Tulsa Chapter
Lunch Presentation
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Topic – The Economic and Market Impact of Tariffs

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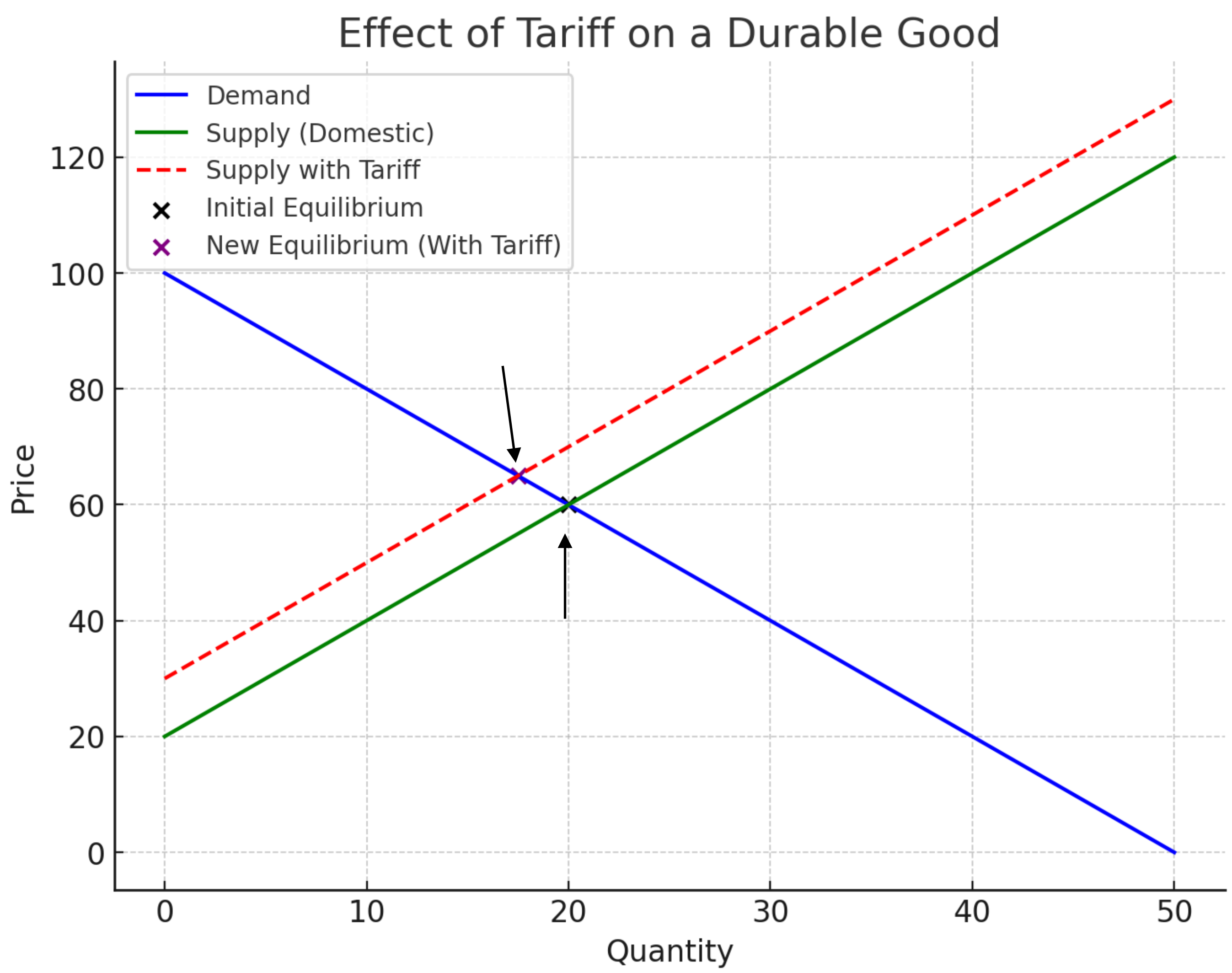
Tariff = Tax on Imported Goods and/or Services

