

## U.S. Inflation Accelerates to 2.7%, Raising Fears of Tariff-Driven Price Pressures

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U.S. inflation rose to 2.7% in June, the sharpest monthly increase in five months, according to the latest consumer price data. Analysts at UBS Global Wealth Management noted that the rise is most visible in core goods, which have reached a two-year high in price growth. Tariffs introduced on imported items such as furnishings, electronics, appliances, and apparel are cited as a key factor behind the increase.

According to data from IndexBox, sales in the U.S. retail sector have shown a downturn in several categories. Inflation-adjusted sales of electronics declined by 2%, while home furnishings saw a 1.1% drop. However, total retail spending managed a slight 0.4% rise month-over-month, signaling continued but cautious consumer activity.

Automaker General Motors has also been affected. The company reported a \$1.1 billion loss in second-quarter earnings, with tariffs playing a central role. GM's core profit declined by 32%, prompting the company to increase prices, cut costs, and restructure parts of its supply chain. The extended tariff environment may further pressure corporate margins and lead to higher costs for consumers.

UBS Chief Investment Officer Mark Haefele stated that upcoming data on inflation, consumer spending, and retail performance will be critical in determining the long-term effect of tariffs. He highlighted the uncertainty surrounding which sectors, corporate or consumer, will absorb the financial burden.

At the policy level, a new fiscal measure that includes expanded tax cuts funded in part by tariff revenue has been introduced. While the legislation may provide limited economic support, analysts remain cautious about whether tariff collections can effectively offset broader inflationary pressures.

With inflation now tracking upward and corporate costs rising, the impact of recent tariffs is becoming evident across the U.S. economy. As businesses adjust and policymakers monitor key indicators, trade-related pricing pressures remain a prominent economic concern.