# Nikkei 225 plunges over 5% amidst tariff tensions and economic concerns



The Nikkei 225 index in Japan has experienced a significant drop of over 5% in early trading on Friday, marking a sharp reversal from the previous day's substantial surge of 9.1% following an announcement from US President Donald Trump regarding a temporary suspension of certain tariffs. As traders reacted to ongoing tariff concerns, the index was down 5.4% by the time the market opened. This trend was mirrored across other Asian markets, with South Korea’s Kospi index falling by 1.64%, and the Australian benchmark S&P/ASX 200 down more than 2%. The declines came amidst concerns over potential global economic slowdowns, which have also contributed to falling oil prices and a weakened US dollar.

In terms of currency, the Australian and New Zealand dollars have shown surprising resilience this week, rallying against the backdrop of a depreciating US dollar. The Australian dollar climbed to $0.6219, recovering from a five-year low earlier in the week, while the New Zealand dollar reached $0.5775, leading to weekly gains of 3.1% and 3.2%, respectively. Despite these increases, both currencies lost ground against major safe havens like the yen and euro, reflecting the overall uncertainty regarding global growth and resource demand.

The ongoing turmoil has also affected the Chinese yuan, which, while rebounding against a weaker US dollar, slipped to a 19-month low against its major trading partners. According to reports, the People’s Bank of China (PBOC) is actively trying to stabilise the yuan's value, instructing major state-owned banks to reduce dollar purchases to mitigate drastic dollar declines and potential financial instability. The PBOC's actions included a recent adjustment of its official yuan midpoint guidance, setting a rate that was firmer than market projections.

Investor sentiment in the Asia-Pacific region is notably cautious following tumultuous sessions on Wall Street, where the S&P 500, Dow Jones, and Nasdaq all posted dramatic losses. The downturn came after what had been a volatile trading week, wherein the earlier rally prompted by Trump’s tariff delay was swiftly reversed in the face of renewed fears regarding the economic implications of escalating trade conflicts, particularly with China facing tariffs as high as 145%.

Meanwhile, President Xi Jinping of China is scheduled to embark on a significant foreign trip commencing Monday, with planned visits to Vietnam, Malaysia, and Cambodia. Xi's visit to Vietnam, invited by President Luong Cuong, aims to strengthen bilateral ties amidst concerns about China's assertiveness in the South China Sea. This trip comes at a critical time, as the United States and China remain locked in a heightened trade confrontation that has seen many of China’s exports subjected to steep tariffs.

In a separate development affecting the shrimp industry in the US, American shrimpers are voicing approval of Trump’s tariff policies, hoping that increased tariffs on imports will provide relief from the pressures they've faced in recent years due to cheap foreign imports saturating the market. The Southern Shrimpers Alliance indicated that the industry has lost nearly half its market value since 2021.

On the economic landscape, the US dollar has fallen below 100 on its index for the first time since July 2023. This decline has unfolded against a backdrop of uncertainty and fluctuating investor confidence in the US economy.

Overall, the economic sentiments throughout the Asia-Pacific region reflect a cocktail of volatility, caution, and responsive policies as leaders navigate ongoing trade disputes and their ramifications on global markets.

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

## References

* <https://www.newindianexpress.com/business/2025/Apr/11/asian-shares-sink-with-japans-nikkei-down-56-per-cent-as-china-us-trade-war-escalates> - This article supports the claim about the Nikkei 225 index dropping significantly due to ongoing trade concerns between the US and China.
* <https://www.dimsumdaily.hk/nikkei-plummets-over-5-as-tariff-concerns-weigh-on-asian-markets/> - This piece corroborates the information about the Nikkei index experiencing a sharp decline over tariff concerns affecting Asian markets.
* <https://tribune.net.ph/2025/04/11/nikkei-drops-5-after-wall-street-hit-by-tariff-fears> - This article provides additional evidence for the Nikkei's decline linked to renewed investor concerns over US tariffs impacting Wall Street.
* <https://finance.yahoo.com/> - This platform can provide insights into global financial trends, such as the decline of the US dollar and rising fears of a global economic slowdown.
* <https://www.bloomberg.com/asia> - This site offers news and data on how currency fluctuations, like those experienced by the Australian and New Zealand dollars, impact global markets.