Raise cost of doing business by restricting supply

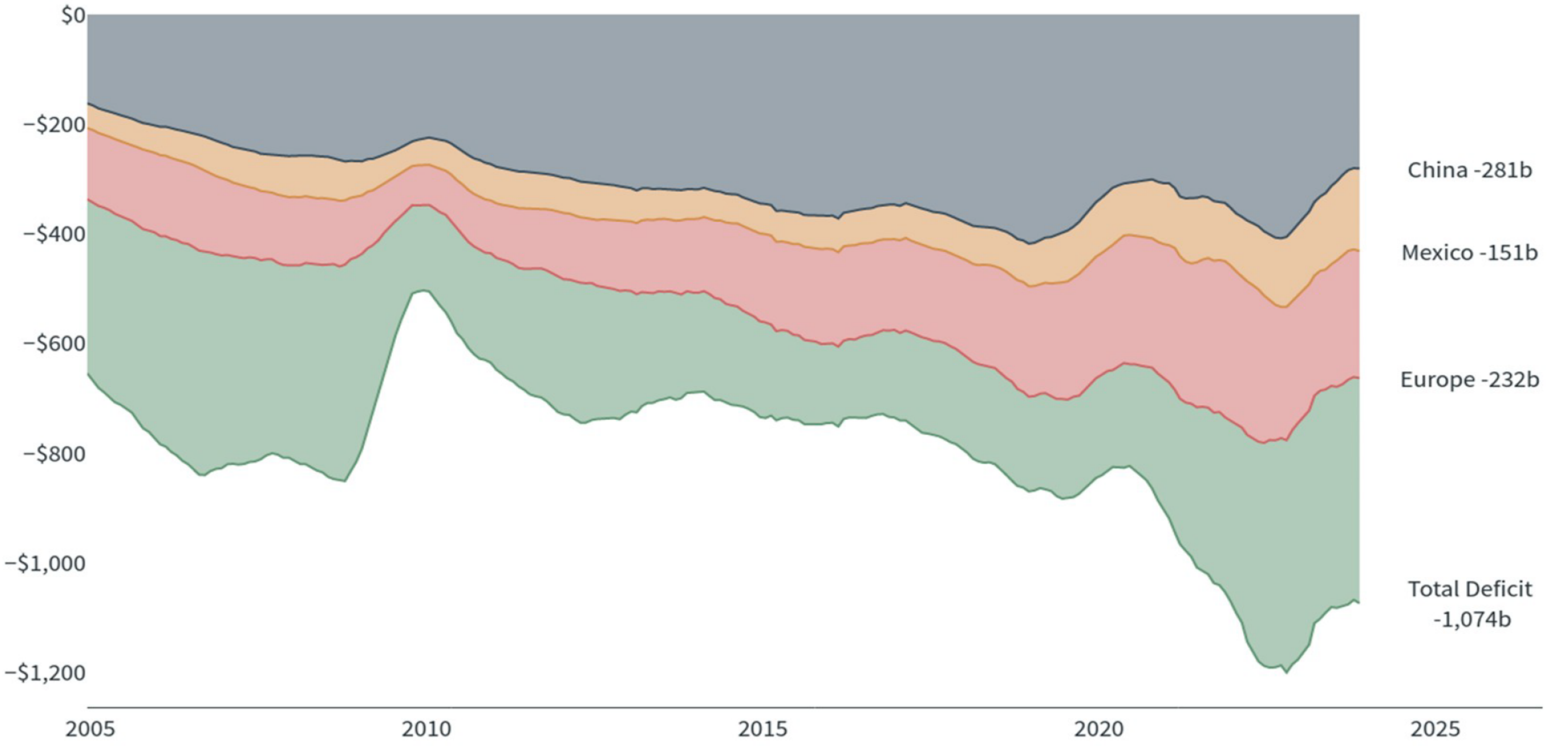
Higher cost reduces demand

Slower economic growth results


Effect of Tariff on a Durable Good
Demand
Supply (Domestic)
Supply with Tariff
Initial Equilibrium
New Equilibrium (With Tariff)
Price
Quantity
0
20
40
60
80
100
120
0
10
20
30
40
50

