



# ECONOMIC INSIGHTS

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Policy uncertainty is depressing economic activity



Widespread persistent tariffs have done more harm than good



Broadband industry is a rare bright spot

# Agenda



Key economic  
indicators and  
consumer health

Tariff overview and  
strategic economic  
objectives

Broadband  
industry impact

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**Key economic  
indicators and  
consumer health**

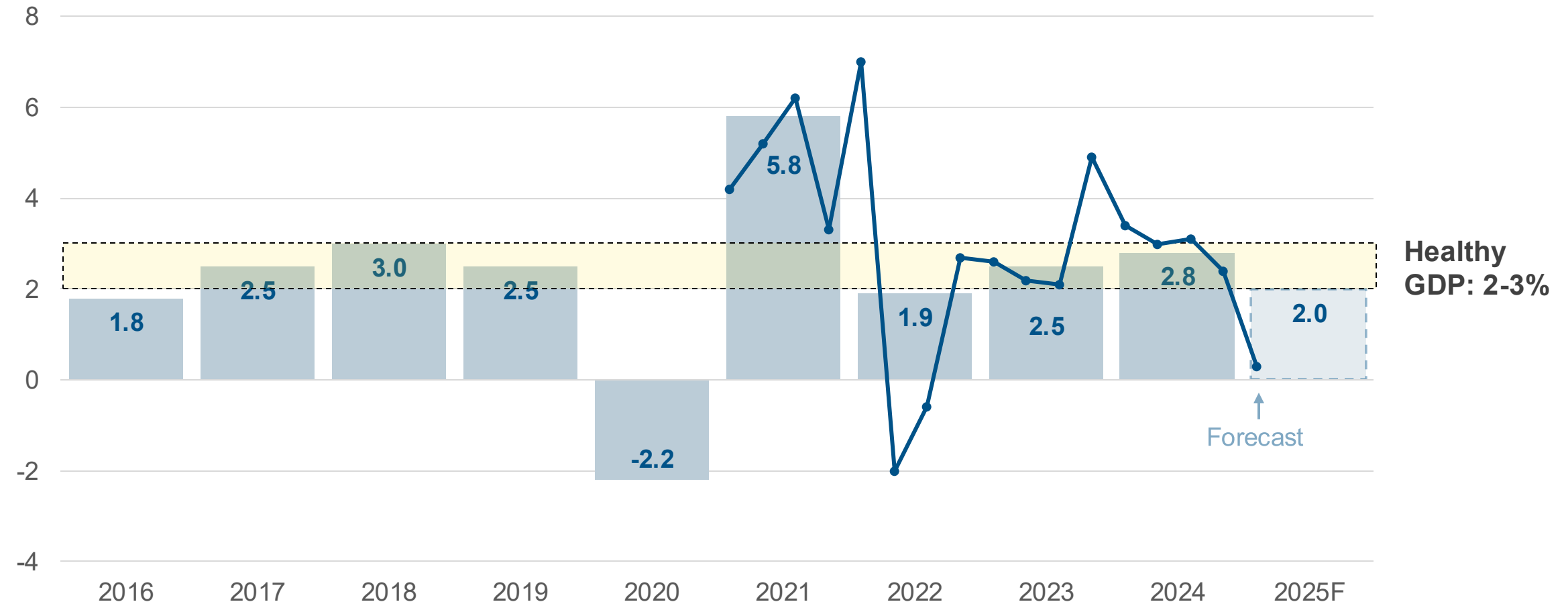
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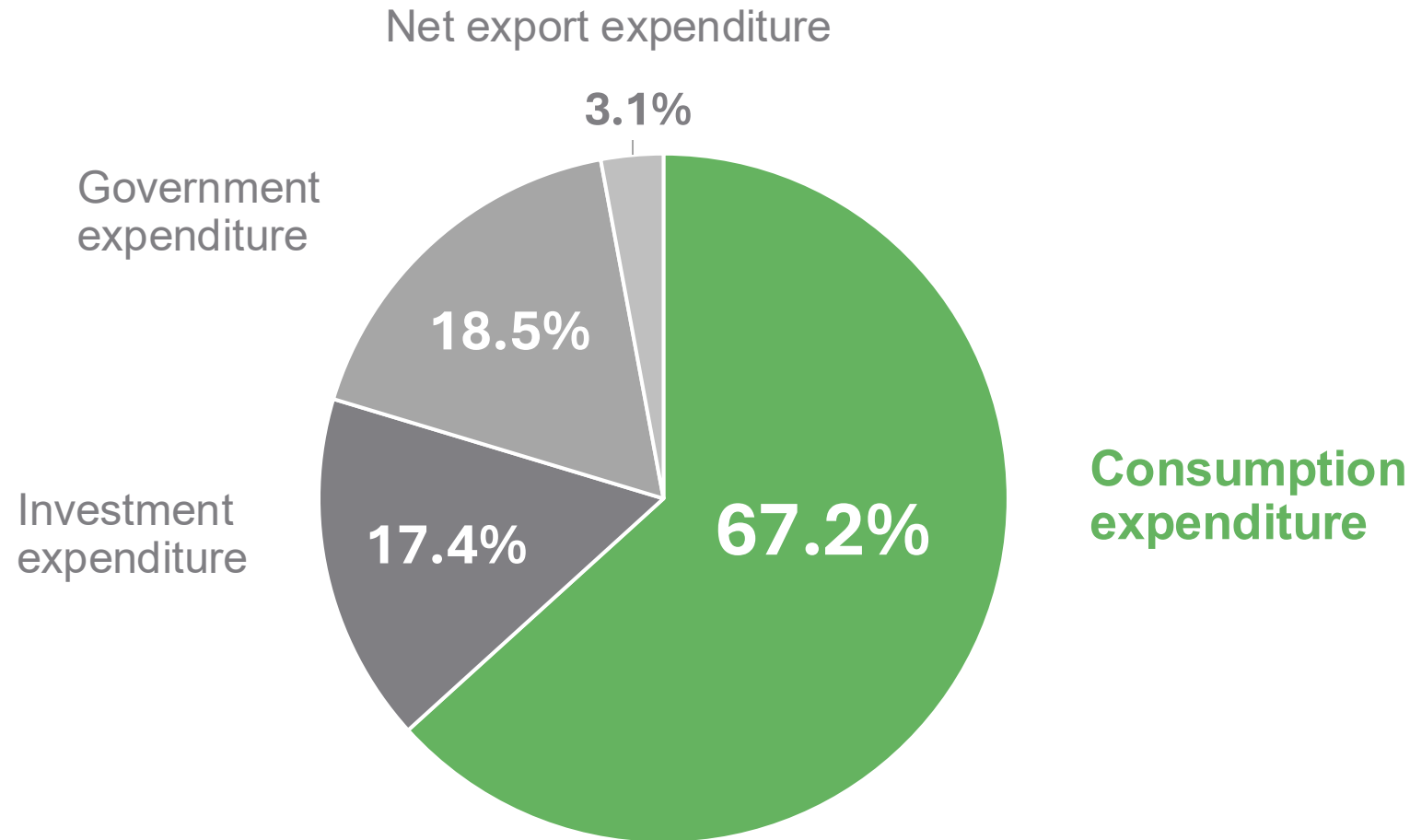
# GDP results have been healthy despite aggressive rate increases

