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# USA OUTLOOK

WEEKLY NEWSLETTER

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Photo: The New York Times

## Trump Ramps Up Trade War as New Tariffs on Lumber and Furniture Take Effect

President Donald Trump imposed new tariffs ranging from 10% to 50% on imported lumber, timber, kitchen cabinets, and furniture, effective October 14, 2025, as part of his escalating trade war with China. The move aims to boost domestic production of wood products and furniture but has drawn criticism for likely raising consumer prices and slowing housing construction.

The tariffs, issued under Section 232 of the Trade Expansion Act, include:

10% on imported wood and timber (mainly from Canada)

25%, rising to 30% on upholstered furniture

25%, rising to 50% on kitchen cabinets and vanities

Trump also threatened 100% tariffs on all Chinese goods starting November 1 after Beijing imposed export restrictions on rare-earth minerals, vital for high-tech and defense industries.

Critics, including economists and industry groups, argue that using national security laws to justify tariffs on wood products is legally questionable and economically counterproductive. Retailers warn of price hikes, while U.S. furniture makers like Ethan Allen say reshoring production will be slow due to high labor and healthcare costs.

Source:

<https://www.nytimes.com/2025/10/14/business/economy/trump-tariffs-lumber-furniture-china.html>

## Wall Street ends mixed; banks rally on upbeat results

Wall Street ended mixed on Tuesday, October 14, 2025, as investors weighed strong bank earnings against renewed U.S.-China trade tensions and cautious remarks from the Federal Reserve. The Dow Jones rose 0.44% to 46,270.46, while the S&P 500 slipped 0.16% to 6,644.31 and the Nasdaq fell 0.76% to 22,521.70.

Wells Fargo jumped 7.15% and Citigroup gained nearly 4% after beating profit estimates, while JPMorgan and Goldman Sachs also topped forecasts but saw modest declines. BlackRock rose over 3% as its assets under management hit a record \$13.46 trillion.

Industrial and consumer staple stocks lifted the Dow, with Caterpillar up 4.5% after a JPMorgan upgrade and Walmart up 5% after announcing a partnership with OpenAI to enable shopping through ChatGPT.

Tensions between Washington and Beijing resurfaced as both imposed new port fees, while Fed Chair Jerome Powell said the economy “may be on a somewhat firmer trajectory than expected.” Despite the mixed close, advancing issues outnumbered decliners by more than three to one.



Source:

<https://www.reuters.com/world/china/wall-street-futures-dip-us-china-tensions-weigh-2025-10-14/>



Photo: REUTERS

## US deficit-to-GDP ratio has room to come down, Bessent says

U.S. Treasury Secretary Scott Bessent said the country's deficit-to-GDP ratio has room to come down to around 3%. Speaking at a CNBC event held alongside the IMF and World Bank annual meetings in Washington, Bessent noted that the ratio currently "has a five in front of it," meaning it stands near 5%. He added that the deficit for the fiscal year ending September 30 was smaller than the previous year's, although the Treasury Department has not yet released the official figure due to the ongoing federal government shutdown.

Bessent emphasized that the deficit-to-GDP ratio is the key number to watch and, when asked whether he wanted to see a "3" at the start of that ratio, he replied, "Yes, it's still possible." His comments suggest that U.S. fiscal conditions could improve as spending pressures ease or economic growth strengthens.

A move toward a 3% deficit-to-GDP ratio would align the U.S. with international fiscal norms and indicate stronger budget discipline. The statement also comes amid trade tensions and uncertainty over the impact of recent tariffs on the broader economy, signaling cautious optimism about the government's ability to stabilize its fiscal outlook.

Source:

<https://www.reuters.com/world/us-deficit-to-gdp-ratio-has-room-come-down-bessent-says-2025-10-15/>

## U.S. to Take Control of More Companies to Counter China

The Trump administration plans to expand government control over U.S. companies in strategic sectors to reduce reliance on China, especially for rare-earth minerals and battery technology. Treasury Secretary Scott Bessent said this marks a new, more interventionist industrial policy aimed at strengthening national security and countering China's economic dominance.

The move follows China's announcement of export restrictions on rare-earth minerals, which could disrupt global supply chains. In response, President Trump threatened 100% tariffs on Chinese goods and took government stakes in companies like U.S. Steel, Intel, and MP Materials.

Bessent said the U.S. will use tools such as price floors and forward purchasing to secure critical industries. He and Trade Representative Jamieson Greer condemned China's actions as economic coercion, though both nations continue talks ahead of a potential Trump–Xi meeting in South Korea.



Photo: NYTIMES

Source: <https://www.nytimes.com/2025/10/15/us/politics/us-government-companies-china.html>



Photo: REUTERS

## Trump Sets Tariffs on Trucks and Buses

President Donald Trump signed a proclamation imposing new tariffs on imported trucks and buses, effective November 1, 2025. The measures include a 25% tariff on all imported light and heavy trucks and a 10% tariff on imported buses, expanding duties that already existed for smaller vehicles.

The decision aims to encourage domestic production and strengthen U.S. manufacturing, especially in the large vehicle sector. U.S.-based automakers like Ford and General Motors are expected to benefit, while companies such as Stellantis, which manufactures many trucks in Mexico, could face higher costs. Ford's CEO, Jim Farley, praised the move, saying it would create a more level playing field and improve job security for U.S. workers.

To ease the impact on manufacturers, the administration extended a partial tariff exemption for imported auto parts. Companies can now import parts worth up to 15% of a vehicle's value without paying tariffs — an exemption that will last five years and apply to trucks as well.

The White House stated that the tariffs are intended to boost U.S. job creation and protect industries vital to national security, not raise consumer prices. Vehicles from Japan and South Korea, which have trade agreements with the U.S., will continue to face 15% tariffs, while Mexico and Canada receive partial exemptions for vehicles assembled there with U.S.-made components.

Source:

<https://www.nytimes.com/2025/10/17/business/trump-tariffs-trucks-buses.html>