



ECOCHARTS

November
2025

INFLATION TRACKER



BNP PARIBAS

The bank for a changing world

CHART OF THE MONTH - United States: Another look at the impact of tariffs on inflation

Higher US tariffs do not (yet) appear to be driving inflation up significantly, but without them, inflation would have been much lower. US CPI inflation delivered a positive surprise in September, with a smaller-than-expected rise in the headline figure (from 2.9% y/y to 3%) and an unexpected decline in core inflation (from 3.1% to 3%). Based on these figures, there still appears to be no significant pass-through of higher tariffs to consumer prices.

However, it is somewhat evident when we look, first of all, at the big picture and at the evolution of inflation between January and September 2025. Headline inflation followed a U-shaped curve to return to its starting point: starting from an annual change of 3% in January 2025, it fell to 2.3% in April 2025 before rising back to 3% in September 2025. The decline in core inflation (contributing -0.2 percentage points (pp)) was offset by the rise in energy and food inflation (contributing +0.1 pp each). The decline in core inflation masks two significant opposing trends: the fall in services inflation (contribution of -0.5 pp) and the rise in goods inflation (contribution of +0.3 pp). The latter reflects the increase in US tariffs (to which the USD depreciation also contributes).

The gradual and incomplete, but fairly immediate (without any particular delay), transmission of the higher tariffs to inflation is also evident from another tracker developed by A. Cavallo, P. Llamas, and F. Vazquez (2025). The price sample is much smaller than that of the CPI, but the data are interesting because 1/ they are collected in real time from five major US retailers and 2/ they distinguish between imported and domestic products. As can be seen in the first chart, the difference between the price level of the former (yellow curve) and the latter (blue curve) does not appear to be significant: it was barely 1% on October 12, 2025 (latest available reading).

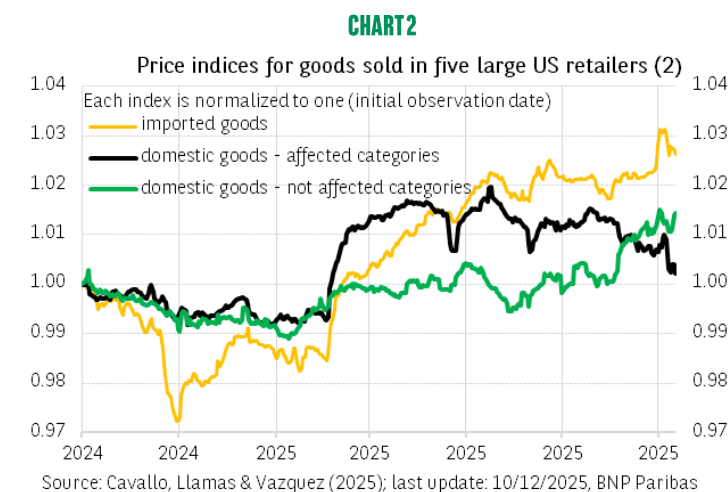
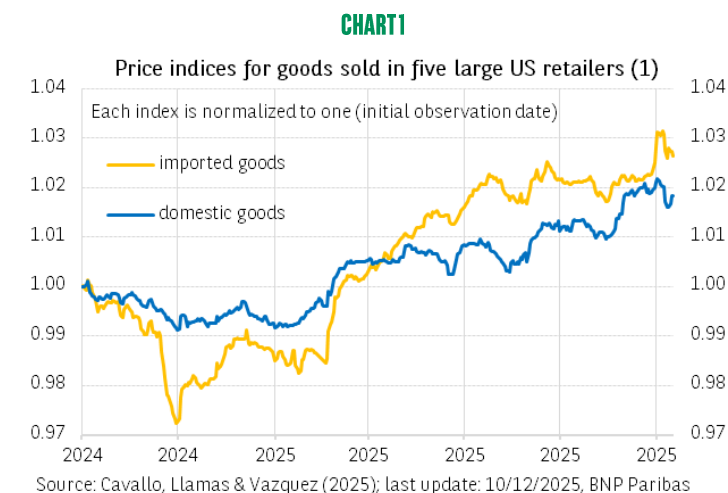
However, in cumulative terms since early March 2025 (when the first announcements of tougher tariffs against Mexico, Canada and China were made), prices for imported goods have risen at roughly twice the rate of domestic goods (around +4% versus +2%). The effect of tariffs is even more evident in the contrast between the upward trend in the two price indices since the tariff shock and their previous downward trend. The authors estimate at 20% the tariff pass-through after six months and the cumulative contribution of about 0.7 percentage points to the CPI (without tariffs, inflation in August 2025 would have been 0.7 points lower, at 2.2% instead of 2.9% y/y).

The authors broke the data down further, distinguishing between domestic products that are in a category of goods affected by tariffs (black curve, Chart 2) and those that are not affected (green curve). The result appears counterintuitive, with the price index for the former below the price index for the latter, and the curves crossing in mid-September. The prices of "affected" domestic goods probably reflect downward pressure in order to remain competitive with the prices of imported goods, while a margin recovery effect may, conversely, have supported the prices of "unaffected" domestic products.

¹ Data and graphs are available here: [Tariff Tracker - HBS Pricing Lab](#); reference article: [Tracking Tariffs: Cavallo, Llamas, Vazquez.pdf \(October 27, 2025\)](#).

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KEY POINTS - Limited rebound in inflation in September

In September, inflation rebounded slightly in the United States, the eurozone and Japan, while remaining stable in the United Kingdom. In the United States, the inflationary impact of tariffs has so far been contained (see chart of the month). In the other countries, there are positive signs, as inflation expectations are stable at around 2% in the eurozone, wage growth is moderating in the UK and producer prices are falling in Japan.

- In the **United States**, CPI inflation rose slightly in September (from +0.1 pp to 3.0% y/y), driven by a rebound in the energy component (2.8% y/y; +2.6 pp m/m). Core inflation, meanwhile, moderated (3.0% y/y; -0.1 pp m/m). Wages have continued to decelerate (*page 22*), and 1-year household inflation expectations have fallen sharply since May (from 6.6% to 4.6%), although 5-year expectations remain high on a historical basis (*page 16*). These developments, combined with the stabilisation of the price pressure index and the slowdown in producer prices (2.6% y/y, -0.5 pp m/m) (*page 7*), support the scenario of continued rate cuts by the Fed.
- Inflation in the **eurozone** remains significantly lower than in the United States. However, it also rebounded in September, returning to its April level (2.2% y/y; +0.2 pp m/m). Core inflation followed the same trend (2.4% y/y; +0.1 pp) (*page 8*). Cyprus stands out with zero inflation for the second month in a row. France (1.1%), Italy (1.8%), Greece (1.8%) and Portugal (1.9%) have the lowest inflation rates in the eurozone, while Slovakia (4.6%), Croatia (4.6%) and Estonia (5.3%) continue to see the highest increases (*page 9*). The outlook remains favourable, as producer prices continue to fall, and are now back in negative territory (-0.6% y/y) (*page 8*), and forecasters' short-term (1 year) and long-term (5 years) inflation expectations remain close to 2% (*page 17*). However, underlying tensions persist, with the price pressure indicator and growth in negotiated wages (4.0% y/y compared with 2.5% in March) back on the rise (*page 22*).
- In the **United Kingdom**, inflation stabilised at a high level of 3.8% y/y in September. Core inflation slowed slightly for the second month in a row (3.5% y/y; -0.1 pp) (*page 11*). Wage growth, while still very strong, has nevertheless moderated since January (4.7% y/y, compared with 5.3% in January), and the price pressure indicator continues to fall (*page 14*). On the other hand, household inflation expectations for the next year are rising sharply (*page 18*), while long-term expectations remain above the levels seen during the inflation crisis.
- In **Japan**, inflation rose slightly (to 2.9% y/y; +0.2 pp m/m), mainly due to an increase in the contribution of the energy component (*page 6*). This increase can also be seen in the core component (3.0% according to the BoJ measure; +0.3 pp m/m). However, the outlook is for inflation to stabilise, with the producer price index slowing markedly since the start of the year and remained stable in September (2.7% y/y) (*page 12*). In addition, wage growth is beginning to run out of steam after accelerating over the summer (1.9%, compared with 2% over the previous three months) (*page 22*). Similarly, the price pressure indicator is well below the levels seen over the past twelve months. In addition, households' 1-year inflation expectations have fallen very slightly since the start of the year, thereby moving in the opposite direction to forecasters' expectations, which are still rising (*page 19*). Japan also stands out from the other countries, with a stable yet historically high break-even inflation rate (*page 20*).

