



The Source of TRUF

April Inflation Review

Tariffs are coming

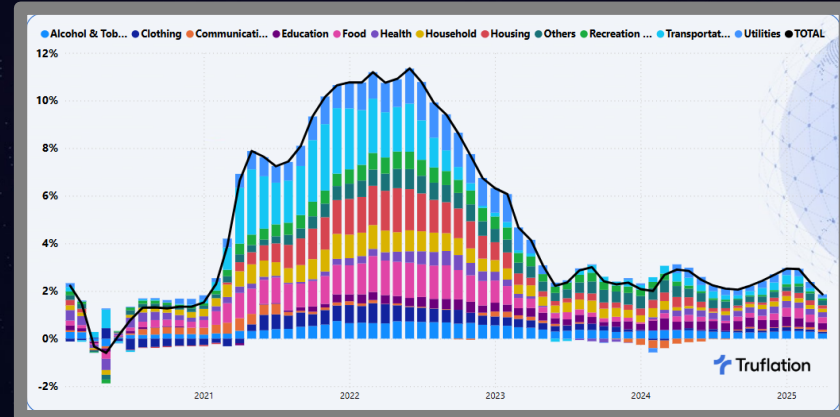
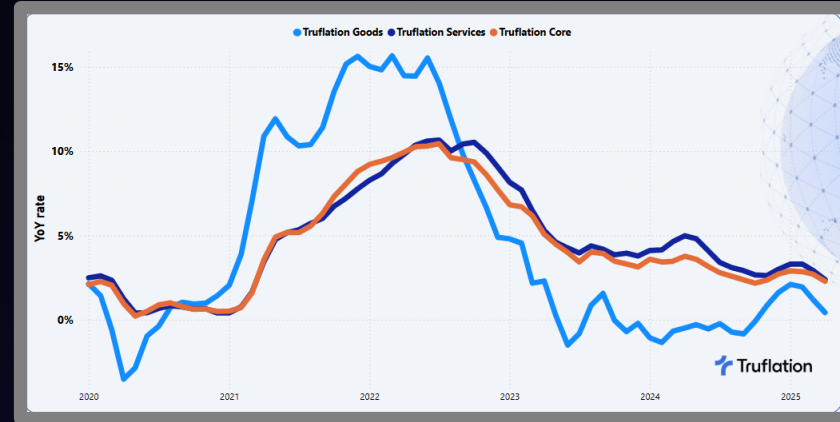
May 12th, 2025



Inflation Normalization in April

Truflation April BLS CPI forecast: 2.3%

- Market forecasts between 2.2% and 2.6%
- Tariffs are impacting a broader set of categories
- Apple, GM, Ford etc are warning of higher costs
- Food & energy are experiencing significant declines.
 1. Services – more resilient given the tight labour market
 2. Goods – greater declines down
- Despite trade deals; tariffs are still being impacted
- Economic uncertainty representing a challenge for the Fed, manage inflation or unemployment



Sector-specific Inflation Analysis

Household Durables

-0.2% MoM and +2.1%

- Consumer spending has cooled as housing market has slowed.

Education

-0.4% MoM and +3.9% YoY

- Fees rate of increase is slowing due to cost mgmt. & competition

Utilities

+0.1% MoM and +1.7% YoY

- Changing weather conditions & the price of oil

Housing

+0.4% MoM and +1.9% YoY

- Rental is the driver due to low inventory & barriers to ownership
- Owned a moderate growth given high mortgage rates but housing mobility at historic lows