U.S. Trade Balance by Country

Rolling 12 months. Visible trade, free alongside basis

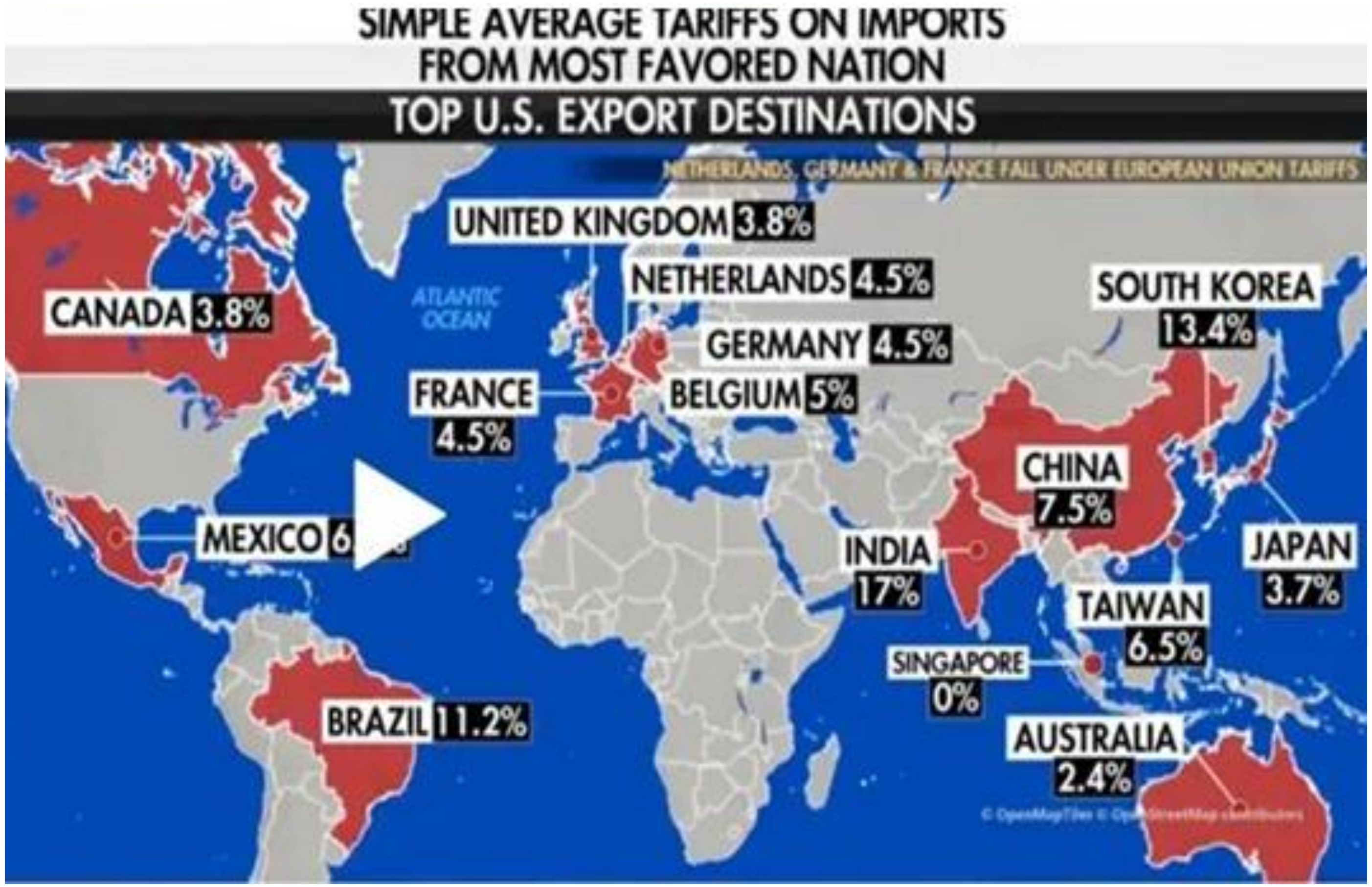


Latest data point is Nov 2023

- The U.S. tends to run trade deficits with most major trading partners.

Sources: Clearnomics, Census Bureau

AVERAGE TARIFF RATES – MAJOR TRADING PARTNERS



TOTAL TARIFF, VAT RATE AND NON-TARIFF BARRIERS = "RECIPROCAL RATES"

Top 15 Trade Deficit Partners	US Goods Deficit 2024 (USD bn)	Tariff Rate Differentials (%)	VAT Rate (%)	Non-Tariff Measure (Ad Valorem Equivalent, %)	Adding Up the Grievances (%)
China	-295	1	13	40	54
Mexico	-172	0	16	4	20
Vietnam	-123	7	10	35	52
Ireland	-87	3	23	32	58
Germany	-85	3	19	17	38
Taiwan	-74	4	5	NA	28
Japan	-68	2	10	9	21
South Korea	-66	2	10	4	16
Canada	-64	1	7.5	30	38
India	-46	12	18	24	53
Thailand	-46	8	7	10	25
Italy	-44	3	22	35	60
Switzerland	-38	4	8.1	20	33
Malaysia	-25	4	10	23	37
Indonesia	-18	5	12	13	30

Source: US Census Bureau, UNCTAD TRAINS, PwC, World Bank, Kravchenko et al. (2022), Bloomberg Economics.

TOTAL TARIFF, VAT RATE AND NON-TARIFF BARRIERS = “RECIPROCAL RATES”

VAT= Value Added Tax

A consumption tax that is added at each stage of the supply chain where the value of a good is increased by producer/seller

Non-Tariff Barriers:

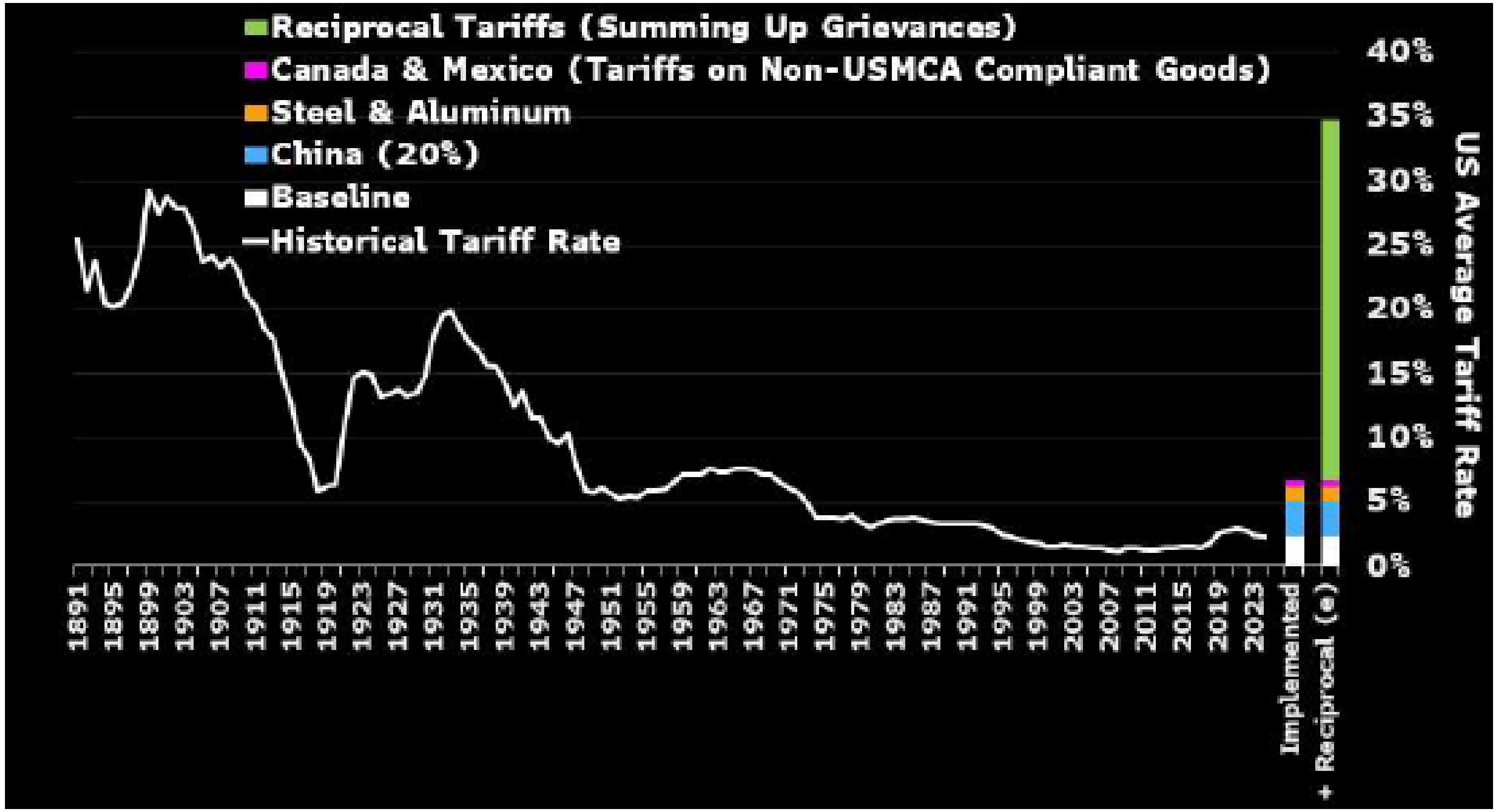
- Quotas
- Import licensing
- Health, safety, environmental or technical standards
- Subsidies
- Customs Procedures – complications or delays
- Intellectual property theft

