

Trump's Tariff Strategy Roils Crypto Markets Amid Renewed Trade Tensions

August 1, 2025

— Categories: *Crypto*



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The return of President Donald Trump's tariff policies has sent shockwaves through global financial markets, with the cryptocurrency sector seeing immediate repercussions. Bitcoin (BTC), Ether (ETH), XRP, and other digital assets dropped sharply following the announcement of new tariffs targeting dozens of U.S. trading partners. Analysts now warn that escalating trade tensions could fuel inflation and spark renewed volatility across both digital and traditional markets.

In April, Trump reintroduced tariff measures on several close U.S. allies, referring to the announcement as “Liberation Day.” The move triggered a steep drop in major cryptocurrencies, with Bitcoin falling to approximately \$75,000, amid fears that new import taxes would raise prices and strain the economy. Equities also took a hit but saw a partial recovery when Trump announced a delay in the implementation of the tariffs, offering a chance for affected countries to negotiate trade deals with the U.S.

Despite this reprieve, Trump remained firm on the August 1 deadline, stating that nations failing to reach an agreement with Washington would face financial penalties. Several major economies, including the European Union (EU), the United Kingdom (UK), Japan, and South Korea, managed to strike last-minute deals with the U.S. However, nearly 90 countries are now subject to increased tariffs, many of which are developing nations with limited negotiating power.

Among the most significant tariff hikes is Canada, where rates on certain goods have risen to as high as 35%. Mexico, by contrast, secured a 90-day extension to finalize a trade agreement. The White House confirmed that even countries not explicitly mentioned in the latest executive order will still face a baseline import tariff of 10%. These levies are expected to take effect starting August 7 for most goods, with an exception for maritime shipments, which will be taxed beginning in October, timed to avoid disrupting the holiday retail season.

Asian stock markets were the first to react, with major indexes posting their steepest weekly losses since the initial April announcement. Financial markets in Europe and the Americas followed suit. Critics argue that increasing tariffs to levels not seen since World War II could be a misstep, potentially harming U.S. consumers and businesses more than foreign exporters.

Digital assets have taken a hit alongside traditional equities. As of Thursday evening, Bitcoin was down roughly 2.3% in the past 24 hours, trading just above \$115,000. Alternative cryptocurrencies (commonly known as “altcoins”) saw steeper declines: Ether dropped by approximately 5%, and XRP fell nearly 6%. Meme-based tokens were hit hardest by the pump.fun losing 20% of its value ,and Pudgy Penguins sliding 11%.

This downturn has raised concerns among investors that institutions may begin pulling capital from crypto-based exchange-traded funds (ETFs), which could exacerbate selling

pressure. Compounding the unease is the overshadowing of a recent pro-crypto White House report, which was released just one day before the tariff announcement.

A key concern for both crypto and equity markets is the heightened uncertainty these measures bring. While major corporations have released earnings reports in recent weeks, few have accounted for the long-term financial impact of these tariffs. Retailers, already operating on thin margins, may be forced to pass added costs onto consumers, potentially reducing overall spending.

Looking ahead, one of the most critical developments will be whether the U.S. reaches a trade deal with China, the world's largest exporter. A separate deadline for Chinese negotiations looms on August 12, and Trump has previously suggested that tariffs on Chinese goods could soar to as high as 145%, a figure that could send further shockwaves through global trade.

With summer trading volumes traditionally lower and the unpredictability of policy announcements increasing, Bitcoin and other cryptocurrencies may struggle to regain momentum in the near term. As investors digest this latest phase of economic nationalism, market stability remains uncertain.