

U.S., Asian and European markets dive on Trump threat on China tariffs



New York, May 7 (RHC)-- Stock markets in the United States, Europe and Asia plunged Monday after U.S. President Donald Trump threatened to increase tariffs on Chinese products this week, escalating the ongoing trade fight between the world's two largest economies.

The Dow Jones Industrial Average fell 186 points, or 0.7 percent, to 26322, easing off of session lows after falling more than 450 points in early trading. The S&P 500 shed 0.7 percent and the tech-heavy Nasdaq Composite dropped 0.9 percent.

The Shanghai Composite plunged more than five percent, with the Chinese yuan also taking a battering. Hong Kong tumbled 2.9 percent, Singapore was off 3.1 percent and Taipei shed 1.8 percent, while Sydney dropped 0.8 percent and Wellington was one percent down.

Mumbai, Manila and Jakarta were also sharply lower. Tokyo and Seoul were closed for holidays. Europe's pan-continental Stoxx Europe 600 lost 1.2 percent. Oil prices also tumbled on Trump's remarks, as negotiations to end the months-long trade war were thrown into doubt.

Trump warned that he would increase tariffs on Friday on \$200 billion of Chinese goods to 25 percent from the current 10 percent, reversing a decision he made in February to retain them at 10 percent as the two sides made progress on trade talks. Trump also warned he would impose tariffs on all Chinese exports to

the United States.

The sudden escalation caught investors badly off guard. Not only had U.S. and Chinese officials signaled a trade deal was imminent, but hopes for trade peace helped drive U.S. stocks sharply higher this year.

The Wall Street Journal reported earlier that China was considering cancelling this week's meetings in Washington in light of Trump's comments, which took Chinese officials by surprise.

Trump appeared to defend his decision in a tweet early Monday, slamming the U.S.-China trade deficit and vowing not to lose out to Beijing. A less-than-rosy update from U.S. Trade Representative Robert Lighthizer, including details that China was pulling back from some previous commitments, prompted Trump's decision.

"The Trade Deal with China continues, but too slowly, as they attempt to renegotiate. No!" Trump said in a tweet.

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