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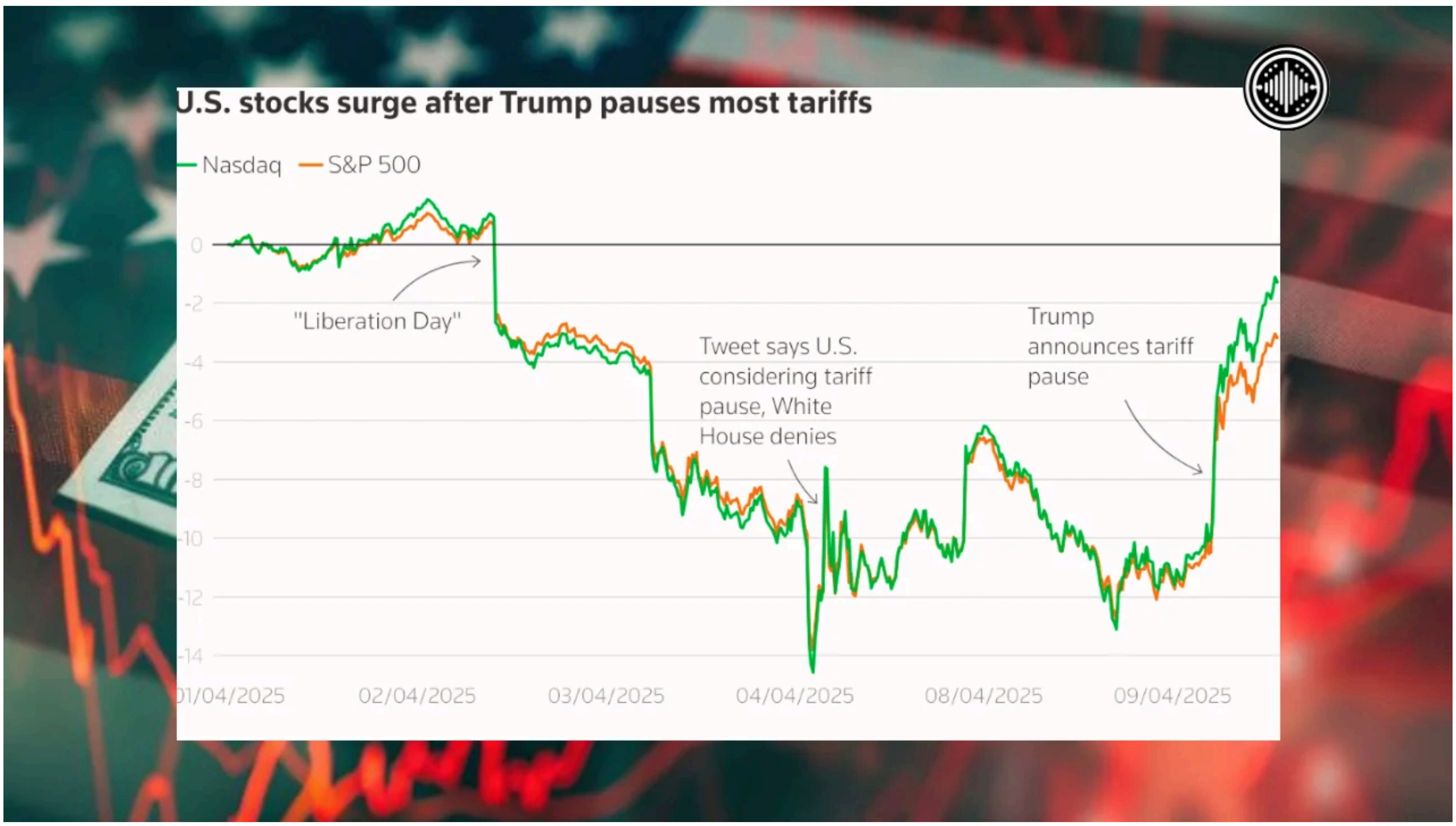
Tariffs, Earnings, and Inflation Data Set to Shape Markets This Week

July 12, 2025
— Categories: Economics



This week, investors face a confluence of critical events: the expiration of U.S. tariff waivers, a string of major corporate earnings, and fresh inflation reports. These developments are poised to test markets, as well as central bankers, on growth, price stability, and trade-induced risk.

A key focus is July's tariff desk. In April, a pause on certain tariffs ended on 9 July without significant extension, meaning higher levies on non-exempt exporters to the U.S. This has fueled anxiety among Federal Reserve policymakers, who will weigh potential ripple effects on inflation and hiring. The minutes of the Federal Open Market Committee (FOMC) meeting are due mid-week, offering clues on rate-cut timing; a September move is widely anticipated, but the central bank's appetite will hinge on whether tariff-driven inflation proves transient or persistent.

On Tuesday, the spotlight turns to June's Consumer Price Index (CPI) in America, followed by the Producer Price Index (PPI) midweek. Elevated tariff pressures and rising input prices have already begun to surface in Purchasing Managers' Index (PMI) surveys, chiefly in the U.S. manufacturing sector, reinforcing the risk of stickier inflation.

Simultaneously, the U.S. corporate earnings season kicks off. Market attention centers on financial giants like JPMorgan Chase, as well as household names Netflix and Johnson & Johnson. While consensus projects modest 5–6% year-on-year earnings growth, guidance will be scrutinized for signs of margin strain amid rising wage and tariff pressures.

Meanwhile, a recent rally has pushed the S&P 500 up 26% since April, buoyed by optimism over trade détente and AI-sector strength, particularly from chipmakers like Nvidia. BNP Paribas has raised its year-end target for the index, citing a "capex Supercycle" driven by fiscal and corporate investment, though it cautions that volatility may emerge in August and September.

Across the Atlantic, UK data awaits. May’s GDP showed a 0.1% contraction following April’s decline, pointing to slow growth into the second quarter. June’s labor and inflation reports may determine whether the Bank of England pivots or holds its course.

Elsewhere, Germany’s industrial output and eurozone inflation will also offer insights into global trade resilience.

From a center-right perspective, these developments underscore the importance of sound fiscal and monetary alignment. Tariff decisions may protect domestic industries, but unintended inflation could hit consumer wallets and erode margins. Likewise, encouraging corporate investment must be grounded in transparency and economic stability. Ultimately, investors should brace for a week of mixed signals and remain agile in response to data and trade policy shifts.