

Market Meltdown: Trade Tariffs Trigger Worst Selloff in Years

This week marked a dramatic downturn in U.S. equity markets, driven by escalating trade tensions and fears of a recession.



President Donald Trump's announcement of "Liberation Day" tariffs on imports triggered the worst single-day selloff since early 2020.

Trump's tariffs range from a baseline of 10% to as high as 54%, depending on reciprocal duties and nonmonetary measures imposed by other nations. This sparked fears of stagflation—a combination of stagnant growth and persistent inflation—as global trade disruptions loom large.

China retaliated with matching tariffs of 34% on all U.S. imports.

The Dow Jones Industrial Average dropped more than 3,200 points this week (-7.9%), entering correction territory (i.e., a 10% drop from its recent peak). The

Nasdaq Composite plunged 10.0% this week, entering bear market territory (i.e., a 20% drop from its recent peak). The S&P 500 slid 9.1% from last Friday.

Tech stocks were hit the hardest with big names dropping double-digit percentages since last Friday.

The S&P 500 information technology sector was among the weakest performers, logging an 11.4% decline. The energy (-15.0%) and financial (-11.4%) sectors were also top laggards.

Slowdown fears also manifested in dropping oil prices (\$62.02/bbl, -7.32, -10.6%) and falling market rates. The 10-yr yield dropped 27 basis points this week to 3.99% and the 2-yr yield dropped 24 basis points this week to 3.67%.

Also, the CBOE Volatility Index (VIX), referred to as the "fear gauge," peaked above 45.0 as investors position for more volatility and downside risk.

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