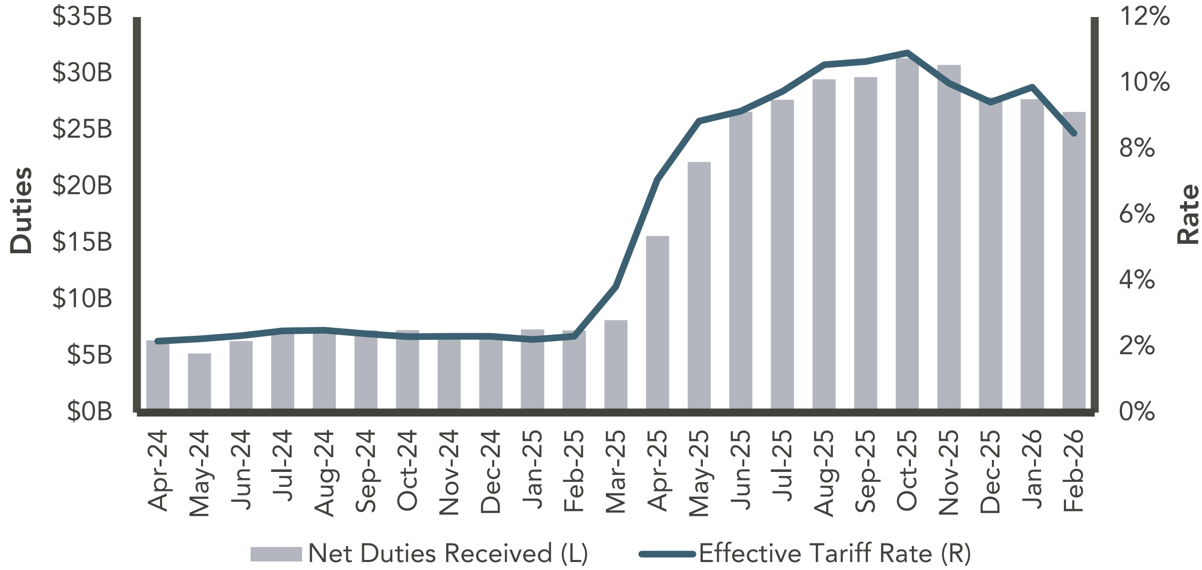
Chart of the Week

April 13, 2026

Liberation Day: One Year Later

CASSIE NESTOR, RESEARCH ASSOCIATE

One year after "Liberation Day," higher effective tariff rates, rising prices, and ongoing policy uncertainty continue to shape the economic impact of U.S. trade policy



Source: Bloomberg, U.S. Department of the Treasury as of February 28, 2026

On April 2, 2025, President Donald Trump announced a sweeping set of tariffs on imports into the United States. Dubbed "Liberation Day," the announcement marked one of the most significant shifts in U.S. trade policy in decades and initiated a period of heightened uncertainty across global supply chains and financial markets. One year later, it is useful to examine how markets and economic participants have navigated the resulting trade environment.

A key distinction when assessing the impact of tariffs is the difference between the *policy tariff rate* and the *effective tariff rate (ETR).* While the headline policy rate often attracts the most attention, the ETR provides a more accurate measure of economic impact. The ETR reflects the ratio of duties actually collected relative to the total value of imports entering the country. Because it incorporates supply chain adjustments, exemptions, and technical exclusions, the effective rate tends to have a closer relationship with market outcomes than the stated policy rate.

Following Liberation Day, the monthly ETR rose sharply (from roughly 3% in March 2025 to approximately 7% in April 2025) before continuing higher and reaching a peak near 10.9% in October. By the end of February 2026, the rate had moderated but remained elevated at slightly above 8%. Over that period, the U.S. Treasury reported

CONTINUED >

that the government collected approximately $295 billion in net customs duties. The administration highlighted a decline in the U.S. trade deficit of roughly 24% during the same time frame.

Another important concept is the *tariff pass-through rate,* which measures the extent to which higher tariffs translate into higher prices paid by businesses and consumers. Although tariff costs are shared across the global supply chain, they are not distributed evenly. Research from the Federal Reserve Bank of New York suggests that the majority of the tariff burden has fallen on U.S. importers, with estimates indicating that more than 85% of the incidence was borne domestically. Similar findings have been reported by the European Central Bank, which estimated that the pass-through to U.S. consumer prices reached roughly one-third in 2025 and could rise further if elevated tariff levels persist.

Federal Reserve officials have also acknowledged the inflationary implications of tariffs. During the FOMC press conference last month, Chair Jerome Powell noted that tariffs associated with Liberation Day had contributed to modestly higher inflation and that the full price effects could take additional time to materialize.

The policy landscape has continued to evolve. In February 2026, the U.S. Supreme Court ruled that the broad Liberation Day tariffs exceeded the administration's authority under emergency powers, forcing the rollback of some measures and raising questions about potential tariff refunds. Nevertheless, the administration has since explored alternative legal pathways to maintain certain tariffs, underscoring that trade policy remains fluid.

As the economic effects of the original tariffs continue to unfold and as new trade measures are considered, global markets remain attentive to the evolving policy environment. One year after Liberation Day, tariffs continue to serve as a reminder that shifts in trade policy can carry meaningful economic consequences for businesses, consumers, and investors alike.

PREPARED BY MARQUETTE ASSOCIATES

180 North LaSalle St, Ste 3500, Chicago, Illinois 60601
CHICAGO BALTIMORE MILWAUKEE PHILADELPHIA ST. LOUIS

PHONE 312-527-5500
WEB marquetteassociates.com

About Marquette Associates

Marquette was founded in 1986 with the sole objective of providing investment consulting at the highest caliber of service. Our expertise is grounded in our commitment to client service — our team aims to be a trusted partner and as fiduciaries, our clients' interests and objectives are at the center of everything we do. Our approach brings together the real-world experience of our people and our dedication to creativity and critical thinking in order to empower our clients to work towards their goals.

Marquette is an independent investment adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees, and objectives can be found in our ADV Part 2 and Form CRS which are available upon request and on our website. For more information, please visit www.MarquetteAssociates.com.