

WALL STREET

Dow plummets nearly 650 points on worries regarding Trump tariffs

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NEW YORK>> U.S. stocks tumbled Monday and wiped out even more of their gains since President Donald Trump's election in November, after he said that tariffs announced earlier on Canada and Mexico would take effect within hours.

The S&P 500 dropped 1.8% after Trump said there was "no room left" for negotiations that could lower the tariffs set to begin Tuesday for imports from Canada and Mexico. Trump had already delayed the tariffs once before to allow more time for talks.

Trump's announcement dashed hopes on Wall Street that he would choose a less painful path for global trade, and it followed the latest warning signal on the U.S. economy's strength. Monday's loss shaved the S&P 500's gain since Election Day down to just more than 1% from a peak of more than 6%. That rally had been built largely on hopes for policies from Trump that would strengthen the U.S. economy and businesses.

The Dow Jones Industrial Average dropped 649 points, or 1.5%, and the Nasdaq composite fell 2.6%.

Monday's slide punctuated a rocky couple of weeks for Wall Street. After the S&P 500 set a record last month following a parade of fatter-than-expected profit reports from big U.S. companies, the market began diving following weaker-than-expected reports on the U.S. economy, including a couple showing U.S. households are getting much more pessimistic about inflation because of the threat of tariffs.

The latest such report arrived Monday on U.S. manufacturing. Overall activity is still growing, but not by as much as economists had forecast. Perhaps more discouragingly, manufacturers are seeing a contraction in new orders. Prices, meanwhile, rose amid discussions about who will pay for Trump's tariffs.

"Demand eased, production stabilized, and destaffing continued as panelists' companies experience the first operational shock of the new administration's tariff policy," said Timothy Fiore, chair of the Institute for Supply Management's manufacturing business survey committee.

The hope on Wall Street had been that Trump was using the threat of tariffs as a tool for negotiations and that he would ultimately go through with potentially less damaging policies for the global economy and trade. But Trump's going forward with the Mexican and Canadian tariffs hit a market that wasn't certain about what would happen next.

The market's recent slump has hit Nvidia and some other formerly high-flying areas of the market particularly hard. They fell even more Monday, with Nvidia down 8.8% and Elon Musk's Tesla down 2.8%.

Kroger fell 3% after the grocery chain's Chairman and CEO Rodney McMullen resigned following an internal investigation into his personal conduct.

Wall Street's blue Monday even pulled down stocks of companies enmeshed in the cryptocurrency economy, which had risen strongly in the morning. They initially bounced after Trump said over the weekend that his

administration was moving forward with a crypto strategic reserve.

But MicroStrategy, the company that's now known as Strategy and has been raising money to buy bitcoin, slid to a loss of 1.8%. Coinbase, the crypto trading platform, fell 4.6%.

All told, the S&P 500 fell 104.78 points to 5,849.72. The Dow Jones Industrial Average dropped 649.67 to 43,191.24, and the Nasdaq composite slumped 497.09 to 18,350.19.

Across the Pacific in China, manufacturers reported an uptick in orders in February as importers rushed to beat higher U.S. tariffs and a Chinese state media report said that Beijing was considering ways to retaliate.

Trump had imposed a tariff of 10% on imports from China, and that's scheduled to rise to 20% beginning Tuesday. He also ended the "de minimis" loophole that exempted imports worth less than \$800 from tariffs.

In Hong Kong, Chinese bubble tea chain Mixue Bingcheng's stock soared 43% following its \$444 million debut on the market. The company claims to be the world's largest food retail chain, with more than 45,000 outlets, and its jump came as the Hang Seng index rose 0.3%.

Indexes rose by even more across Europe and in Tokyo. European markets leaped after a report showed an easing of inflation in February. That should help the European Central Bank, which investors widely expect will deliver another cut to interest rates later this week.

Germany's DAX surged 2.6%, and France's CAC 40 jumped 1.1%. Stocks outside the United States have performed better than the S&P 500 this year, even with Trump's promises for "America First" policies.

In the bond market, the yield on the 10-year Treasury fell to 4.16% from 4.24% just before the manufacturing report's release. It's come down since January, when it was approaching 4.80%, as worries have built about the possibility of a slowing U.S. economy.

Often, drops in Treasury yields can give a boost to stock prices because they make loans cheaper to get and give a boost to the economy. But the reason for this recent drop in yields, softer economic growth expectations, may mean that's not the case this time, according to Morgan Stanley strategists led by Michael Wilson.