QUESTION #1

The Tariff that was deemed to worsen the Great Depression was:

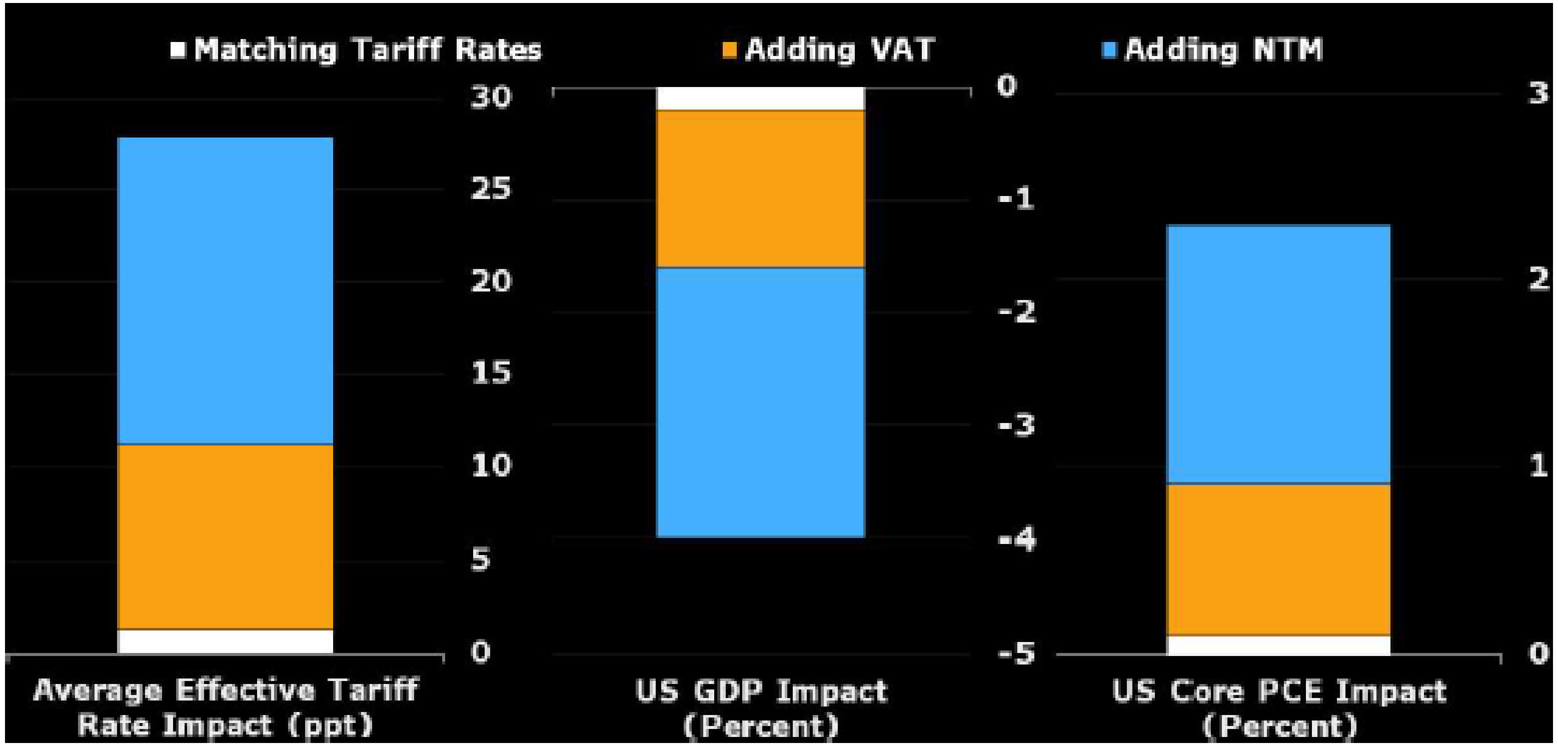
1. The General Agreement on Tariffs and Trade
2. The Smoot Hawley Act
3. The McKinley Tariff
4. The Underwood Tariff

