



# Effective Tariff Rates and Economic Uncertainty in a Rapid Policy Environment

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## Key Takeaways

1

The average effective tariff rate has changed rapidly since President Trump was inaugurated ranging from below 3 percent, up to over 32 percent, and at many values in-between.

2

The volatility in the average effective tariff rate has contributed to a rise in economic policy uncertainty, which has risen since President Trump took office.

## Tariffs and Uncertainty

Since President Trump’s inauguration on January 20, 2025, the average effective tariff rate has changed rapidly, sometimes in the same day, as new trade policies are announced. As of June 1, 2025, the average effective tariff rate was 15.6. Coming into February of this year, it was 2.4. However, those numbers obscure how much the tariff rate has changed day-to-day (and sometimes even multiple times within the same day) over the last few months. Figure 1 shows how often the average effective tariff rate has changed since January 20 and how wide-ranging it has been.

**Figure 1. Average Effective Tariff Rate Since January 20, 2025**

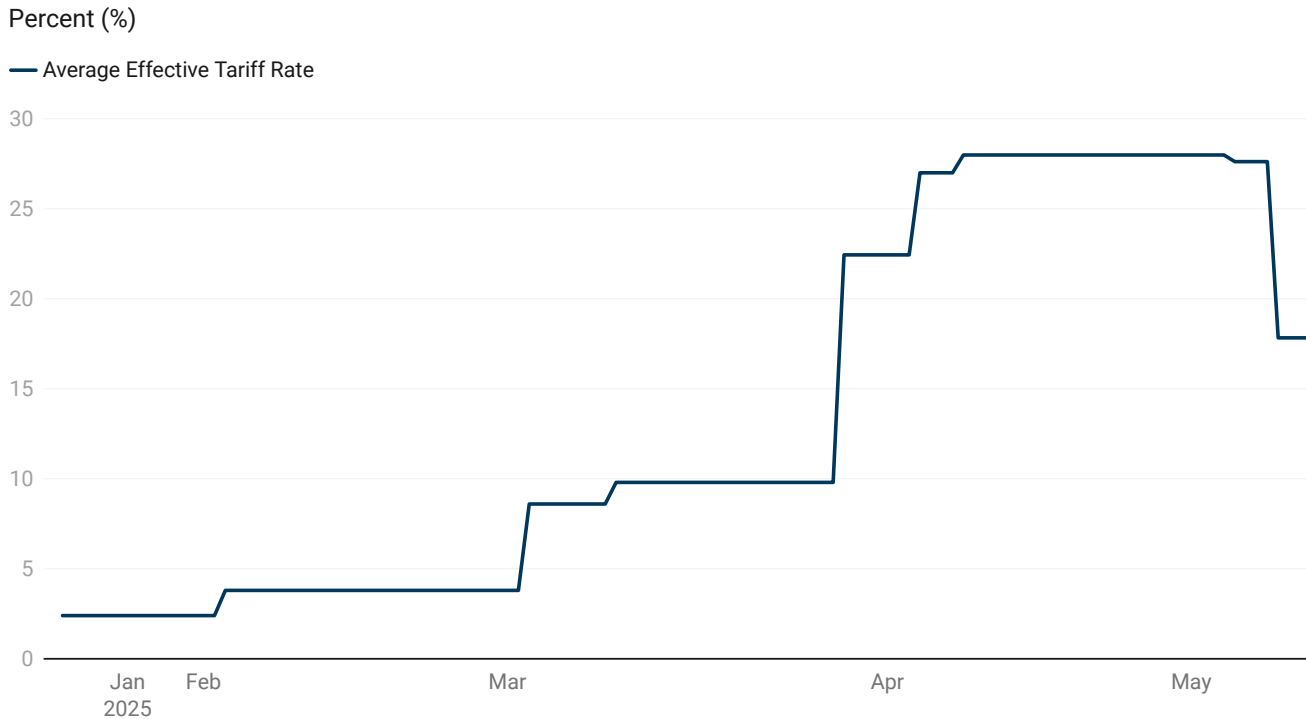


Chart: The Budget Lab • Source: The Budget Lab • Created with [Datawrapper](#)

The volatility in the average effective tariff rate likely has contributed to an increase in economic policy uncertainty, as seen in Figure 2. Economic policy uncertainty has regularly been higher than it was during the Covid pandemic in 2020, which reflects the uncertain operating environment.