Food

+0.3% MoM and +3.3% YoY

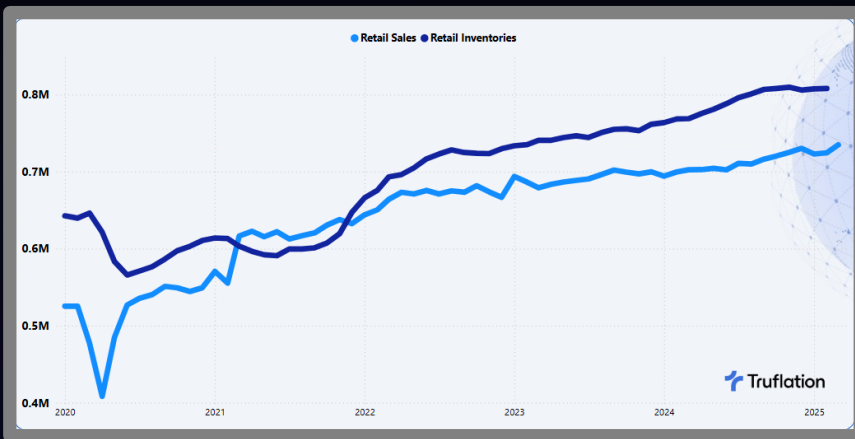
- Imported products sold in every section of a retailers with perishable products rising first followed by shelf stable goods

Transportation

+0.2% MoM and +0.4% YoY

- Cars experiencing tariffs impacts already; gas prices are dropping

Retail US Census Bureau: Monthly Retail Sales & Inventories



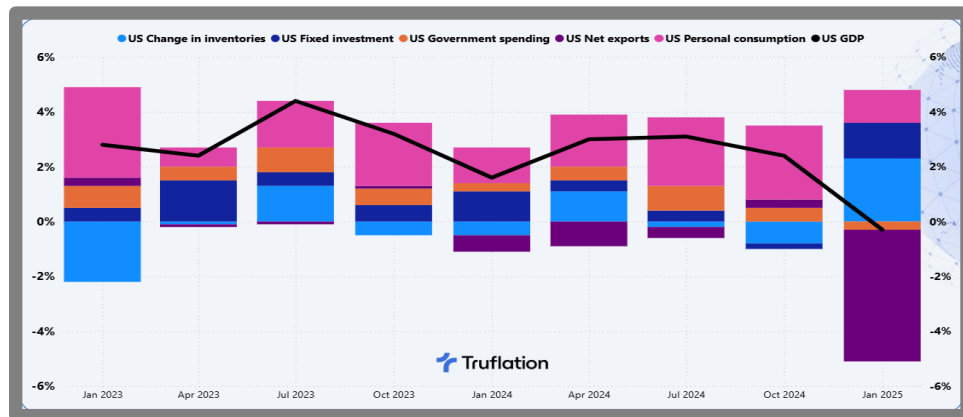
NRA & US Census Bureau Housing Sales and Median Prices



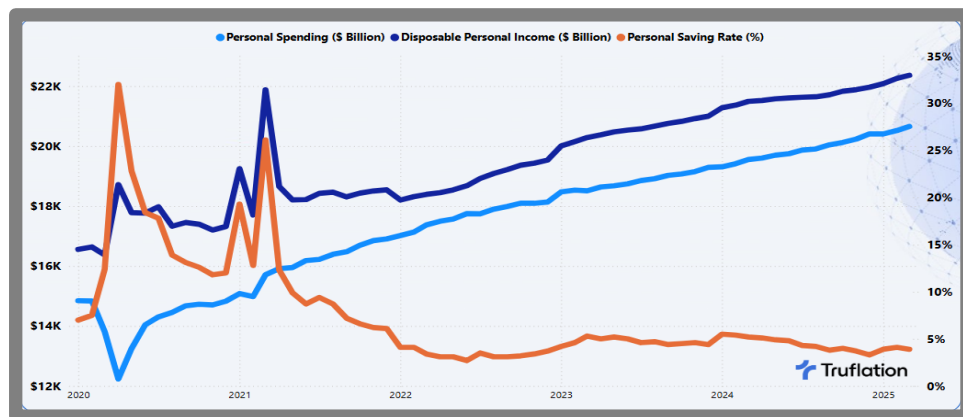
Uncertainty & Conflicting data

- GDP contracted 0.3% but likely to be temporary
- Added 177,000 roles with Unemployment @ 4.2%
- Employers repositioning themselves for resilience
- Uncertainty of tariffs – rollback vs stagflation
- Spending slowing to 2.3% vs Retail sales up 4.6%
- Steep decline in Consumer Confidence
- Fed will assess tariff impact on Inflation & labor