A Major Tariff Shock Is Possible



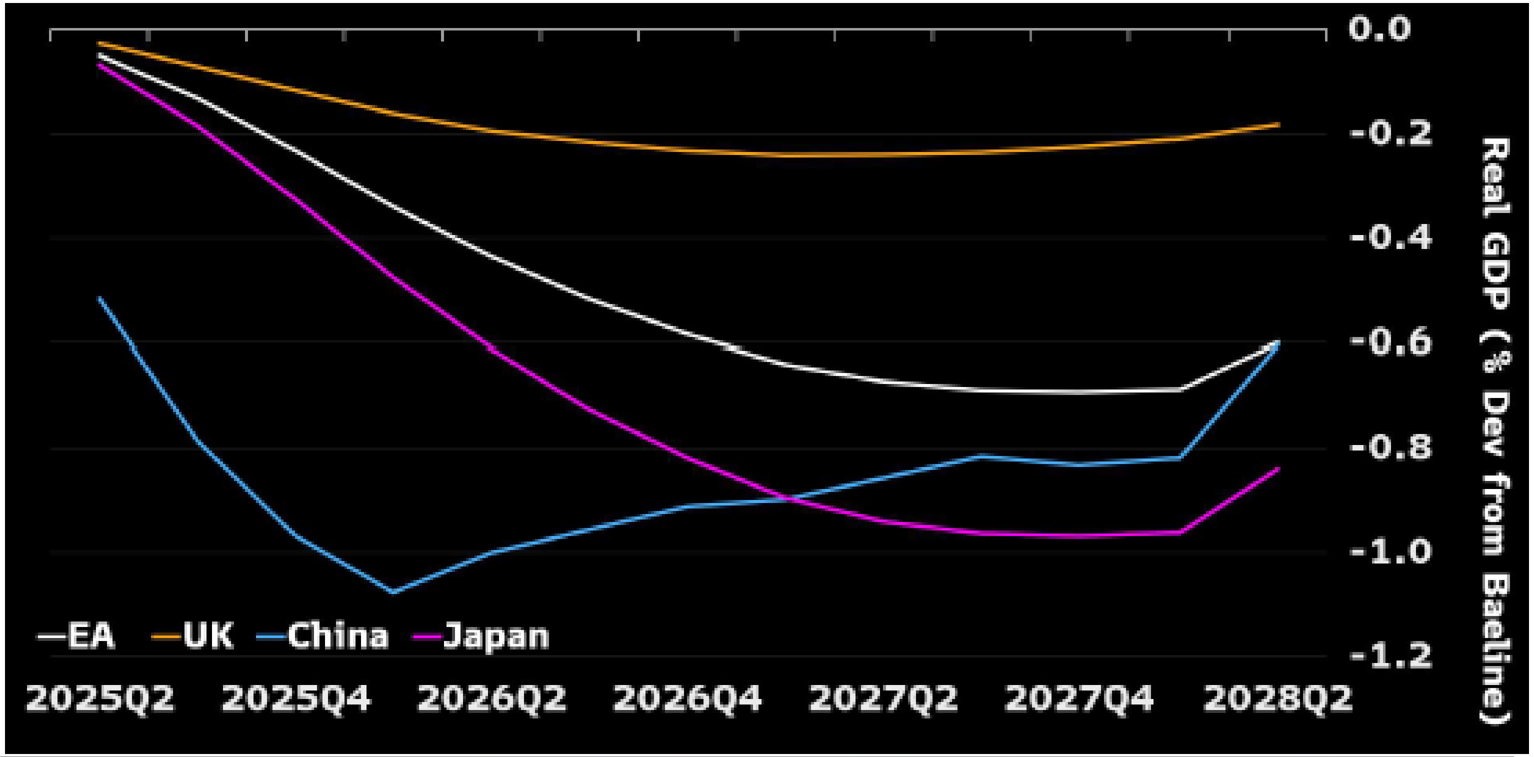
Source: Source: US-ITC, US Customs, US Census Bureau, Bloomberg Economics

How do Tariffs Impact GDP and Inflation?



Source: Bloomberg Economics, US Census Bureau.

Estimated Impact of Proposed Tariffs on Foreign Economic Growth

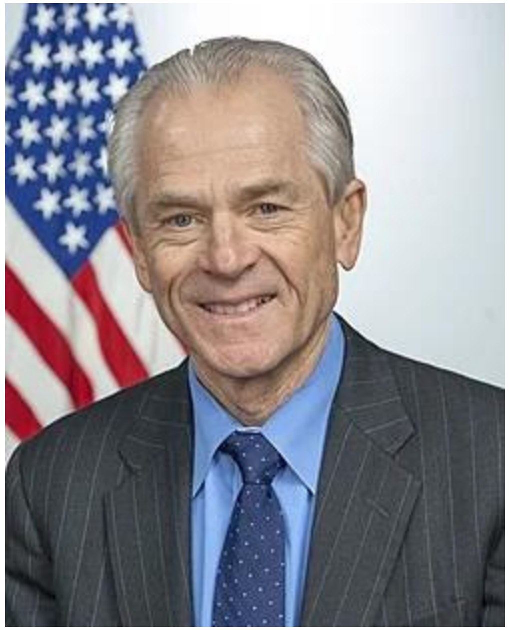


	Direct Effect	Indirect Effect	Total
China	-13.5	-0.6	-14.1
European Union	-3.8	-0.8	-4.6
Japan	-7.5	-1.9	-9.4
United Kingdom	-0.7	-1.0	-1.7

Source: Bloomberg Economics.

