



Markets Rattled as Tariff Countdown Sparks Global Jitters — Dow Sheds 4,500 Points in Four Days Amid China Trade Escalation.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European equity markets closed with mixed results. During the session, Wall Street was buoyed by optimism that trade tensions could abate sooner than expected, but the optimism was fleeting as investors' nerves frayed once again. Markets turned sharply lower ahead of the looming implementation of sweeping new U.S. tariffs. China will see a cumulative 104% tariff set to begin after midnight, intensifying fears of a deeper trade standoff under President Trump's policy reset.

The Dow Jones Industrial Average tumbled 320 points, and in the last four days it has lost more than 4,500 points, driven by mounting tariff anxiety.

The S&P 500 also struggled, falling 1.57% below the psychologically important 5,000 level for the first time since April 2024 and is 19% off its February high, hovering dangerously close to bear market territory.

The Nasdaq Composite dropped 2.15% despite an earlier rally that saw the tech-heavy index surge more than 4.50%.

Markets remain hypersensitive to trade developments, and with tariffs set to escalate overnight, investor sentiment continues to teeter between cautious optimism and risk-off selling.

Asian equities staged a notable rebound overnight, with Japan's Nikkei surging 6% and China's Shanghai Composite climbing 1.6%. European markets closed higher as investor optimism returned on hopes of renewed U.S. trade talks with allies and potential political stability in Germany. Gains in defense and mining stocks also supported the rebound after a four-day selloff.

On the economic front, the March reading of the NFIB Small Business Optimism Index slipped to 97.4, slightly below its average of 98, suggesting that policy uncertainty may be beginning to weigh on small business owners' confidence.

After Monday's notable rise, bond markets saw the 10-year Treasury yield close at 4.26%.

Volatility Is Normal – And Historically Rewarding

While unsettling, market volatility is an inherent feature of long-term investing. Since 1970, the S&P 500 has experienced 20% or more declines from peak levels on eight occasions. Historically, these drawdowns have often been followed by periods of positive performance:

- 1 month after a 20% drop: +4.1% average return
- 6 months after: +0.7% average return
- 12 months after: +10.5% average return

Though past performance doesn't guarantee future results, history suggests that sharp market corrections often preceded recoveries. With the U.S. economy still fundamentally resilient and the possibility of trade developments easing market pressure, we continue to advocate for a diversified portfolio that remains aligned with long-term objectives, rather than reacting to short-term swings.

Inflation and Tariffs in the Spotlight

Attention will soon turn to March inflation data, which is due later this week. Expect headline CPI to rise by 2.6% year-over-year, with core CPI forecasted at 3%—slightly lower than previous prints. Given that the latest round of tariffs doesn't go into effect until tomorrow, any inflationary impact from these measures won't be reflected in this week's data.

The proposed tariffs could add near-term inflationary pressure as import costs rise. However, we do not expect them to drive a sustained rise in inflation expectations. Market-based inflation measures, such as the 10-year breakeven rate, have edged below 2.2%, near the bottom of their three-year range. This suggests that the market views inflation risks as contained.

The more pressing risk from tariffs lies in potential headwinds to growth. If these materialize, the Federal Reserve may have room to adjust policy, including rate cuts, to support the economy.

Economic Data Update:

- **U.S. Retail Gas Price:** rose to \$3.288, up from \$3.24 last week, increasing 1.48%.
- **Canada Ivey PMI:** rose to 55.60, up from 51.30 last month, increasing 8.38%.
- **Japan Consumer Confidence Index:** fell to 35.00, down from 35.20 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 486.91, up 12.90 points or 2.72%.
- **FTSE 100:** Closed at 7,910.53, up 208.45 points or 2.71%.
- **DAX Index:** Closed at 20,280.26, up 490.64 points or 2.48%.