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General dynamics of inflation

Inflation and survey data

Inflation expectations (households, forecasters, markets)

Inflation-wage dynamics

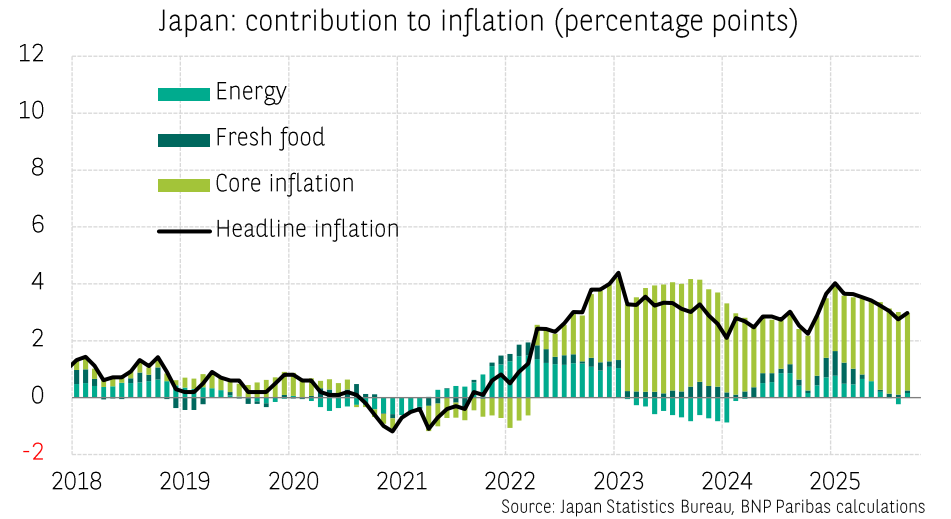
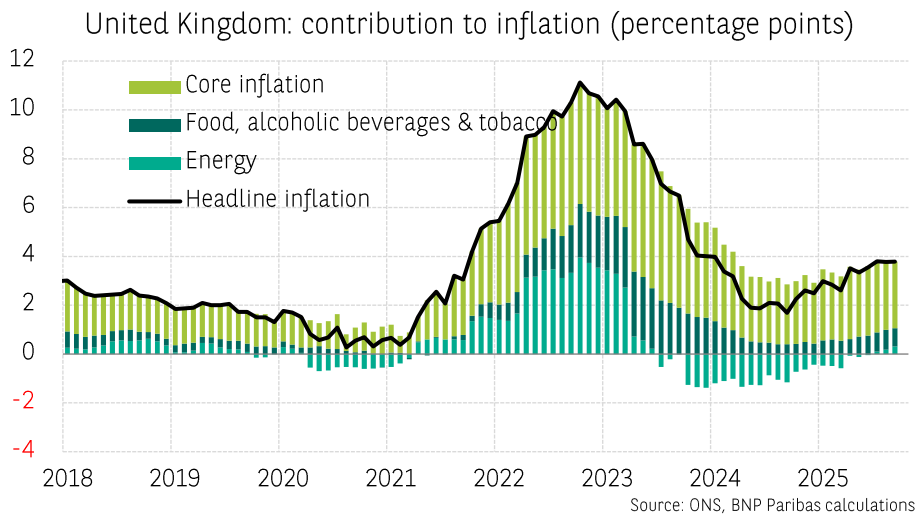
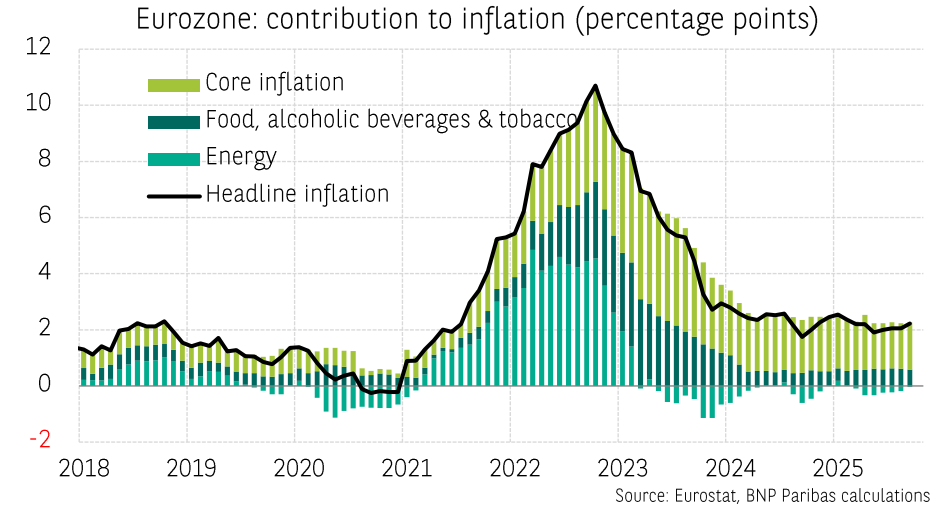
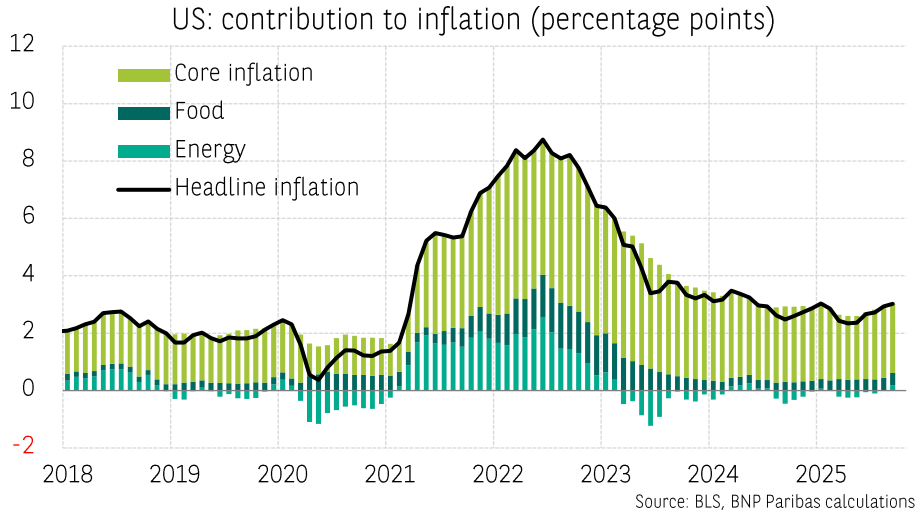
Commodities



