

Consumers pessimistic about tariffs and inflation

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NEW YORK>> Some of Wall Street's brightest stars lost more of their shine Tuesday after another report said U.S. households are getting more pessimistic about the economy.

The S&P 500 fell 0.5% and had been down as much as 1.2% during the day. It was the fourth straight drop for the main measure of the U.S. stock market's health after it set an all-time high last week.

The Nasdaq composite sank 1.4% as several influential Big Tech companies lost momentum and screeched lower. But the majority of stocks nevertheless rose, which helped the Dow Jones Industrial Average add 159 points, or 0.4%.

The U.S. stock market has been generally struggling since the middle of last week after several weaker-than-expected reports on the economy thudded onto Wall Street. On Tuesday, the latest said confidence among U.S. consumers is falling by more than economists expected.

The U.S. economy still appears to be in solid shape, and growth is continuing at the moment.

But for the first time since June, a measure of consumers' expectations for the economy in the short term fell below a threshold that usually signals a recession ahead, according to The Conference Board.

The increase in pessimism was broad-based and carried across both higher- and lower-income households, as well as older and younger ones.

"There was a sharp increase in the mentions of trade and tariffs, back to a level unseen since 2019," according to Stephanie Guichard, senior economist, global indicators at The Conference Board.

"Most notably, comments on the current administration and its policies dominated the responses."

For its part, President Donald Trump's White House said the lower confidence reflects the overhang of his predecessor, former President Joe Biden.

It also pointed to recent announcements of investment for new U.S. facilities by Apple and of improving CEO confidence as indicators of upcoming growth.

Wall Street tracks confidence among consumers because solid spending by them has been helping to keep the U.S. economy out of a recession. And Tuesday's report echoed what an earlier report from the University of Michigan suggested: Consumers see the current situation as OK, but they're worried about the future.

The pessimism hit high-momentum areas of the market in particular, those that had seen waves of euphoric investors pile in during recent years.

Nvidia fell 2.8%, for example, while Tesla tumbled 8.4%. They were the two heaviest weights on the S&P 500.

Bitcoin likewise sank, falling back toward \$88,000, which dragged down stocks of companies in the crypto industry. MicroStrategy, the company that's raised money in order to buy more bitcoin and now goes by the name

Strategy, fell 11.4%

Zoom Communications dropped 8.5% even though it reported stronger results for the latest quarter than expected.

Analysts at UBS pointed to the company's forecast for revenue growth in the upcoming year, which fell a bit short of their own estimate.