GDP percent



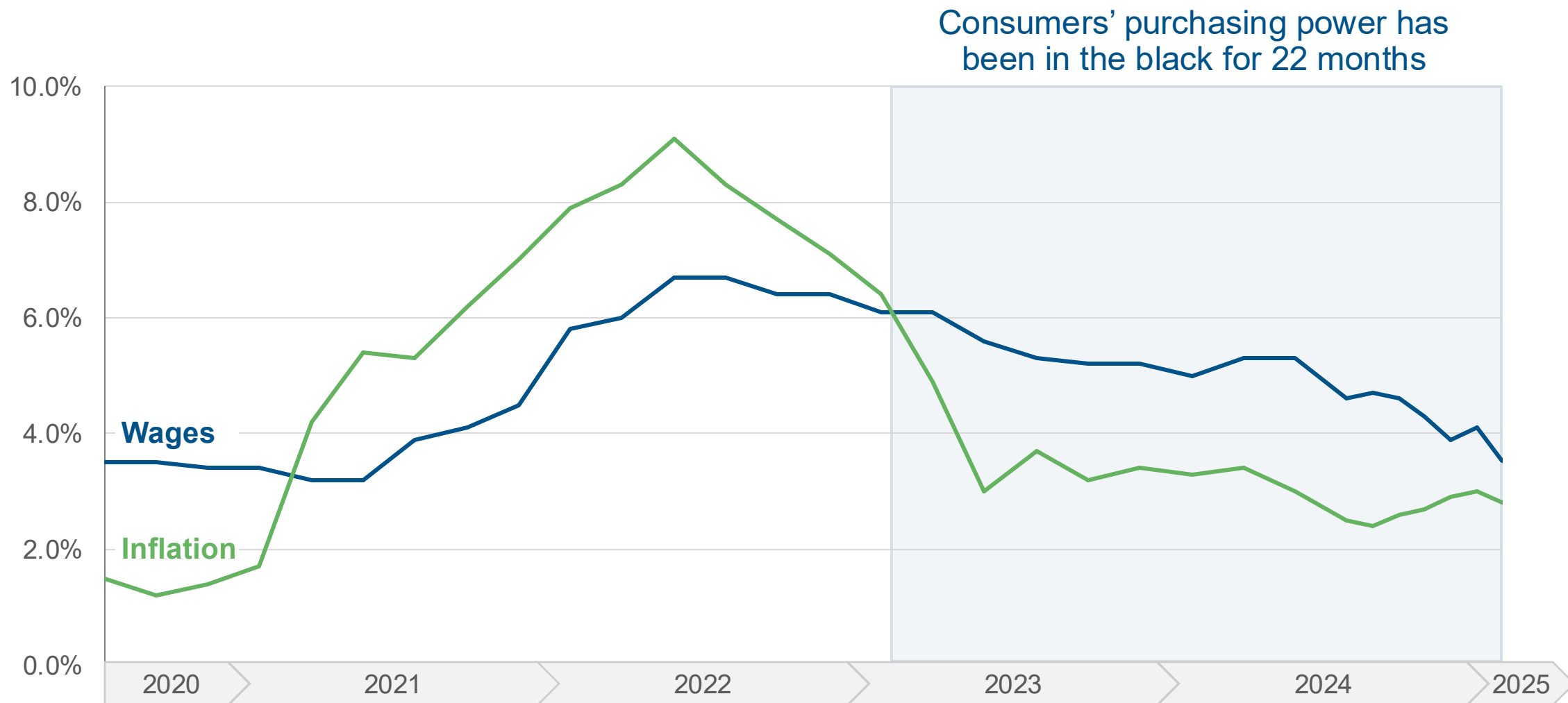
# The U.S. economy is considered a “consumption economy” driven by consumer spending

## Components of GDP





# Wages vs inflation (YoY % change)





***HELP  
WANTED***

LYNCH SIGN CO.

