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'This is the Trump recession,' CEOs say, with tariff price increases, job losses coming: CNBC survey

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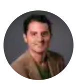

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KEY POINTS

- Major Wall Street figures from JPMorgan Chase CEO Jamie Dimon, who had recently downplayed the tariffs threats, to hedge fund billionaire Bill Ackman, who supported Donald Trump for president, are now warning about the economic consequences of his trade policy.

- Negative feelings are widespread among CEOs, who told CNBC in a flash survey that a recession is coming, job losses are likely, and American brands that sell overseas are already beginning to feel boycott-like pressure.

doing, it is impossible for businesses to thrive."

In this article

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One-third of CEOs expect job cuts this year due to tariffs, according to CNBC CEO survey

The market has been through a housing crash, a dotcom bubble, a global pandemic, and the twin headwinds of the Russia-Ukraine war and runaway inflation in recent history, but no downturn caused by the policy of a U.S. president. That's now changed.

"This is the Trump recession."

Those were the words of a U.S.-based chief executive officer in response to a flash survey CNBC circulated among members of its CEO Council in the days after President Trump's sweeping tariffs announcement Wednesday.

market panic and a 10% loss in the S&P 500 to end last week, with the uncertainty over trade policy rattling investors and sending markets in Asia, Europe and the U.S. market all lower. Over the weekend and on Monday morning, more Wall Street figures began speaking out about the hit to business confidence and the coming hit to the economy, from hedge fund manager Bill Ackman to JPMorgan Chase CEO Jamie Dimon.

The CNBC survey showed the C-suite concerns are widespread. While there are many tariffs-related issues where CEOs indicated that uncertainty has to be a default position for now, they were clear on a few outcomes should the current trade policy proceed in its current form: a recession is coming, prices are going to increase, and job losses are likely.

A majority of CEOs (69%) expect a recession, according to the survey, with over half of those CEOs saying the downturn will hit this year. Three-quarters of those CEOs do expect a recession to be moderate or mild, rather than severe, matching the extent of the pessimistic view of the economy from a recent CNBC CFO Council survey.

JPMorgan just raised its recession odds for this year to 60%.

Larry Fink, CEO of the world's largest asset manager, BlackRock, said on Monday at an event for the Economic Club of New York, "Most CEOs I talk to would say we are probably in a recession right now."

A little over one-third of CEO respondents (37%) said they do expect to cut jobs this year, with another 14% saying they have not made that decision, but it remains a consideration. The second-largest portion of CEO respondents said it's still too soon to know.

Last week, Federal Reserve Chair Jerome Powell described the tariffs as "significantly larger than expected," and added, "the same is likely to be true of the economic effects, which will include higher inflation and slower growth," he said.

membership that included 22 other executives.

CEOs expressed a wide variety of views and emotions, with concerns ranging from the sector-specific issues that will drive up the cost of everything built into strategic growth plans and sold to consumers, to perplexity over the tariffs math and logic, fear of the consequences for American brands worldwide, and outright anger.

“Disappointingly stupid and illogical,” is how one CEO described the tariffs. “Without faith that our government knows what it is doing, it is impossible for businesses to thrive.”

“Trump has imposed tariffs on component parts that are simply unavailable in the U.S. and never will be. He has surrounded himself with an incompetent cadre of yes men and women unable or unwilling to offer him cogent counsel,” said another.

‘War-rooming’ inflation scenarios

The uncertainty that has driven the market selloff among investors was evident in the responses, with 46% of CEOs indicating tariffs would be bad for their business, but over a third (36%) saying it is still too soon to know. Among CEOs who are taking a wait-and-see approach, they are “war rooming” scenarios that involve their suppliers and consumers.

“We imagine that our suppliers will have to swallow part of the tariff and we will have to pass on part of the tariff to our customers. We are controlling what we can control, pricing and sourcing decisions. We can’t control the impact of tariffs on the consumer mindset which we imagine could be significant,” one CEO said.

