

Stocks Drop Amid Trump Team Concern; Dollar Drifts: Markets Wrap

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- Trump replaces Tillerson with CIA director Mike Pompeo
- U.S. inflation report Tuesday showed benign price increases

Asian stocks retreated following a drop in American equities after a fresh personnel shakeup in the Trump administration spurred concerns about a unilateral approach to trade, national security and foreign affairs.

Equity indexes declined across the region after the S&P 500 Index lost 0.6 percent. The sudden firing of U.S. Secretary of State Rex Tillerson took some by surprise less than a week after top economic adviser Gary Cohn resigned from the White House. U.S. Treasuries held gains from Tuesday after a report showed U.S. inflation remained contained. The dollar weakened, while West Texas oil fell stayed below \$61 a barrel. The euro steadied and German bund yields were little changed.



“Markets one day may become exhausted if the staff turnover and perceived White House instability continues,” Terry Haines, a senior political strategist at Evercore ISI, wrote in a note. “Trump and the administration will have some work to do to reassure markets.”

Tillerson's ouster raised concerns of a new guard in the White House that may take a harder line on trade, advancing President Donald Trump's agenda of imposing tariffs on U.S. trading partners. Trump nominated CIA director Mike Pompeo, an ex-congressman who has endorsed "[pushing back against the Chinese threat <https://www.bloomberg.com/politics/articles/2018-03-13/pompeo-in-his-own-words-on-iran-russia-and-spying-on-allies>](https://www.bloomberg.com/politics/articles/2018-03-13/pompeo-in-his-own-words-on-iran-russia-and-spying-on-allies)," to replace Tillerson. The change comes as the administration considers tariffs on a broad range of Chinese imports, with Politico reporting [one proposal](#) is to take measures against more than \$30 billion of goods a year.

Meantime, the U.S. inflation report Tuesday did little to rock traders' bets on the path for Federal Reserve policy tightening, though the 10-year Treasury yield did slip to 2.84 percent as market gauges of inflation expectations fell on the data.

With developments in Washington front and center, markets largely shrugged off economic data that showed China's factory output and investment growth unexpectedly accelerated in the first two months of the year.

Terminal users can read more in our markets blog.

Here are some of the key things happening [this week](#) :

- U.S. retail sales are out on Wednesday.
- Prices and factory output are focal points in the euro area.
- Also this week, Germany's Angela Merkel is inaugurated to a fourth term, and EU27 government officials discuss the European Union's Brexit position.
- New Zealand GDP data is out Thursday.

And these are the main moves in markets:

Stocks

- The MSCI Asia Pacific Index fell 0.6 percent as of 4:12 p.m. Tokyo time.
- Topix index dropped 0.4 percent.
- Hong Kong's Hang Seng Index sank 1.4 percent.
- Kospi index lost 0.3 percent.
- Australia's S&P/ASX 200 Index slid 0.7 percent.
- Futures on the S&P 500 Index fell 0.1 percent.

Currencies

- The Bloomberg Dollar Spot Index fell 0.1 percent.
- The Japanese yen rose less than 0.05 percent to 106.54 per dollar.
- The euro rose less than 0.05 percent to \$1.2394.

Bonds

- The yield on 10-year Treasuries fell one basis point to 2.83 percent.
- Japan's 10-year yield declined less than one basis point to 0.051 percent.
- Australia's 10-year yield decreased seven basis points to 2.741 percent.

Commodities

- West Texas Intermediate crude fell 0.1 percent to \$60.67 a barrel.
- Gold fell 0.1 percent to \$1,325.57 an ounce.
- LME copper rose 0.6 percent to \$6,984.00 per metric ton.

— *With assistance by Joanna Ossinger, and Andrew Janes*

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