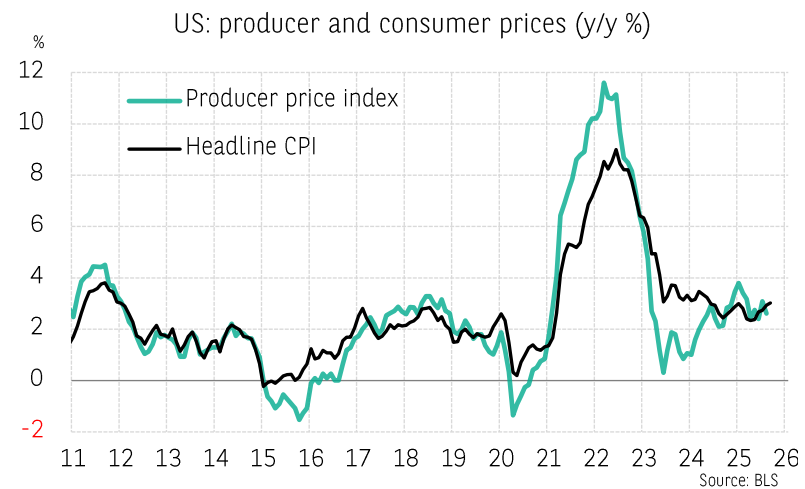
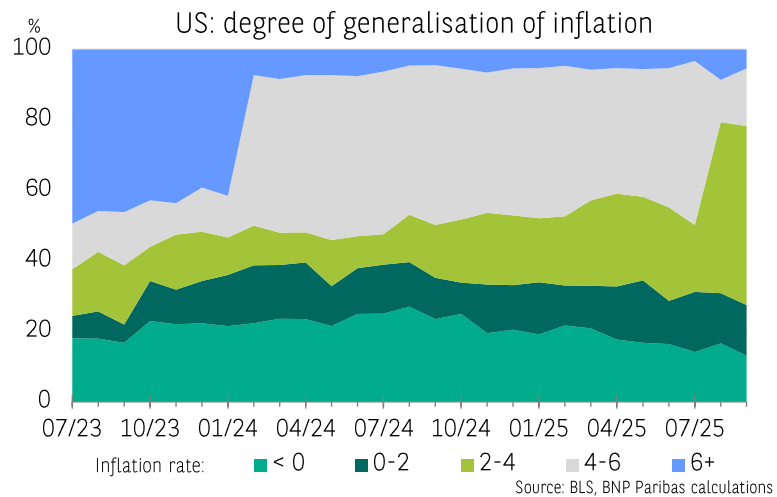
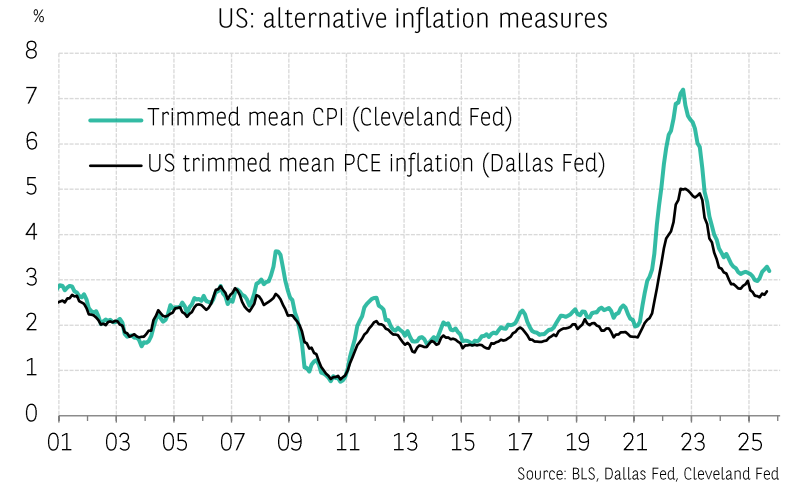
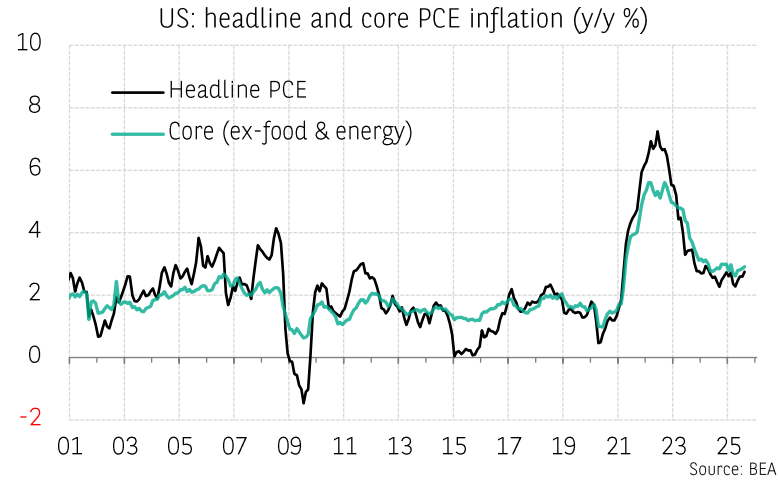
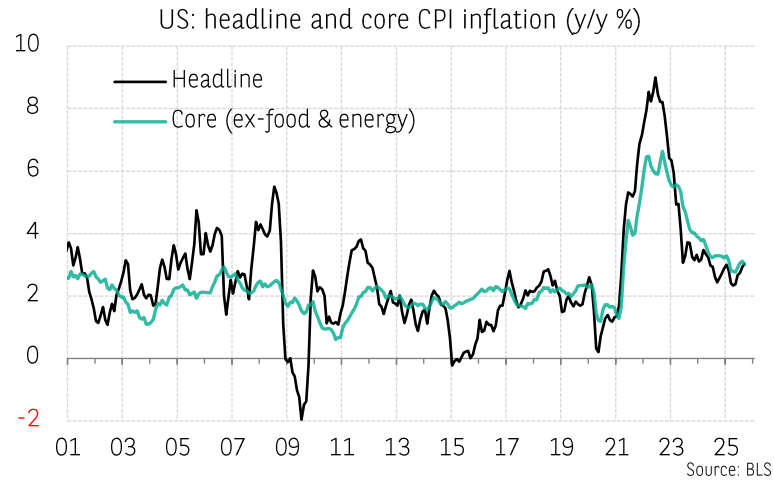
General dynamics of inflation



General dynamics of inflation: decomposition of inflation

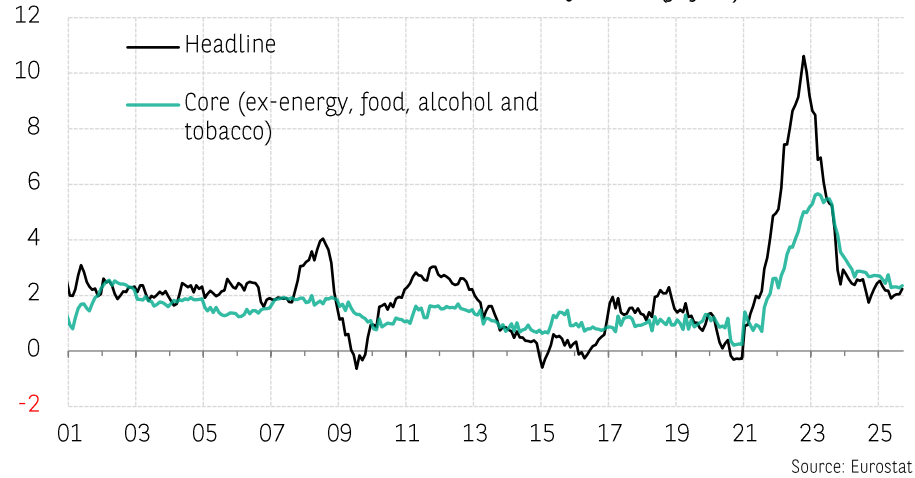


Inflation dynamics in the United States: different metrics and degree of generalisation

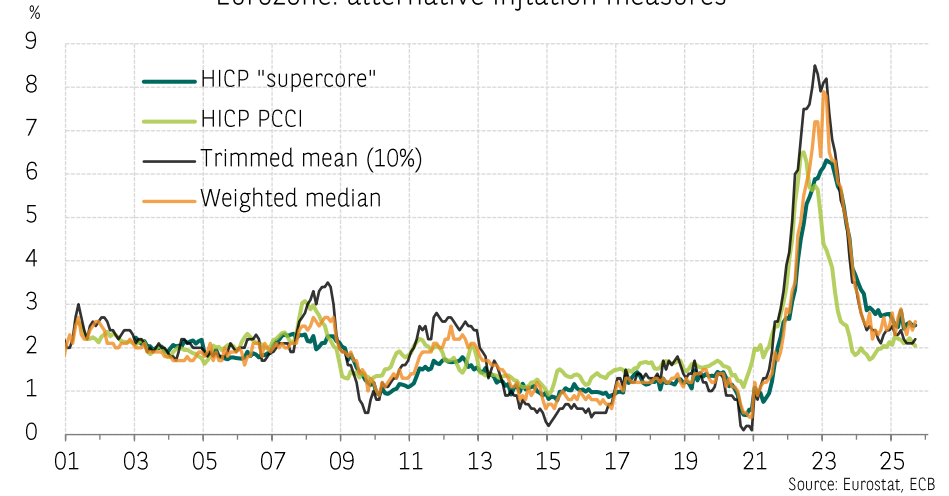


Inflation dynamics in the Eurozone: different metrics and degree of generalisation

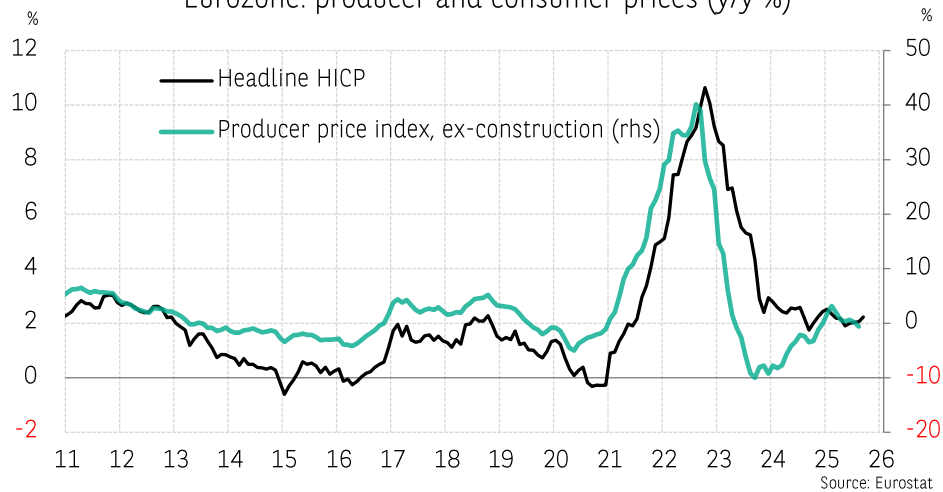
Eurozone: headline and core inflation (y/y %)



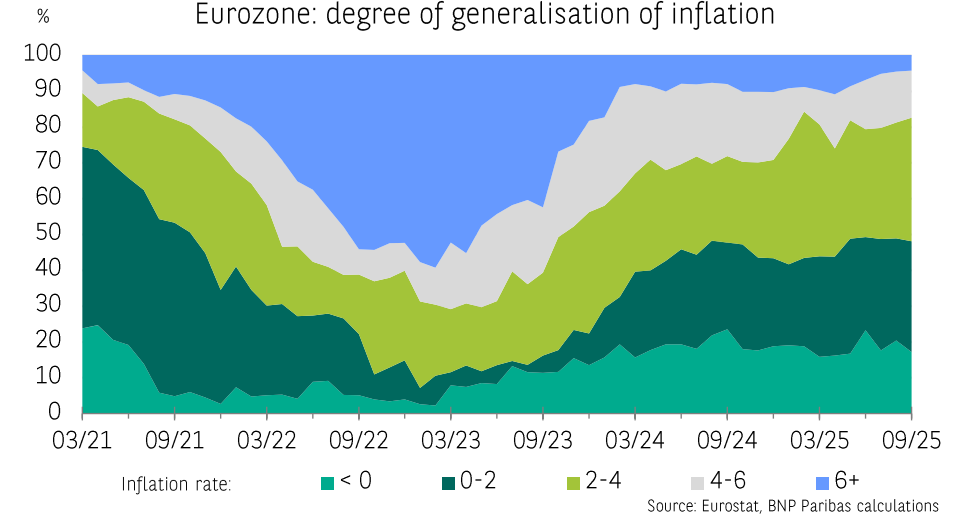
Eurozone: alternative inflation measures



