



Wall Street drops on U.S. trade tensions with EU, IMF global outlook

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NEW YORK, April 9 (Reuters) - Wall Street lost ground on Tuesday as tariff tensions between the United States and its European trading partners went from simmer to boil and the IMF cut its global growth outlook.

All three major stock indexes were in the red, with the S&P 500 poised to snap its eight-day rally.

President Donald Trump said he would impose tariffs on \$11 billion of European goods, raising tensions over aircraft subsidies that threaten to morph into a wider trade war.

Trade disputes, along with a potentially messy Brexit, led the International Monetary Fund (IMF) to cut its global economic growth forecasts and warn that further cuts could be in the offing.

“Today is essentially a headline reaction to new tariffs being proposed and the downward revisions by the IMF,” said **Bernard Baumohl, chief global economist at the Economic Outlook Group** in Princeton.

But Baumohl pointed out that U.S. stocks have rallied this year, even though economic downturn jitters and tariff concerns have been on the horizon for some time, and with lowered first quarter earnings expectations.

“We would expect that to be reflected in stock prices,” Baumohl added. “It raises an interesting question as to whether there’s an asset bubble forming.”

The reporting period for first-quarter earnings is set to begin in earnest, with Delta Airlines, JPMorgan Chase & Co and Wells Fargo & Co results due later in the week, kicking off what analysts now expect to be the first quarter to show a year-on-year decline in earnings since 2016.

January-March profits for S&P 500 companies are now seen falling by 2.5% from last year, according to Refinitiv data.

The Dow Jones Industrial Average fell 196.64 points, or 0.75%, to 26,144.38, the S&P 500 lost 18.1 points, or 0.63%, to 2,877.67 and the Nasdaq Composite dropped 40.70 points, or 0.51%, to 7,913.18.

All 11 major sectors in the S&P 500 were in the red, which trade-sensitive industrials seeing the biggest percentage loss.

Boeing Co extended its losses after reporting a drop in deliveries related to its grounded 737 MAX jets. Its shares were down 1.7%.

The grounded Boeing aircraft led American Airlines Group Inc to trim its first-quarter revenue forecasts. The airliner's stock slid 1.5%.

U.S. Steel Corp dropped 9.0% following Credit Suisse's downgrade of the stock to "underperform."

Wynn Resorts Ltd dipped 3.2% after ending takeover talks with Crown Resorts.

The Philadelphia SE Semiconductor index backed off from Monday's record high, falling 1.2% as the index was pulled lower by Advanced Micro Devices and Nvidia.

Among winners, Facebook Inc rose 1.4% after Morgan Stanley upped its price target, citing growing revenues from its Instagram segment.

Walt Disney Co shares rose 1.6% following Cowen's upgrade to "outperform."

Declining issues outnumbered advancing ones on the NYSE by a 2.51-to-1 ratio; on Nasdaq, a 2.22-to-1 ratio favored decliners.

The S&P 500 posted 17 new 52-week highs and no new lows; the Nasdaq Composite recorded 45 new highs and 24 new lows.

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