

Trump administration may slowly ramp up tariffs

Article

The news: Members of President-elect **Donald Trump**'s incoming administration are considering slowly ramping up tariffs month by month to boost negotiating leverage without causing inflation to rise, per Bloomberg. One idea that's been floated involves a schedule of graduated tariffs that increase about 2% to 5% a month.

Why it matters: The Bloomberg report is the latest in a series of acknowledgments that universal tariffs of 10% to 20%, along with other elements of the economic agenda that Trump discussed on the campaign trail, would cause prices to rise and slow economic growth.

- A little over a week ago, another report surfaced that Trump was reportedly scaling back his plans to implement across-the-board tariffs on all goods imported into the US.
- But a few days later a different report suggested he was considering taking the dramatic step of declaring a national economic emergency so he can implement universal tariffs on allies and adversaries.

Our take: Trump’s desire to reshape global trade through tariffs is clear, but the ambiguity surrounding these plans is creating an uncertain landscape that leaves retailers, manufacturers, and consumers struggling to navigate and plan effectively.

Trump's Tariff Plans Will Likely Drive Consumer Costs Up and Decrease Spending Power

% change in US consumer prices and billions in lost consumer spending power, by category and scenario, Nov 2024

	Scenario A*		Scenario B**	
	% change in consumer price	Lost consumer spending power	% change in consumer price	Lost consumer spending power
Toys	36.3%	\$8.8	55.8%	\$14.2
Household appliances	19.4%	\$6.4	31.0%	\$10.8
Footwear	18.1%	\$6.4	28.8%	\$10.7
Travel goods	13.0%	\$2.2	21.5%	\$3.9
Apparel	12.5%	\$13.9	20.6%	\$24.0
Furniture	6.4%	\$8.5	9.5%	\$13.1

Note: *Scenario A represents a 10% tariff on all imports and an additional 60% tariff on imports from China; **Scenario B is a 20% tariff on all imports and an additional 100% tariff on imports from China

Source: National Retail Federation (NRF), "Estimated Impacts of Proposed Tariffs on Imports: Apparel, Toys, Furniture, Household Appliances, Footwear, and Travel Goods" prepared by Trade Partnership Worldwide, LLC, Nov 4, 2024

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