The Latest Tariffs Come at a Time of Weakening Economic Growth

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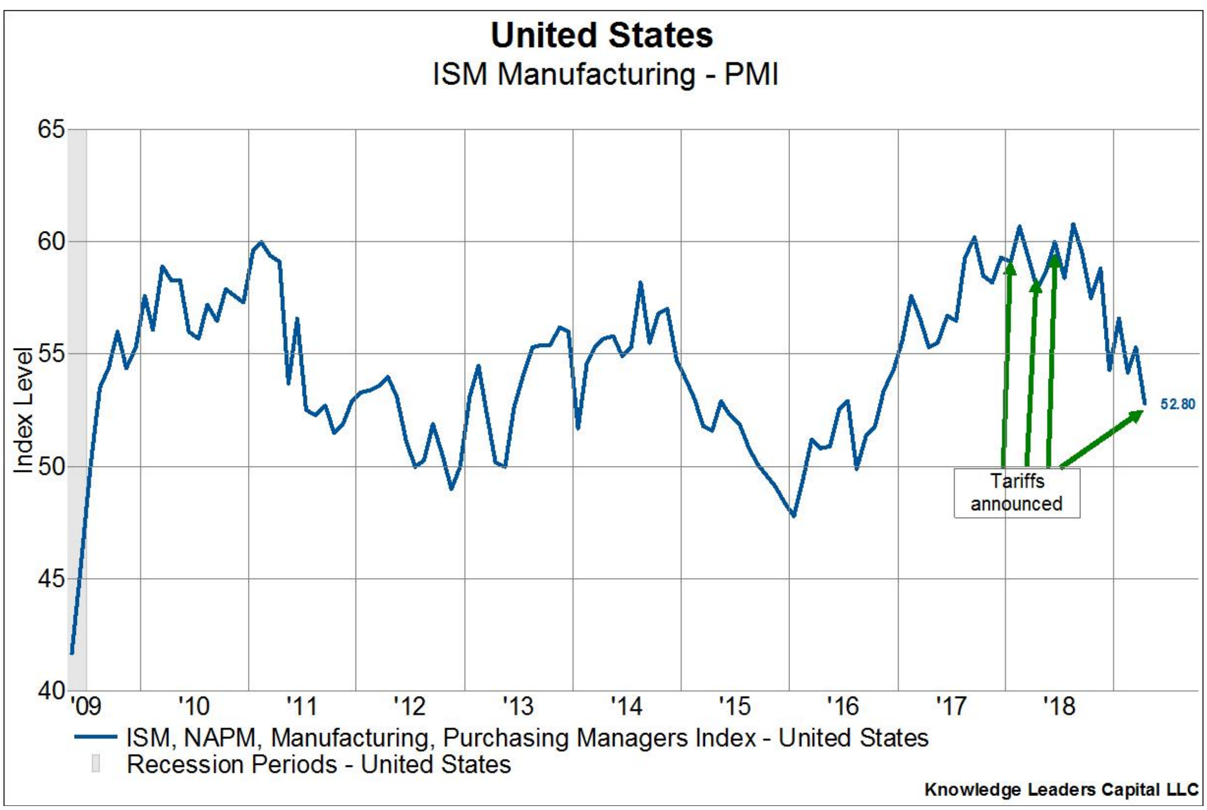
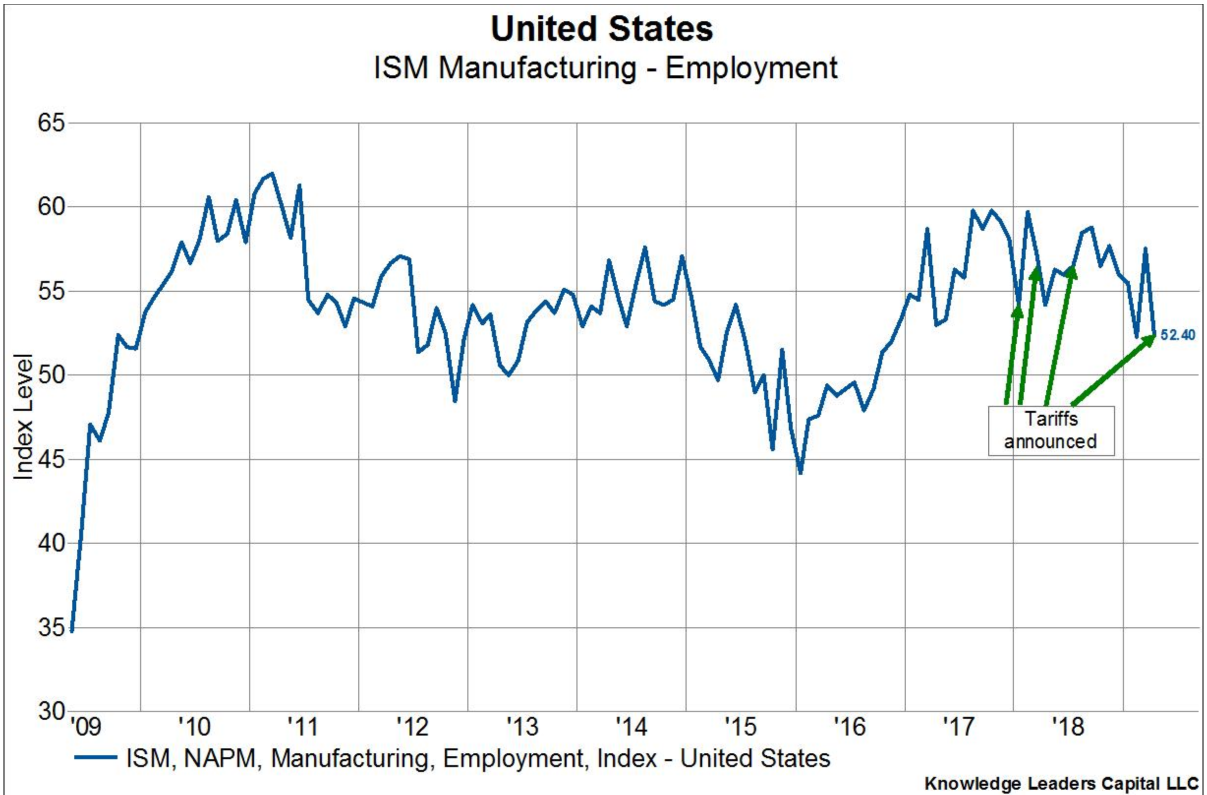
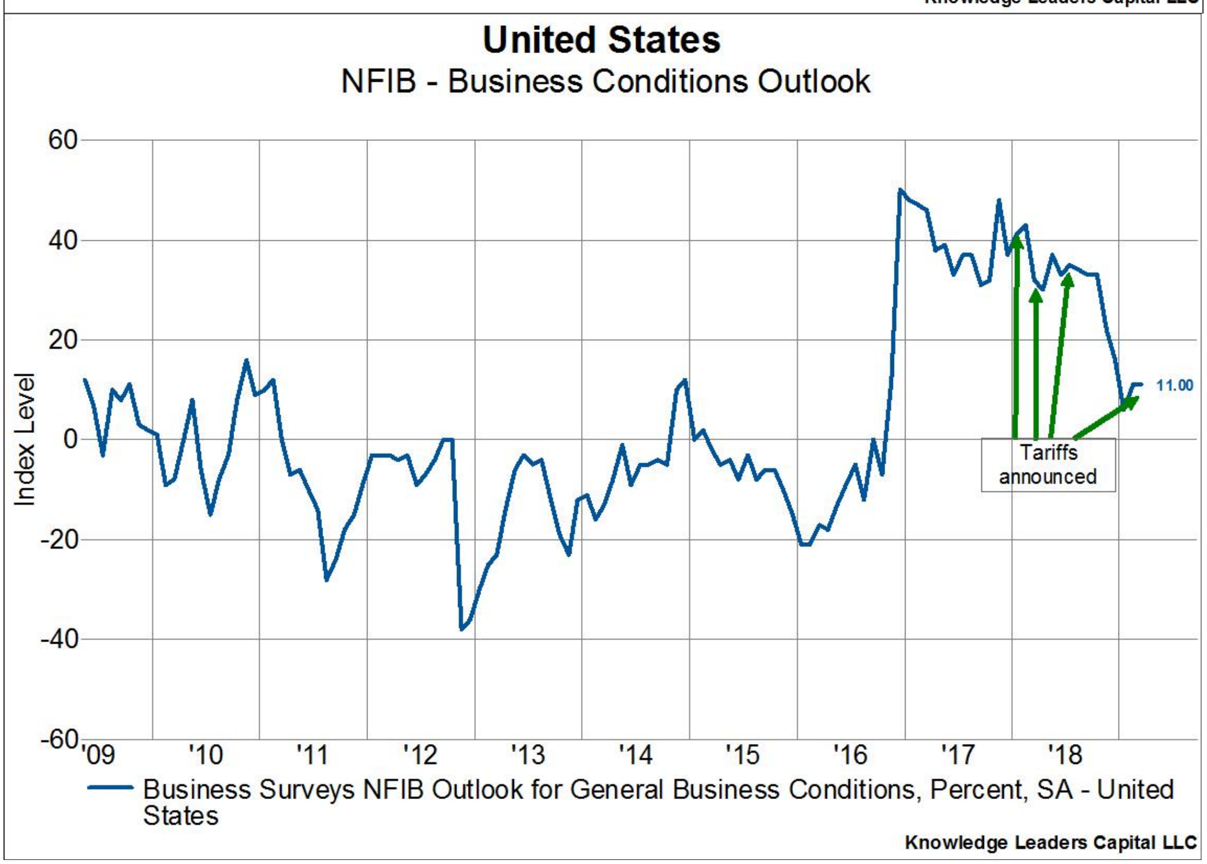
The announced tariffs have come at a rather inopportune time, economically speaking. Back in 2018 when the US was slapping tariffs on washer machines and solar panels (January ’18), steel and aluminum (March ’18) and Chinese goods broadly (July ’18) the economy looked to be strong and was getting an added boost from tax cuts and the deregulation push. This time around, economic growth is weakening and the US faces added headwinds from monetary policy tightening and actual fiscal drag in 2020. As we can see in the charts below, whether we look at manufacturing trends, indicators of employment or small business conditions, previous tariff rounds occurred when the economy was significantly stronger than it is today. This helped cushion the blow at the time, a luxury the economy does not have today.







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