

Stock markets slide on trade war fears as US tariffs begin

AFP – Stock markets slid Tuesday on trade war fears as world powers hit out at the start of US tariffs on China, Mexico and Canada that risk being extended to Europe.

The dollar and bitcoin came under pressure, as traders also tracked developments surrounding a deal to potentially end the Ukraine war.

Oil prices dropped after OPEC+ on Monday confirmed plans to hike output from next month.

“The March rally did not last long... after a troika of events knocked market sentiment,” noted Kathleen Brooks, research director at trading group XTB.

US tariffs of 25 percent on Canadian and Mexican goods came into effect on Tuesday.

The measure coincided with Washington doubling to 20 percent a tariff already levied on various Chinese imports.

Beijing swiftly retaliated, saying it would impose 10 and 15 percent levies on a range of agricultural imports from the United States.

“There is still some market doubt as to whether all these tariffs will persist for a prolonged period of time,” noted Deutsche Bank analyst Jim Reid.

The European Union warned that the tariffs on Canada and Mexico risk “disrupting global trade”, urging Washington to reverse course.

“These tariffs threaten deeply integrated supply chains, investment flows, and economic stability across the Atlantic,” said EU trade spokesman Olof Gill.

Amid fears that the EU will be the next target, French Economy Minister Eric Lombard insisted that the bloc would be tough in negotiations.

“We have negotiators who are playing hardball, we will play hardball but... we need to reach a balanced deal to protect our economies,” Lombard said.

Elsewhere this week, investors hope China will announce a huge economic stimulus package at its annual parliamentary meeting, the National People’s Congress.

On Thursday, the European Central Bank is expected to cut interest rates again to try and boost a floundering eurozone economy.

The key scheduled economic event Friday will be US jobs data.

– Key figures around 1115 GMT –

London – FTSE 100: DOWN 0.3 percent at 8,845.21 points

Paris – CAC 40: DOWN 1.2 percent at 8,097.87

Frankfurt – DAX: DOWN 2.2 percent at 22,649.70

Tokyo – Nikkei 225: DOWN 1.2 percent at 37,331.18 (close)

Hong Kong – Hang Seng Index: DOWN 0.3 percent at 22,941.77 (close)

Shanghai – Composite: UP 0.2 percent at 3,324.21 (close)

New York – Dow: DOWN 1.5 percent at 43,191.24 (close)

Euro/dollar: UP at 1.0516 from \$1.0419 on Monday

Pound/dollar: UP at \$1.2723 from \$1.2612

Dollar/yen: DOWN 148.79 from 150.28 yen

Euro/pound: UP at 82.66 pence from 82.62 pence

West Texas Intermediate: DOWN 0.9 percent at \$67.73 per barrel

Brent North Sea Crude: DOWN 1.2 percent at \$70.75 per barrel

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