Eurozone: producer and consumer prices (y/y %)



Eurozone: degree of generalisation of inflation



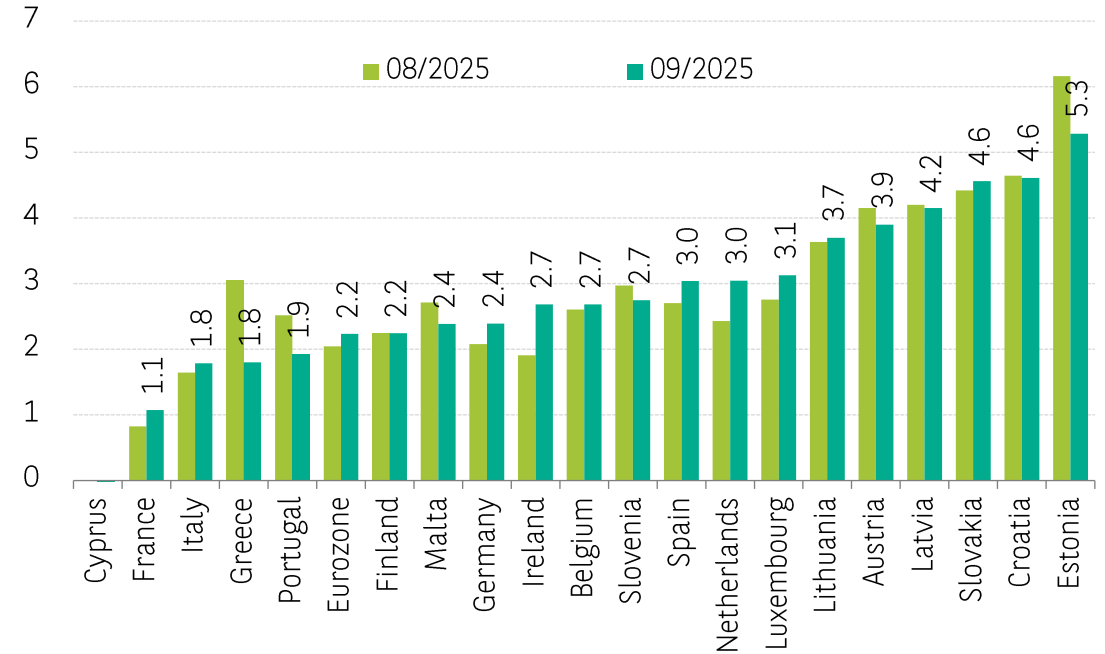
Inflation dynamics in the Eurozone by country (1)

Eurozone: contribution to inflation (% points), September 2025



Source: Eurostat

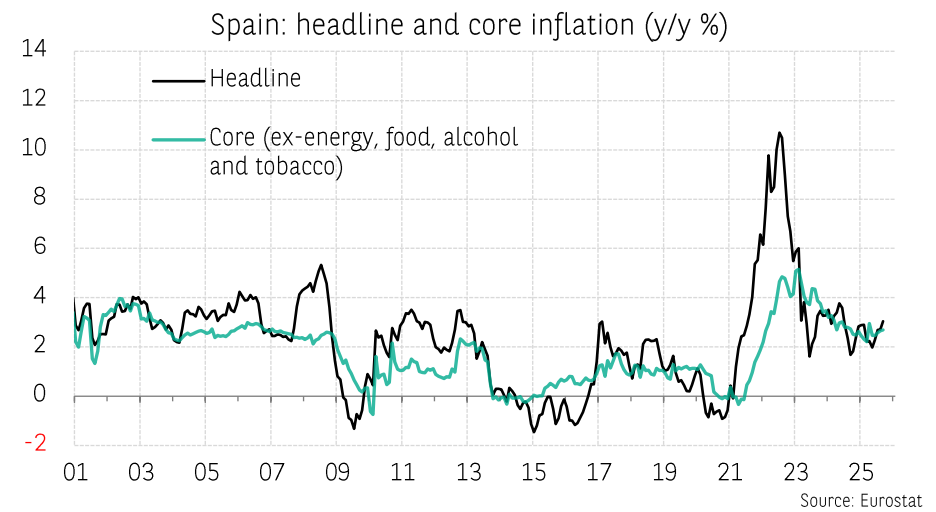
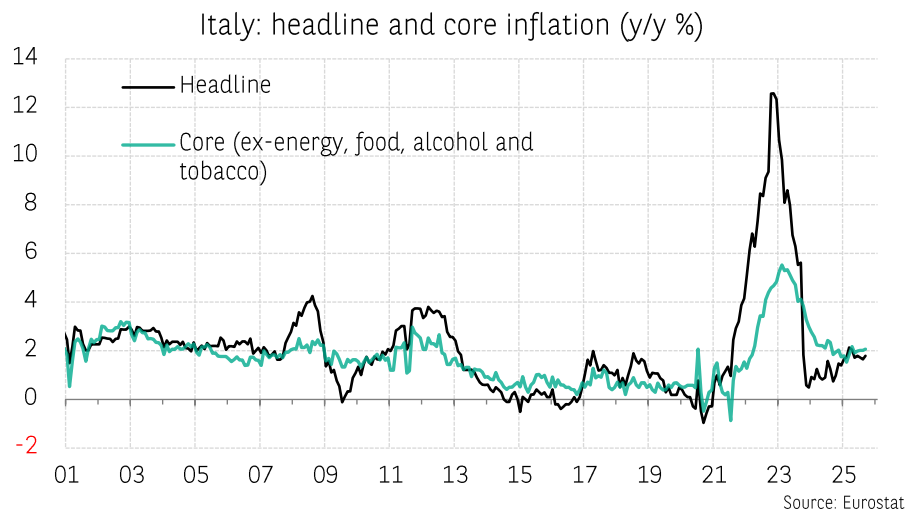
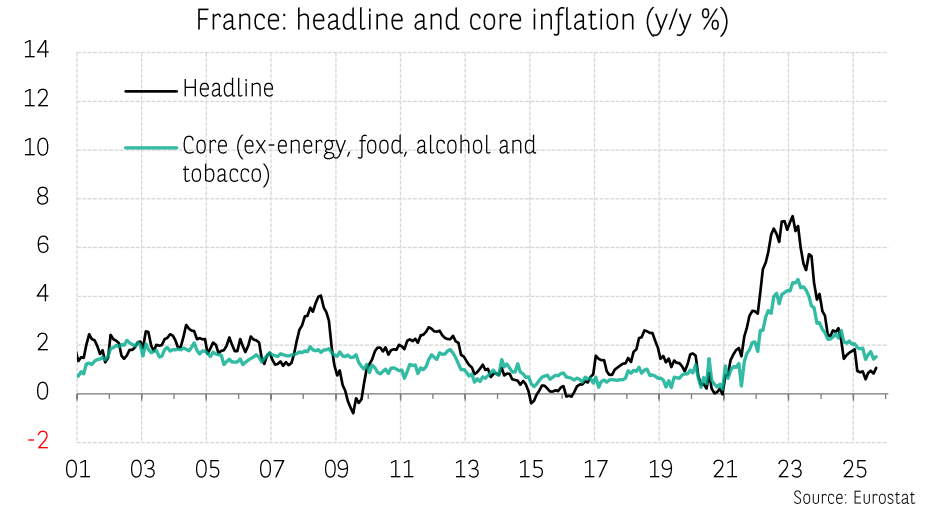
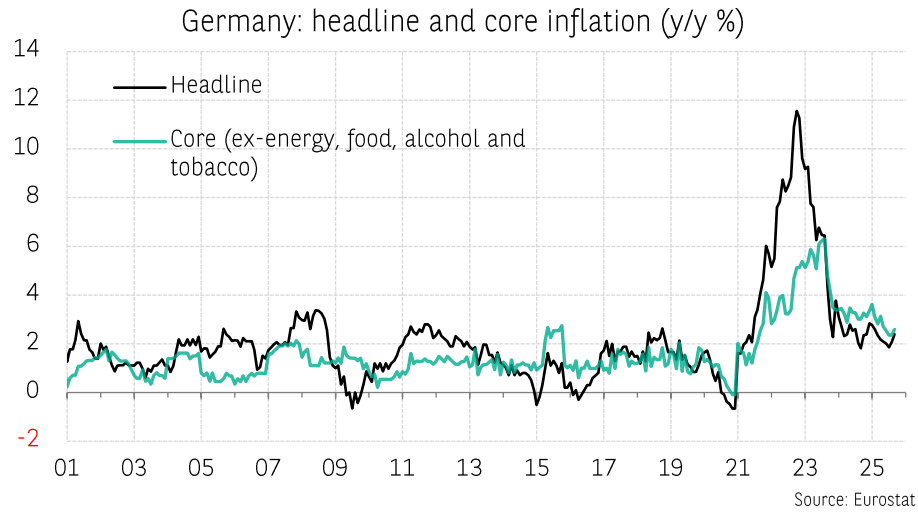
Eurozone: inflation in y/y % change



