Courts Strike Down April Tariffs, but Outlook Grows Even Cloudier

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Yesterday, a U.S. federal court ruled that President Trump cannot legally invoke the International Emergency Economic Powers Act (IEEPA) to impose unlimited tariffs. As a result, the "reciprocal" tariffs announced in April, the 20% fentanyl trafficking tariff on China, as well as the import tax on non-USMCA goods from Mexico and Canada—have been nullified, pending appeal.

Markets have responded positively in early trading. However, this optimism may be premature. The ruling will be challenged, and even if upheld by the Supreme Court, alternative legal avenues may still allow the president to reimpose tariffs.

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