Question #2

Peter Navarro is President Trump's Senior Counselor for Trade and Manufacturing

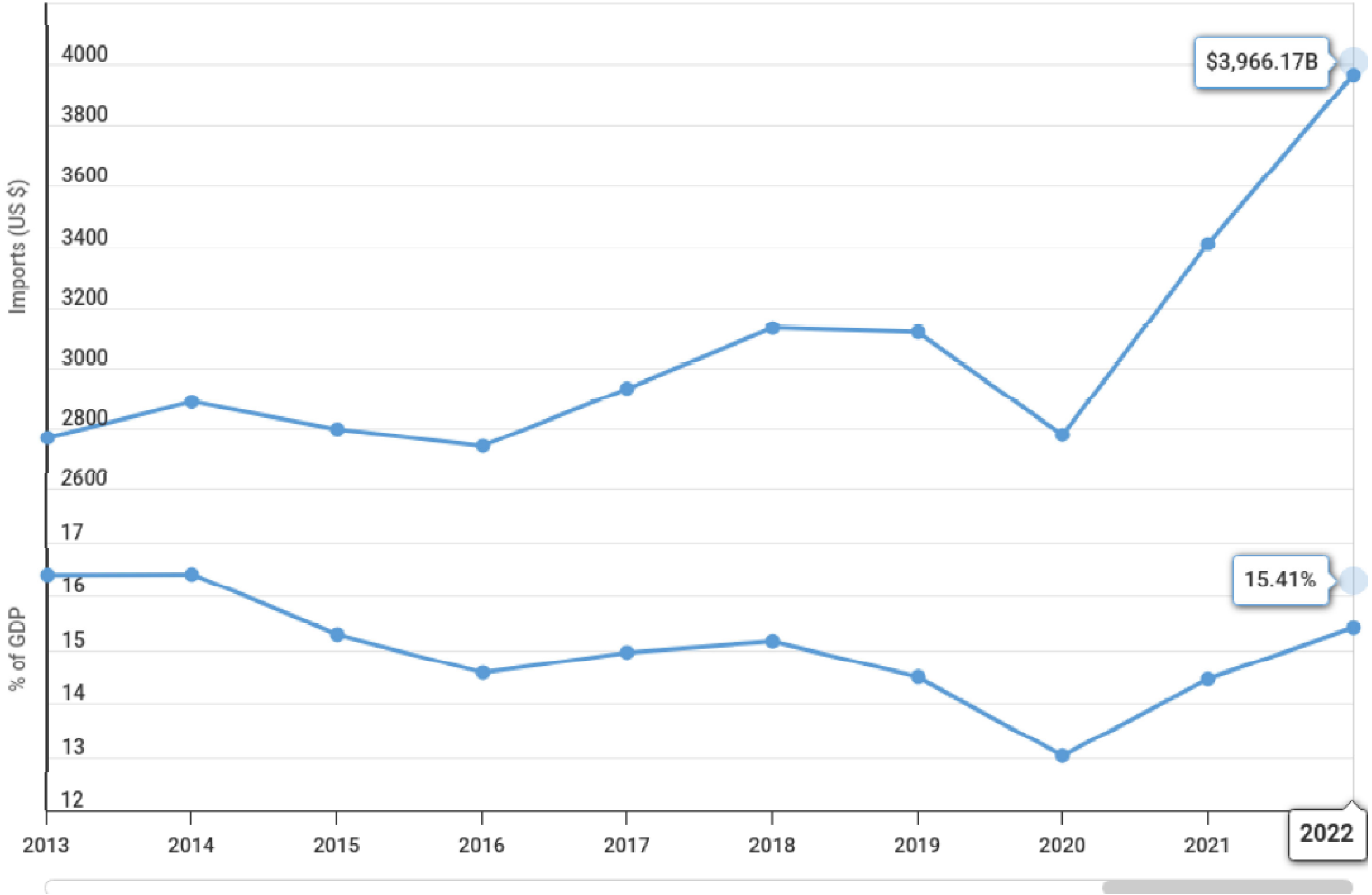


Elon Musk recently called Navarro:

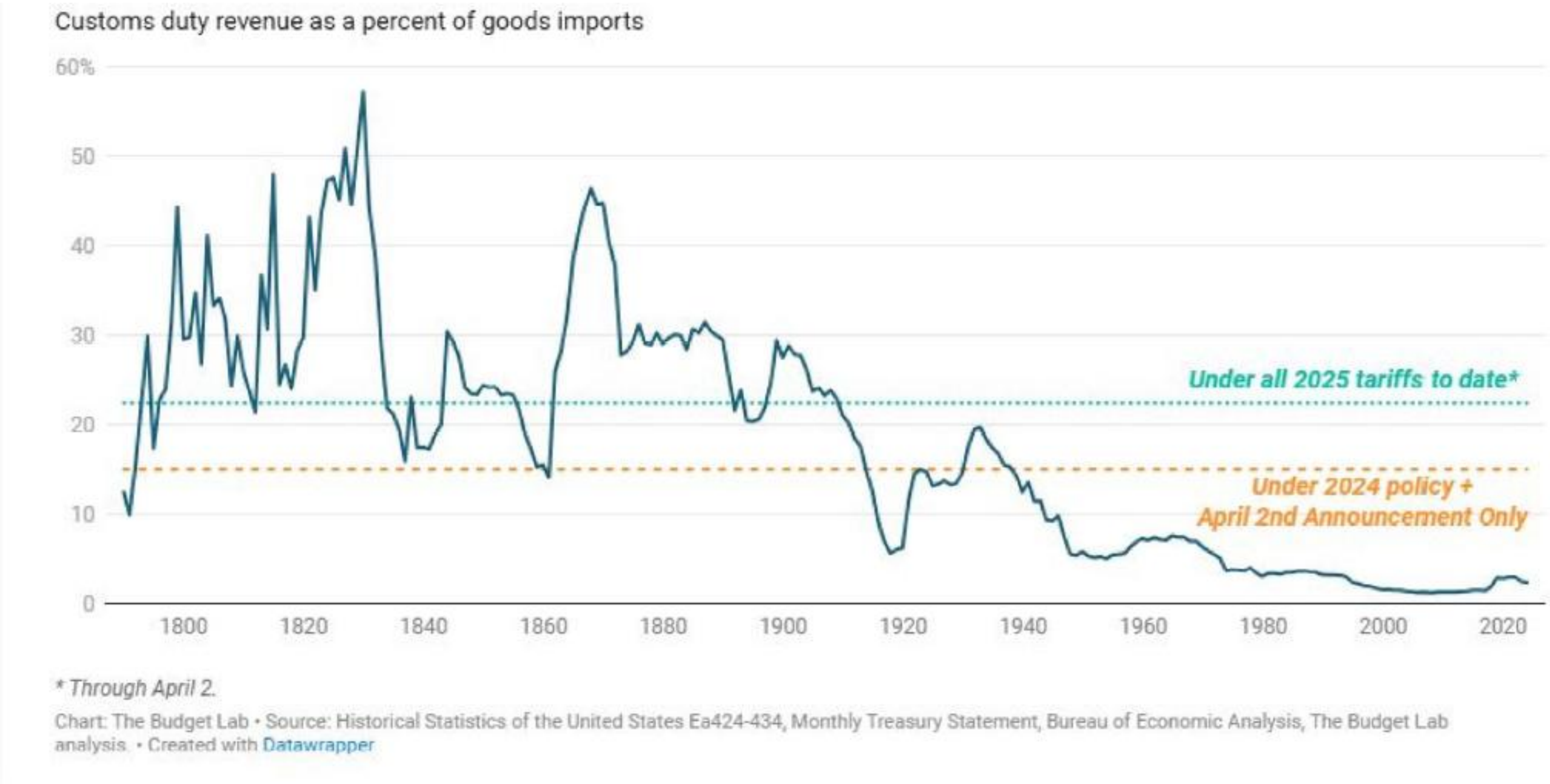
1. A Moron
2. Dumber than a sack of bricks
3. Peter Retarrdo
4. All of the above


