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A Tariff Talk in 2025

Part 2

Part One: A Variety of Macro Charts and Perspectives on Trade, Tariffs, and Exchange Rates

Part Two: Positive and Negative Effects from President Donald Trump's Tariff Plan

Presented by:

John Blank, PhD

Zacks Chief Equity Strategist and Economist

05/05/2025





Part One:

A Variety of Macro Charts and Perspectives on Trade, Tariffs, and Foreign Exchange Rates

What broad current conditions should traders and investors be made aware of?

Intellectual Property Rights and Types of Industrial Property Rights (IPRs)

Copyrights, Industrial Property like Trademarks, Patents, Joint Ventures, Licensing

Intellectual Property Rights and Types of IPRs

Meaning of Intellectual Property Rights (IPR) and Types of Intellectual Property Rights

What are intellectual property rights?

Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time.

Intellectual Property Rights are customarily divided into two main areas:

(i) Copyright and Rights related to Copyright.

The rights of authors of literary and artistic works (such as books and other writings, musical compositions, paintings, sculpture, computer programs and films) are protected by copyright, for a minimum period of 50 years after the death of the author.

Also protected through copyright and related (sometimes referred to as "Neighboring") rights are the rights of performers (e.g. actors, singers and musicians), producers of phonograms (sound recordings) and broadcasting organizations. The main social purpose of protection of copyright and related rights is to encourage and reward creative work.

(ii) Industrial Property (Rights).

Industrial property can usefully be divided into two main areas:

- One area can be characterized as the protection of distinctive signs, in particular **Trademarks** (which distinguish the goods or services of one undertaking from those of other undertakings) and Geographical Indications (which identify a good as originating in a place where a given characteristic of the good is essentially attributable to its Geographical Origin).

The protection of such distinctive signs aims to stimulate and ensure fair competition and to protect consumers, by enabling them to make informed choices between various Goods and Services. The protection may last indefinitely, provided the sign in question continues to be distinctive.

- Other types of Industrial Property are protected primarily to stimulate Innovation, Design and the creation of Technology. In this category fall **Inventions (protected by patents), Industrial Designs and Trade secrets.**

The social purpose is to provide protection for the results of investment in the development of new technology, thus giving the incentive and means to finance Research and Development activities.

A functioning intellectual property regime should also facilitate the **Transfer of Technology** in the form of **Foreign Direct Investment, Joint Ventures and Licensing**. The protection is usually given for a finite term (typically 20 years in the case of patents).

Source : https://www.wto.org/english/tratop_e/trips_e/intel1_e.htm

International Trade & Intellectual Property Rights

Key and Less-Known Aspects, from WTO.org

The **TRIPS Agreement**, or **Trade-Related Aspects of Intellectual Property Rights**, is a key WTO agreement that establishes minimum standards for intellectual property protection among member nations

International Trade & Intellectual Property Rights: Key and Lesser-Known Aspects

Key Aspects

1. TRIPS Agreement (WTO, 1995)

- Establishes minimum IPR standards for member countries.
- Covers patents, copyrights, trademarks, and more.
- Allows compulsory licensing in public health emergencies, as affirmed by the 2001 Doha Declaration.

2. Pharmaceutical Patents & Public Health

- TRIPS permits compulsory licensing during health crises.
- The Doha Declaration clarifies that TRIPS should not prevent measures to protect Public Health.

3. Geographical Indications (GIs)

- Protects products linked to Specific Regions (e.g., Darjeeling tea).
- India enacted the Geographical Indications of Goods (Registration and Protection) Act, 1999 to comply with TRIPS.

4. Technology Transfer

- TRIPS encourages technology transfer to Developing Countries.
- However, challenges exist in implementing this effectively.

5. Investor-State Dispute Settlement (ISDS)

- Allows Foreign Firms to sue Governments for lost Profits.
- Criticized for potentially undermining Public Interest Regulations.

Lesser-Known Issues

1. Biopiracy & Traditional Knowledge

- Indigenous Knowledge often exploited without Fair Compensation.
- The Traditional Knowledge Digital Library (TKDL) in India aims to protect such knowledge from Bio-piracy.

2. Digital Trade & IPR

- The rise of Digital Platforms has led to challenges in enforcing IPR online.
- Issues include piracy and unauthorized distribution of Digital Content.

3. Customs Enforcement

- Customs Authorities play a crucial role in preventing the entry of Counterfeit Goods.
- For instance, U.S. Customs and Border Protection officers recently seized counterfeit cigarettes valued at over \$729,000.

4. Non-Tariff Barriers (NTBs)

- Stricter IPR standards can act as NTBs, limiting market access for Developing Nations.

5. Climate Technology & Green Patents

- High IPR protection may restrict access to green technologies in Developing Nations.
- Initiatives like Moderna's mRNA Access program aim to share vaccine Technology with low-income Countries.