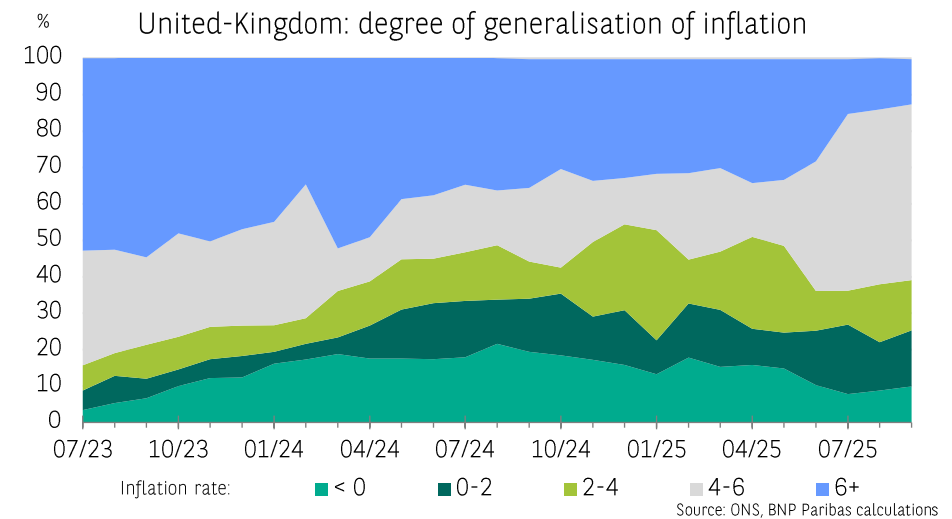
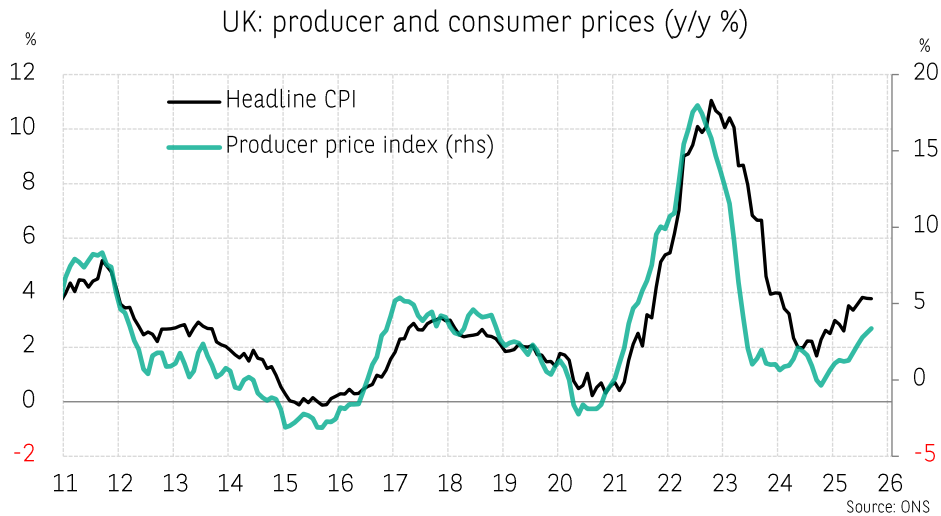
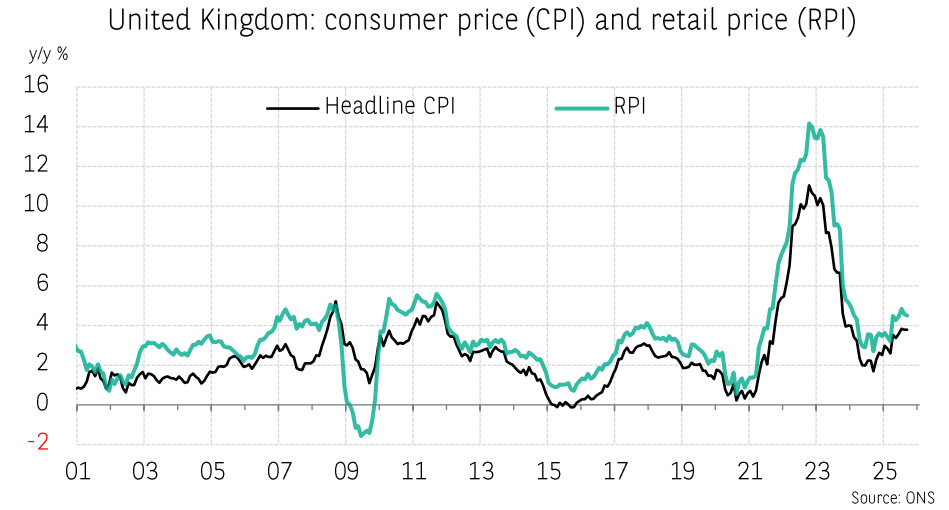
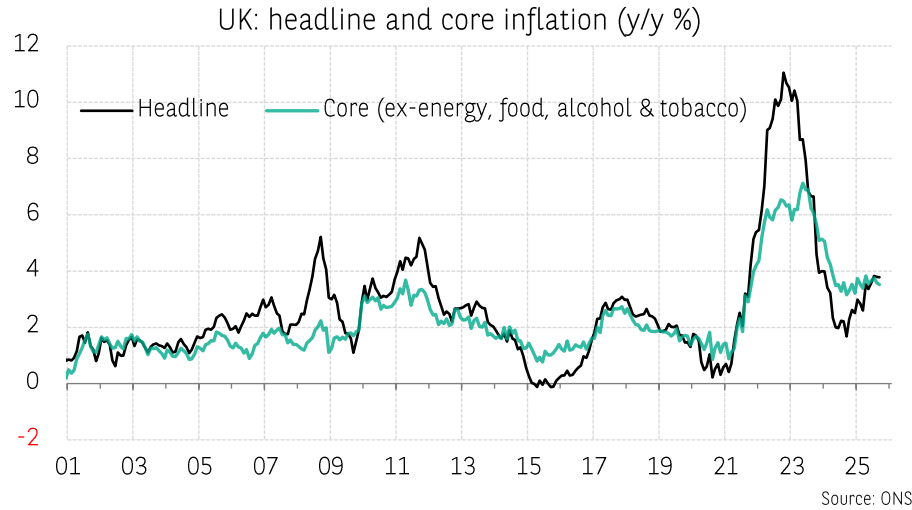
Source: Eurostat



Inflation dynamics in the Eurozone by country (2)

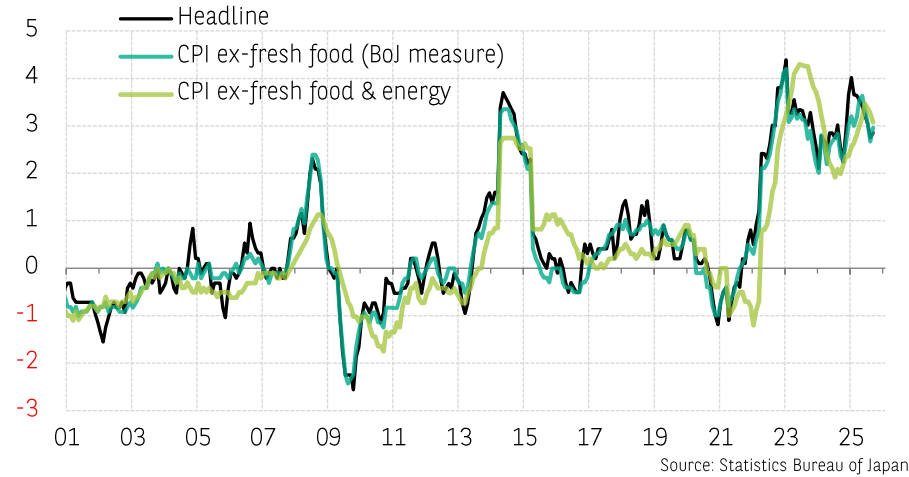


Inflation dynamics in the United Kingdom: different metrics and degree of generalisation

