futures dropped 1%, as concerns resurged over the global economic impact of escalating trade tensions. Many of the new tariffs aligned with earlier warnings, but countries like Switzerland were hit harder than expected, with a 39% tariff leading to a 0.4% drop in the Swiss franc. Analysts indicated that recent gains, driven by strong tech earnings and optimism around trade deals, gave investors reasons to pull back, especially during the quieter summer trading season. Major firms like Nvidia and Microsoft recently surpassed $4 trillion in market value, underscoring tech-sector strength amid investor focus on artificial intelligence and a resilient US economy. The US dollar strengthened, gaining 2.5% for the week—the best performance since September 2022—buoyed by strong economic data. Markets await the US jobs report, which could further influence sentiment. Overall, the market pullback is seen as a healthy correction after recent highs amid ongoing trade policy volatility. ([ft.com](https://www.ft.com/content/c97c4b6d-da22-4ff3-a4c1-43435c05d56a?utm_source=openai))
5. <https://www.reuters.com/business/view-investors-react-trumps-new-tariffs-announcement-2025-08-01/> - On August 1, 2025, President Donald Trump signed an executive order imposing new tariffs ranging from 10% to 41% on imports to the U.S. from various countries. India faces a 25% tariff, Taiwan 20%, South Africa 30%, and Canadian tariffs were raised from 25% to 35%. The announcement caused a drop in Asian, U.S., and European stock futures, reflecting investor anxiety over rising global trade tensions. Analysts offered mixed reactions. Some noted that while the move brings short-term clarity, it introduces long-term uncertainties and potential volatility in global markets. Countries in Asia, particularly ASEAN members and others like India and Vietnam, were flagged as significantly affected. Experts emphasized that these tariffs could disrupt supply chains, hinder global trade, and introduce fragmentation into business planning. Economists and strategists expressed concerns over the potential negative impact on global growth. While some countries may gain short-term competitive advantages, the consensus is that there are "no real winners" in such a protectionist trade environment. Market reactions have so far been muted, partly due to expectations of possible negotiations or changes to the tariff levels in the near future. ([reuters.com](https://www.reuters.com/business/view-investors-react-trumps-new-tariffs-announcement-2025-08-01/?utm_source=openai))
6. <https://www.axios.com/2025/08/01/trump-tariffs-canada-take-effect-trade-deals> - On August 1, 2025, President Trump's 35% tariffs on Canadian goods officially took effect after a deadline for trade negotiations passed without a deal. While countries such as Mexico successfully secured trade agreements to avoid the tariffs, Canada faced steep levies, particularly following a diplomatic rift sparked by Canadian Prime Minister Mark Carney’s recognition of Palestinian statehood. Trump cited this move as a complication for finalizing a trade deal with Canada. Despite the sanctions, Carney stated that Canada would keep negotiating with the U.S., noting that an exemption under the USMCA meant that the average American tariff on Canadian imports remained relatively low. The U.S. had completed new deals with other partners, including the EU, U.K., and Japan, ahead of the deadline, while global financial markets responded negatively, with stock drops noted across Asia. A separate 90-day trade truce with China remains effective until August 12. ([axios.com](https://www.axios.com/2025/08/01/trump-tariffs-canada-take-effect-trade-deals?utm_source=openai))