

Stocks, Dollar Nosedive As Trump Flogs Fed

Dow index falls 972 as president's swipes at Powell exacerbate investors' tariff fears

BY VICKY GE HUANG

The stock market plunged and the dollar hit fresh lows against major currencies on Monday, after President Trump renewed his attacks on the Federal Reserve and intensified the "sell America" trade.

The president's renewed threats to fire Fed Chair Jerome Powell, whose term doesn't expire for another year, exacerbated turmoil wrought by the administration's trade restrictions. Trump demanded on Monday lower interest rates in a post on social media, saying that the economy could slow "unless Mr. Too Late, a major loser, lowers interest rates, NOW." Trump himself nominated Powell as Fed chair during his first term.

The Dow Jones Industrial Average dropped nearly 972 points Monday and is on pace for its worst April since 1932. The dollar hit fresh multiyear lows against the euro and other major currencies. Yields on longer-term Treasuries, which rise when bond prices fall, climbed. Oil prices slid. Gold hit a record. After the markets closed in the U.S., stock futures rose, while Asian stocks were slightly lower.

Threats to Powell's job marked a new source of uncertainty for investors, who said eroding confidence in the independence of the U.S. central bank could deal a significant blow to the value of stocks, bonds and the dollar.

Index performance on Monday

While Trump made similar threats against the Fed in his prior term, investors now worry that Trump's tariffs could rekindle pandemic-era inflation, requiring the central bank to keep rates higher, not lower.

Some worry that recent declines in stocks, bonds and the dollar—which has become known as the sell America trade—point to a shift in capital flows that undermines the U.S.'s longstanding primacy in global markets.

"It is concerning," said Carol Schleif, chief market strategist at BMO Private Wealth, of the broad-based declines. "The bigger issue people are trying to assess: Is the bloom truly off the U.S. exceptionalism trade just in the short run, or is it going to be an intermediate or longer-term factor?"

The Dow industrials fell by 2.5%, the S&P 500 lost 2.4%, and the Nasdaq Composite shed about 2.6%. Investors sold tech stocks and shares of companies that make goods like electronics or clothing that consumers tend to cut back on when times get tough.

Particularly hard-hit were the so-called Magnificent Seven tech companies that had helped power major indexes higher in recent years. Nvidia lost 4.5% and was among the biggest decliners in the bluechip index. Amazon.com fell 3.1%.

The past few months have been particularly punishing for Tesla, which fell around 5.8% Monday. Its shares have now erased all of their postelection gains and have plummeted 44% in 2025 so far.

On Monday, Tesla dropped outside of the largest 10 U.S. companies by market value for the first time since June 2024.

The electricvehicle maker is grappling with slower sales and a damaged brand, with Chief Executive Elon Musk's prominent role in the Trump administration alienating some customers. The company is set to report earnings Tuesday. Analysts are expecting a yearover-year drop in profit, Fact-Set estimates show.

Stocks and other riskier assets had shown some signs of stability last week after Trump announced a 90-day pause on many tariffs. Still, investors re--main nervous about the lack of developments in trade negotiations, with some saying calming investors will require substantial progress in a short time.

An early set of data from trade bellwether South Korea showed a big drop in exports to the U.S. this month.

“Supposedly, there’s been lots of negotiations happening, but there hasn’t been any deals announced,” said RJ Grant, head of global equity trading at Stifel & KBW. “The longer that drags on, the more there’s going to be some angst and anxiety in the markets.” The prospect of Powell’s removal by Trump, who wants the Fed to lower rates, extended a recent climb in longer-term Treasury yields. Yields, which rise when bond prices fall, have already been lifted in recent weeks by worries that tariffs will fuel inflation and weaken foreign demand for U.S. debt.

On Friday, when markets were closed, National Economic Council Director Kevin Hassett underscored the White House’s displeasure with Powell, saying officials were studying his removal.

The dollar on hit fresh multiyear lows against most major currencies, including the euro, yen and pound. The WSJ Dollar Index, which measures the dollar against a basket of currencies, fell 0.7% Monday to its lowest level since September.

“It’s really hard to get conviction in risk assets when it’s really beholden to one person that is making the decisions,” said John Lloyd, head of multisector credit strategies at Janus Henderson.

Investors searching for safety in the market turmoil piled into gold. The precious metal touched a fresh record, settling above \$3,400 a troy ounce for the first time.

And some traders are wagering on the surge to continue, rushing into options bets that would likely pay out if gold prices kept rising. Trading in call options tied to one of the largest gold exchangetraded funds—trades that give the right to buy shares at a given price, by a stated date—surged to an all-time high late last week.

There were a handful of winners in the stock market, too. Dollar General added 2.7%. Netflix rose 1.5% after the streaming giant last Thursday posted a better-than-expected earnings report.

Shares of Capital One Financial rose 1.5% after the credit-card issuer’s \$35 billion acquisition of Discover Financial Services got the greenlight from bank regulators on Friday. Discover gained 3.6%. 44%

Decline in shares of automaker Tesla so far this year, after Monday’s 5.8% drop.

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