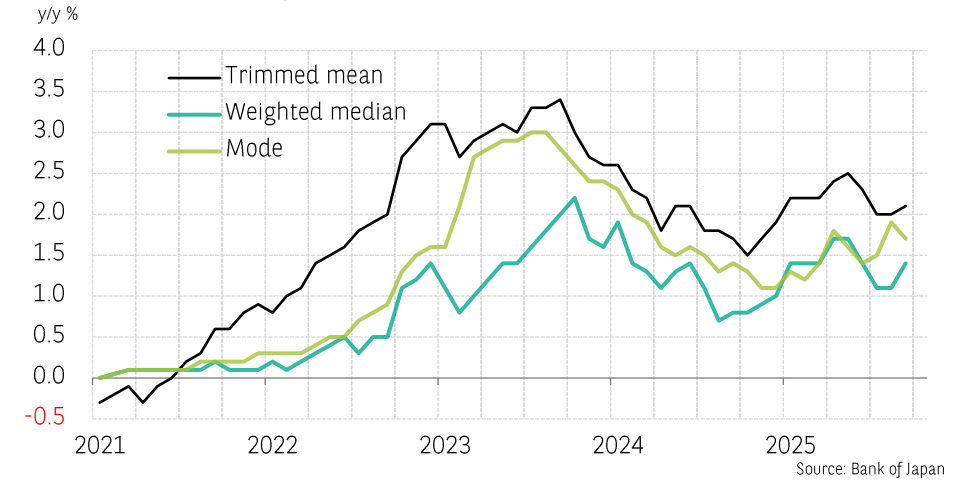


Inflation dynamics in Japan: different metrics and degree of generalisation

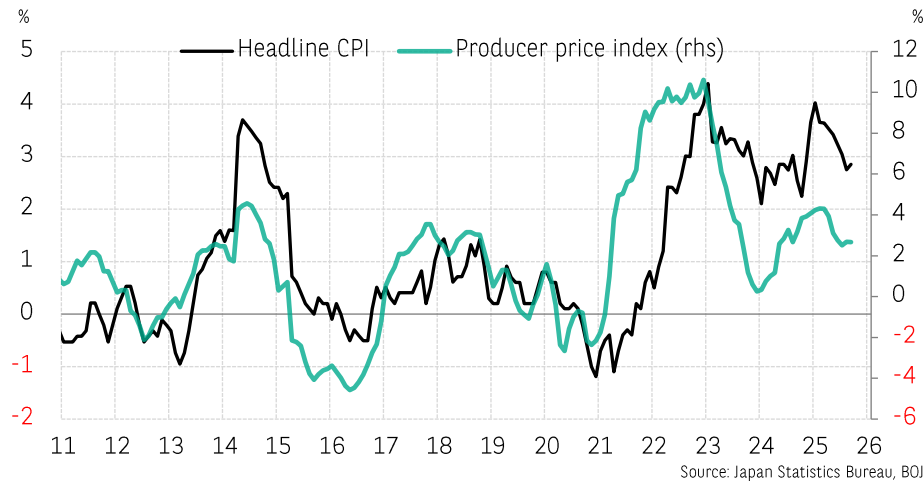
Japan: headline and core inflation (y/y %)



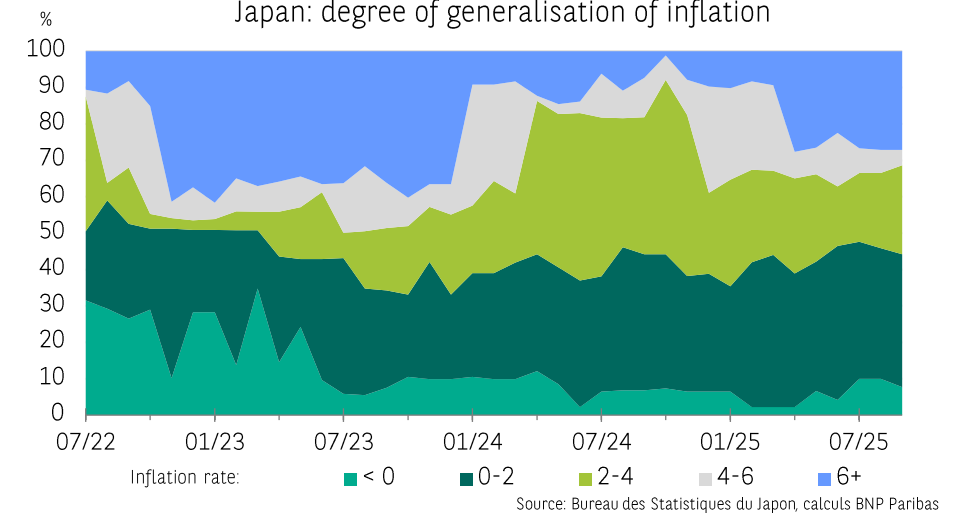
Japan: alternative inflation measures



Japan: producer and consumer prices (y/y %)



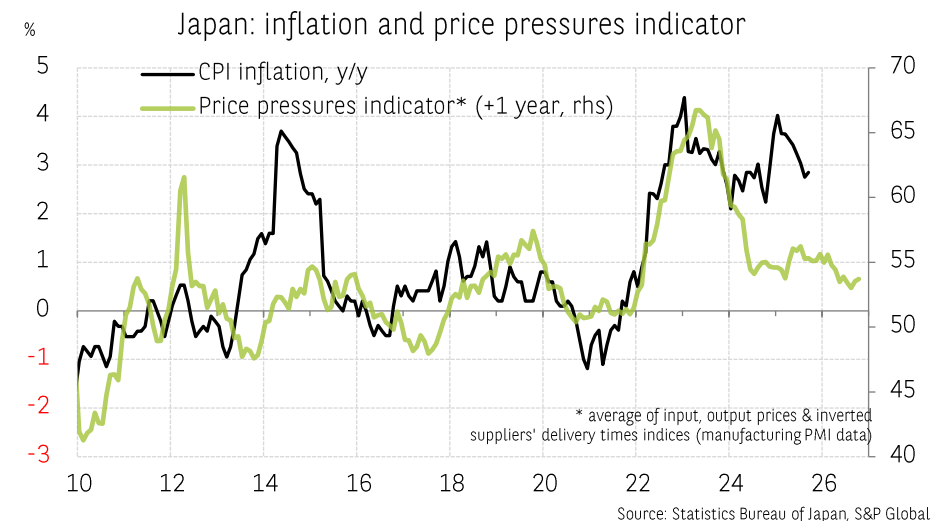
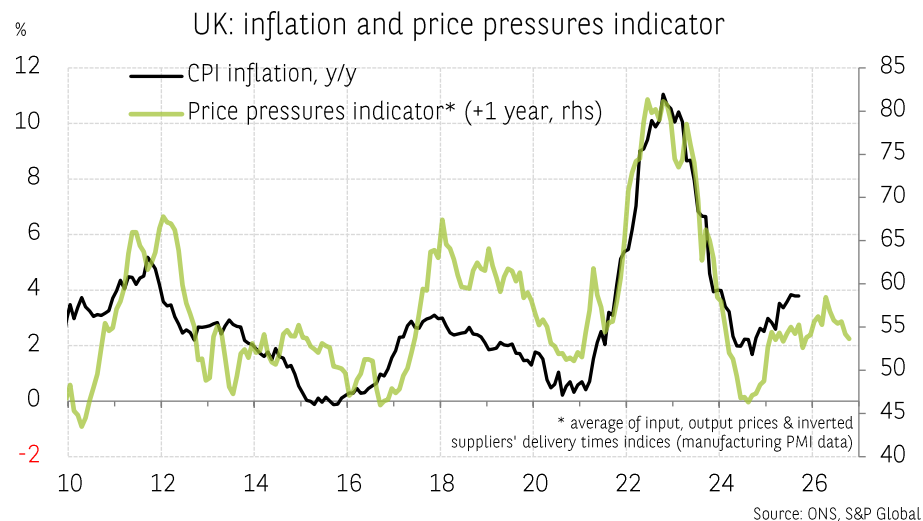
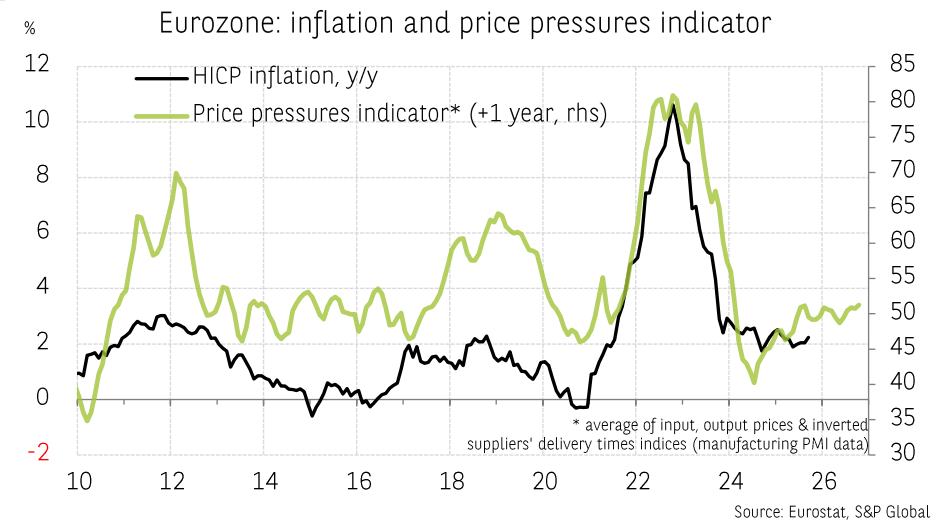
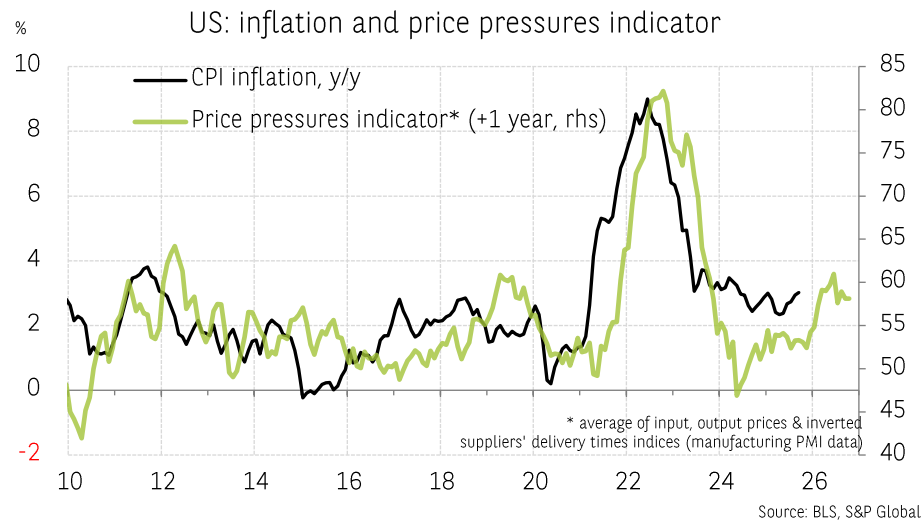
Japan: degree of generalisation of inflation