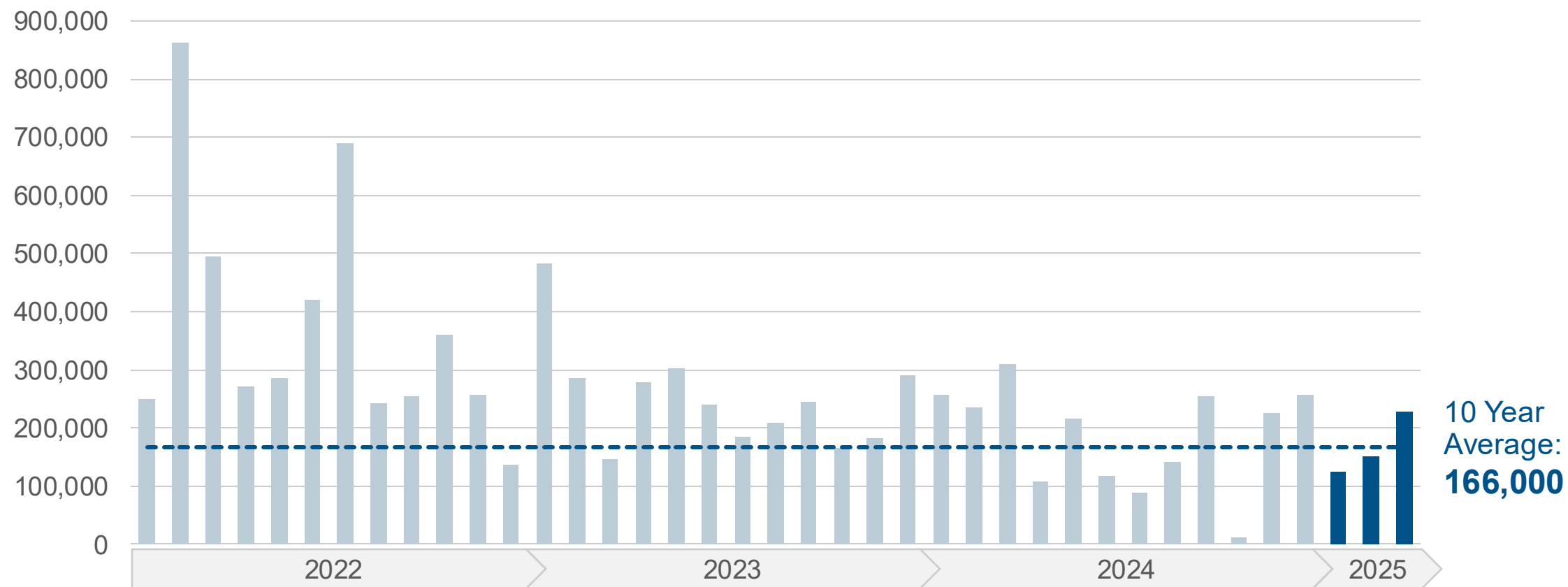
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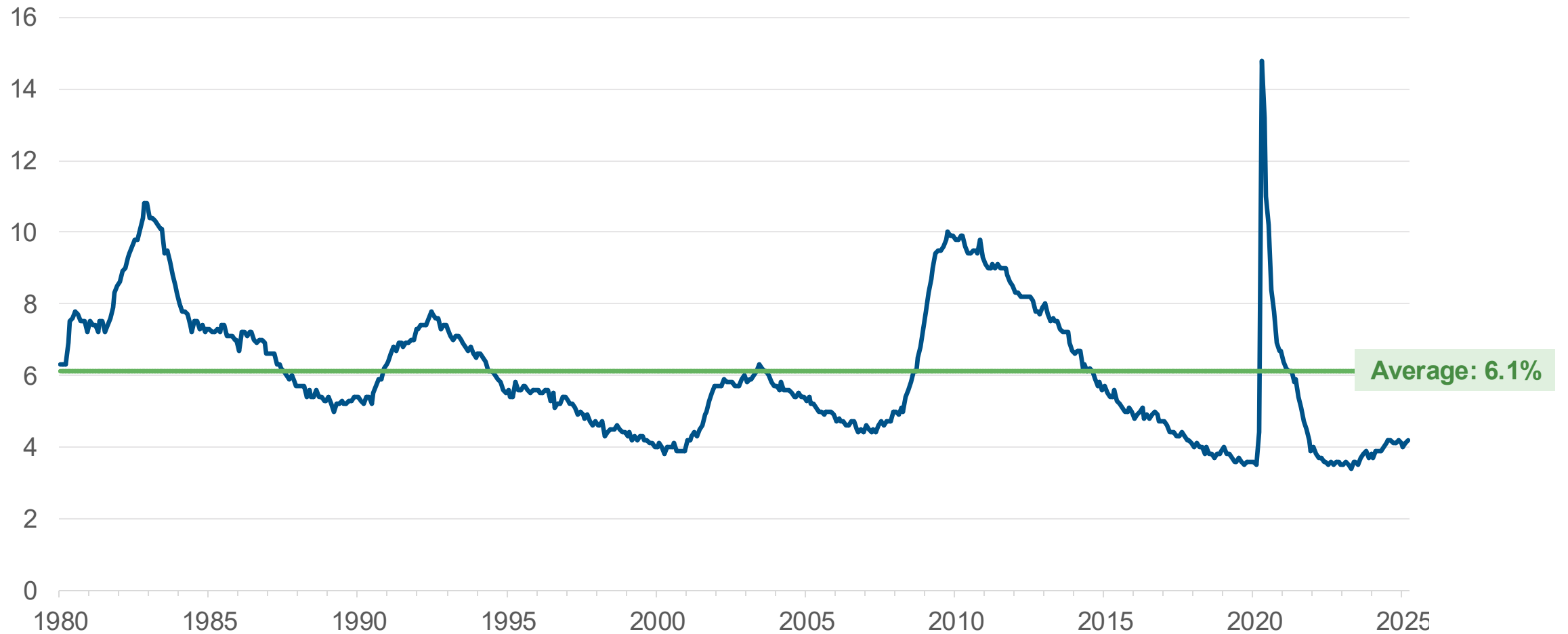


# Job growth is softening but remains healthy

## Monthly job gains



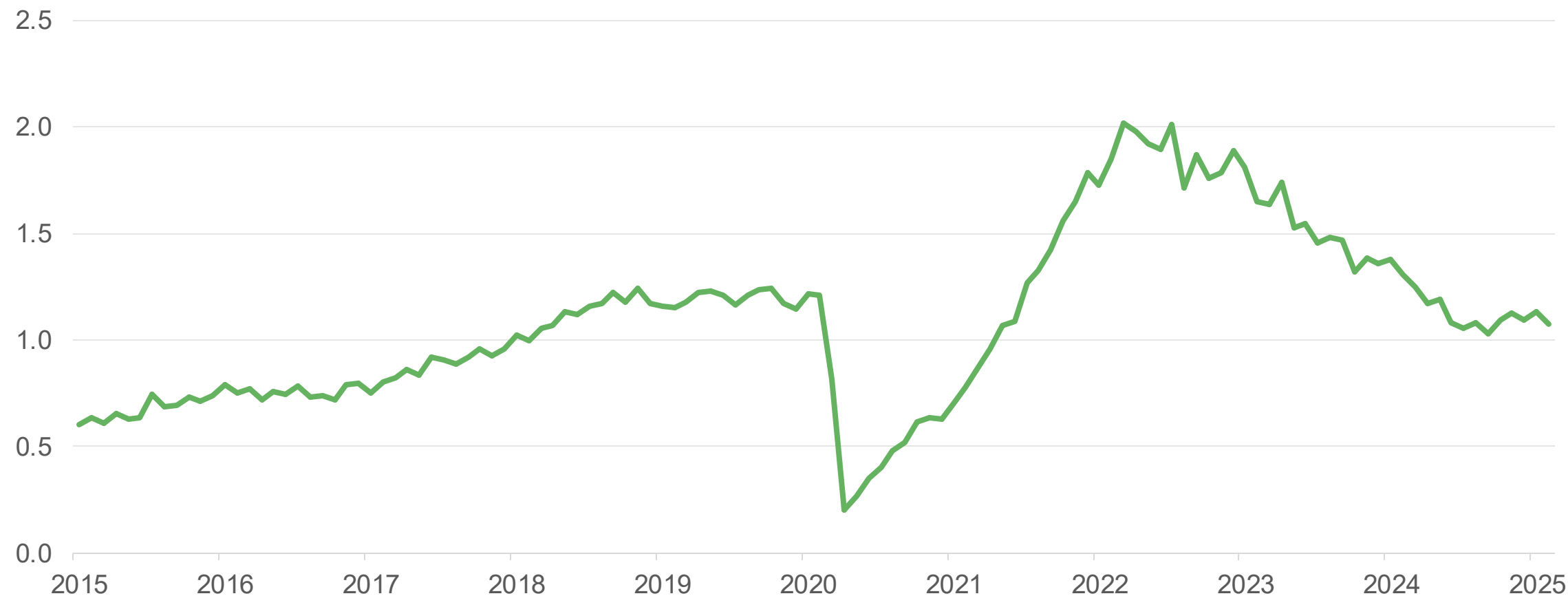
# The unemployment rate remains well below its historical average despite the recent increase





