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US Stocks Close Mixed Amid Trump's EU Tariff Push

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US stock markets ended the day with varied results, as the S&P 500 and Nasdaq pulled back from recent record highs following reports that President Donald Trump is advocating for a substantial tariff on European Union goods. The Financial Times reported that Trump is pressing for a minimum 15% to 20% levy on all EU imports, a move that has heightened tensions as the EU scrambles to secure a trade agreement before Trump's 1 August

deadline. This follows earlier threats from Trump of imposing tariffs as high as 30% on EU goods.

The Dow Jones Industrial Average declined 0.32%, or 142.30 points, closing at 44,342.19. The S&P 500 saw a marginal drop of 0.01%, or 0.57 points, to 6,296.79, while the Nasdaq Composite edged up slightly by 0.05%, or 10.01 points, to 20,895.66. The benchmark 10-year Treasury yield also dipped to 4.423%.

The tariff news overshadowed earlier market gains, which had been driven by robust corporate earnings and improving consumer sentiment. Of the approximately 60 S&P 500 companies that have reported earnings so far, 86% have exceeded analyst expectations. Notable performers included 3M, Schwab, Ally Financial, and American Express, all of which reported strong results before the market opened.

Consumer sentiment also showed signs of improvement. The University of Michigan's preliminary July consumer sentiment index rose to 61.8, up from June's final reading of 60.7, marking the highest level since February. Jeffrey Roach, chief economist at LPL Financial, noted, "Consumers are slowly feeling better, but more importantly, inflation expectations are falling." He added, "Despite risks of rising consumer inflation in the coming months, consumers have well-anchored expectations that tariff inflation will be temporary, and conditions should improve by 2026." This trend in inflation expectations is seen as encouraging for the Federal Reserve's policy outlook.

The Nasdaq has been the standout performer this week, with both it and the S&P 500 hitting record highs earlier, though the Dow has lagged. Meanwhile, speculation continues to swirl around the future of Federal Reserve Chairman Jerome Powell. Federal Reserve Governor Christopher Waller, a Trump appointee from his first term, recently indicated he would consider taking the Fed's top role if offered. This comes amid reports of pressure from the Trump administration on Powell, including criticism over an over-budget renovation of the Fed's headquarters. Other potential candidates to replace Powell include Treasury Secretary Scott Bessent, former Fed Governor Kevin Warsh, and Kevin Hassett, director of the National Economic Council. Economists remain divided on the long-term impact of a potential Powell exit, though most anticipate an immediate sharp decline in stock markets if he were to leave before his term ends next year.

In other developments, a groundbreaking cryptocurrency bill, the Genius Act, which regulates stablecoin cryptocurrencies pegged to assets like the US dollar or gold to

stabilise their value, is awaiting President Trump's signature after passing the House. Separately, a major Bitcoin "whale" reportedly moved 40,192 bitcoins, valued at approximately \$4.75 billion, to a new address. This follows earlier transfers by the same whale, believed to be an early Bitcoin investor, who moved 80,000 bitcoins worth \$9.5 billion in batches earlier this summer. Bitcoin was last trading down 1.73% at \$117,267.20.

The mixed market performance underscores the uncertainty surrounding Trump's trade policies and their potential to disrupt global markets. As the EU trade deadline looms, investors remain cautious, balancing positive earnings and consumer sentiment against the risks of escalating trade tensions.