

Markets Slide as Trump Renews Tariff Threats Against EU and Mexico

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U.S. futures dropped on Sunday evening after President Donald Trump vowed to impose steep tariffs on imports from the European Union (EU) and Mexico, reigniting concerns over global trade tensions. The sharp market reaction underscores investor unease over a possible return to protectionist policies should Trump retake the White House this November.

In a statement made during a rally over the weekend, Trump pledged to introduce 30% tariffs on EU and Mexican goods if elected, citing what he described as “grossly unbalanced trade deals” that have disadvantaged American manufacturers. The announcement triggered an immediate reaction from financial markets. Futures for the Dow Jones Industrial Average, S&P 500, and Nasdaq-100 all slipped by roughly 0.5% to 0.6% in after-hours trading.

Investors moved to safer assets, with gold and U.S. Treasury bonds gaining ground. Bitcoin, the leading cryptocurrency, also saw a surge, climbing above \$120,000 for the first time. The trend signals a broader “risk-off” mood, as markets brace for increased geopolitical and trade-related volatility. Sectors dependent on global supply chains, particularly technology and automotive, stand to bear the brunt of any new tariffs.

Trump’s remarks received mixed reactions. Supporters view them as a necessary correction to years of trade deficits and foreign competition. “American industry can’t thrive while cheap imports undermine our labor force,” said conservative economist Brian Parsons. On the other hand, critics worry the tariffs could fuel inflation and disrupt transatlantic relations, especially as the EU weighs potential retaliation.

The timing of the announcement is notable, as the U.S. Federal Reserve (Fed), the nation’s central banking system, is carefully monitoring inflation indicators while weighing potential interest rate cuts. Higher import costs resulting from tariffs could complicate that calculus, possibly delaying any monetary easing.

Traders are already factoring in the so-called “TACO” risk, short for Trump Always Chickens Out, a Wall Street phrase implying that the former

president uses bold threats as negotiating tools more than actual policy. Still, with the election drawing nearer, many market watchers are taking a more cautious stance.

Whether Trump follows through or not, the economic implications of such proposals are now front and center. Investors, businesses, and trade partners are recalibrating expectations, accordingly, knowing full well that what begins as campaign rhetoric can quickly translate into global economic shifts.