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Current Economic News

The IMF Weighs in on Tariffs

Tariffs have been on everyone's minds lately, as sudden changes have affected markets, supply chains, and prices throughout the last month. The uncertainty of what tariffs will stick make any forecasting work more difficult. However, the International Monetary Fund (IMF) has come out with their "World Economic Outlook" (WEO) today, right on schedule. This worldwide forecast comes out three times a year, and is a good resource for examining how advanced economies and emerging markets are faring with current economic circumstances.

The WEO has become much more pessimistic in its Real GDP projections of 2025 when compared to the release in January. In January, there was an estimated growth of 3.3% in the world's output; today, that estimate has dropped to 2.8%. The United States has faired even worse in the projections, falling from 2.7% to a mere 1.8%. This 0.9% drop is higher than other countries, such as France (0.2% drop), Italy (0.3% drop) or Japan (0.5% drop). The most comparable countries to the United States are Canada (0.6% drop) Mexico (1.7% drop), as they are some of the United States' closest trading partners, so they are impacted by these tariffs more strongly.

Country	Jan. 2025 projection of 2025 growth	April 2025 projection of 2025 growth	Difference
World	3.3	2.8	-0.5
United States	2.7	1.8	-0.9
France	0.8	0.6	-0.2
Italy	0.7	0.4	-0.3
Japan	1.1	0.6	-0.5
Canada	2.0	1.4	-0.6
Mexico	1.4	-0.3	-1.7
China	4.6	4.0	-0.6

Why is the United States so impacted? The WEO's Executive Summary reports that this drop comes from "policy uncertainty, trade tensions, and softer demand momentum." The country has also been impacted by reciprocal tariffs, so the supply chain is being impacted for both imports and exports.

Tariffs will continue to dominate economic discussion until they are settled. As the Anderson Center reported in our recent Purchasing Manager's Survey, uncertainty is one of the most significant factors of today's economy.