US BEA – US Contribution to GDP growth, percentage points



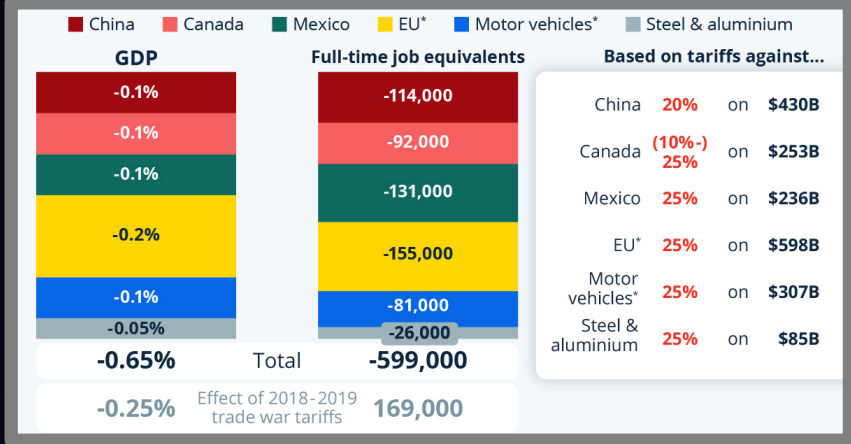
US BEA – US Consumer Spending, Disposable Income vs Savings



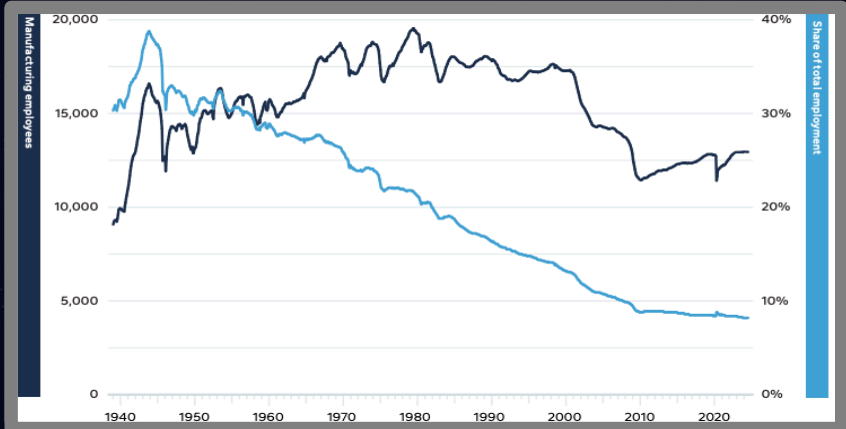
A 1.5% increase in inflation as a result of tariffs. Key categories impacted

- **Food:** Various food and household items from fruits to stable products simply cos the component products are not available in the US.
- **Electronics:** China Taiwan & South Korea are the top importers to US.
- **Automotive:** On top of the previous 25% tariffs, the industry will now be impacted with a further 10% universal tariffs.
- **Clothing & shoes:** Apparel sold through eg Walmart, Target etc. are mostly manufactured in China, Vietnam & Bangladesh
- **Toys:** Roughly 80% of the toys sold in the US come from China
- **Wine & Spirits:** Italian & French wines & Scottish Whiskey are likely to rise with EU imports facing 20% and UK 10% tariff.
- **Furniture:** 30-40% of furniture sold in the US is made in China & Vietnam
- **Coffee & Chocolate:** 80% is coffee beans imported from South America & cocoa beans from Cote d'Ivoire and Ecuador
- **Crude Oil:** Mexico & Canada are America's largest importer of crude oil
- **Housing:** US imports 1/3 of softwood lumber from Canada

