



## TheECONOMY

### Tariff Seesaw Leaves Market Participants Struggling To Stay One Step Ahead

On February 20, 2026, the Supreme Court ruled against the tariffs implemented by President Trump beginning in April 2025 as part of 'Liberation Day.' These tariffs were enacted under the International Emergency Economic Powers Act (IEEPA), which permits the President to take actions needed to regulate the economy during periods of emergency. The Supreme Court ruled that President Trump did not have the authority to impose these large-scale tariffs under the IEEPA. However, the tariff reprieve was brief as later that day, President Trump implemented new tariffs under Section 122 of the Trade Act of 1974. Tariffs under Section 122 are different from the IEEPA-enacted tariffs in that they cannot be implemented against specific countries and have a 150-day expiration date, unless an extension is approved through Congressional approval. As a result, the newly enacted 15% tariffs are applied universally to all imports.

Market participants have attempted to forecast how the new tariff implementation will affect the U.S. economy. Several analysts estimated the effective tariff rate prior to the Supreme Court ruling was 16%, so a 1% reduction has the potential to support economic activity and job growth as consumers and corporate importers benefit from lower costs. The U.S. unemployment rate totaled 4.3% in January 2026, and while hiring continues to exhibit modest growth, overall job growth in 2025 was among the lowest reported over the last five years.

In addition to potential impacts on the unemployment rate, the new tariffs could shape the current state of global trade. The universal 15% import tariff results in a decrease in the rates applied to imports from countries like India and Canada which were previously set at 25% and 35%, respectively, but increases the tariff rates on countries like the U.K. which were previously at 10%. The overall impact on the U.S. economy stemming from the tariff revision will depend materially on whether tariffs are extended beyond the current 150-day expiration or if a more permanent structure is implemented. Additionally, the revision of country-specific rates could have a meaningful impact on the supply of goods coming from impacted countries and, ultimately, on the prices paid by consumers.

### Treasury Yields

| Maturity | 1/22/26 | 2/24/26 | CHANGE  |
|----------|---------|---------|---------|
| 3 Month  | 3.665%  | 3.661%  | 0.004%  |
| 6 Month  | 3.631%  | 3.636%  | -0.006% |
| 1-Year   | 3.520%  | 3.511%  | 0.009%  |
| 2-Year   | 3.606%  | 3.461%  | 0.145%  |
| 3-Year   | 3.676%  | 3.461%  | 0.215%  |
| 5-Year   | 3.845%  | 3.594%  | 0.251%  |
| 10-Year  | 4.245%  | 4.029%  | 0.216%  |
| 30-Year  | 4.838%  | 4.682%  | 0.156%  |

Source: Bloomberg

### Agency Yields

| Maturity | 1/22/26 | 2/24/26 | CHANGE  |
|----------|---------|---------|---------|
| 3 Month  | 3.550%  | 3.560%  | -0.010% |
| 6 Month  | 3.510%  | 3.510%  | 0.000%  |
| 1-Year   | 3.380%  | 3.320%  | 0.060%  |
| 2-Year   | 3.680%  | 3.486%  | 0.194%  |
| 3-Year   | 3.630%  | 3.497%  | 0.134%  |
| 5-Year   | 3.750%  | 3.637%  | 0.113%  |

Source: Bloomberg

### Commercial Paper Yields (A-1/P-1)

| Maturity | 1/22/26 | 2/24/26 | CHANGE  |
|----------|---------|---------|---------|
| 1 Month  | 3.632%  | 3.660%  | -0.028% |
| 3 Month  | 3.751%  | 3.746%  | 0.006%  |
| 6 Month  | 3.774%  | 3.774%  | 0.000%  |
| 9 Month  | 3.790%  | 3.747%  | 0.043%  |

Source: Bloomberg

### Current Economic Releases

| Data              | Period       | Value         |
|-------------------|--------------|---------------|
| GDP QoQ           | Q4 '25       | 1.40%         |
| U.S. Unemployment | Jan '26      | 4.30%         |
| ISM Manufacturing | Jan '26      | 52.6          |
| PPI YoY           | Dec '25      | 3.00%         |
| CPI YoY           | Jan '26      | 2.40%         |
| Fed Funds Target  | Feb 25, 2026 | 3.50% - 3.75% |

Source: Bloomberg

Source: Bloomberg. Data as of Feb 24, 2026. Data unaudited. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. VIP is not a bank. An investment in VIP is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although VIP seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. All comments and discussions presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.

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