Inflation and survey data



PMI surveys: an indication of inflationary pressures

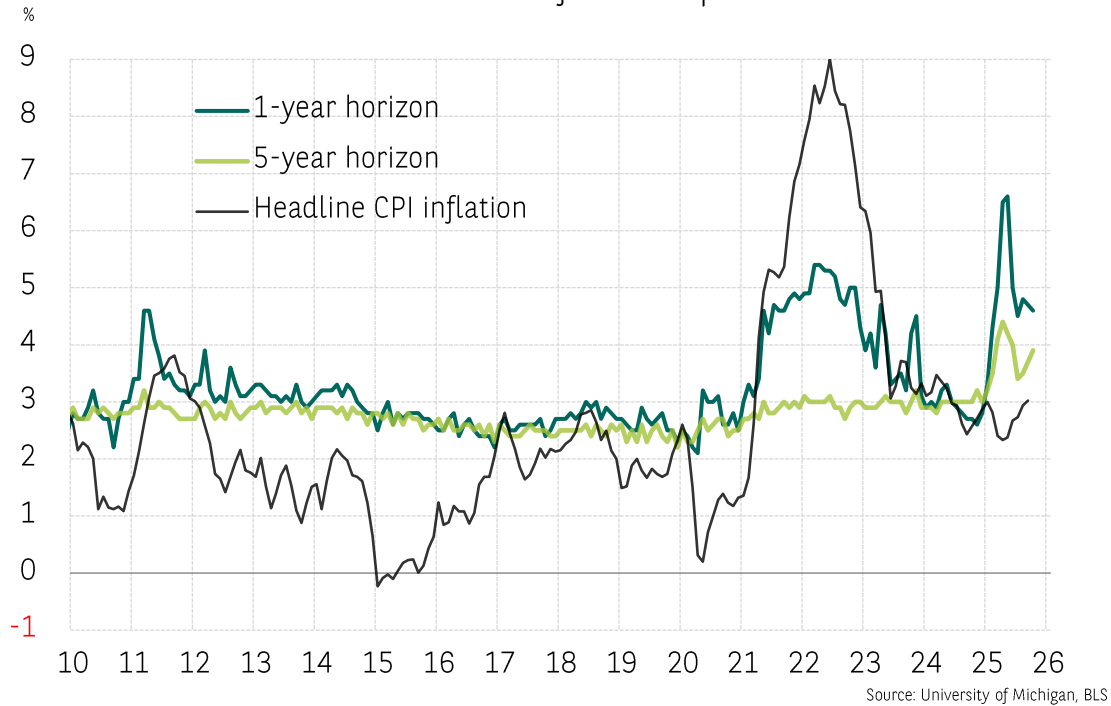


Inflation expectations (households, forecasters, markets)