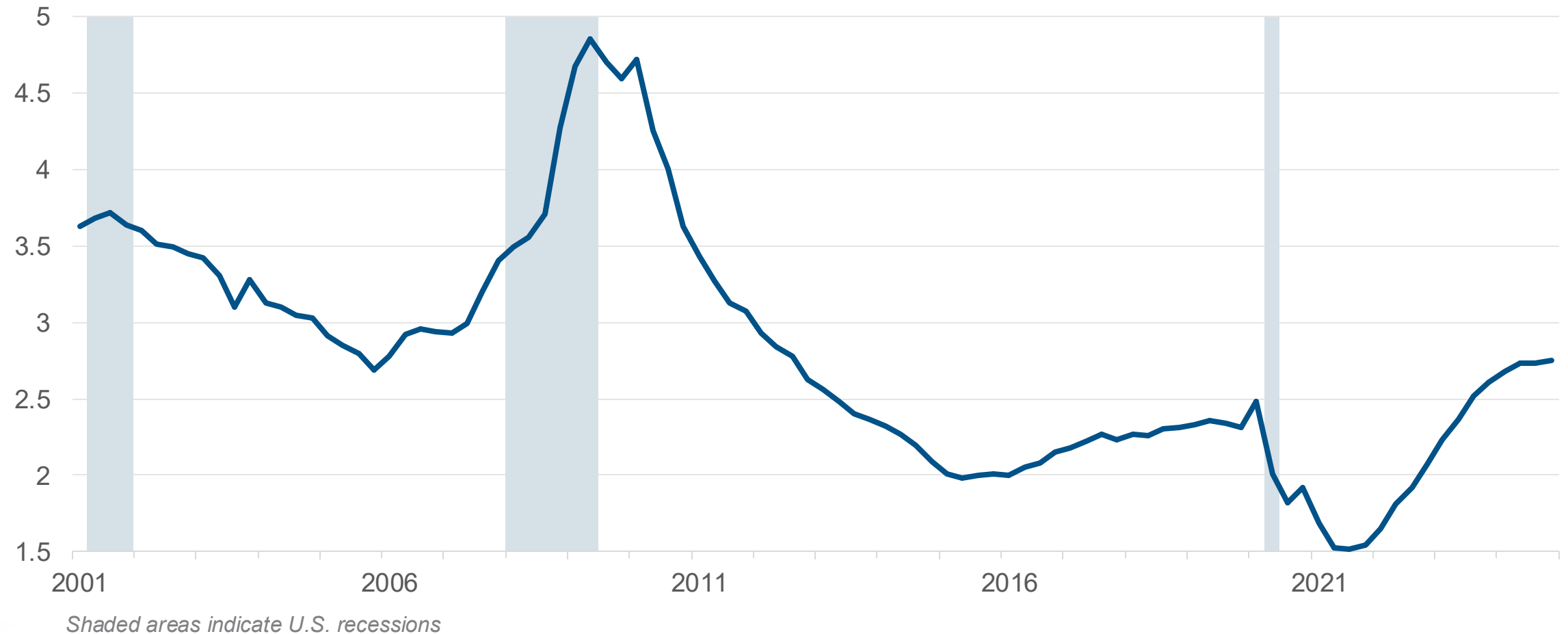
# Labor market back in balance

## Job openings per unemployed



# Consumer delinquency rates

Delinquency rate on consumer loans, all commercial banks (percent)

