

Trumponomics 2.0

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Tariffs

Date	Explanation
March 4	The U.S. imposed 25% tariffs on Canada and Mexico: illegal immigration and drug trafficking.
March 12	Tariffs on steel and aluminum imports were increased from 10% 25%, and all country exemptions were revoked.
March 24	President Trump signed Executive Order 14245, imposing a 25% tariff on all goods imported into the U.S. from any country that imports Venezuelan oil, effective April 2.

April 2 2025: 'Liberation Day' and Broad Tariff Implementation

April 2	Trump declared a national emergency to address the U.S. trade deficit and announced a 10% universal tariff on all imports, effective April 5 . Additionally, higher tariffs for 57 countries and territories, set to begin April 9
April 17	The U.S. Trade Rep (USTR) announced proposed measures to combat China's dominance in the maritime sector by imposing fees on Chinese-linked ships
April 29	Trump signs an executive order easing tariffs on imported auto parts. While the 25% tariff on imported vehicles remained – automakers assembling cars in the U.S. would benefit from reduced tariffs on imported parts for two years, with reimbursements up to 3.75% of a vehicle's retail price in the first year.

The AI Equation

Used to calculate the tariff rates for all countries, and penguins

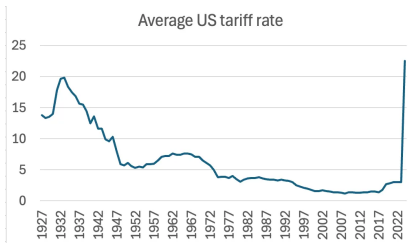
$$\Delta\tau = \frac{x - m}{\phi \epsilon m}, \phi = 4, \epsilon = 0.25$$

where

Lest we forget:

Net exports = Net capital outflows

Effective Tariff: After April 2



Source: USITC and Yale Budget Lab

Metric	Value
Pre-2025 Average Tariff Rate	≈ 2.2%
Peak Tariff Rate (April 2025)	≈ 28%
Current Average Tariff Rate	17.8%
Post-Substitution Tariff Rate	16.4%

Post-Substitution Tariff Rate : rate after substituting out of higher tariff rate countries, e.g. importing from Singapore instead of Vietnam

May 2025: Trade Agreements with the UK and China

Date	Explanation
May 8	U.S.-UK Trade Agreement
Tariff Reductions	<p>U.S. reduces tariffs on British auto imports from 27.5% to 10% for up to 100,000 vehicles annually.</p> <p>Tariffs on UK steel and aluminum exports to the U.S. were eliminated</p> <p>UK removed its 19% tariff on U.S. ethanol, allowing for increased American exports</p>
Market access	<p>UK agrees to import up to 13,000 metric tonnes of U.S. beef, a significant increase from previous quotas</p> <p>U.S. exempts British aircraft parts from tariffs, benefiting the UK aerospace industry.</p>
May 12	U.S.-China Trade Agreement
Tariff Reductions	<p>U.S. reduced tariffs on Chinese goods from 145% to 30% for 90 days</p> <p>China lowered its tariffs on U.S. goods from 125% to 10% during the same period</p>
Other	<p>China agreed to suspend its 34% retaliatory tariffs imposed in April</p> <p>Both nations committed to removing certain non-tariff barriers and enhancing cooperation on issues like fentanyl control</p>

China

Date	Explanation
<hr/> U.S. Tariffs on Chinese Imports <hr/>	
Pre-Trade War (2018)	The average U.S. tariff on Chinese goods was $\approx 3.1\%$.
Trump 1.0 (2019)	The effective U.S. tariff rate on Chinese imports increased to $\approx 24.3\%$ by August 2019
By 2021	The average tariff rate on Chinese goods $\approx 20\%$
<hr/> Chinese Tariffs on U.S. Imports <hr/>	
Pre-Trade War (2018)	China's average tariff on U.S. goods was $\approx 8.0\%$
Trump 1.0 (2019)	In response to U.S. tariffs, China increased its tariffs on U.S. goods to an average of $\approx 20.7\%$ by June 2019

UK

Date	Explanation
U.S. Tariffs on UK Imports	
Pre-2025:	U.S. tariffs on U.K. goods varied by product, with many industrial goods facing low tariffs – automobiles from the U.K. were subject to a 2.5% tariff
UK Tariffs on U.S. Imports	
Pre-2025	The U.K., following its departure from the EU, established its own tariff regime. Many U.S. goods entered the U.K. with low or zero tariffs, although specific rates varied depending on the product category

Success



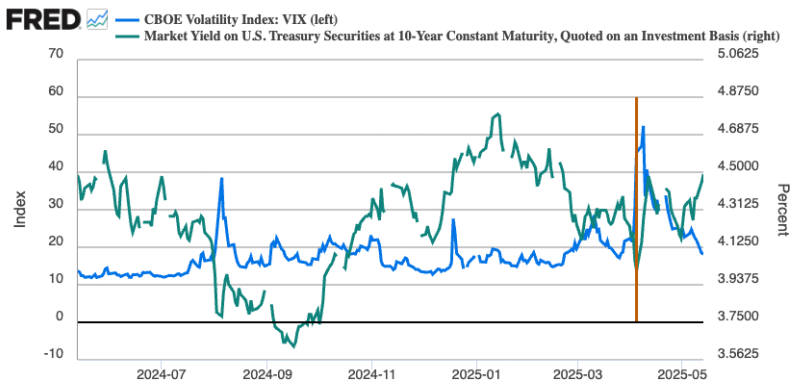
Success



Pre-2025

- ▶ Average tariff rate on American exports $\approx 2.2\%$
- ▶ Average US tariff on imports 1.6% – 2.3% (2019)

