

BUSINESS & FINANCIAL OVERVIEW

European Shares Set To Tumble Amid Heightened Trade Tensions

European stocks look set to open sharply lower on Friday in response to escalating trade tensions.

U.S. President Donald Trump said Thursday that he would impose a 5 percent tariff on all imported goods from Mexico starting June 10, a tax that would "gradually increase" until illegal migrants stop coming into the U.S. through the border.

In another development, U.S. Vice President Mike Pence warned China that the U.S. could more than double tariffs if needed. A report from Bloomberg News indicated China has put purchases of U.S. soybeans on hold.

Leaders of China and the U.S. will meet late next month on the sidelines of G-20 summit in Japan.

Asian markets are trading mixed and the dollar traded flat while oil extended overnight losses after data showed U.S. crude inventories fell less than forecast last week.

China's manufacturing sector turned to contraction in May, adding to growth worries. The official manufacturing PMI dropped to 49.4 from 50.1 in April.

U.K. consumer confidence improved in May despite Brexit related uncertainties, survey data from market research group GfK showed earlier today. The consumer sentiment index rose to -10 from -13 in April. The expected score was -12.

Inflation and retail sales figures from Germany are due later today, headlining a hectic day for the European economic news.

It's going to be a busy day on the U.S. calendar, with reports on personal income and spending, consumer sentiment and Chicago-area business activity due to be released later in the day.

U.S. stocks fluctuated before finishing higher overnight, as Treasuries turned higher and data showed healthy GDP growth in the first quarter.

U.S. Q1 GDP growth was revised down to 3.1 percent from 3.2 percent on weaker business investment but topped forecasts for 3.0 percent.

The Dow and the S&P 500 edged up around 0.2 percent while the tech-heavy Nasdaq Composite gained 0.3 percent.

European markets also ended mostly higher on Thursday as investors searched for bargains after recent losses.

The pan-European Stock 600 rose 0.4 percent. The U.K.'s FTSE 100 index, France's CAC 40 index and the German DAX index all rose by 0.5 percent.