Almost all CEOs whose companies sell goods and services said price hikes are coming, anywhere from 5% to 20%, and the vast majority (82%) expect “resurgent inflation.”

The CEO who called the “Trump recession” said the loss of market value will end the consumer spending that was driven by the wealth effect, especially for the key 40-60

CEOs who said they sell in as many as 100 markets are also increasingly worried about how other nations respond to U.S. tariff policy, not just in the form of government policy, but the consumers they rely on for overseas sales.

"The biggest issue I worry about is boycotts of American brands and anti-American sentiment," said a CEO whose company derives 40-45% of sales outside the U.S. "There is real backlash happening."

"There is real potential for boycott of American goods that has a meaningful impact on corporates, who will then have to cut jobs. There is increased probability of stagflation," said another CEO Council member.

The services boom that has driven the U.S. economy to be the envy of the world's markets, led by software, social media and cloud computing, will also be targeted. As one CEO explained, "tariffs as commonly thought of are applied to goods but the world is now much more oriented towards services than in the past and countries will try to build up employment and taxes in their services while limiting services that are based in other countries."

Short-term pain before any reshoring gains

Trump and his advisors argue that the reshoring boom, with new construction and manufacturing in the U.S., will ultimately prove the short-term concerns wrong.

Over the weekend, they did not back down, with Commerce Secretary Howard Lutnick saying "the tariffs are coming"; Treasury Secretary Scott Bessent dismissing concerns about a recession, saying Trump is "building the long-term economic fundamentals for prosperity."

In a CNBC interview on Monday morning, Trump trade advisor Peter Navarro said Vietnam's recent offer to take tariffs on the U.S to 0% was not enough to gain a reprieve, adding that it is the "non-tariffs cheating that matters."

about the stock market plunge. Trump cited the trade deficit with China as his rationale for pressing on with his tariffs plan. "We have to solve our trade deficit with China," he said. "We have a trillion-dollar trade deficit with China, hundreds of billions of dollars a year we lose with China. And unless we solve that problem, I'm not going to make a deal."

But those comments reflect some of the confusion over the trade policy that has been voiced in recent weeks: why the U.S. has chosen to fight a trade war with a vast number of countries, including our closest allies, if the problem is China.

Right now, CEOs are signaling that building plans are being downsized, and at least for now, few CEOs said the administration's priorities would lead their company to build new domestic manufacturing.

"Increased capital expense for construction will delay, or reduce the scale of projects," said one CEO.

According to a CEO from the construction sector, "tariffs on building goods will likely slow and postpone capital construction projects."

Another CEO expects the corporate hesitation to build to compound a construction slowdown that is already likely to occur based on cuts in government funding of research and potential Medicare changes, which will have "a material impact" on institutional construction, as education and healthcare also pull back on expansion plans.

In all, 45% of CEOs responding to the survey said any reshoring would take a minimum of two years, and more likely three years or more.

There are are other major goals in the new trade war, including funding the government to help pay for tax cuts, reducing the size of the U.S. trade deficit, and dealing with the nation's debt.

will be worth the long-term economic gain remain in the minority, with a little over one quarter of respondents saying they "agree somewhat" that the tariffs will ultimately prove beneficial. Many more (45% of CEOs) say they disagree "strongly" with this view. In all, 59% said they disagreed with the views the tariffs would ultimately be judged successful.

The mix of uncertainty and economic pessimism, with the former directly contributing to the latter, is what comes through most clearly in the corporate outlook.

In a CNBC interview on Monday morning, former St. Louis Federal Reserve Bank President James Bullard laid out the case why this level of uncertainty can be a self-fulfilling recession prophecy. "The effects are immediate because it affects expectations about investment globally ... I mean, who wants to invest when you don't know what the rules are going to be? And so major projects are all going to be delayed. All around the world until you get some clarity on how this is going to play out."

CEOs taking the CNBC survey agreed, with one commenting, "All of the uncertainty with how it's being handled will harm our business and limit investment until this is all concluded."

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