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Weekly Market Commentary



Chart(s) of the Week: Tariff Inflation Has Been Temporarily Postponed

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Broad-based tariffs are a headwind to economic growth and create a one-time increase in the price level.

1. "Liberation Day" has not shown up in the inflation data, yet (Fig. 1).
2. Firms front-loaded imports between November 2024 and March 2025 in order to prepare for potential tariffs (Fig. 2).
3. Global firms entered 2025 with margins at all-time highs, enabling them to absorb tariffs, instead of passing cost-increases to consumers, in the short term.

To the extent that the current round of tariff negotiations results in the continued application of broad-based tariffs, we expect the net result to be slightly lower economic growth and slightly higher inflation that would have otherwise occurred. Tariff uncertainty is also likely to keep the Fed on hold longer than they would have been in a world sans tariffs.

Fig. 1: Consumer Price Index



Source: Bloomberg, Mill Creek. As of 06/30/2025.

Fig. 2: US Real Import of Total Goods (Billions, monthly)



Source: Bloomberg, Mill Creek. As of 06/30/2025.

Fig. 3: MSCI All Country World Index, estimated 12-month forward profit margin



Source: Bloomberg, Mill Creek. As of 06/30/2025.

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