A Critical Period for Stagflation
Economists flag risk of phenomenon amid tariffs
US Consumer Price Index
6%
5
4
3
2
1
0
1959
1962
1964
1966
1968
1970
1972
Source: Bloomberg
Bloomberg

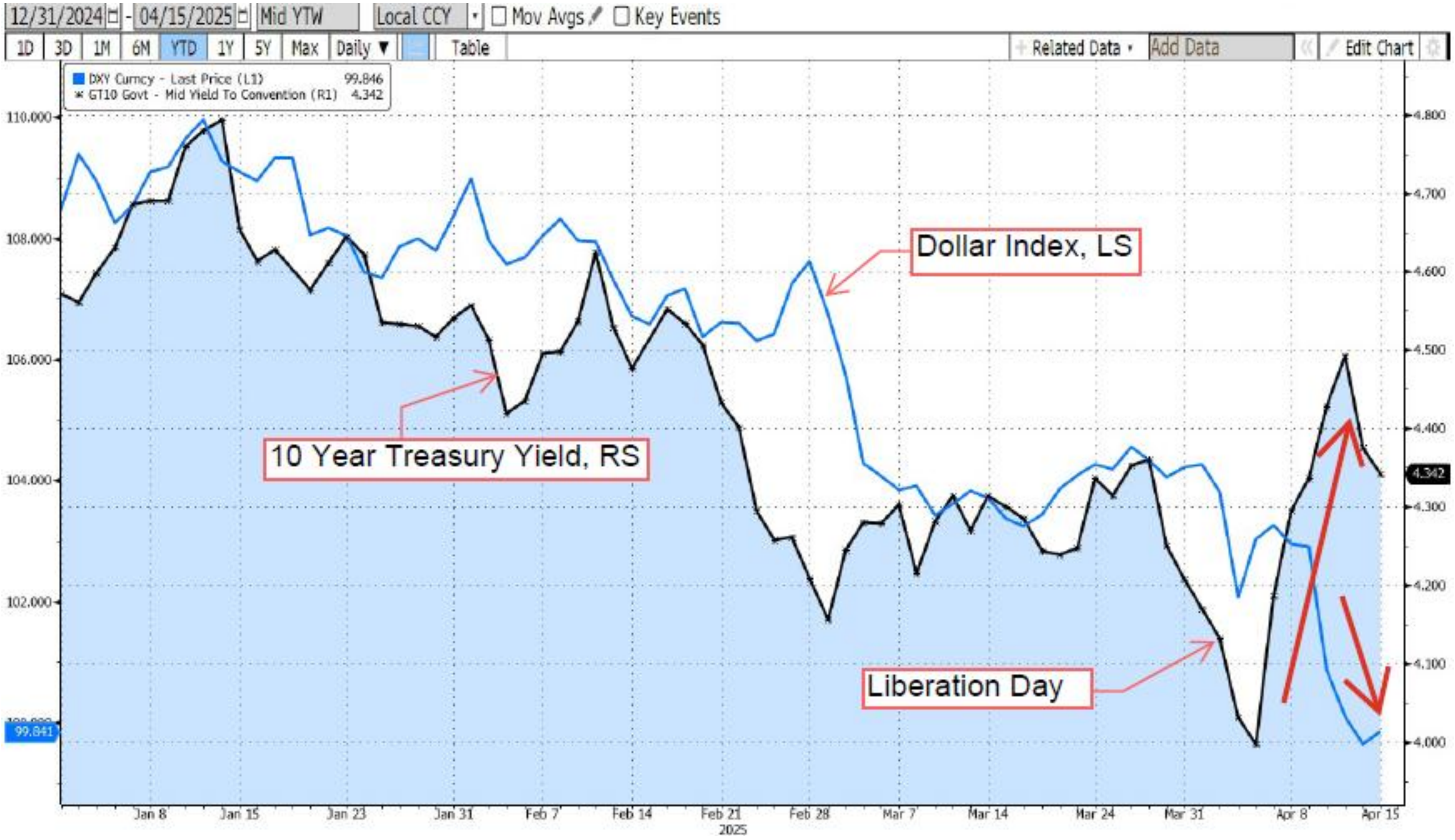
US Imports in Dollars and Percent of GDP, Source: Macrotrends



Historical US Tariff Rates and Current Proposed Rates, Source: Yale Budget Lab, Bureau of Economic Analysis



Ten-Year US Treasury Yield and US Dollar Index, Source: Bloomberg



Where We Stand Currently – Subject to Trump Flexibility

- Across the Board 10% Global Tariff on Imports
- Steel and Aluminum Tariffs of 25%
- China Broad Tariff of 20% (Subsequently Increased to 145%)
- 10% Tariff on Canadian potash and energy
- 25% Tariff on all Mexican and Canadian Imports not subject to USMCA
- 25% Tariff on all Automobiles and Auto Parts
- Recent Exceptions for Electronics and Some Auto Parts

- Estimated 1.3% increase in CPI and Decline of 0.9% in GDP

Question #3

What are President Trump's objectives with the Tariff Turmoil?

