

## Chart of the week

### Trade tariffs might support one industry, but rarely an entire economy. Just ask U.S. corporations about the probable consequences of Trump's steel and aluminum tariffs.

Trade tariffs and other protectionist measures are back in fashion. This is mainly due to the current U.S. administration, which is contemplating a series of new barriers to foreign imports. We have already seen the United States implementing tariffs on steel and aluminum imports. U.S. steel corporations are benefitting, and their share prices have reacted accordingly, as our "Chart of the Week" demonstrates.

Even for this seemingly favored sector, however, markets don't get excited over a longer period. Since the U.S. presidential election in 2016, it has pretty much performed in line with both the global steel sector and the broader U.S. equity market as represented by the Russell 1000 Index.

For the overall economy, the assessment is even less favorable. In an admittedly small survey, conducted by the Federal Reserve Bank of Chicago, more than 70% of the respondents expect the tariffs to have a slightly to very negative impact on the U.S. economy. Only 13% see the tariffs positively.<sup>1</sup>

Corporate America is right to worry, as we explain in more detail in our latest CIO Special. Have a look at: ["Free trade under attack"](#).



Sources: Bloomberg Finance L.P., Deutsche Asset Management Investment GmbH as of 5/17/18

\* The Russell 1000 Index is an index that captures the 1,000 largest companies of the Russell 3000 Index, which again comprises 3,000 small- and mid-cap listed U.S. stocks. The Russell 1000 Steel Index captures the 3 steel companies that are listed in the Russell 1000 Index.

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<sup>1</sup>Source: <http://midwest.chicagofedblogs.org/?p=3121>

## Glossary

### Russell 1000 Index

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