Source : www.WTO.org

Trade and Tariff-Related Salient Points -- of Sections 301 to 306

AND The much discussed “*Section 310 – Intellectual Property Rights*” of the Trade Act of `1974

The **Trade Act of 1974** is a piece of US legislation that grants the President authority to negotiate trade agreements with other countries, aiming to reduce or eliminate trade barriers. It also provides for the Trade Adjustment Assistance (TAA) Program to aid workers adversely affected by foreign trade.

Trade and Tariff related Salient Points of Sections 301 to 306 & the Much Discussed "Section 310 - Intellectual Property Rights" of the Trade Act of 1974

Tariff Related Salient Points : Sections 301 - 306 of the Trade Act of 1974		
Section	Title of the Section	Tariff Related Salient Points
301	Authority to Enforce U.S. Trade Rights	<p>USTR* can impose Tariffs, Quotas, or other Restrictions to counter Unfair Trade Practices.</p> <p>Targets violations of Trade Agreements or Discriminatory acts.</p> <p>Central tool used in U.S - China trade war.</p>
302	Initiation of Investigation(s)	<p>Investigation begins via petition (from Industry or Business) or USTR Self - Initiation.</p> <p>Can lead to Tariff Action if unfair practices are found.</p>
303	Determination of Procedure and Timelines	<p><u>Sets 12 months deadline (standard cases) for completing investigations.</u></p> <p>If actionable, process moves toward Tariff or Trade remedy decisions.</p>
304	Determination and Implementation of Action	<p>USTR decides what retaliatory action to take (e.g., Increasing Specific Tariffs, Scope, and Timing).</p> <p>Must weigh Economic Impact and Strategic Objectives.</p>
305	Consultations and Dispute Resolution	<p>Encourages Negotiated Resolution or WTO Dispute Settlement mechanism first.</p> <p>If resolution fails, USTR may proceed with Tariff implementation.</p>
306	Monitoring of Foreign Compliance	<p>USTR monitors whether the Foreign Country honors its commitments.</p> <p>If not, USTR can reinstate or escalate Tariffs as Enforcement measure.</p>

Note : USTR* stands for United States Trade Representative.

Source : <https://www.govinfo.gov/content/pkg/COMPS-10384/pdf/COMPS-10384.pdf>

Trade Act of 1974 : Section 310 – Intellectual Property Rights (IPR) Protection related Salient Points	
Theme	Key Points
1. Persistent Concerns about IPR	<p>Global IPR theft causes significant Economic Loss to U.S Industries (Tech, Pharma and Entertainment).</p> <p>Digital platforms increase Infringement Complexity.</p> <p>Section 310 used in Trade Negotiations.</p>
2. U.S. Focus on "Fair Trade"	<p>IPR violations are categorized as Unfair Trade Practices.</p> <p>U.S. increasingly uses unilateral tools like Section 301, often triggered by findings under Section 310.</p>
3. The "Special 301" Report	<p><u>Annual USTR report based on Section 310 identifies countries with inadequate IPR protection.</u></p> <p>Functions as Naming and Shaming.</p>
4. Geopolitical Competition	<p>Drives follow-up Actions, possibly under Section 301.</p> <p>Protecting IPR is critical for maintaining U.S. Technological and Economic edge.</p>
5. WTO Dispute System Challenges	<p><u>China is a key focus of Section 310 related Scrutiny and Enforcement.</u></p> <p>DS152 and other cases reflect U.S. dissatisfaction with WTO IPR enforcement.</p>

Source : <https://www.govinfo.gov/content/pkg/COMPS-10384/pdf/COMPS-10384.pdf>

U.S. GDP % Impact Estimates Table, from President Donald Trump's 2025 Tariff Rate Revisions, on its Largest Trading Partners

Material is found at <https://budgetlabs/yale.edu/>

US GDP % Impact Estimates Table from President Donald Trump's 2025 Tariff rates revisions on its Largest Trading Partners

