

Asian markets stage mild rebound but Trump tariff uncertainty reigns

AFP- Asian markets battled Tuesday to recover from the previous day's tariff-fuelled collapse, though Donald Trump's warning of more measures against China and Beijing's vow to fight "to the end" raised concerns the trade war could worsen. Equities across the world have been hammered since the US president unveiled sweeping levies against friend and foe, upending trading norms, sparking talk of a global recession and wiping trillions of company valuations.

Investors fought to claw back some of those losses as they try to assess the possibility that Washington could temper some of the tariffs. Tokyo traded up more than six percent – recovering much of Monday's drop – after Japanese Prime Minister Shigeru Ishiba held talks with Trump.

However, the US leader's threat to hit China with an extra 50 percent tariffs – in response to its 34 percent retaliation in kind – ramped up the chances of a catastrophic stand-off between the two economic superpowers.

Trump said he would impose the additional levies if Beijing did not heed his warning not to push back against his barrage of tariffs.

China fired back that it would "never accept" such a move and called the potential escalation "a mistake on top of a mistake".

"If the US insists on going its own way, China will fight it to the end," a spokesperson for Beijing's commerce ministry

said on Tuesday.

In light of the turmoil gripping markets, Trump told Americans to “be strong, courageous, and patient”.

While uncertainty rules, investors in most markets took the opportunity to pick up some beaten-down stocks.

In Tokyo, Nippon Steel piled on around 11 percent after Trump launched a review of its proposed takeover of US Steel that was blocked by his predecessor Joe Biden.

Hong Kong gained more than two percent but was well off recouping Monday’s loss of more than 13 percent that was the biggest one-day retreat since 1997. Sydney, Seoul, Wellington and Manila also rose.

Shanghai was also up Tuesday after China’s central bank promised to back major state-backed fund Central Huijin Investment in a bid to maintain “the smooth operation of the capital market”.

The advance followed a less painful day on Wall Street, where the S&P and Dow fell but pared earlier losses, while the Nasdaq edged up.

Oil prices also enjoyed some respite, gaining more than one percent.

Others however were not as fortunate. Taipei shed more than four percent to extend the previous day’s record loss of 9.7 percent, while Singapore also suffered further selling.

Trading in Jakarta was suspended soon after the open as it plunged more than nine percent as investors returned from an extended holiday, while the bourse in Vietnam – which has been hit with 46 percent tariffs – shed five percent.

Analysts warned that things could get worse.

“If none of the announced tariffs are reversed by deal-making in the next four weeks or so, the global economy risks entering an ‘oil price shock’ type crisis by mid-year,” said Vincenzo Vedda, global chief investment officer at DWS.

Pepperstone’s Chris Weston added: “Most see a low probability that China will fold on its 34 percent tariff countermeasure, so we assume a high risk that Trump will follow through with an additional 50 percent tariff rate.”

And JPMorgan Chase CEO Jamie Dimon told shareholders: “Whether or not the menu of tariffs causes a recession remains in question, but it will slow down growth.”

He added that “the recent tariffs will likely increase inflation”.

The trade war has also put the Federal Reserve in the spotlight as economists say it could send prices surging. Bank officials are now having to decide whether to cut interest rates to support the economy, or keep them elevated to keep a lid on inflation.

“Because the tariffs announced thus far are higher than previously expected, we think the risk is now skewed toward more rate cuts by year-end,” said Nuveen chief investment officer Saira Malik.

“The debate around further cuts, however, has shifted from inflation to decelerating growth. Notably, our probability-weighted guidance has increased from a total of four Fed cuts through 2025 and 2026 to 6.6 cuts.”

– Key figures around 0240 GMT –

Tokyo – Nikkei 225: UP 6.1 percent at 33,030.66 (break)

Hong Kong – Hang Seng Index: UP 2.2 percent at 20,245.43

Shanghai – Composite: UP 0.4 percent at 3,107.75

Euro/dollar: UP at \$1.0967 from \$1.0904 on Monday

Pound/dollar: UP at \$1.2785 from \$1.2723

Dollar/yen: DOWN at 147.36 yen from 147.83 yen

Euro/pound: UP at 85.79 pence from 85.68 pence

West Texas Intermediate: UP 1.4 percent at \$61.54 per barrel

Brent North Sea Crude: UP 1.1 percent at \$64.92 per barrel

New York – Dow: DOWN 0.9 percent at 37,965.60 (close)

London – FTSE 100: DOWN 4.4 percent at 7,702.08 (close)

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