## Figure 2. Economic Policy Uncertainty Since January 20, 2025

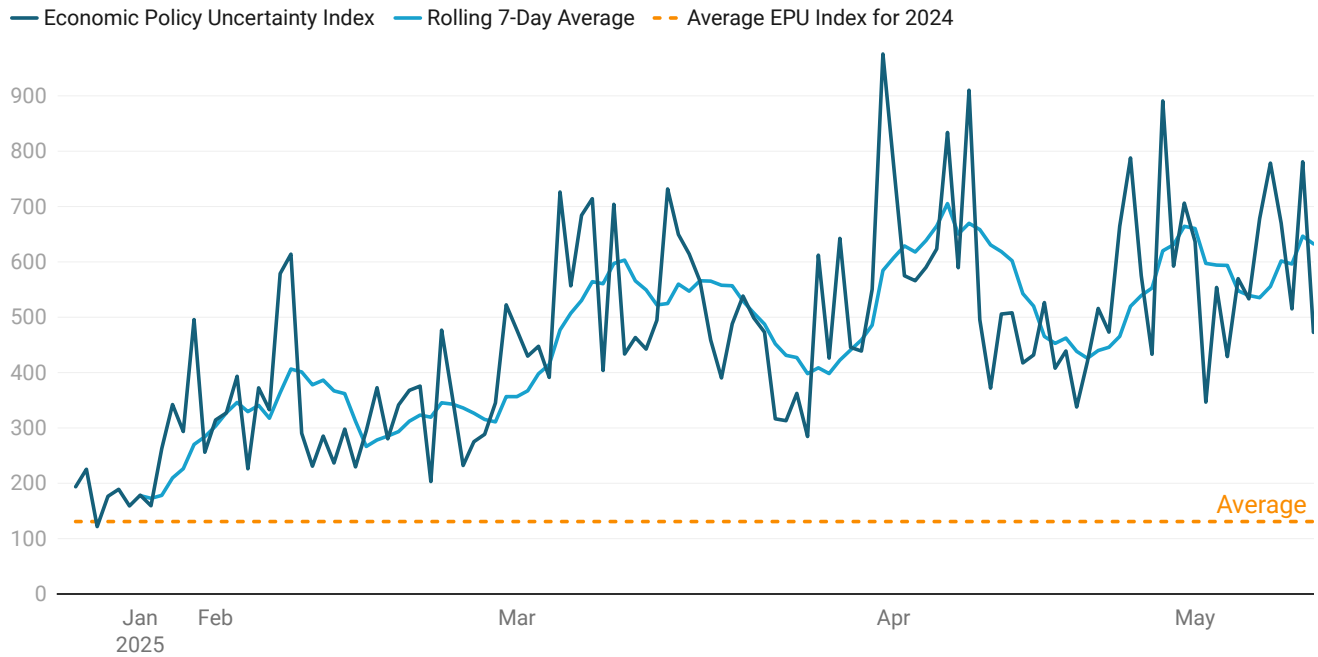


Chart: The Budget Lab • Source: Baker, Scott R. and Bloom, Nicholas and Davis, Steven J., Measuring Economic Policy Uncertainty (January 1, 2013). • Created with [Datawrapper](#)

It is still unclear how the volatility in the average effective tariff rate and economic policy uncertainty will impact economic growth, businesses, and consumers. However, it seems likely to act as an economic drag as economic participants try to figure out how to respond to an ever-changing environment.