Policy/Measure	Details	Tariff Rate(s)	Exemptions/Notes	GDP Impact Estimate
Tariffs on China	All imports: 20%; Most imports: 145% (due to an additional 125% on non-232/exclusion list items); End de minimis for China	145% on most goods from China	Section 232 and exclusion list items exempt	Included in 0.8% total loss
Tariffs on Mexico	25% in 2025; reduced to 12% after 2025	25% → 12%	USMCA-compliant imports exempt	Included in 0.8% total loss
Tariffs on Canada	10% on energy and potash; 25% on other goods in 2025; 12% on non-energy/potash after 2025	25% → 12%; 10% (2025 only)	USMCA-compliant imports exempt; Applies to \$256B of 2024 trade	Included in 0.8% total loss
Global Baseline Tariff	10% on all countries (April–June 2025); higher rates later for 60 countries	10% Baseline; up to 20% EU, 12% Canada/Mexico (Non-USMCA)	Annex 2 and electronics exclusions; China modeled separately	Included in 0.8% total loss
Section 232 Steel Tariff Expansion	Ends exemptions; increases coverage	Existing rates retained	Expands tariff-covered imports from \$5.5B to \$34.6B	Included in 0.8% total loss
Section 232 Aluminum Tariff Expansion	Ends exemptions; raises rate from 10% to 25%	25%	Expands tariff-covered imports from \$6.1B to \$18.5B	Included in 0.8% total loss
Auto and Auto Parts Tariff	25% on all auto parts, excluding US content from Canada/Mexico	25%	USMCA-compliant trade exempt	Included in 0.8% total loss
Total US Tariff Impact (No Retaliation)	Overall estimated effect	—	—	-0.8% of long-run US GDP
Foreign Retaliation (as of April 10)	Retaliatory tariffs on \$330B of US exports (2024 basis)	Varies	If fully imposed	-0.2% of long-run US GDP
Combined Effect: US Tariffs + Retaliation	Total estimated long-run GDP impact	—	—	-1.0% of long-run US GDP

Source : <https://budgetlab.yale.edu/>

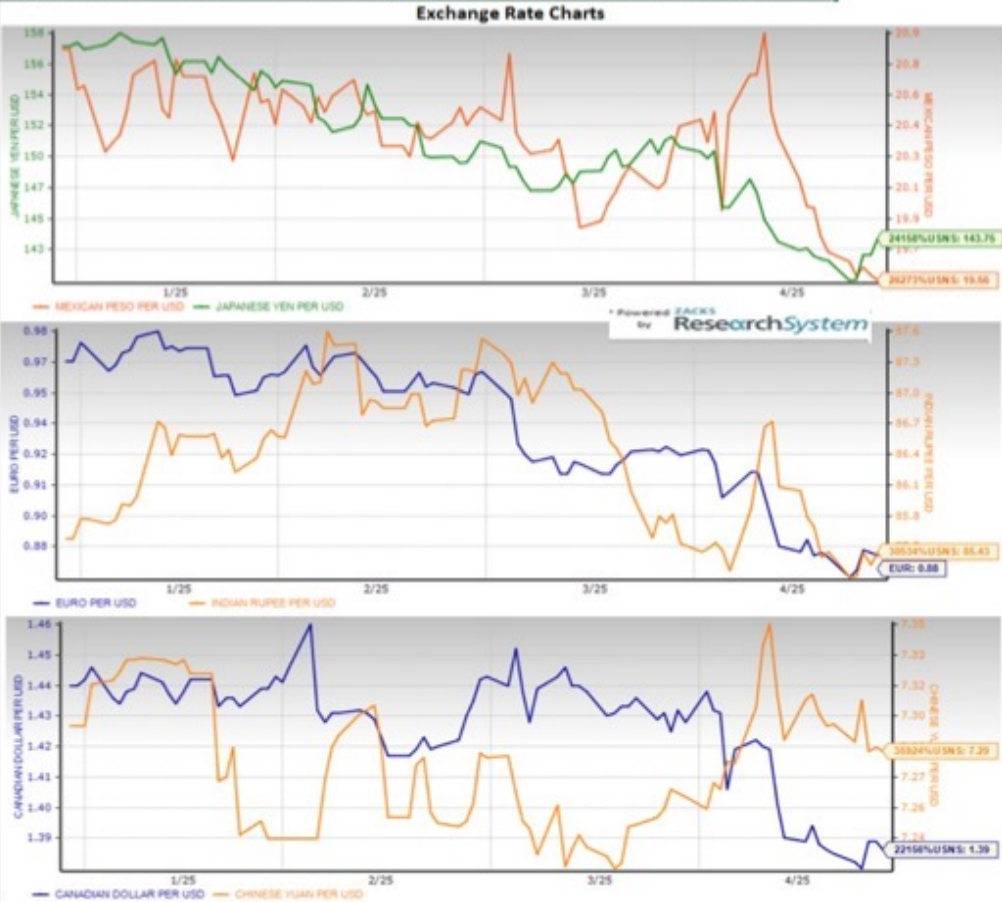
Time Effects of Changes in Tariff Rates -- on a Nation's Bilateral FX Rate

Exchange Rate Charts for the U.S. versus Mexico, Japan, E.U. India, Canada, and Mainland China