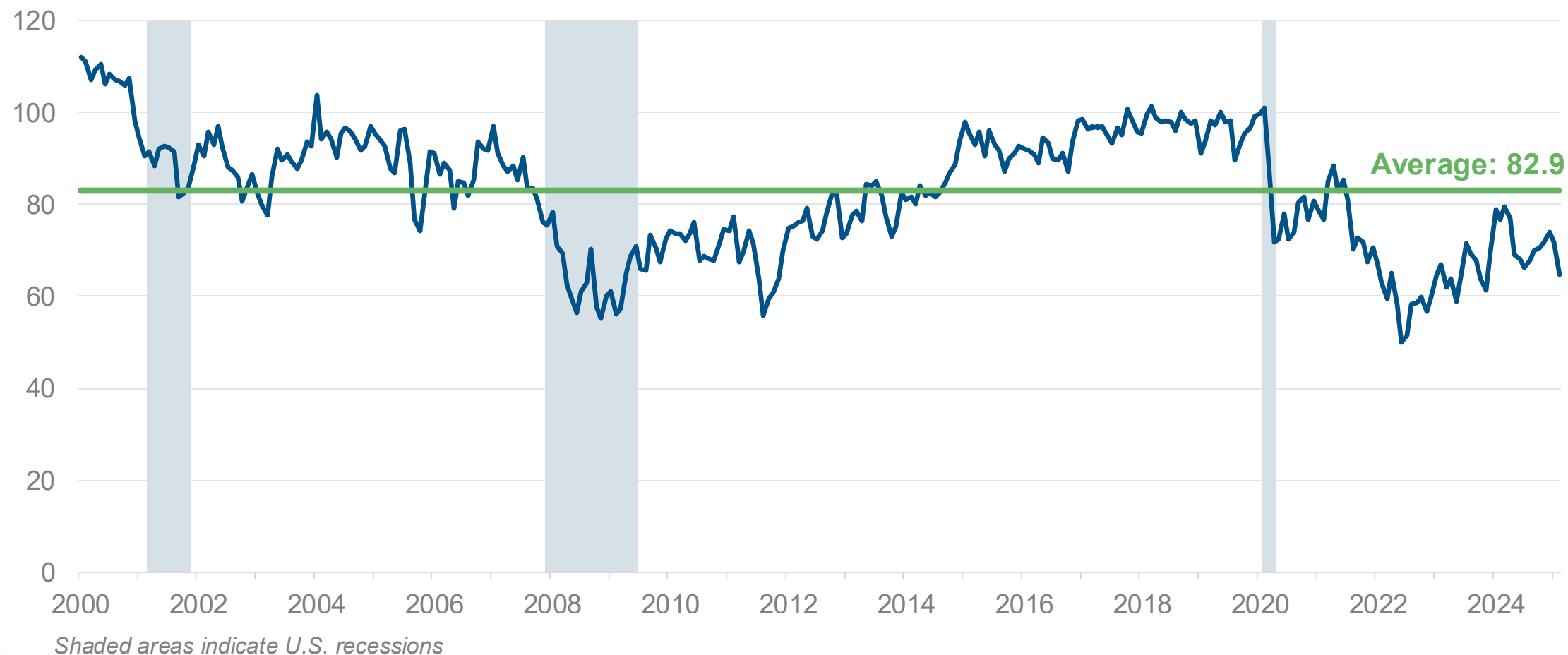






# Confidence levels remain below long-term averages

## University of Michigan: consumer sentiment





# More lunches bought from restaurants in 2020 than in 2024

Number of  
lunches bought  
down **3%** in 2024

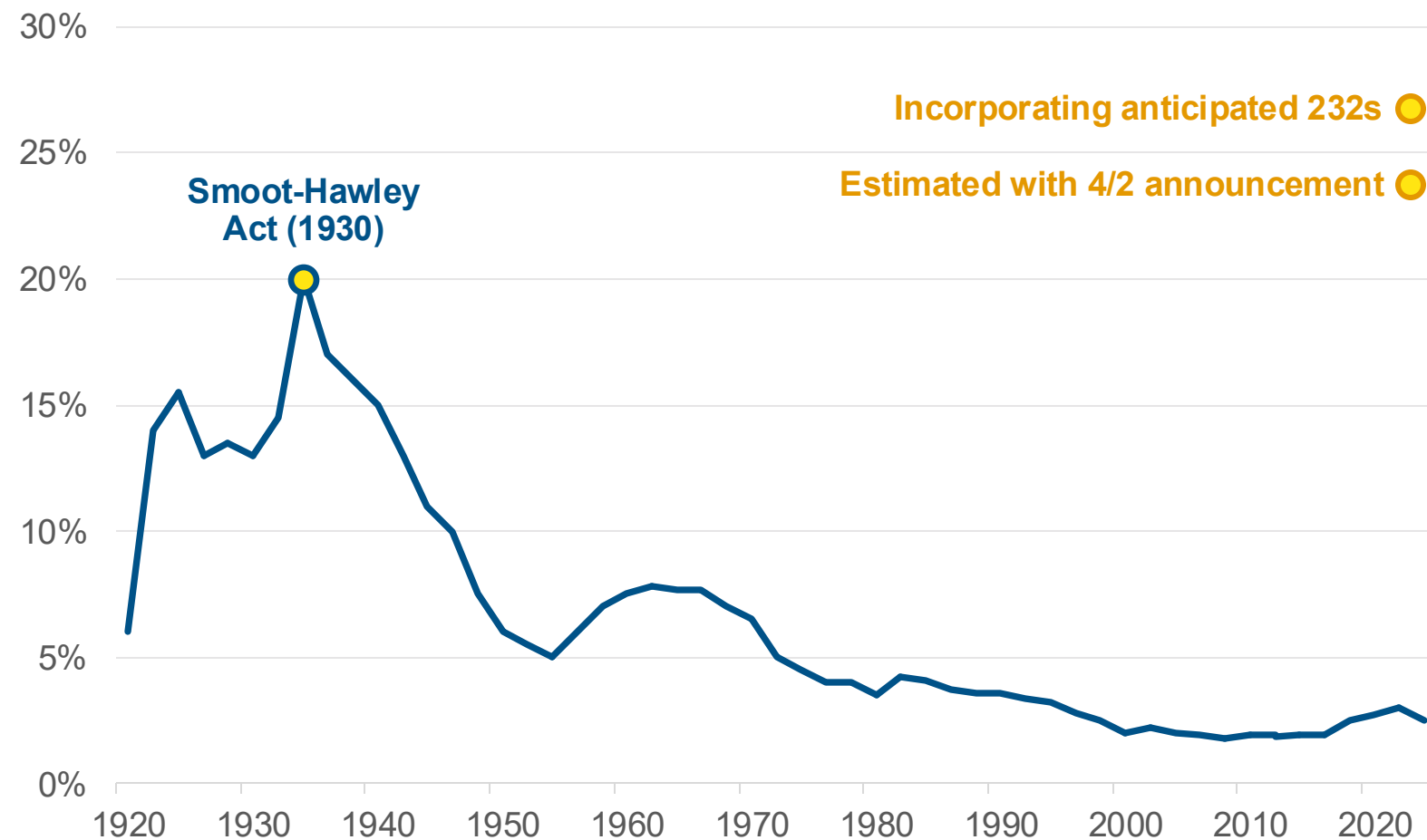


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# Record-breaking tariffs: the highest in a century

U.S. weighted average tariff rate (percent)



“It was on June 13, 1930, that the Senate passed the Smoot-Hawley Tariff, **among the most catastrophic acts in congressional history.**”

senate.gov



# Tariff objectives

1

Boost federal tax revenue through increased tariff collections

2

Combat the flow of fentanyl into the U.S. from Mexico and Canada

3

Respond to foreign tariffs with reciprocal trade measures

4

Shift more manufacturing to the U.S. by reducing dependence on foreign production

# 1

## Boost federal tax revenue through increased tariff collections



Peter Navarro (counselor to the President) claimed tariffs will raise **\$6 trillion** over 10 years



Average reduction in annual disposable income per household will be **\$3,789\***



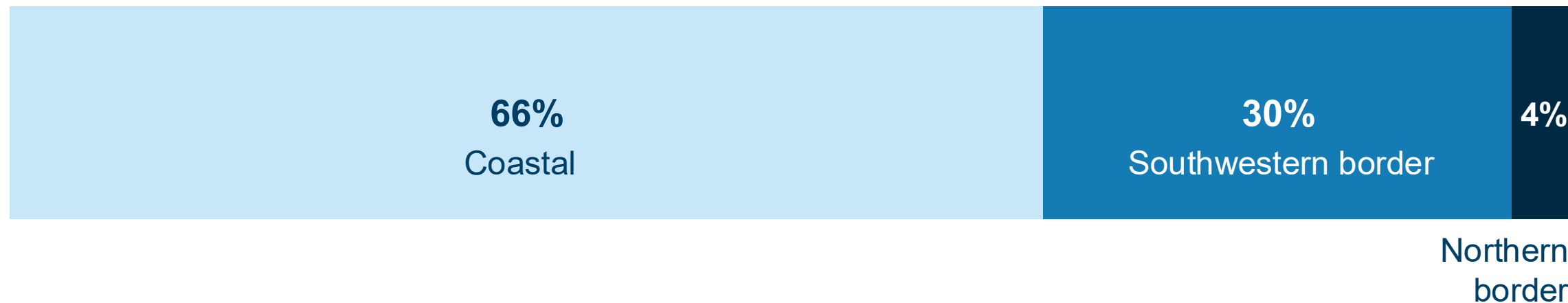
CBO estimates extending 2017 tax cuts will cost **\$4.6T**