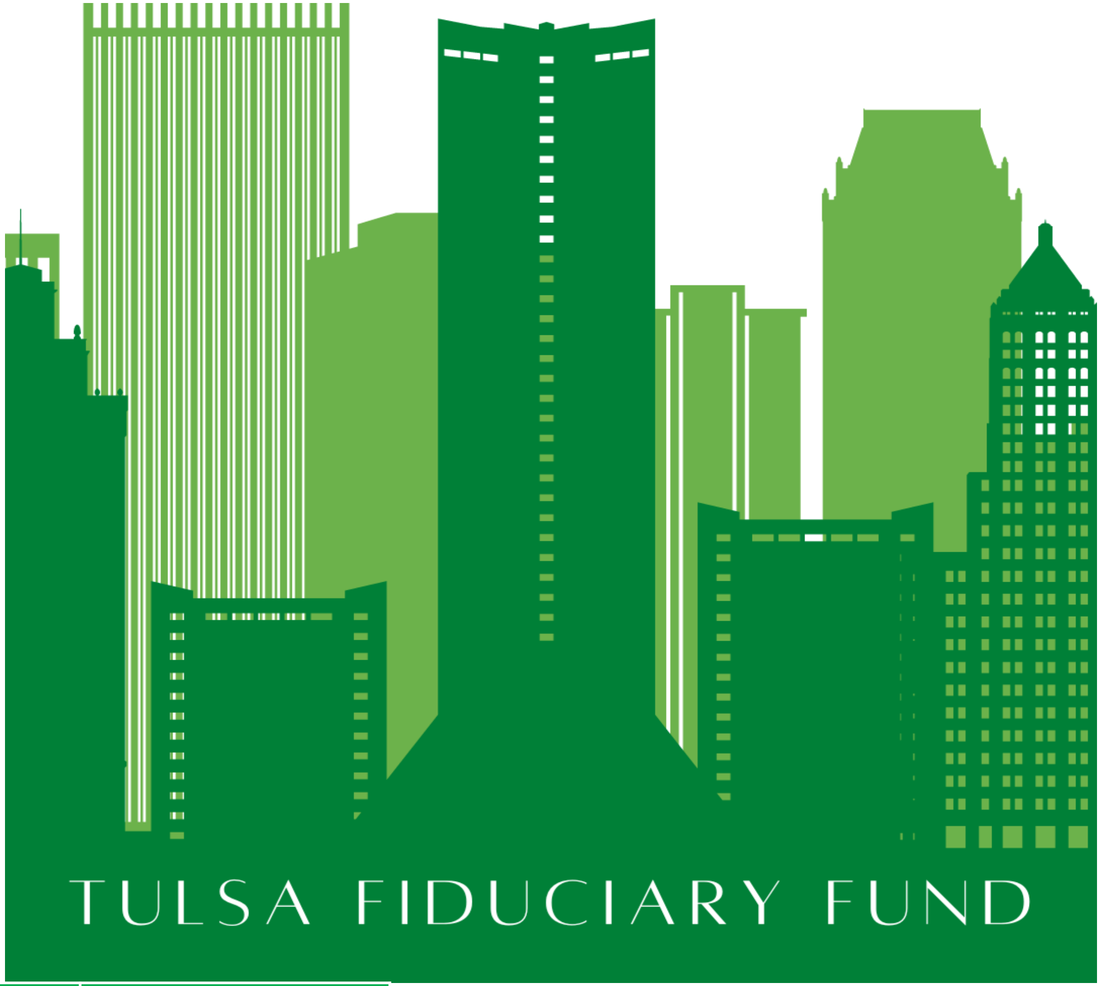
1. Raise revenue to reduce the deficit and lower taxes
2. Bring manufacturing back to the United States
3. Bilateral free trade agreements
4. Blow up global trading system
5. Depress the value of the dollar
6. Who knows?

TULSA FIDUCIARY FUND WAS FOUNDED IN 2021.

OUR MISSION IS TO STRENGTHEN THE TULSA COMMUNITY THROUGH THE POWER OF PHILANTHROPY.

WHAT SEPARATES TFF FROM OTHER FUNDS IS OUR TRANSPARENCY, LOW FEES, AND FULL COMMITMENT TO SERVING OUR DONORS IN A FIDUCIARY CAPACITY.

DONOR ADVISED FUNDS, DONOR DESIGNATED FUNDS, UNRESTRICTED ENDOWMENT FUNDS, FIELD OF INTEREST FUNDS, TULSA FOREVER FUND



DONOR ADVISED FUNDS – FEE COMPARISON

FEE	TFF	TCF	SCHWAB	VANGUARD	FIDELITY
ADMINISTRATION	**0.25%**	0.35%	0.45%	0.45%	0.60%
ASSET ALLOCATION	**0.15%**	0.40%	0.00%	0.00%	0.00%
FUND EXPENSES	**0.06%**	0.35%	0.43%	0.13%	0.45%
TOTAL	**0.46%**	1.10%	0.88%	0.63%	1.05%

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