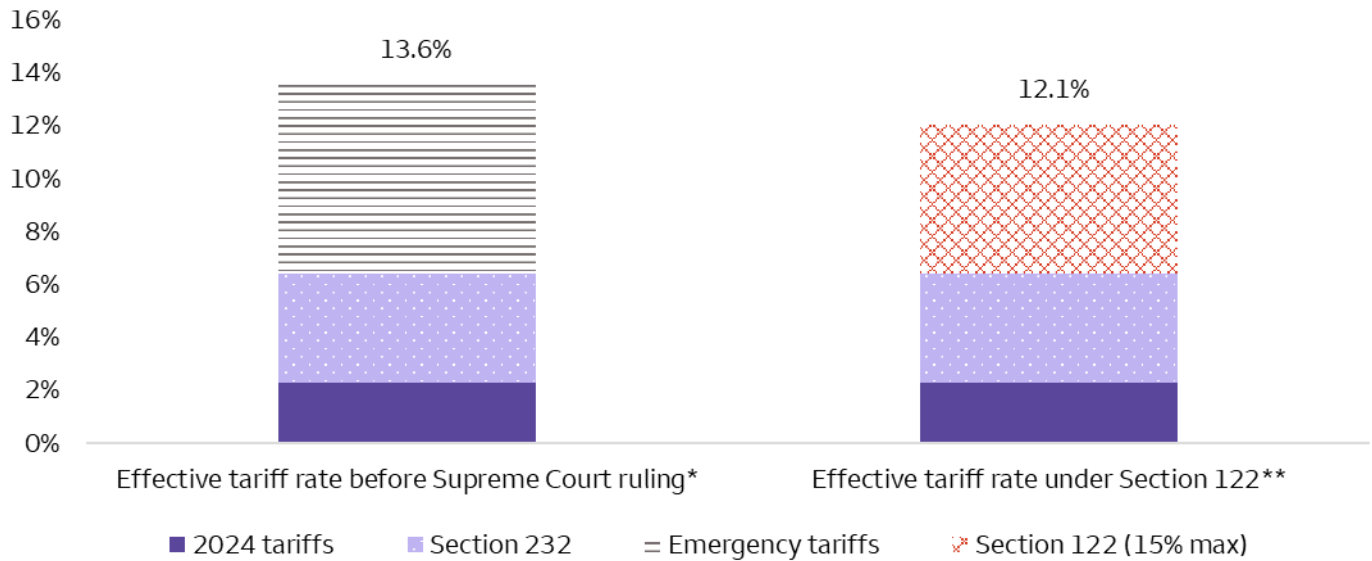


Chart of the Week

Weekly analysis of key themes in markets

March 10, 2026

Effective tariff rate¹ may trend lower when dust settles



Sources: Wells Fargo Investment Institute, Bloomberg Economics, and U.S. Census. Estimates as of February 23, 2026. Effective tariff rate calculated as the total tariffs collected divided by the total value of imports, expressed as a percentage. *Pre-ruling tariff rate as of February 19, 2026. **Tariff rate under Section 122 reflects full implementation, with a 15% tariff rate.

Trade policy complicated, but not derailed, by Supreme Court’s ruling

After the February 20 Supreme Court ruling against the bulk of the 2025 tariff increases, President Trump moved quickly to invoke Section 122 of the Trade Act of 1974. This enacted a temporary, across-the-board levy of 10% that may rise to 15%, but only for 150 days under the law. In coming months, we expect the administration to phase in more permanent country- and product-specific tariff increases using other trade statutes.

As shown in the chart, emergency tariffs accounted for over half of the 13.6% pre-ruling effective tariff rate. We expect Section 122 to bring that rate down to roughly 12% once fully implemented. Even with more permanent replacement tariffs, we think the average effective rate can trend lower by year end due to the likely dynamic reaction of our trading partners intent on minimizing their tariff impact as well as our expectation for rising imports in a growing U.S. economy.

What it may mean for investors

We remain focused on the big picture: a drawn-out, more sporadic application of tariffs against a backdrop of strong U.S. economic growth. We believe piecemeal tariff implementation will dilute its effect on inflation, business investment, and consumer spending. In our view, investors should brace for another burst of tariff-related headlines in the coming months and consider using market pullbacks to rebalance portfolios.

Jennifer Timmerman, Investment Strategy Analyst

Excerpted from Institute Alert, “Mapping out the path of tariffs” (March 5)

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

1. Effective tariff rate calculated as the total tariffs collected divided by the total value of imports, expressed as a percentage.

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