## 2

# Combat the flow of fentanyl into the U.S. from Mexico and Canada



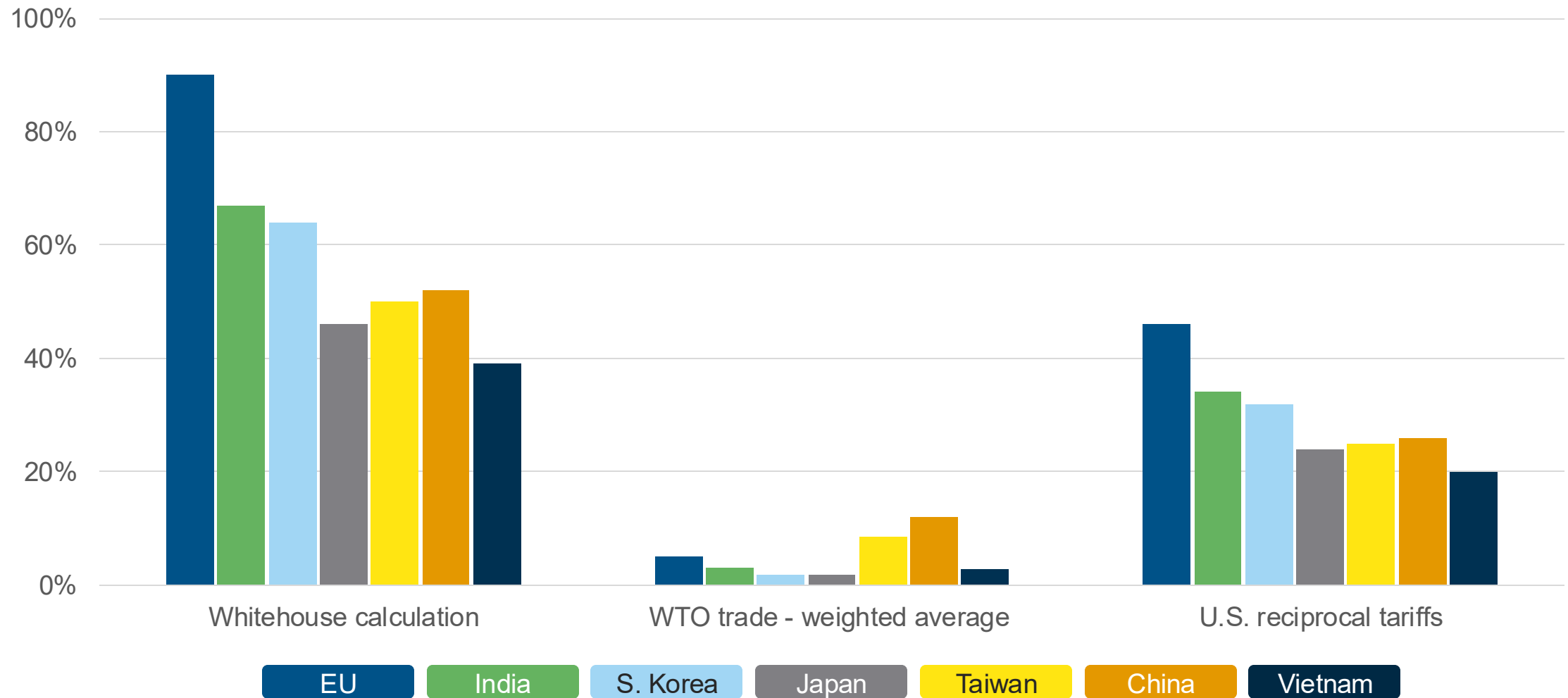
Fentanyl drug seizures, 2022-2025





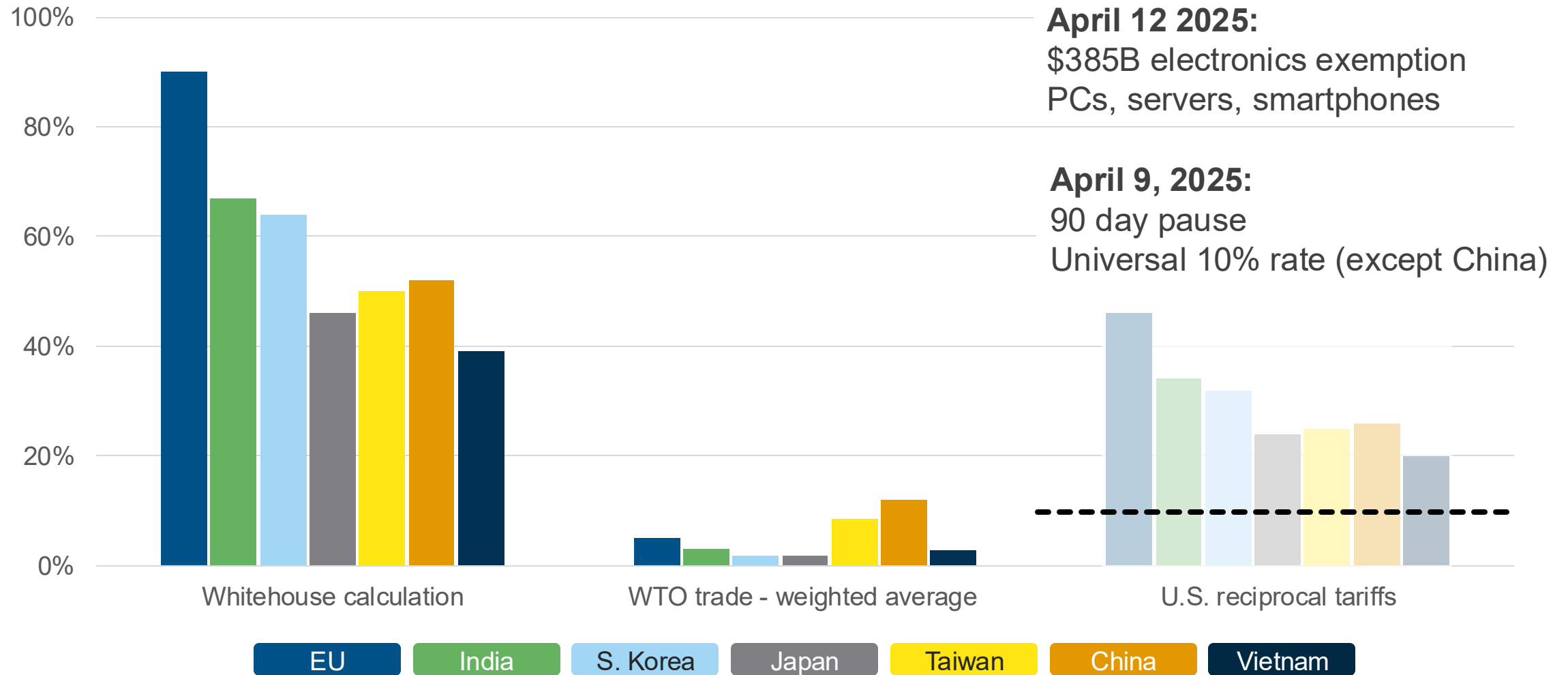
# 3

## Respond to foreign tariffs with reciprocal trade measures



# 3

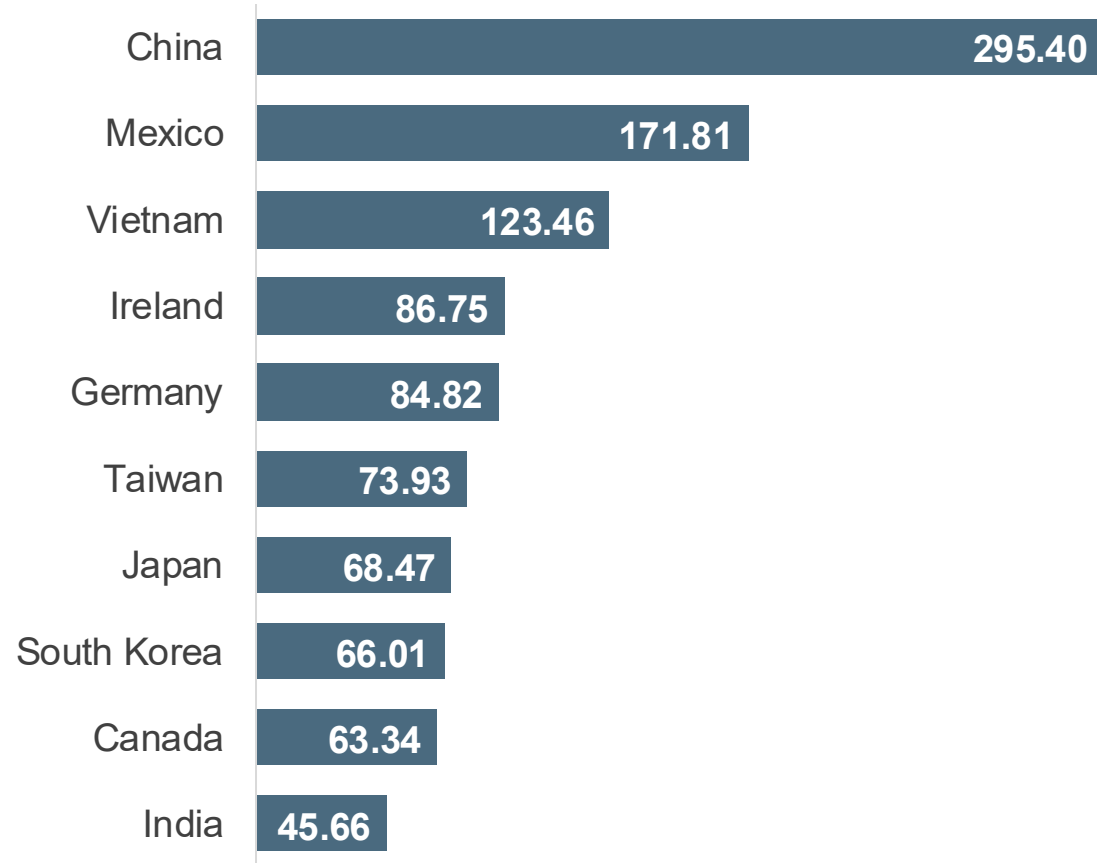