Time Effects of Changes in Tariff Rates on a Nation's Foreign Exchange Rate		
Short and Long Term Impact of Changes in Tariffs Rates on a Nation's Foreign Exchange Rate		
Impact	Short-Term Impact	Long-Term Impact
Reduced Imports	<ul style="list-style-type: none">* Decreases demand for Foreign Currencies due to reduced Imports.* Can strengthen Domestic Currency as less foreign currency is needed.	<ul style="list-style-type: none">* Continued reduction in imports may cause sustained demand for Domestic currency, but this effect can weaken as Tariffs harm Foreign trade.
Uncertainty & Market Reactions	<ul style="list-style-type: none">* Uncertainty about future Tariffs and Retaliations can lead to Exchange Rate Volatility.* Market reactions can cause short-term fluctuations.	<ul style="list-style-type: none">* In the long run, persistent uncertainty can erode Investor Confidence, causing Capital Flight (Outflows) and Currency Depreciation.
Market Speculation	<ul style="list-style-type: none">* Exchange rates may fluctuate based on Speculation about future Tariff policies.* Increased Volatility due to Market uncertainty.	<ul style="list-style-type: none">* Long term speculation about Tariff effects can result in shifts in Capital flows, impacting currency strength.
Currency Appreciation	<ul style="list-style-type: none">* Tariffs may increase demand for Domestic Currency in the short term due to reduced Imports.	<ul style="list-style-type: none">* Currency appreciation may harm Export Competitiveness by making Goods more expensive abroad.
Economic Slowdown	<ul style="list-style-type: none">* Not immediately significant but can start to affect Domestic Productivity.	<ul style="list-style-type: none">* Tariffs can lead to a decline in Domestic Output, Higher Unemployment and Economic Inequality, potentially weakening the Currency.
Capital Flows & Investor Sentiment	<ul style="list-style-type: none">* Investor sentiment may be cautious, leading to short-term Volatility.	<ul style="list-style-type: none">* Capital outflows due to Trade Tensions and Uncertainty can exert downward pressure on the currency.

source : <https://www.bookstore.imf.org/>

Stats Table for Exchange Rates for US Vs. Mexico, Japan, EU, India, Canada and China								
Title	High	Low	Median	Current	Cumulative Return	Annualized Return	Start Date	End Date
CANADIAN DOLLAR PER USD	1.46	1.38	1.43	1.39	-3.75%	-11.42%	12-31-2024	04-25-2025
CHINESE YUAN PER USD	7.35	7.23	7.28	7.29	-0.18%	-0.56%	12-31-2024	04-25-2025
JAPANESE YEN PER USD	158.31	140.81	150.21	143.75	-8.85%	-24.97%	12-31-2024	04-25-2025
MEXICAN PESO PER USD	20.94	19.56	20.43	19.56	-6.22%	-18.44%	12-31-2024	04-25-2025
EURO PER USD	0.98	0.87	0.95	0.88	-9.05%	-25.99%	12-31-2024	04-25-2025
INDIAN RUPEE PER USD	87.57	85.18	86.53	85.43	-0.14%	-0.44%	12-31-2024	04-25-2025



