Economic Summary – Q1 2025

Scott McIntyre

The new year began amid the uncertainty surrounding a polarizing incoming president with a perceived mandate and a mission to reorder D.C. politics, even if it meant dismantling a significant part of the government. On Inauguration Day, President Trump reiterated promises made on the campaign trail, many of which he quickly signed into law by executive order. Among these was establishment of the Department of Government Efficiency (DOGE) and the declaration of a national emergency at the southern border, which opened the door for expected mass deportations. Both of these actions will have a significant effect on GDP growth and the labor market over time, but the series of announcements defining the first quarter economy and perhaps reshaping global alliances for generations to come was Trump's tariff pursuit.

The president disagreed with economists and market professionals in his understanding of how tariffs worked, believing them to be a significant source of net revenue paid by exporting countries. At the risk of repeating an explanation that everyone should have committed to heart by now, *the domestic company that imports the goods pays the tariff to the U.S. Treasury*. Businesses typically pass most, if not all of that cost on to consumers in the form of higher prices. Over time, elevated consumer prices lead to fewer purchases which negatively impact businesses and ultimately GDP.

Read the full article

Read more Economic Commentary

©2026 Hilltop Securities Inc. \ All rights reserved \ MEMBER: NYSE/FINRA/SIPC