

HOW WILL TRUMP IMPACT MY FINANCIAL PLANS ?



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President Donald Trump announced a new set of tariffs with fresh import taxes on goods coming into America. This move has significant implications for various industries and the global economy.

What does this mean for investors?

Markets often experience heightened volatility when tariffs are announced due to the uncertainty about future corporate earnings and economic conditions.

1. Short-term impacts

Industries directly affected by the tariffs, especially in the automotive and pharmaceutical sectors, will see the most immediate volatility. UK companies exporting to the US will be particularly impacted.

2. Long-term impacts

Higher business costs can reduce profit margins or force price increases, lowering consumer demand. Economic uncertainty can also delay capital investments, slowing economic growth.

What happens next?

While tariffs pose challenges, historical evidence shows that well-diversified portfolios with appropriate risk management can weather the storm. Investing with a long-term outlook is the best way for your clients to reduce the impact of stock market fluctuations and to grow their investments over time.

Ultimately, Trump is playing a high-risk game. He is risking stoking a fresh inflationary spiral in the hope that over time jobs and industry are restored to the US. This is following an election campaign where he promised to lower inflation and bring interest rates down. However, tariffs have rarely ended in positive outcomes, and signs are already pointing to weakening consumer and business sentiment and the risk of a slowing US economy.

Trump continues to tout tax cuts, but there remains little detail on what this means or when they will come about. Markets will be wanting more detail on both this and further deregulation, and given the scale of these tariffs that may need to come sooner rather than later for US equities. For businesses it remains a very volatile and uncertain economic period, and this will be reflected by markets for the time being. Investors will need be patient and calm, staying invested for the long-term.