Japanese Yen

Mexican Peso

Euro

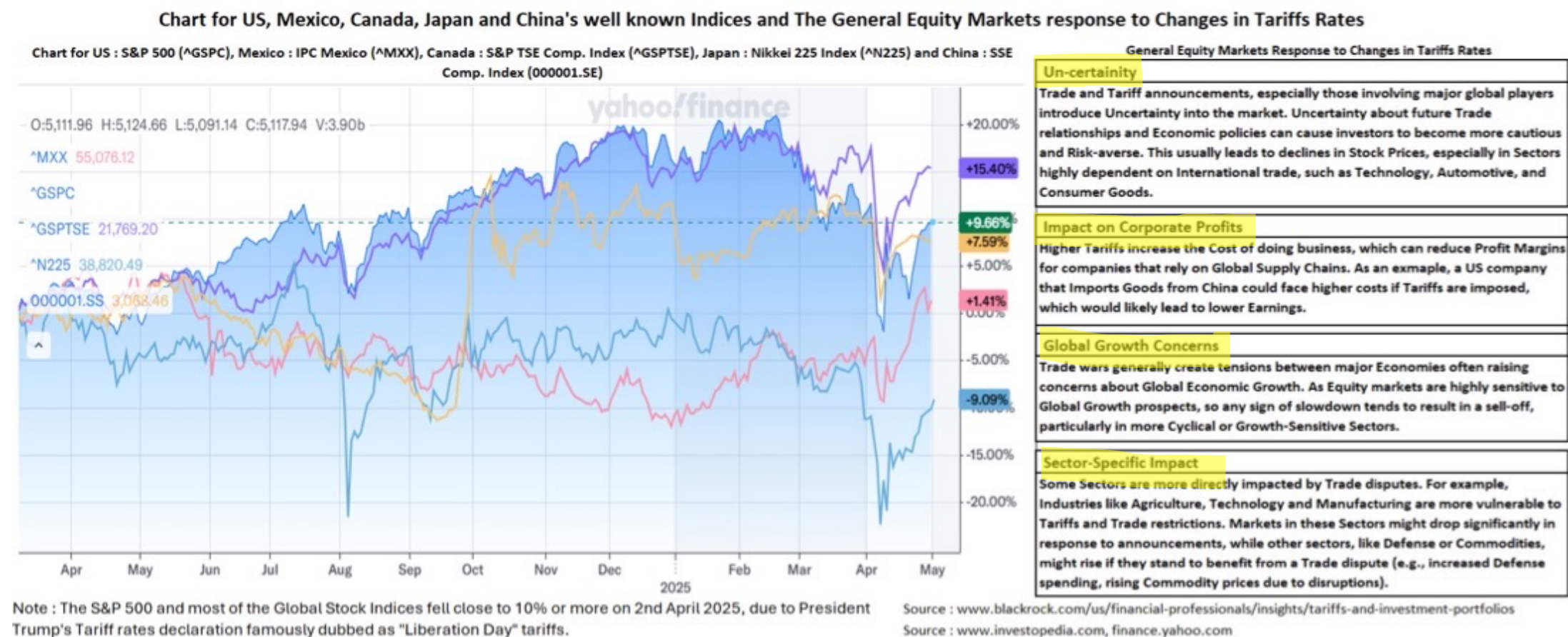
Indian Rupee

China Yuan

Canadian Dollar

Chart for U.S., Mexico, Canada, Japan and Mainland China's -- well-known equity indices

Plus the General Equity Markets response to changes in tariff rates...



Charts for U.S. Treasury Long & Short Term Instruments

AND Gold and Silver USD Price Estimates!

This shows the General Bond Markets Response -- to Changes in Tariff Rates...



General Bond Markets Response to Changes in Tariffs Rates

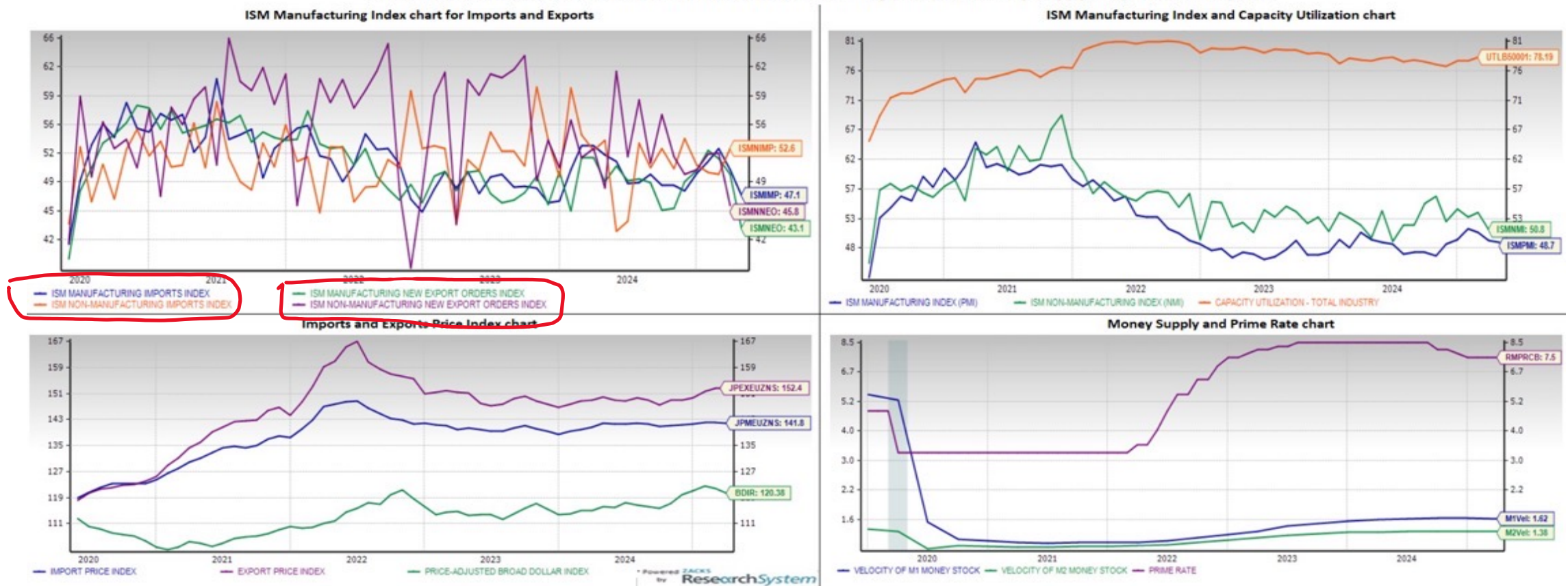
Yield Movements	Bond prices move inversely to interest rates. When investors seek safety in bonds, the price of bonds increases, and the yield (interest rate) decreases. A big trade announcement, especially one that hints at an economic slowdown, can trigger a rally in government bond markets as yields fall.
Expectations of Central Bank Actions	When markets perceive trade tensions as likely to harm economic growth, they may start to price in expectations of lower interest rates by Central Banks (e.g., the Federal Reserve in the U.S. or the European Central Bank). Central banks may cut rates to support economic activity if trade disruptions negatively affect growth. Lower rates make bonds more attractive, further boosting demand for bonds and pushing yields down.
Inflation and Growth Expectations	Trade frictions and Tariffs can also influence Inflation expectations. If Tariffs increase the Cost of Goods, there could be Inflationary pressure, which may affect Bond markets. Bonds with Longer Durations tend to be more sensitive to Inflation expectations because higher Inflation erodes the Purchasing Power of fixed future bond payments. If markets believe that trade issues will lead to Inflation, long-term bond yields may rise as a reaction.
Flight to Safety	In response to Trade or Tariff-related announcements that increase Economic uncertainty (like trade wars), investors often move money into safer assets, such as Government Bonds (especially U.S. Treasuries). This is because Government Bonds are seen as a "safe haven" during periods of Market Volatility or when Growth is expected to slow down.

