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Global Markets Roiled by Tariffs in Trump's Second Term Start

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Six months into his second term, United States President Donald Trump has reignited global economic debate with a decisive return to protectionist trade policies. His sweeping tariff measures, aimed at reviving American manufacturing and reducing trade deficits, have triggered volatility across markets, prompting dramatic reactions from investors, tech giants, and trading partners alike.

The reintroduction of "reciprocal" tariffs in April set the tone. Ranging from 10% to 50%, these tariffs targeted a broad range of imports, with China immediately affected. Others were granted a 90-day suspension. The United States struck new trade agreements with the United Kingdom, Vietnam, and Indonesia, while simultaneously notifying countries such as the European Union (EU), Mexico, and Canada of tariff increases beginning August 1 30%, 30%, and 35%, respectively. A 25% sector-wide tariff on all automotive imports, alongside 50% tariffs on copper and a staggering 200% on pharmaceutical products, further defined the administration's aggressive stance.

Financial markets felt the impact almost instantly. The Dow Jones Industrial Average fell sharply by 11.5% in the initial four months before recovering to close near 44,340 points by late July, a 0.72% gain over six months. The Standard & Poor's 500 Index (S&P 500) dropped 18% early on, only to rebound to 6,296 points, a 4% climb overall. The Nasdaq Composite, heavily weighted with technology stocks, saw a steep 24% fall before bouncing back 5.76%, led by semiconductor leader Nvidia.

Investors, responding to market instability, turned toward safer assets. Gold surged by 24%, peaking above $3,500 per ounce in late April, marking a record high. Oil prices, by contrast, declined. Brent crude dropped over 14% amid fears that diminished global trade would reduce energy demand, although a brief price spike occurred in June following U.S. and Israeli action targeting Iranian nuclear facilities.

Currency markets also shifted. The U.S. Dollar Index, measuring the dollar's value against key currencies, dropped roughly 10%, while the euro climbed 13%, reaching $1.16 by late July. Bitcoin mirrored early volatility, falling 8.5% before climbing to record highs above $120,000, buoyed by renewed optimism in the digital asset market and Trump's vocal support for cryptocurrency innovation.

Major technology firms, collectively known as the "Magnificent Seven," were not immune. Tesla led losses with a 22% drop, reflecting investor concerns following Elon Musk's public split from the administration. Apple declined 5.1%, Alphabet (Google's parent company) dropped 6.8%, and Amazon fell 2%. These figures represent moderated losses compared to earlier in the term, thanks to the softening of uncertainty following several trade pacts.

By contrast, Nvidia soared 22.4%, riding the wave of rising demand for artificial intelligence technologies and becoming the first company to achieve a $4 trillion market cap. Microsoft and Meta Platforms also posted strong gains, up 19% and 14.2%, respectively.

The Chicago Board Options Exchange Volatility Index (VIX), widely seen as Wall Street's "fear gauge," surged 66.6% early in the term, reaching over 52 at its peak, before settling at 16.4 as of July, an indication of cooling fears as markets adjusted to the new trade landscape.

Ultimately, Trump's approach underscores a broader economic philosophy focused on sovereignty, domestic industry, and fair trade. While the path has not been smooth, the results reflect a bold attempt to rebalance the global economy in favor of American interests, as an effort that continues to reshape financial norms and foreign policy strategies around the world.