

BUSINESS & FINANCIAL OVERVIEW

U.S. Stocks See Further Downside After Early Sell-Off

After coming under pressure early in the session, stocks have seen some further downside over the course of the trading day on Monday. The Dow has tumbled to a two-month intraday low, while the Nasdaq and the S&P 500 have hit their lowest levels in over a month.

Currently, the major averages are just off their lows of the session. The Dow is down 585.91 points or 2.3 percent at 25,356.46, the Nasdaq is down 247.17 points or 3.1 percent at 7,669.77 and the S&P 500 is down 65.51 points or 2.3 percent at 2,815.89.

The sell-off on Wall Street comes after China announced plans to raise tariffs on \$60 billion worth of U.S. goods, shrugging off a warning from U.S. President Donald Trump.

The move by China comes in retaliation to Trump's recent decision to raise tariffs on approximately \$200 billion worth of Chinese goods to 25 percent from 10 percent.

China said increased tariffs on a total of 5,140 U.S. products would take effect June 1st, with the tariffs ranging from 5 percent to 25 percent.

Beijing is following through on its pledge to take "necessary countermeasures" in response to the U.S. tariff increase even though Trump warned the situation "will only get worse" if China retaliates.

Trump has sought to continue to pressure China to reach a trade agreement in a series of posts to Twitter, telling the communist country the deal will become "far worse for them if it has to be negotiated in my second term."

"I say openly to President Xi & all of my many friends in China that China will be hurt very badly if you don't make a deal because companies will be forced to leave China for other countries. Too expensive to buy in China," Trump tweeted. "You had a great deal, almost completed, & you backed out!"

Trump has previously threatened to raise tariffs on essentially all remaining imports from China, which are valued at approximately \$300 billion.

Semiconductor stocks continue to turn in some of the market's worst performances amid concerns about the impact of the escalating trade dispute between the U.S. and China.

Reflecting the weakness in the sector, the Philadelphia Semiconductor Index is plunging by 4.4 percent to its lowest intraday level in over a month.

Substantial weakness also remains visible among steel stocks, as reflected by the 4.3 percent nosedive by the NYSE Arca Steel Index. The index has fallen to a four-month intraday low.

Oil service stocks have also moved sharply lower on the day, dragging the Philadelphia Oil Service Index down by 4 percent.

