

**BUSINESS & FINANCIAL OVERVIEW**

## U.S. Stocks Offsetting Yesterday's Recovery Attempt

Stocks have moved sharply lower in morning trading on Tuesday, with the major averages pulling back after rebounding from an initial sell-off in the previous session. The Dow and the Nasdaq remain above Monday's lows, but the S&P 500 has hit its worst intraday level in nearly a month.

The major averages have climbed off their lows for the session in recent trading but remain firmly negative. The Dow is down 299.91 points or 1.1 percent at 26,138.57, the Nasdaq is down 110.94 points or 1.4 percent at 8,012.35 and the S&P 500 is down 36.67 points or 1.3 percent at 2,895.80.

The renewed selling pressure on Wall Street comes after U.S. Trade Representative Robert Lighthizer confirmed the U.S. plans to raise tariffs on \$200 billion worth of Chinese goods to 25 percent on Friday.

The comments from Lighthizer came after President Donald Trump threatened to implement the tariff increase in a post on Twitter on Sunday, claiming trade talks between the U.S. and China are moving "too slowly."

The confirmation of the Friday deadline may have shattered the belief that the threat from Trump was just a negotiating tactic.

Lighthizer attributed the potential tariff increase to an "erosion in commitments by China" over the last week, with the trade representative calling substantive changes to the text of a deal "unacceptable."

However, Treasury Secretary Steven Mnuchin noted the U.S. would reconsider raising the tariffs if negotiations get back on track during the next round of talks later this week.

News that Chinese Vice Premier Liu He is expected to join the talks may generate optimism about renewed progress toward a trade deal.

Lighthizer and Mnuchin did not comment on Trump's threat to impose tariffs on the remaining \$325 billion worth of Chinese imports.

Oil service stocks have shown a substantial move to the downside in morning trading, dragging the Philadelphia Oil Service Index down by 2 percent.

The weakness in the sector comes amid a steep drop by the price of crude oil, with crude for June delivery plunging \$1.32 to \$60.93 a barrel.

Significant weakness has also emerged among biotechnology stocks, as reflected by the 2 percent slump by the NYSE Arca Biotechnology Index.

Regeneron Pharmaceuticals (REGN) is posting a steep loss after the biopharmaceutical company reported weaker than expected first quarter results.