Source : www.investopedia.com, finance.yahoo.com

Miscellaneous U.S. Macro-Economic Charts Related to Manufacturing Indexes, Money Supply, Imports, and Exports

Material comes from ISM (their Manufacturing index for Imports and Exports), and their broad ISM Manufacturing index

Miscell US Macro-Economic Charts related to Manufacturing Indexes, Money Supply, Imports and Exports



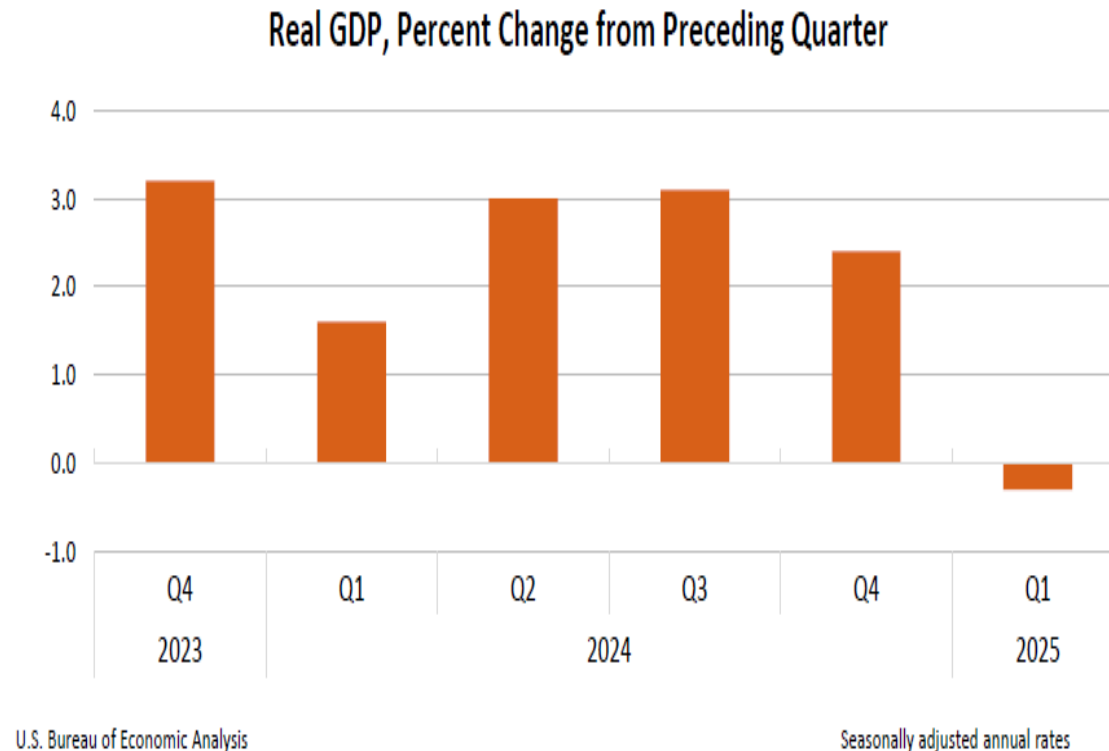


Part Two: Positive and Negative Effects from President Donald Trump's Tariff Plan

What broad current conditions should traders and investors be made aware of?

The latest U.S. Bureau of Economic Analysis Q1-25 Real GDP Growth Rate

*It is important to understand what has **ALREADY** happened in Q1, to understand why the macro effects will be ameliorated.... for a piece of time.*



“Compared to the fourth quarter, the downturn in **real GDP** in the first quarter reflected an upturn in imports, a deceleration in consumer spending, and a downturn in government spending that were partly offset by upturns in investment and exports.”

