



Video

Live

Shows ▾

538

Shop



Log In

Stream
on

hulu

Dow and S&P 500 recover some losses after Trump pauses tariffs on Mexico

Trump paused tariffs on Mexico on Monday morning; China, Canada still in place.

By [Max Zahn](#)

February 3, 2025, 11:51 AM



Trump's tariffs send stock market falling ABC News' Elizabeth Schulze and Matt Rivers, as well as economist Kimberly Clausing, discuss the impact of President Donald Trump's tariffs on the economy.

The stock market fell on Monday amid uncertainty [about the fate of tariffs](#) imposed by President Donald Trump on Canada, Mexico and China over the weekend.

Soon after a market decline began early Monday morning, Trump paused the tariffs on Mexico for one month following a conversation with Mexican President Claudia Sheinbaum, prompting the stock market to recover some of its losses.

The Dow Jones Industrial Average slid about 150 points, or 0.35%, in early trading on Monday. The S&P 500 dropped 0.7%, and the tech-heavy Nasdaq ticked down 1%.

MORE: These prices could climb within days if Trump slaps tariffs on Canada and Mexico→

Traders demonstrated their jitters with a selloff of U.S. auto companies, which hold deep ties to suppliers in Canada and Mexico. Shares of General Motors fell 2%, while Ford saw its stock price drop 1.3%.

The market downturn extended worldwide. Japan's Nikkei index fell 2.5% on Monday, and the pan-European STOXX 600 dropped about 1%.

On Saturday, Trump imposed 25% tariffs on products from Mexico and Canada, as well as 10% tariffs on goods from China. The tariffs are set to take effect on Tuesday, the White House said.



Traders work on the floor of the New York Stock Exchange (NYSE) at the opening bell on Jan. 30, 2025, in New York City.

Timothy A. Clary/AFP via Getty Images

Canadian Prime Minister Justin Trudeau and Mexican President Claudia Sheinbaum both responded within hours of the announcement, vowing to retaliate.

Trudeau said Canada will implement 25% tariffs on \$155 billion worth of U.S. goods, while Sheinbaum said she has instructed officials in her government to implement what she called Plan B, "which includes tariff and non-tariff measures in defense of Mexico's interests."

The tariffs imposed by the White House could raise prices for an array of products ranging from avocados to tequila to gasoline, experts [previously told ABC News](#). The price impact remains unclear, however, since businesses within the supply chain could opt to take on some or all of the tax burden, they said.

MORE: US tariffs on Mexico 'paused for a month,' 10,000 Mexican troops head to border ↘

Potential retaliatory tariffs issued by Canada and Mexico would make it more difficult for U.S. exporters to compete in those markets, raising the possibility of weaker sales.

In a series of social media posts over the weekend, Trump said the tariffs target Canada, Mexico and China for hosting the manufacture and transport of illicit drugs that end up in the U.S. In a Truth Social post on Sunday, Trump urged the three countries to address his concerns, while acknowledging that the tariffs may cause some financial hardship within the U.S.

"WILL THERE BE SOME PAIN? YES, MAYBE (AND MAYBE NOT!). BUT WE WILL MAKE AMERICA GREAT AGAIN, AND IT WILL ALL BE WORTH THE PRICE THAT MUST BE PAID," Trump wrote.

Related Topics

[Stock Market](#)

[Economy](#)

[President Trump](#)



[ABC News Network](#) [About Nielsen Measurement](#) [Children's Online Privacy Policy](#) [Contact Us](#)
[Do Not Sell or Share My Personal Information](#) [Interest-Based Ads](#) [Privacy Policy](#) [Terms of Use](#) [Your US State Privacy Rights](#)
© 2025 ABC News