

Feeling liberated?

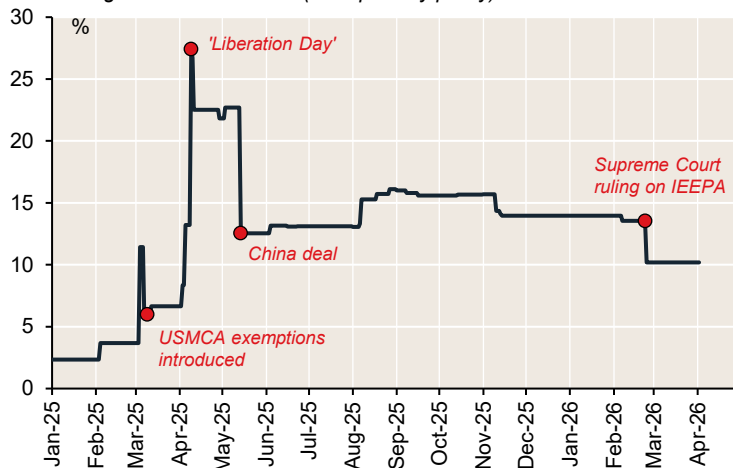
By Ethan Currie

Time flies when you're having fun. It's officially been one year since global trade policy was upended and the U.S. average effective tariff rate (AETR) was brought sharply higher on 'Liberation Day'. Today, there are more pressing issues capturing investor attention, a **crude supply shock** top-of-mind. Still, this not-so-happy anniversary is a natural time to review the impacts of a historic trade upheaval.

For starters, the U.S. AETR has cooled significantly since its projected peak last April (Chart 1). Still, historically elevated import taxes are consistent with just over \$340 billion in customs collections over the past twelve months, a ~230% increase from the prior year's run rate (Chart 2). More recently though, this revenue stream has decelerated, adding to **fiscal pressures**. An estimated wartime price tag of **\$36 billion** per month and uncertainties surrounding IEEPA tariff refunds adds further stress to the outlook.

Chart 1: U.S. tariff rates have moderated, but remain lofty ...

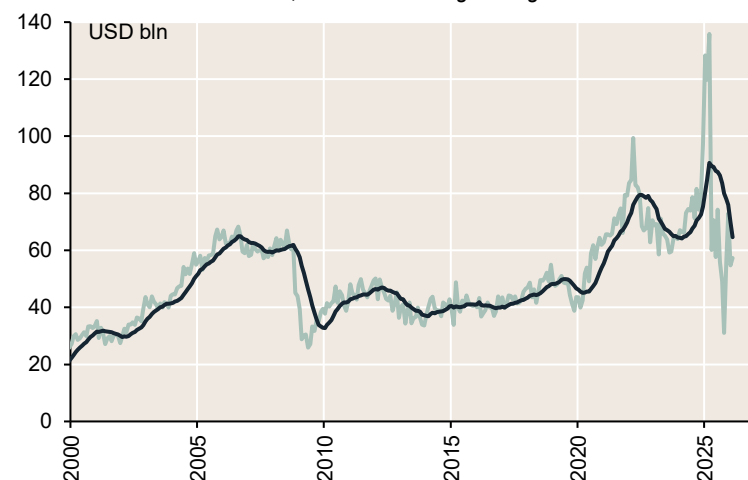
U.S. average effective tariff rate (as implied by policy)



Source: NBC, Bloomberg, USITC

Chart 3: Trade deficit hasn't improved much...

U.S. merchandise trade deficit, 12-month moving average

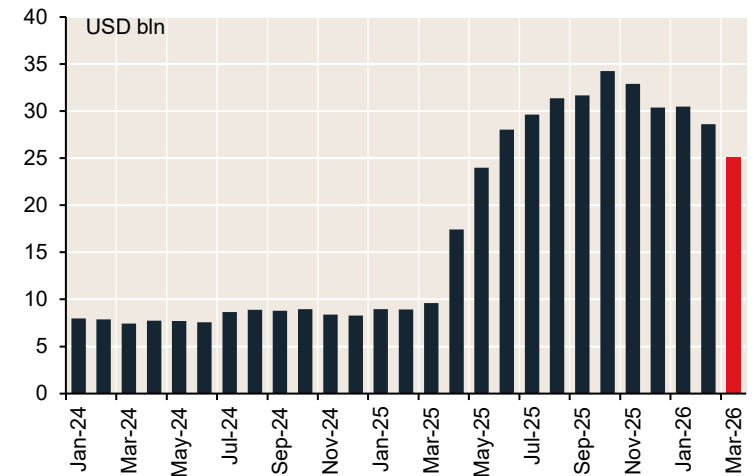


Source: NBC, Bloomberg | Note: Lighter line is SA monthly data (unsmoothed)

While budgetary consolidation appears to be falling short, the other motivations behind tariffs are not materializing either. For starters, the U.S. trade deficit—despite its monthly volatility—has not moderated nearly as much as telegraphed / hoped for by the administration (Chart 3). Also, while it may still be too early to fully gauge the extent of industrial reshoring, a range of indicators suggest tariffs are not delivering their intended effects. While total employment hasn't been great since Trump's inauguration, hiring in the manufacturing sector has been worse. Here, 120K jobs have been shed over the last 14 months, posting a gain only in January 2026. (Chart 4). Several soft data measures reinforce this sectoral weakness. Business and consumer confidence readings have recovered from the April 2025 troughs but have failed to show meaningful improvement. Meantime, PMI surveys continue to flag tariff-related stress, exacerbated by the ongoing war. One year on, many corners of the U.S. economy appear far from liberated by White House standards.

Chart 2: ... as customs revenues are down (but not out?)

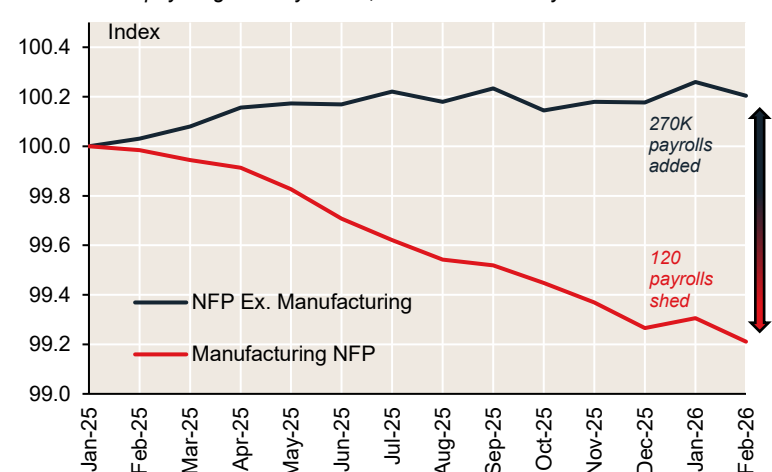
U.S. tariff revenue



Source: NBC, Bloomberg, USITC

Chart 4: ... as reshoring attempts seem to be falling short too

U.S. nonfarm payroll growth by sector, indexed to January 2025



Source: NBC, Bloomberg



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