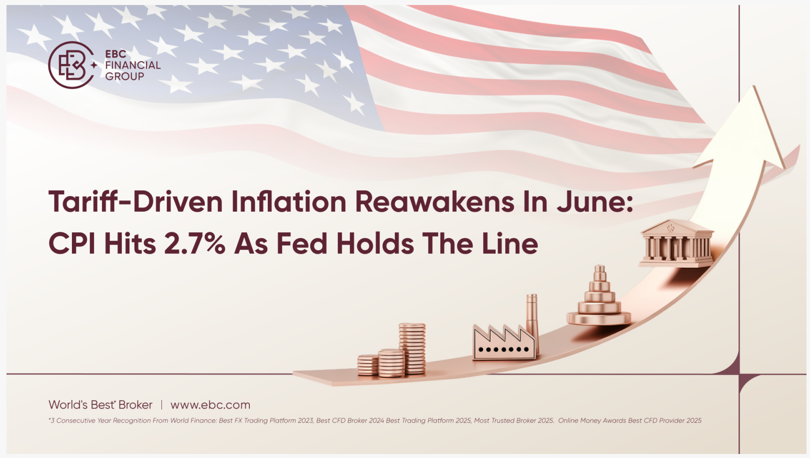
EINPRESSWIRE

Tariff-Driven Inflation Reawakens in June: CPI Hits 2.7% as Fed Holds the Line

EBC Financial Group anticipates elevated market sensitivity heading into Q3.



EBC Financial Group visualises the resurgence of U.S. inflation in June 2025, driven by renewed tariffs, as the Consumer Price Index climbs to 2.7% while the Federal Reserve maintains its policy stance.

DC, UNITED STATES, July 17, 2025 /EINPresswire.com/ -- U.S. consumer prices rose by 2.7% year-on-year in June, marking the highest reading since February and signaling a return of upward inflationary momentum after several months of moderation. The data suggests that tariff-related cost pressures are beginning to feed through into broader inflation trends, setting the stage for a delicate policy environment as the Federal Reserve eyes its late July decision.

On a monthly basis, the Consumer Price Index (CPI) rose 0.3%, aligning with economist expectations. Core inflation, which strips out food and energy, increased by 2.9% year-on-year, slightly under consensus but consistent with a slow-burning price environment.

Early Signs of Tariff Impact Cause Markets to Reassess

Although inflation had eased in early 2025, the June reading reflects a shift — one amplified by the new U.S. trade measures. With tariffs on imports from over 20 countries slated to take full effect in August, analysts warn that cost pass-through is gaining traction.

“The tide is turning. What we’re witnessing is the first real hints of tariffs causing an inflationary impact,” said David Barrett, CEO of EBC Financial Group (UK) Ltd. “While the figures are still within manageable levels, forward-looking traders should be asking what comes next — not just in the data, but in Fed policy and capital flows.”

Estimates from leading economists suggest that as much as a third of June’s CPI rise may be linked to tariffs. The extent of this impact is expected to intensify in the coming months, especially as companies deplete pre-tariff inventories and begin adjusting pricing models.

Fed Expected to Pause in July Amid Conflicting Signals

Despite the uptick in headline inflation, core metrics remain sufficiently contained to justify caution. Markets currently price in a 97% probability that the Federal Reserve will maintain the benchmark interest rate at 4.25%–4.50% when it meets on July 29–30.

"Inflation is rising, but not running away," Barrett said. "The Fed has little incentive to move hastily. We expect a holding pattern in July, but if CPI and wage data heat up again in August, as the Fed have indicated they are concerned about happening, the confrontation with the US administration will accelerate."

Although CPI figures tend to dominate market narratives, the Fed's preferred inflation gauge—the Core Personal Consumption Expenditures (PCE) Price Index—offers a more comprehensive view of consumer behavior. June PCE data, expected later this month, will likely play a crucial role in guiding the Fed's next move.

Investor Sentiment Split: Risk Assets in Wait-and-See Mode

Market reactions to the inflation report were mixed. Treasury yields edged higher, the dollar strengthened against major peers, and equities remained cautious amid interest rate uncertainty.

"This is not a risk-off moment, but it's also not risk-on," Barrett explained. "For traders and investors, this is the zone where macro strategy matters most — FX pairs, rates products, and inflation-sensitive sectors will likely see more two-way action over the summer."

He added, "The re-acceleration of inflation—especially through tariffs—injects fresh volatility into gold and currency markets. Traders should expect choppier price action and re-think positioning around key macro catalysts."

Outlook: Inflation Volatility Set to Define Q3 Positioning

With the effects of tariffs still unfolding and consumer demand showing signs of fragility, market sentiment is poised to turn more reactive in the coming months.

"Q3 won't be shaped by headline prints alone—it'll be shaped by interpretation," Barrett concluded. "The traders who stay focused, flexible, and forward-looking will find opportunities where others hesitate."

risk of swift financial loss due to leverage, rendering it inappropriate for all investors; thus, a thorough evaluation of your investment objectives, expertise, and risk appetite is imperative prior to engagement, as EBC Financial Group and its entities are not liable for any damages arising from reliance on this information.

###

About EBC Financial Group

Founded in London, EBC Financial Group (EBC) is a global brand known for its expertise in financial brokerage and asset management. Through its regulated entities operating across major financial jurisdictions—including the UK, Australia, the Cayman Islands, Mauritius, and others—EBC enables retail, professional, and institutional investors to access global markets and trading opportunities, including currencies, commodities, CFDs and more.

Trusted by investors in over 100 countries and honoured with global awards including multiple year recognition from World Finance, EBC is widely regarded as one of the world's best brokers with titles including Best Trading Platform and Most Trusted Broker. With its strong regulatory standing and commitment to transparency, EBC has also been consistently ranked among the top brokers—trusted for its ability to deliver secure, innovative, and client-first trading solutions across competitive international markets.

EBC's subsidiaries are licensed and regulated within their respective jurisdictions. EBC Financial Group (UK) Limited is regulated by the UK's Financial Conduct Authority (FCA); EBC Financial Group (Cayman) Limited is regulated by the Cayman Islands Monetary Authority (CIMA); EBC Financial Group (Australia) Pty Ltd, and EBC Asset Management Pty Ltd are regulated by Australia's Securities and Investments Commission (ASIC); EBC Financial (MU) Ltd is authorised and regulated by the Financial Services Commission Mauritius (FSC).

At the core of EBC are a team of industry veterans with over 40 years of experience in major financial institutions. Having navigated key economic cycles from the Plaza Accord and 2015 Swiss franc crisis to the market upheavals of the COVID-19 pandemic. We foster a culture where integrity, respect, and client asset security are paramount, ensuring that every investor relationship is handled with the utmost seriousness it deserves.

EBC is a proud official foreign exchange partner of FC Barcelona and continues to drive impactful partnerships to empower communities – namely through the UN Foundation's United to Beat Malaria initiative, Oxford University's Department of Economics, and a diverse range of partners to champion initiatives in global health, economics, education, and sustainability.

https://www.ebc.com/

Michelle Siow

EBC Financial Group
+60 163376040
email us here
Visit us on social media:
LinkedIn
Instagram
Facebook
YouTube
X
Other