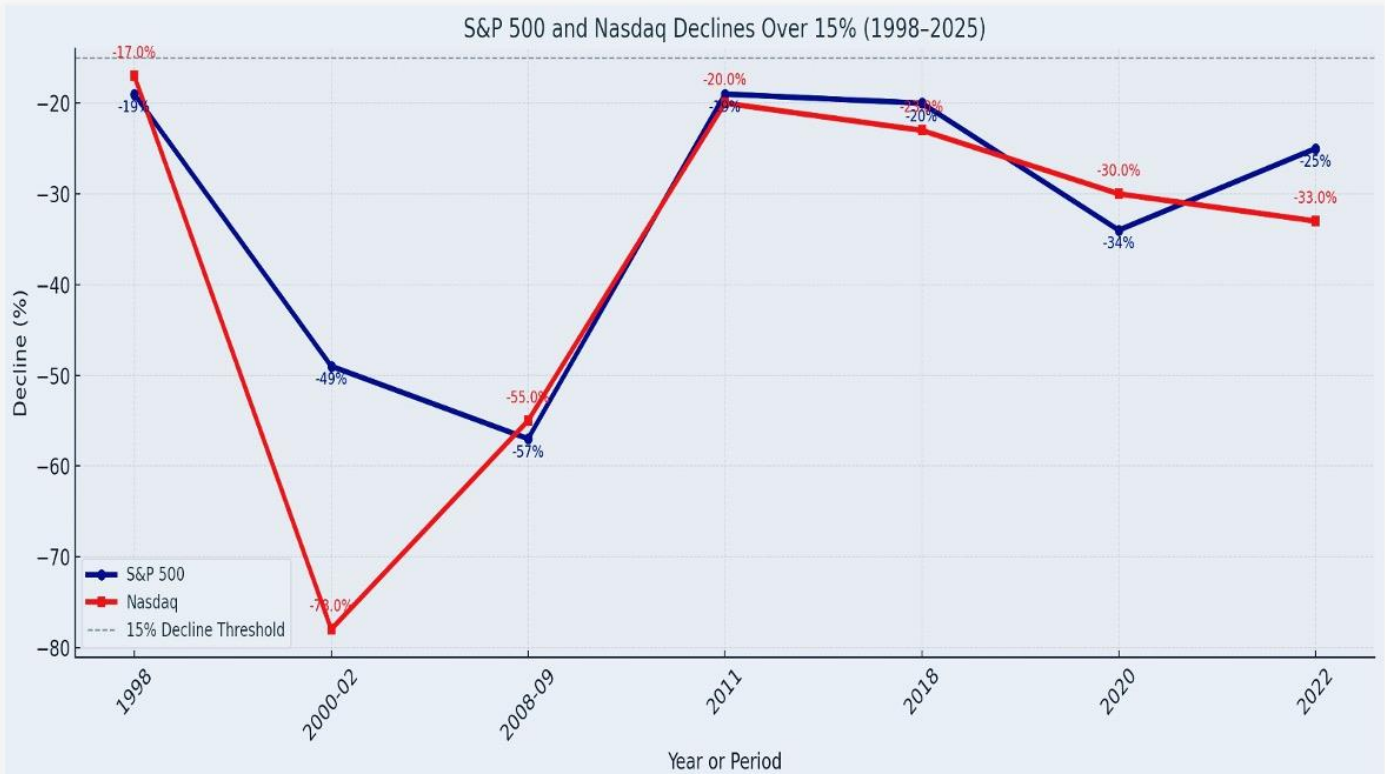
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 37,645.59, down 320.01 points or 0.84%.
- **S&P 500:** closed at 4,982.77, down 79.48 points or 1.57%.
- **Nasdaq Composite:** closed at 15,267.91, down 335.35 points or 2.15%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,250.44, down 52.45 points or 1.59%.
- **Birling Capital U.S. Bank Index:** closed at 5,302.35, up 74.15 points or 1.42%.
- **U.S. Treasury 10-year note:** closed at 4.26%.
- **U.S. Treasury 2-year note:** closed at 3.71%.

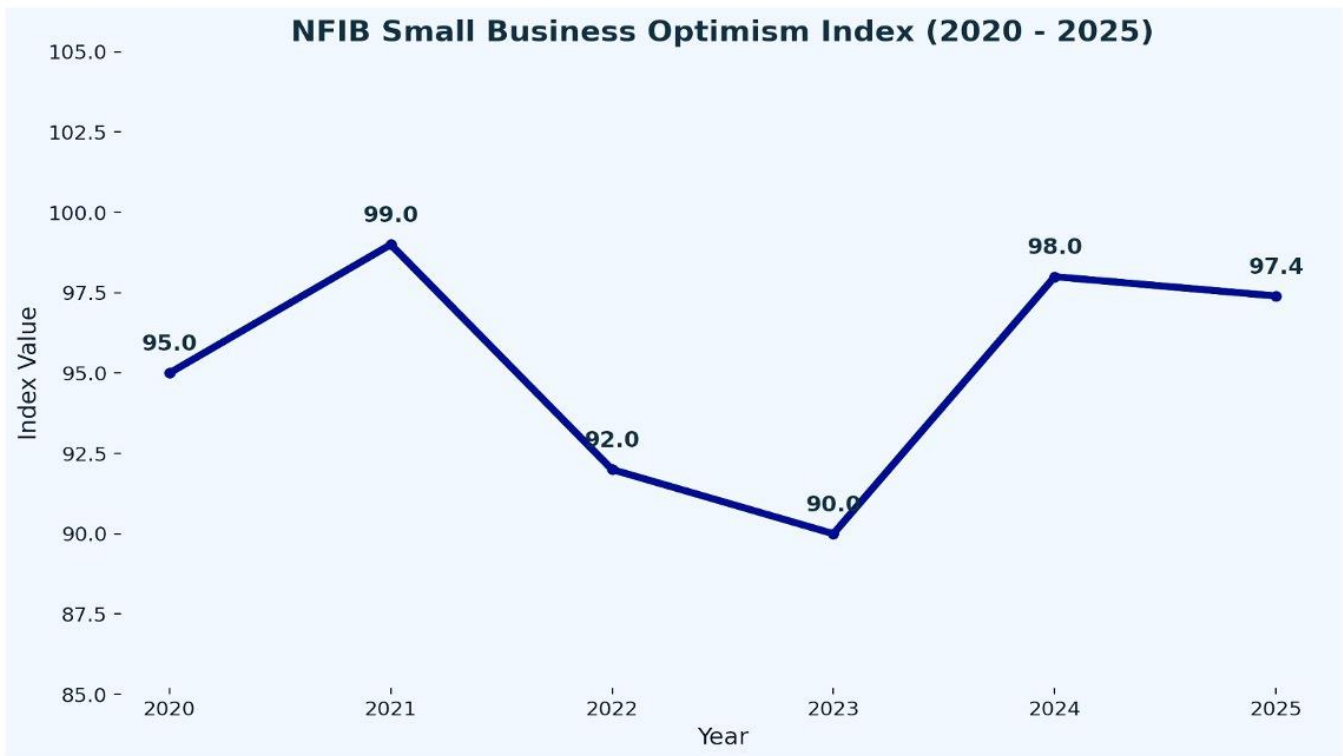


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S&P 500 & Nasdaq Composite Declines of Over 15% From 1998-2025



NIFB Small Business Optimism Index 2020-2025



U.S. Retail Gas Price, Canada IVY PMI, & Japan Consumer Confidence Index





Wall Street Recap

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