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# Trade War Heats Up As Tariffs Go Into Effect

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## Tariffs kick in

And so it begins. President Donald Trump's 25% tariffs on imports from Canada and Mexico have gone into effect today, while duties on Chinese goods have been doubled to 20%. Trade war concerns have already hit business and consumer confidence, and a key GDP forecast signaled that the economy is [shrinking at a faster pace](#) than previously thought.

*Retaliatory moves:* In response, China said it will impose additional 10%-15% [tariffs](#) on certain U.S. imports next week, and expanded [export controls](#) on U.S. companies. Canada is responding with immediate 25% tariffs on U.S. imports worth more than \$20B, and will expand the duties to imports worth over \$86B if Trump's tariffs remain for 21 days. Mexico is also expected to retaliate, with an announcement likely later today.

*Reciprocal tariffs:* Trump also declared that his [proposed reciprocal tariffs](#) will go into effect next month. These tariffs will be decided on a country-specific basis, depending on the duties imposed by other countries - "a tariff for a tariff, same exact amount," Trump said previously. Tariffs on "external" agricultural products will also begin in April, although it's unclear what the rate would be. Trump has also set sights on [lumber imports](#), while stocks most sensitive to tariff shocks are being [sold off](#).

**SA commentary:** "Economic indicators show a sharp deterioration, with significant drops in GDP and consumer spending, indicating increased [odds of a recession](#)," SA analyst Jeremy Blum noted, recommending that investors reduce exposure to economically vulnerable sectors. But Investing Group Leader Victor Dergunov views the current market fear as a potential [buying opportunity](#). "Job losses, potential inflation, and other growth fears can be offset by Fed easing, continued AI growth, tax cuts, deregulation, fiscal stimulus, and other constructive economic events."

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**Futures at 6:30**, Dow flat. S&P flat. Nasdaq [+0.1%](#). Crude [-1.1%](#) to \$67.64. Gold [+0.9%](#) to \$2,927.40. Bitcoin [-9.4%](#) to \$83,825.

**Ten-year Treasury Yield** +1 bp to 4.17%.

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