10 year bond and VIX

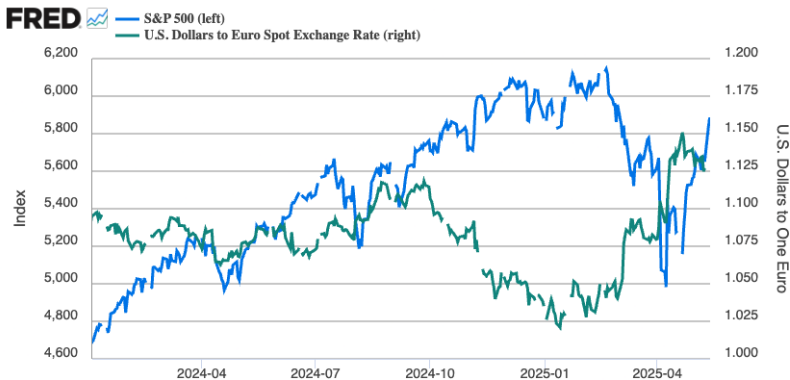


Sources: Board of Governors of the Federal Reserve System (US); Chicago Board Options Exchange via FRED®

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Line at April 4

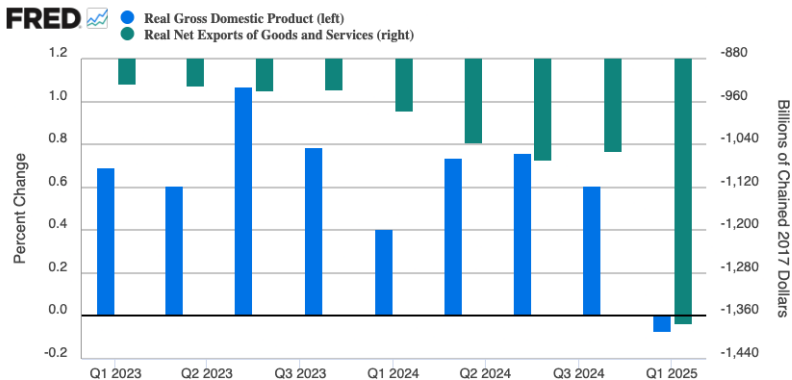
SP500 & USD-EUR exchange rate



Sources: Board of Governors of the Federal Reserve System (US); S&P Dow Jones Indices LLC via FRED®

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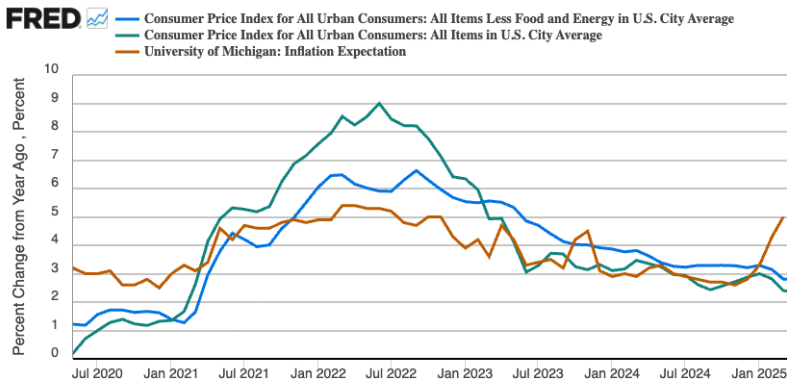
RGDP Q-on-Q growth and net exports



Source: U.S. Bureau of Economic Analysis via FRED®

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CPI and Core CPI inflation

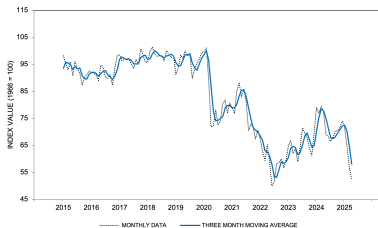


Sources: U.S. Bureau of Labor Statistics; University of Michigan via FRED®

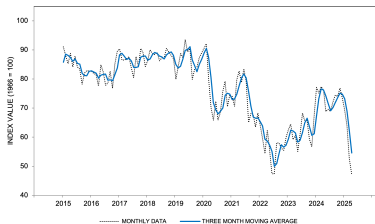
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Survey of consumer expectations

THE INDEX OF CONSUMER SENTIMENT



INDEX OF CONSUMER EXPECTATIONS



CURRENT ECONOMIC CONDITIONS INDEX



EXPECTED CHANGE IN PRICES DURING THE NEXT YEAR

