

Markets continue to tumble following Trump's new tariffs announcement

Warm-up question: How do you usually react when prices rise or the economy seems uncertain? Do you try to stay informed, change your habits, or just wait it out?

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STEVE INSKEEP, HOST:

Markets have fallen since last Wednesday when President Trump launched a **trade war** against most of the world. Asian and European markets fell overnight, and not by a little. Japan's Nikkei index dropped almost 8% of its value. Here in the United States, economists are increasing their **odds** of a recession. The investment bank Goldman Sachs says we're close to 50/50 odds. And in making that estimate, Goldman assumes that Trump will not go through with a plan for the biggest tariffs to hit on Wednesday. If that should happen, Goldman simply forecasts recession.

A MARTÍNEZ, HOST:

NPR financial correspondent Maria Aspan joins us now with more. U.S. markets erased \$6 trillion in value late last week, Maria. What are we looking at this week?

MARIA ASPAN, BYLINE: Well, last week was pretty terrible, but it's looking like this week may be even worse. By the end of last week, the Dow had fallen almost 8%, with the other major indices tumbling even further. The tech-heavy Nasdaq is now in a **bear market**, meaning it's fallen more than 20% from a recent high. And it's looking like the pain will continue today. We'll get a clearer idea later this morning when U.S. markets open. But when the **futures markets** opened last night, meaning that traders could start putting in their orders to buy and sell, prices immediately **turned red**.

By early this morning, Dow futures were down around 1,300 points, or more than 3%. And it's not just stocks. Oil futures are down, and bitcoin, which trades around the clock, is down below \$77,000. Remember, it hit \$100,000 not that long ago, weeks after President Trump was elected on the industry's hopes for a more crypto-friendly president.

MARTÍNEZ: Maria, I remember a lot of Wall Street figures backed Trump last year. And what are they saying now?

ASPAN: Well, Wall Street has been slow to speak out. But today, or last night, billionaire fund manager and Trump supporter Bill Ackman, who endorsed the president during last year's election, has warned on X that the U.S. is destroying confidence in the U.S. as a place to do business. And he's called for a 90-day pause on tariffs to avoid what he calls economic nuclear war. And he is just one of many people sounding the alarm. NPR last night talked to Mark Zandi, chief economist at Moody's Analytics. He says Wall Street is panicked.

MARK ZANDI: Investors are very nervous about what's going on. I'm sure they're calling lawmakers and the White House to pressure them to come to some kind of terms with other countries over these tariffs - bring this global trade war to an end because if they don't, soon, the economy is going to go into **recession**.

ASPAN: And he's hardly alone with that warning. The investment bank JPMorgan also warned last week that if Trump keeps the tariffs, they could push the U.S. and the world into a recession. Even if things don't get that bad, this current market sell-off could have real consequences and real pain for most consumers. About 60% of U.S. households own stocks, and a lot of people have their retirement accounts and other long-term savings invested in the market. And also let's not forget these new tariffs are widely expected to raise prices on almost everything that Americans import.

MARTÍNEZ: OK, so a lot of warnings from Wall Street for the president. What has he said about the market sell-off?

ASPAN: Trump has mostly **shrugged it off**. Yesterday, Commerce Secretary Howard Lutnick told CBS that the tariffs are here to stay. And then last night, Trump was asked by reporters about how much pain he'd be willing to tolerate, and this is what he said.

PRESIDENT DONALD TRUMP: I think your question is so stupid. I mean, I think it's a - I don't want anything to go down. But sometimes, you have to **take medicine** to fix something.

ASPAN: But while Trump is calling these sweeping tariffs medicine, almost everyone else is warning that they are bad for consumers, investors, businesses and the global economy.

MARTÍNEZ: All right. That's NPR's Maria Aspan. Thanks a lot.

Vocabulary and Phrases:

1. **Trade war:** A situation where countries impose tariffs or other restrictions on each other's goods to try to harm each other's trade.
2. **Odds:** The chances or likelihood of something happening.
3. **Bear market:** A period when the stock market falls by 20% or more from a recent high, usually due to investor fear or pessimism.
4. **Futures market:** A financial market where people buy and sell contracts to trade something (like stocks, oil, or crops) at a set price at a future date.
5. **Turned red:** A phrase used in finance to indicate that prices are falling (stock charts often use red to show losses).
6. **Recession:** A period of economic decline typically marked by falling GDP, rising unemployment, and decreased consumer spending.
7. **Shrug (something) off:** To ignore or treat something as unimportant.
8. **Take medicine:** A metaphor meaning to endure something unpleasant in the short term in order to fix a problem or get better in the long term.

Comprehension Questions:

1. What event triggered the recent decline in global markets?
2. How much value did U.S. markets lose late last week?
3. What is a bear market, and which index has entered one?
4. Why are financial experts like Bill Ackman and Mark Zandi concerned?
5. How could the tariffs affect everyday Americans?
6. How has President Trump responded to concerns about the tariffs and the market?

Discussion Questions:

1. What do you think is the right balance between protecting a country's economy and avoiding global conflict through trade?
2. Have you or someone you know ever been affected by a major economic downturn? How did you handle it?
3. Why do you think governments and businesses sometimes ignore early warnings about economic problems?
4. Do you think economic pain is ever necessary to fix larger issues? Why or why not?