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News in Review

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"This is one of the most important days... in American history. It's our declaration of economic independence"



On what Trump called 'Liberation Day' last Wednesday, the US president disrupted the global trade system by introducing tariffs of more than 40% on key trading partners. From 5 April, most countries trading with the US faced a minimum tariff of 10%. Some will be hit much harder, with rates rising as high as 50%. Trump professed, "This is one of the most important days... in American history. It's our declaration of economic independence."

These new measures follow earlier tariff announcements, meaning Chinese goods will now face combined duties of 54% from 9 April. Other countries affected include the European Union, with tariffs of 20%, Japan at 24%, South Africa at 30%, Vietnam at 46% and Thailand at 36%. The UK is subject to the baseline 10% tariff. Other countries facing the 10% baseline tariff include Australia, New Zealand, Argentina, Brazil, the United Arab Emirates and Turkey.

Global stock markets volatile as Trump stays firm

More than \$5trn was wiped off the value of the S&P 500 index last Thursday and Friday, marking the worst week for US stocks since the start of the pandemic in 2020. When asked about the steep falls, Trump said, "Sometimes you have to take medicine to fix something." The sharp losses suffered by global stock markets continued on Monday after Trump said he would not soften his stance on trade, despite growing concerns about a possible global recession.

Markets were highly volatile again on Monday trading, with the FTSE 100 dropping by 5.1% and Hong Kong's Hang Seng index falling by more than 13%, its steepest one-day drop this century.

US stocks sank sharply again on Tuesday despite starting off the session with decent gains, sending the S&P 500 to its lowest close in 14 months.

In recent days, investors have turned to safe-haven assets, pushing bond prices higher and yields lower. Commodity markets were also under pressure, with Brent crude, the international benchmark, falling by around 2%. Copper, a key industrial metal often seen as a barometer of global economic health, dropped 4%.

Goldman Sachs raised the odds of a US recession from 35% to 45%, citing 'a sharp tightening in financial conditions' since the tariffs were announced.

Extra 50% tariff on China

In retaliation, China announced a 34% duty on US goods on Friday. However, on Monday, President Trump said he would impose additional 50% tariffs on all goods from China, if Beijing did not withdraw its 34% retaliatory tariffs. The response to that from China was, 'If the US insists on its own way, China will fight to the end.'

According to a spokesperson at the Ministry of Commerce, China has filed a lawsuit with the World Trade Organization (WTO), saying the tariffs violate WTO rules and undermine 'the rules-based multilateral trading system and the international economic and trade order.'

UK to relax electric car rules as US tariffs hit

The government announced plans to help the UK car industry cope with trade tariffs by relaxing electric vehicle (EV) sales targets. While the ban on selling new petrol and diesel cars will still be introduced from 2030, manufacturers will now have more flexibility on annual sales targets and face lower fines for missing them.

The US has imposed a 25% tariff on cars imported from the UK, affecting one of the UK motor industry's most important export markets. This came into effect last week and is in addition to a 10% tariff on nearly all UK goods announced on Wednesday.

Transport Secretary Heidi Alexander said the move was not a "silver bullet", but part of a wider strategy to respond to the tariffs. Although a consultation on the EV rules closed in mid-February, Alexander told the BBC the government had fast-tracked the changes because of the latest trade developments.

Speaking at a Jaguar Land Rover plant in the West Midlands, Prime Minister Keir Starmer said Trump's decision to increase tariffs posed "a huge challenge for our future" but said his government would "shelter British business from the storm" with a more active industrial policy.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

***The value of investments can go down as well as up and you may not get back the full amount you invested.
The past is not a guide to future performance and past performance may not necessarily be repeated.
All details are correct at time of writing (9 April 2025)***