## Respond to foreign tariffs with reciprocal trade measures



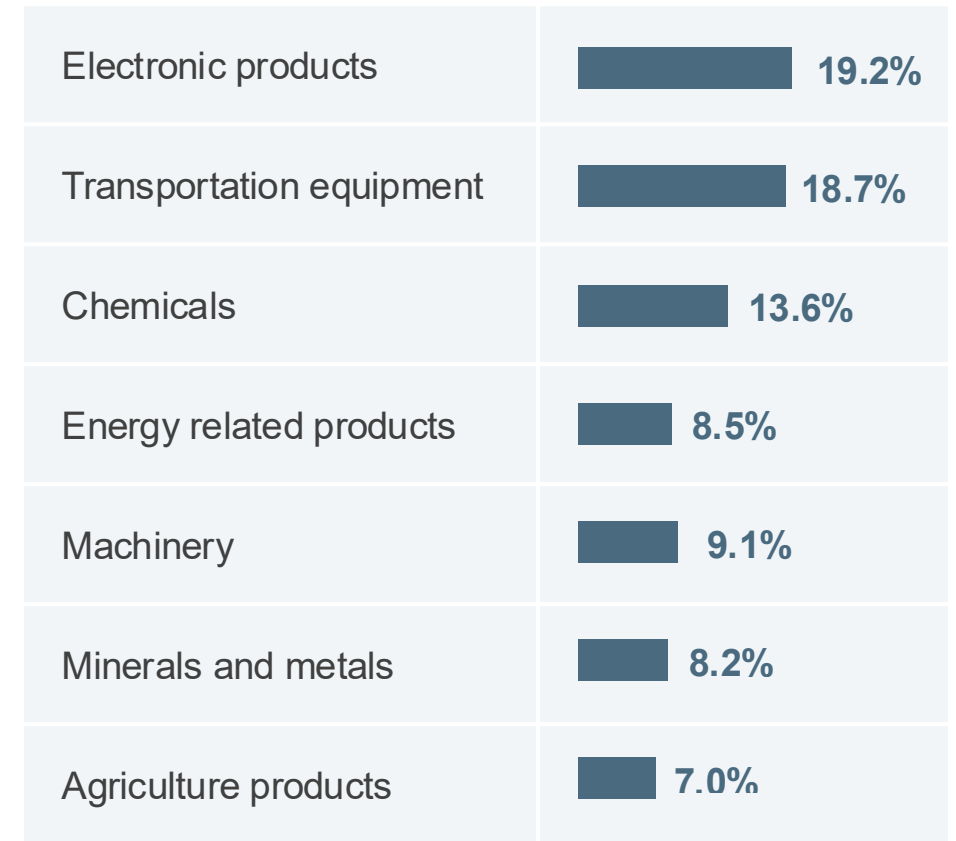
# 4

## Shift more manufacturing to the U.S. by reducing dependence on foreign production

U.S. trade deficit (billion dollars)