“**Real final sales to private domestic purchasers**, the sum of consumer spending and gross private fixed investment, increased 3.0 percent in the first quarter, compared with an increase of 2.9 percent in the fourth quarter.”

Positive and Negative Effects of President Donald Trump's Tariff Plan on U.S. Trade - a Domestic Perspective

Material is from www.tariffinformation.com and Wikipedia.com

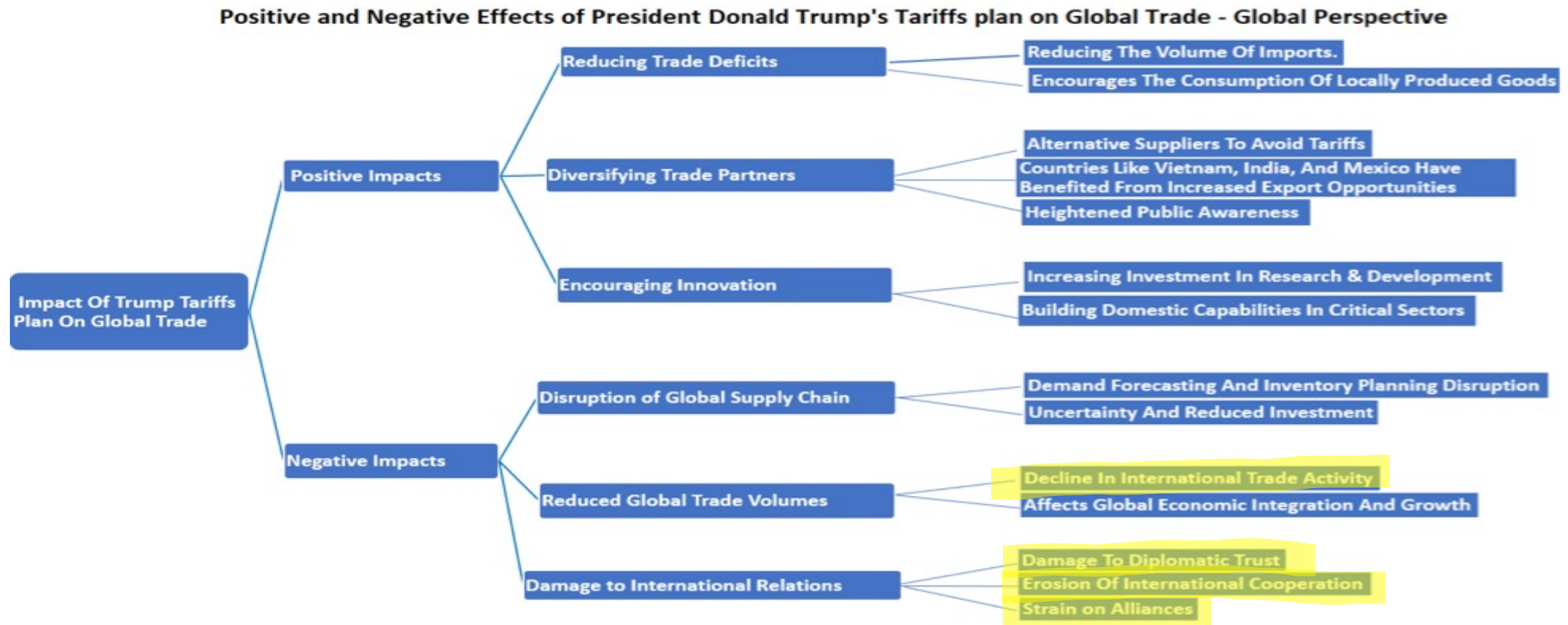
Positive and Negative Effects of President Donald Trump's Tariffs plan on US Trade - Domestic Perspective



Source : www.tariffinformation.com, wikipedia.com

Positive and Negative Effects of President Donald Trump's Tariff Plan on U.S. Trade - a Global Perspective

Material is from www.tariffinformation.com and Wikipedia.com



Source : www.tariffinformation.com, [wikipedia.com](https://www.wikipedia.com)

Torsten Slok, Chief Economist at Apollo Global Management Lays Out the Bear Market Case, of an Imminent 2025 U.S. Recession

