

▶ Market Update

7 April 2025

"sometimes you have to take medicine to fix something"

Last week, President Trump took to the podium to make his much anticipated 'Liberation Day' global trade announcement. He unveiled a raft of expansive new tariffs on almost all imported goods to the US, set to affect nearly every country in the world, with the intention of increasing homegrown production and addressing what the President believes are trade imbalances.

From 5 April, most countries trading with the US will be subject to a minimum 10% tariff, with a number of nations facing levies as elevated as 50%. These reciprocal tariffs, placing Chinese imports at a colossal 54% (including previously announced tariffs), will take effect from 9 April. Other nations and trading blocs facing higher rates include the EU, where imports are set to be hit with a 20% tariff, products from Japan will be subject to a tariff of 24%, South Africa is bracing for a 30% levy, with Vietnam and Thailand facing 46% and 36% respectively.

Taking effect immediately, a separate 25% tariff on automotive cars and parts was confirmed.

Saying that countries should embrace "a little tough love," President Trump cautioned, "Foreign leaders have stolen our jobs, foreign cheaters have ransacked our factories, and foreign scavengers have torn apart our once-beautiful American Dream." He continued, "This is one of the most important days, in my opinion, in American history. It's our declaration of economic independence."

Highly likely to prompt retaliatory measures from several countries, the International Chamber of Commerce

commented that *'there's a clear systematic risk to the global trading system,'* as tensions over trade escalate.

On Friday, China announced that they will add a 34% tariff on US goods, commencing 10 April. Their Finance Ministry says the US tariffs on Chinese products are *'not in line with international trade rules.'* According to a spokesperson at the Ministry of Commerce, China has filed a lawsuit with the World Trade Organization (WTO), saying the tariffs violate WTO rules and undermine *'the rules-based multilateral trading system and the international economic and trade order... It is a typical unilateral bullying practice that endangers the stability of the global economic and trade order.'*

On home shores...

The UK is subject to a baseline tariff of 10%. According to Treasury Minister James Murray, the UK government is *"working at pace"* to secure a trade deal with the US, that is the primary focus. Speaking on Friday he said that the introduction of global tariffs has disappointed government, but that it will retain a *"cool head"* and take a *"pragmatic approach."*

Other 'baseline' 10% tariff recipients include Australia, New Zealand, Argentina, Brazil, the United Arab Emirates and Turkey.

Markets react

Although Trump said his tariff rollout is going *"very well"* and *"sometimes you have to take medicine to fix something,"* he certainly can't deny the impact on global markets including the US. Last week, the Dow posted back-to-back losses of more than 1,500 points for the first time ever,

the S&P 500 dropped 6% on Friday for its worst performance since the outbreak of the pandemic in March 2020 and the Nasdaq Composite entered a bear market on Friday — down 22% from its record — after losses on Thursday and Friday of nearly 6% apiece.

The Hang Seng index in Hong Kong closed Monday down 13.2%, while Taiwan's index was down 9.7%. In the UK the FTSE 100 slumped by more than 3% in early morning deals.

While global stock markets have reacted negatively to the sweeping tariffs, one asset – gold – often referred to as a safe haven asset, has reached record highs as investors flood in.

Long-term focus

Whilst we understand that market volatility can be unsettling, it's important to think about longer-term timescales instead of focusing too intently on short-term events and market fluctuations.

Investment requires a disciplined approach and a degree of holding your nerve. Experienced long-term investors know that the worst investment strategy you can adopt is to jump in and out of the stock market, panic when prices fall and sell at the bottom of the market. However concerning market fluctuations may be, it's important to remember that we have jointly worked hard to formulate a financial plan which is in line with your personal requirements.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.

All details are correct at time of writing (7 April 2025)