# Trump’s criticism of Fed chairman rattles markets amid looming global economic slowdown



Wall Street experienced a significant downturn as former US President Donald Trump intensified his criticism of Federal Reserve chairman Jerome Powell. In a post on his social media platform Truth Social, Trump described Powell as ‘Mr. Too Late’ and ‘a major loser,’ warning that the US economy would slow down unless the Federal Reserve immediately reduced interest rates.

These recent remarks followed similar attacks last week, during which Trump expressed a desire for Powell’s termination, stating that it ‘cannot come fast enough’. Such comments have raised concerns about the independence of the Federal Reserve, an institution considered a pillar of certainty for the American economy.

The immediate market reaction was severe. The S&P 500 index fell by 2.4 per cent, the Nasdaq Composite dropped 2.6 per cent, and the Dow Jones Industrial Average declined by 2.5 per cent. Meanwhile, the US dollar weakened against the pound, hitting a seven-month low amid growing doubts about the robustness of the American economy.

Trump’s renewed pressure on the Fed coincided with market anticipation of a forthcoming report from the International Monetary Fund (IMF), which is expected to revise down its global economic growth forecasts. The IMF’s report, due to be published shortly, is predicted to reflect the effects of rising US tariffs and a renewed era of trade protectionism, impacting economies worldwide, including the UK.

The international response to this economic uncertainty was evident in trading patterns across Asia, where Japan’s Nikkei index declined by 1.3 per cent. In contrast, the Chinese CSI 300 index marginally increased by 0.3 per cent, buoyed by hopes that Beijing might introduce stimulus measures to mitigate the impact of American tariffs. The stock exchanges in Hong Kong and London were closed on Monday in observance of the Easter holiday.

Concerns about an economic slowdown also affected global oil markets, with benchmark Brent crude prices falling by 2 per cent to $66.58 per barrel.

The escalation of the US-China trade conflict remains a primary driver of economic instability. While many US tariffs on foreign goods were paused at 10 per cent for 90 days starting April 9 to allow for trade negotiations, tariffs on Chinese imports were increased sharply to 145 per cent. In retaliation, China imposed a 125 per cent tariff on American goods.

IMF Managing Director Kristalina Georgieva described the resulting economic uncertainty as ‘off the charts’ during comments last week. Although the IMF is not expected to declare a global recession in its report, notable reductions in growth forecasts are anticipated, reflecting the widespread impact of ongoing trade tensions and economic volatility.

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

## References

* <https://www.investopedia.com/trump-criticism-of-powell-is-shaking-markets-faith-in-federal-reserve-independence-11719211> - This article supports the claim that Trump's criticism of Jerome Powell has shook markets' faith in the Federal Reserve's independence, highlighting concerns that Powell could be next to face removal.
* <https://www.cbsnews.com/news/can-trump-fire-powell-term-end-federal-reserve-what-to-know/> - It corroborates Trump's recent attacks on Powell and explores whether it is legally feasible for Trump to fire Powell, clarifying the legal aspects of such actions.
* <https://www.foxbusiness.com/economy/trump-slams-powell-mr-too-late-calls-fed-chairman-major-loser> - This article focuses on Trump's latest criticism of Powell, labeling him 'Mr. Too Late' and 'a major loser', and calling for immediate interest rate cuts.
* <https://www.reuters.com/business/finance-markets/global-market-data-analysis-reuters-poll/> - While not directly mentioned, Reuters typically provides market data and analysis that can support claims about global market reactions to economic pressures, including Trump's comments on Powell and trade tensions.
* <https://www.bloomberg.com/news/articles/2023-12-14/imf-sees-global-economy-facing-escalating-risks-in-2024> - This article highlights the International Monetary Fund's concerns about global economic growth and volatility, which could be related to the anticipation of revised IMF forecasts due to rising trade tensions.