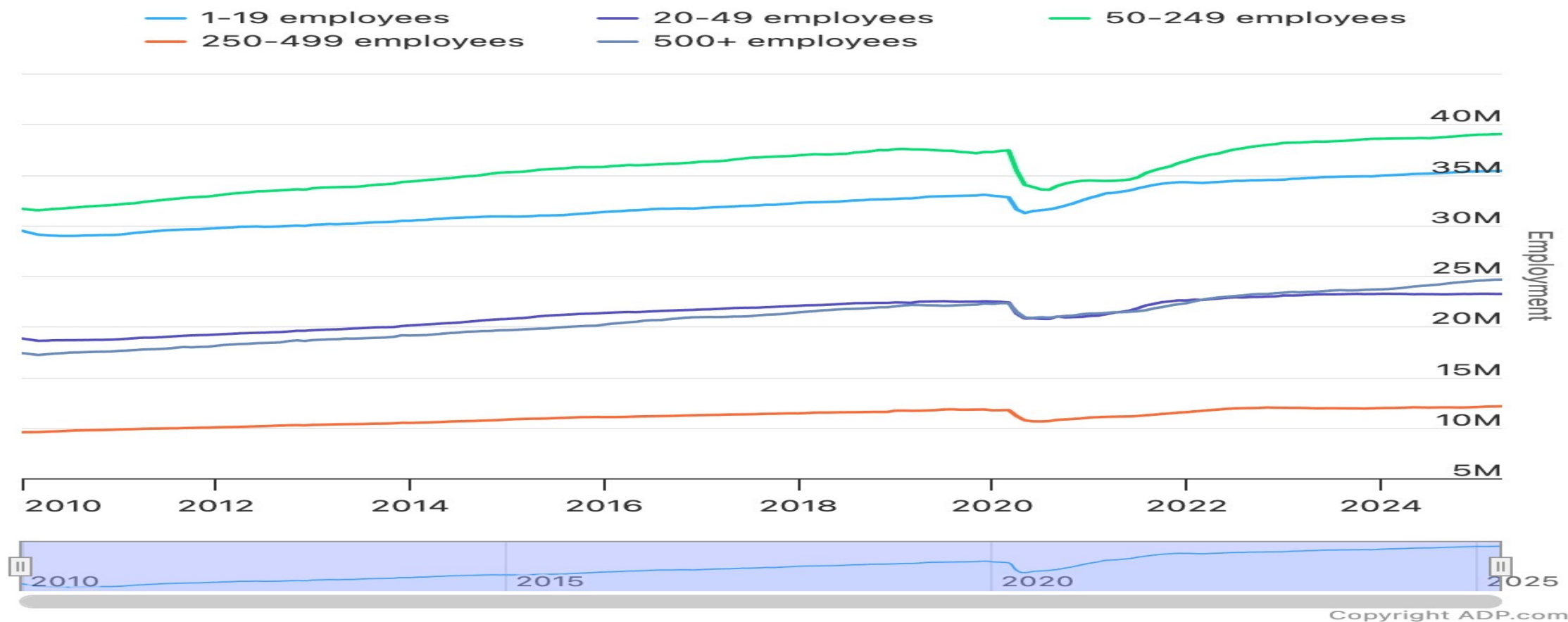
This material was posted on April 28, 2025

- Torsten Slok, chief economist at Apollo Global Management (APO), earlier this month calculated the probability of what he calls a **“voluntary trade reset recession” at 90%** in the face of President Donald Trump’s tariffs.
- And in a new report published this weekend, he points to the decreasing flow of container ships from China to the U.S. as a major domino that will lead to that recession in a matter of months.
- By mid-May, Slok writes, the movement of container ships will “come to a stop.”
- Later that month, demand for trucking will also grind to a halt.
- That will lead to empty shelves in stores. Companies will be forced to respond to declining sales, which will mean layoffs at retailers and trucking companies sometime in late May or early June.
- **Then, by the summer of 2025, that will equal a full-blown recession.**
- “The administration inherited an economy with strong growth, 4% unemployment, positive hiring, and a substantial tailwind from investments,” Slok writes. “But implementing extremely high tariffs overnight hurts many businesses; particularly small businesses because the tariff must be paid by the business when the imported goods arrive in the U.S.” Torsten Slok points out that small businesses often do not have the capital to work tariffs into their costs.
- “Expect ships to sit offshore, orders to be canceled, and well-run generational retailers to file for bankruptcy,” he writes.
- And with small and medium businesses making up 80% of U.S. employment, that will lead to macroeconomic problems. Slok calculates that increasing the average tariff rate from 3% to 18% will negatively impact the U.S. GDP **by four percentage points in 2025.**
- According to the report, U.S. earnings outlooks are showing their sharpest declines since the Covid-19 pandemic. New orders are collapsing, and manufacturing costs are already on the rise — which is leading to higher prices for consumers. Another telltale sign: Truck sales declined sharply in March.

A Time Series of U.S. Private Employment -- Chart from May 1st ADP

The green line at the top is 50-249 employees firms. The next blue line is very small 1-19 employee firms.

U.S. Private Employment by Establishment Size



Thank You for Attending!

John Blank, PhD

Zacks Chief Equity Strategist and Economist
Zacks Professional Services

866-794-6065

strategycall@zackspro.com

www.zackspro.com



Zacks Professional Services



@ZATools