

MACROCOSM

There You Go Again: Steel and Aluminum Tariffs

Monday, February 10, 2025

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The 2018-2019 tariffs began with steel and aluminum, and prices ended up lower.

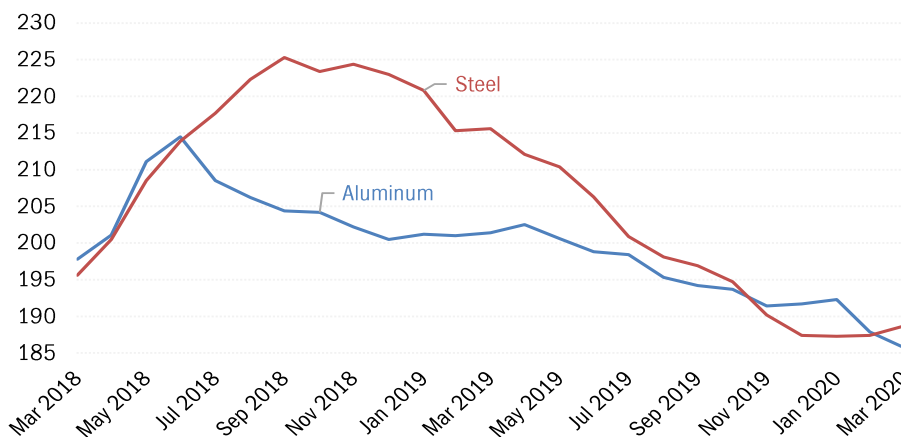
We keep saying “wait and see” on tariffs from the Trump administration (see, most recently, [“On the January Jobs Report \(and Tariffs\)”](#) February 7, 2025). *Now it’s going to be more steel and aluminum tariffs.*

It’s only Monday morning, and all the details aren’t out yet. But as of this writing stocks are higher, as though this imposition of tax hikes were a positive development. Let’s continue to wait and see. So far we’ve been right in saying that panicking on tariffs isn’t a good strategy (see [“They Called His Bluff on Tariffs”](#) February 2, 2025).

For now, let us build on our earlier work demonstrating that the tariffs President Donald J. Trump imposed in his first term – which began with steel and aluminum – were not consequential in any economic dimension, including inflation (see [“How Much Do Tariffs Matter?”](#) January 28, 2025).

For now, in this very short note, let us simply show you a chart – the Producer Price Index indices for steel and aluminum, from the first announcement of tariffs in March 2018 to just before the pandemic in 2020. Fun fact: *in neither case did the price index rise by the 25% level of the tariff, and within a little more than a year, prices were back to where they began, and then moved lower.* Let’s continue to wait and see.

Producer Price Index



Source: BLS, TrendMacro calculations

Update to strategic view

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STOCKS: Trump said yesterday he will be announcing new tariffs on steel and aluminum today. As of this writing, stocks are higher despite this seemingly negative development. The 2018-2019 Trump tariffs began with steel and aluminum. Initially prices were affected, but by less than the amount of the tariffs. Within about a year, prices had returned to the pre-tariff level and then went lower. We reiterate our wait and see posture on Trump tariffs.

[\[Strategy dashboard\]](#)

AI podcast version



[Click here](#) to listen to an informal podcast version of this report made entirely by artificial intelligence.

Remember – AI can be funky. This is still experimental. Check it out and let us know what you think.

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