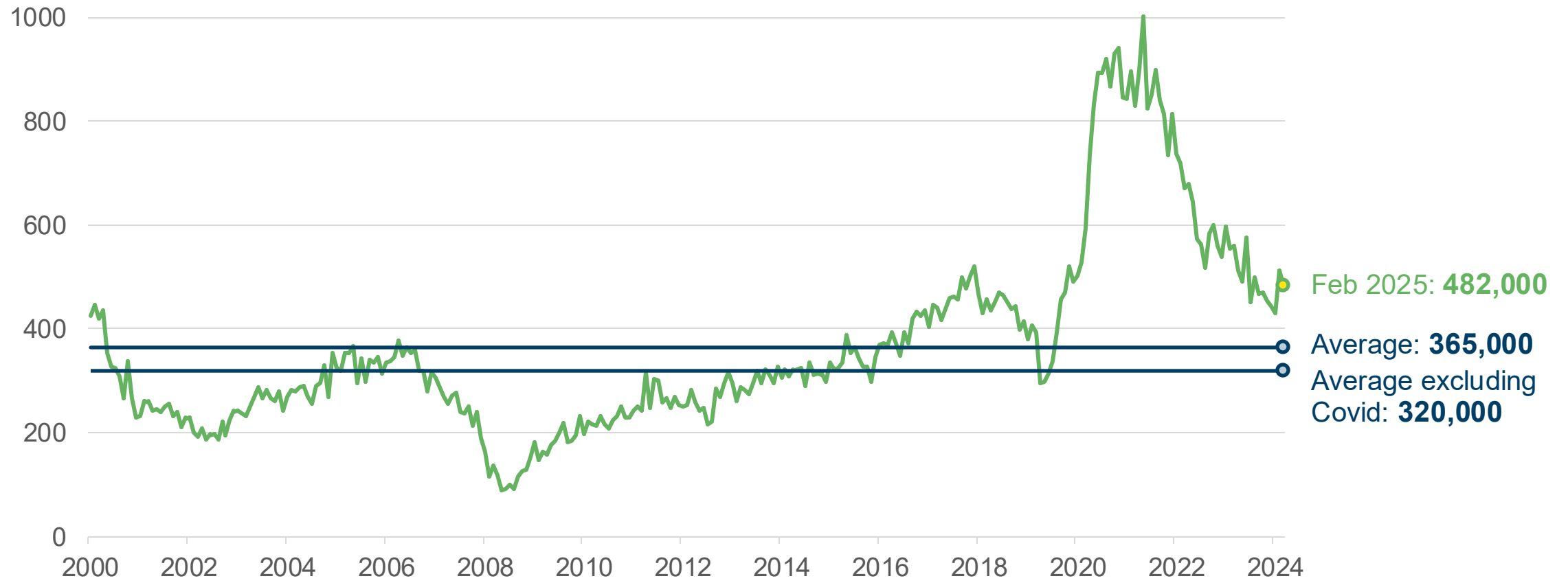
U.S. imports by sector, 2023





# There are currently 482,000 open manufacturing jobs in the U.S.

Job openings, U.S. manufacturing (thousands)



# Headwinds for U.S. manufacturing



Energy generation and transmission



Business certainty, reliability and regulations



Component costs and sourcing



Michael Jordan was a bad baseball player





# The United States has a services trade surplus



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# Where do we go from here?



# Jimmy Carter era



- ▶ Stagflation – mix of high inflation, slow growth and high unemployment
- ▶ Misread inflation and pushed for government stimulus spending
- ▶ Increased deficit contributed to higher long-term interest rates
- ▶ Shitting economic strategies created uncertainty

# Ronald Reagan era



- ▶ Pro-market, deregulation and supply-side economic policies
- ▶ Tight controls on government spending and inflation
- ▶ Tax cuts – top marginal rate went from 70% to 50%
- ▶ Targeted tariffs against Japan to protect auto manufacturing and semiconductor industries
- ▶ Policies set the stage for economic boom



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# Broadband industry



Broadband is a necessity for almost all U.S. consumers



Retail pricing has not seen inflationary pressure versus other products



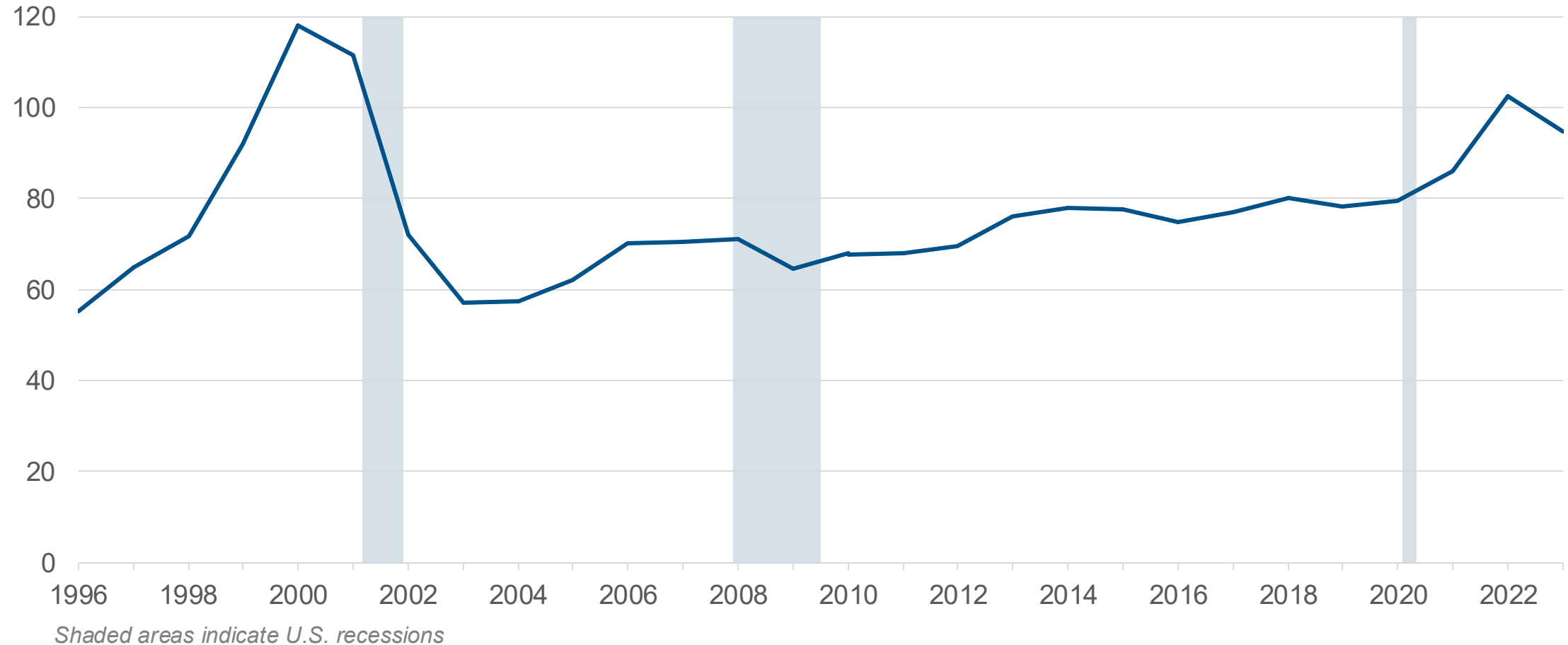
Broadband access represents a small percentage of household expenses



Generative AI and ongoing digitization of U.S. economy

# Broadband Industry has proven resilient against past economic downturns

U.S. telecom broadband capex (billion dollars)





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