

Tom Lee Explains Here's What to Make of the Second Monday Shock

The stock market started off another week in turmoil. This time, the declines were driven by President Trump slapping tariffs on Mexico, Canada, and China – and threatening some on Europe, too.

Losses pared back partially, as of 11:15 a.m. ET, after Mexico's President Claudia Sheinbaum said that tariffs on Mexico would be paused for a month. Trump is scheduled to talk to Canadian Prime Minister Justin Trudeau on Monday afternoon as well.

Fundstrat Head of Research Tom Lee is optimistic that tariffs will likely be rolled back in three months because the targeted countries will make concessions. Furthermore, he pointed out that other mechanisms already in place could mitigate the impact of tariffs on financial markets. For example, if other countries enter an economic downturn because of tariffs, then their central banks would be propelled to ease monetary policy, which can actually help improve liquidity.

"As bad as things look, I do think there's downside protection," Lee said on CNBC's Squawk Box with Becky Quick and Andrew Ross Sorkin. "This is a test of resilience."

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