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## U.S. MARKETS

# Stocks Fall on China Retaliatory Tariffs

China said it will impose tariffs on \$75 billion in U.S. products, ratcheting up trade tensions

*By Caitlin Ostroff*

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- *U.S. stock futures drop*
- *European stocks reverse earlier gains*

U.S. stock futures faltered after China said it will impose retaliatory tariffs on \$75 billion worth of additional U.S. products.

The ratcheting-up of trade tensions came ahead of a highly anticipated speech from Federal Reserve Chairman Jerome Powell later Friday on the future of monetary policy.

S&P 500 futures were down 0.5% and Dow Jones Industrial Average futures fell roughly 0.5%. Futures don't necessarily predict moves after the opening bell.

Markets will be watching for clarity from Mr. Powell and other central-bank leaders at the Jackson Hole symposium on the likelihood of further moves to lift a stagnant global economy.

Lower interest rates would likely drive down bond yields further and rally equities, said Connor Campbell, a financial analyst at Spreadex. "They're putting a lot of their eggs in a central-bank basket," Mr. Campbell said of stock-market investors.

Mr. Powell is set to speak Friday at 10 a.m. ET. Bank of England Gov. Mark Carney will speak later in the day.

Analysts said the Fed chairman will have to show he is willing to take strong action to support the economy. Dallas Fed President Robert Kaplan said Thursday at the gathering of central bankers that he was open to cutting rates in September.

Though Mr. Kaplan came out in support, other officials were split. In television interviews



Jackson Lake in Jackson Hole, Wyo., near where central bankers from across the world are gathering. PHOTO: DAVID PAUL MORRIS/BLOOMBERG NEWS

Thursday, the head of the Kansas City Fed and the Philadelphia Fed pushed back against the need for further rate cuts. In July, the Fed lowered its benchmark rate.

Friday's moves in stocks came a day after a series of weak manufacturing data around the world raised concerns about a possible recession, weighing on U.S. indexes.

The 10-year yield on Thursday briefly fell below two-year yields, following a similar move last week. The inversion between short- and long-term yields has been widely viewed as a possible recession signal.

The Stoxx Europe 600 slipped 0.2% in afternoon trade.

Toronto-based and U.K.-listed Entertainment One's shares jumped 31% in recent trading after toy maker Hasbro said it would buy it for \$4 billion. Hasbro's shares fell 3.5% in U.S. premarket trading.

The WSJ Dollar Index, which measures the currency against a basket of its peers, ticked up 0.1%.

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