Tax Foundation: Effect of Tariffs on the US Economy



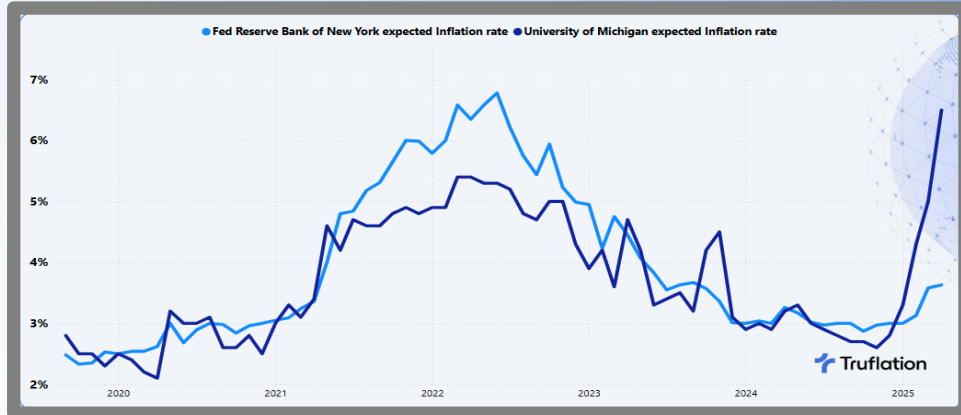
Manufacturing Employment: US Census Bureau



Signs that Inflation will worsen in the coming months

- Manufacturers & Services firms are **seeing higher prices** from suppliers. **55% expect to pass on** the impact of the increases to customers
- Postponed tariffs has created **uncertainty**, resulting in businesses postponing investment decisions until they have greater clarity
- Given the extent of the tariffs, the Fed has signalled that if slower growth combined with higher prices, **the Fed would put more weight on inflation**
- Current inflation expectation hasn't been helped by fears of higher prices and has sent the **12M expectations skyrocketing**.

US BEA – US Contribution to GDP growth, percentage points



Q2

2.8% - 3.1%



Unbelievable times
require believable data.

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Truflation average forecast deviation since inception is 0.08%

	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Feb 25	Mar 25
Low Estimate	5.9%	4.9%	4.1%	3.9%	2.9%	2.7%	3.3%	3.5%	3.2%	3.0%	3.1%	2.6%	2.8%	3.2%	3.2%	3.0%	2.8%	2.5%	2.2%	2.4%	2.6%	2.7%	2.8%	2.5%
High Estimate	6.2%	5.3%	5.0%	4.8%	3.4%	3.4%	3.8%	3.7%	3.4%	3.3%	3.4%	3.2%	3.5%	3.5%	3.5%	3.5%	3.1%	2.7%	2.4%	2.6%	2.9%	3.1%	3.0%	2.8%
Average Estimate	6.0%	5.2%	4.4%	4.1%	3.1%	3.2%	3.6%	3.6%	3.3%	3.1%	3.2%	3.1%	3.4%	3.4%	3.4%	3.1%	3.0%	2.6%	2.3%	2.5%	2.7%	3.0%	2.9%	2.6%
BLS Actual	6.0%	5.0%	4.9%	4.0%	3.0%	3.2%	3.7%	3.7%	3.2%	3.1%	3.4%	3.2%	3.5%	3.4%	3.3%	3.0%	2.9%	2.5%	2.4%	2.6%	2.7%	2.9%	2.8%	2.4%
Truflation	6.1%	5.2%	5.0%	4.2%	3.1%	3.3%	3.5%	3.6%	3.3%	3.0%	3.2%	2.9%	3.4%	3.5%	3.3%	3.0%	2.8%	2.5%	2.4%	2.5%	2.7%	2.9%	2.8%	2.5%