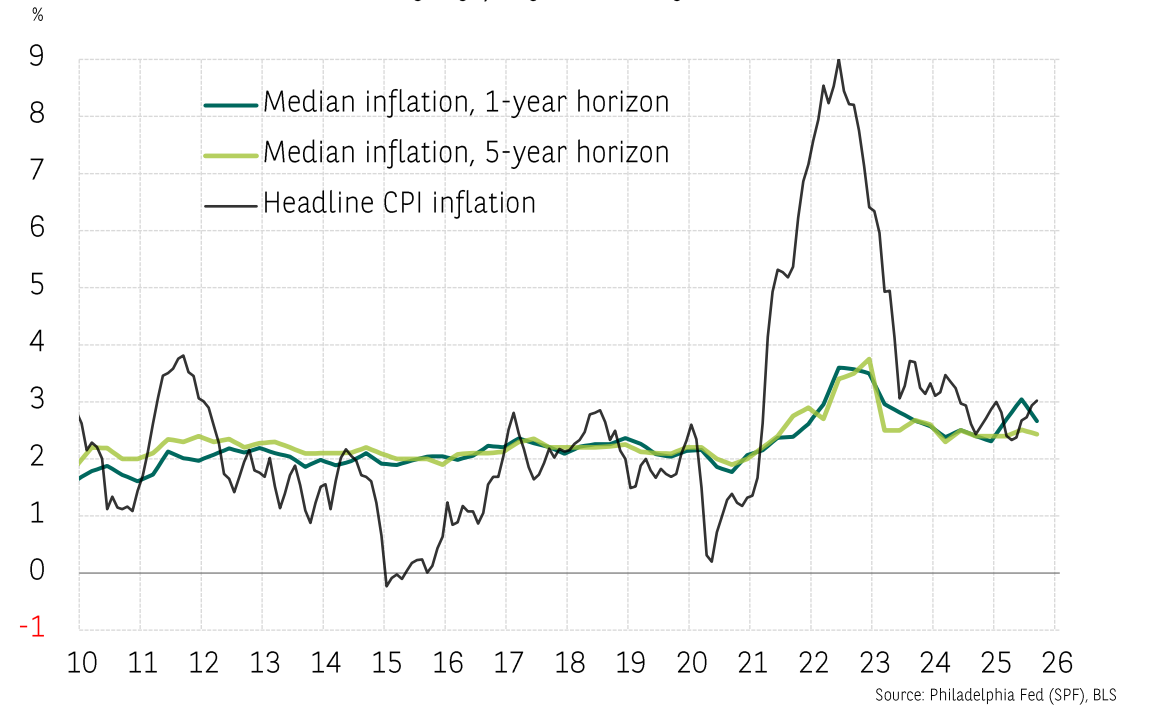


Inflation expectations in the United States

US: consumer inflation expectations

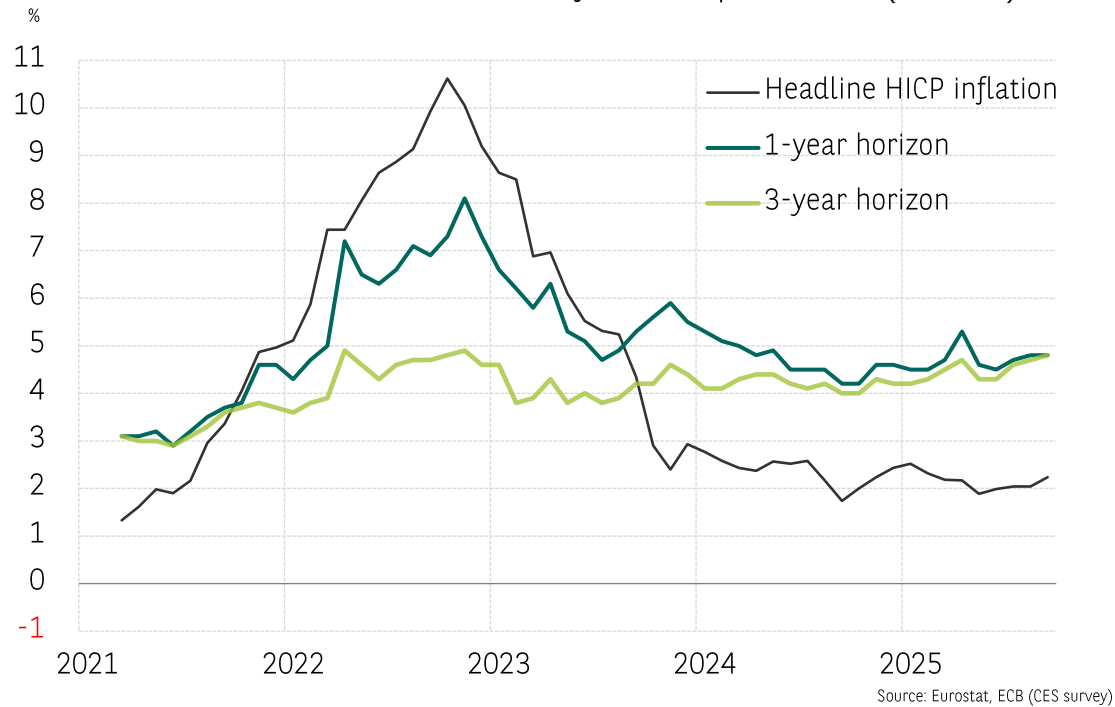


US: Survey of professional forecasters

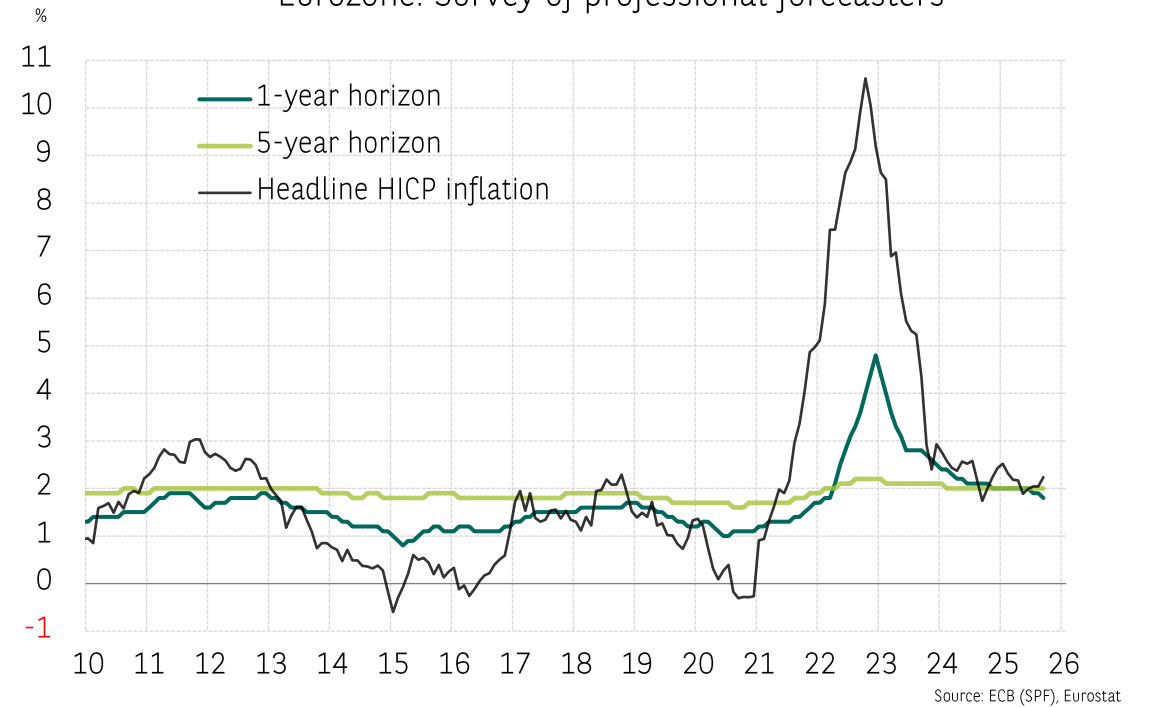


Inflation expectations in the Eurozone

Eurozone: consumer inflation expectations (median)

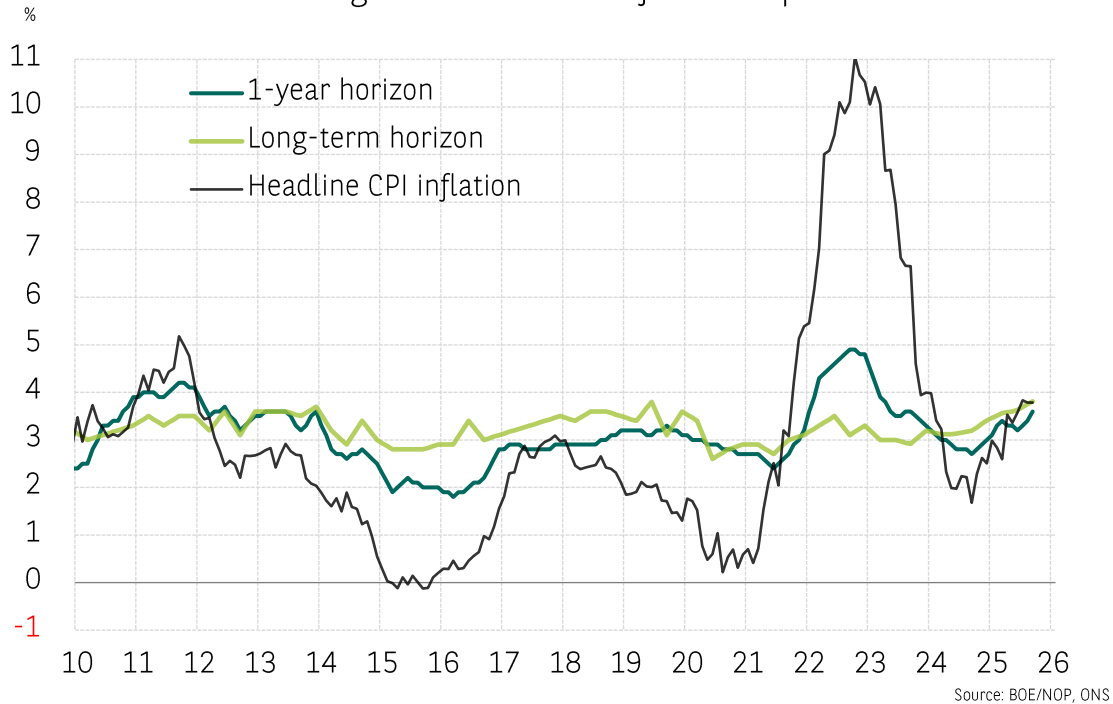


Eurozone: Survey of professional forecasters

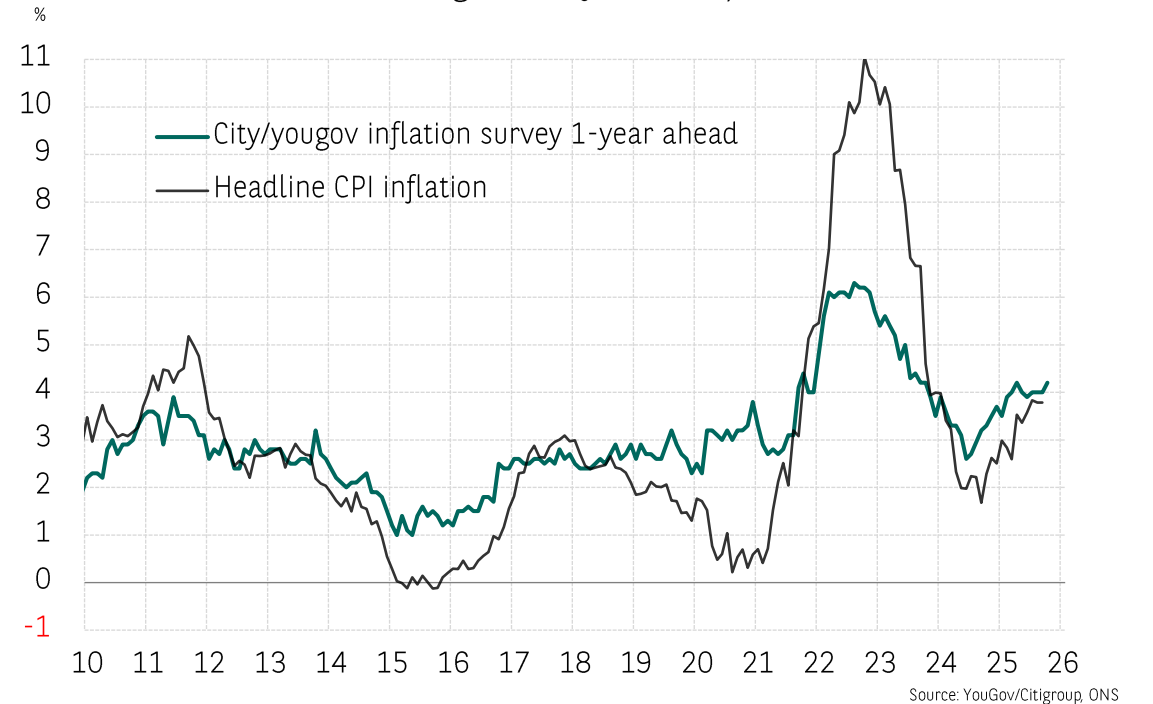


Inflation expectations in the United Kingdom

United Kingdom: consumer inflation expectations

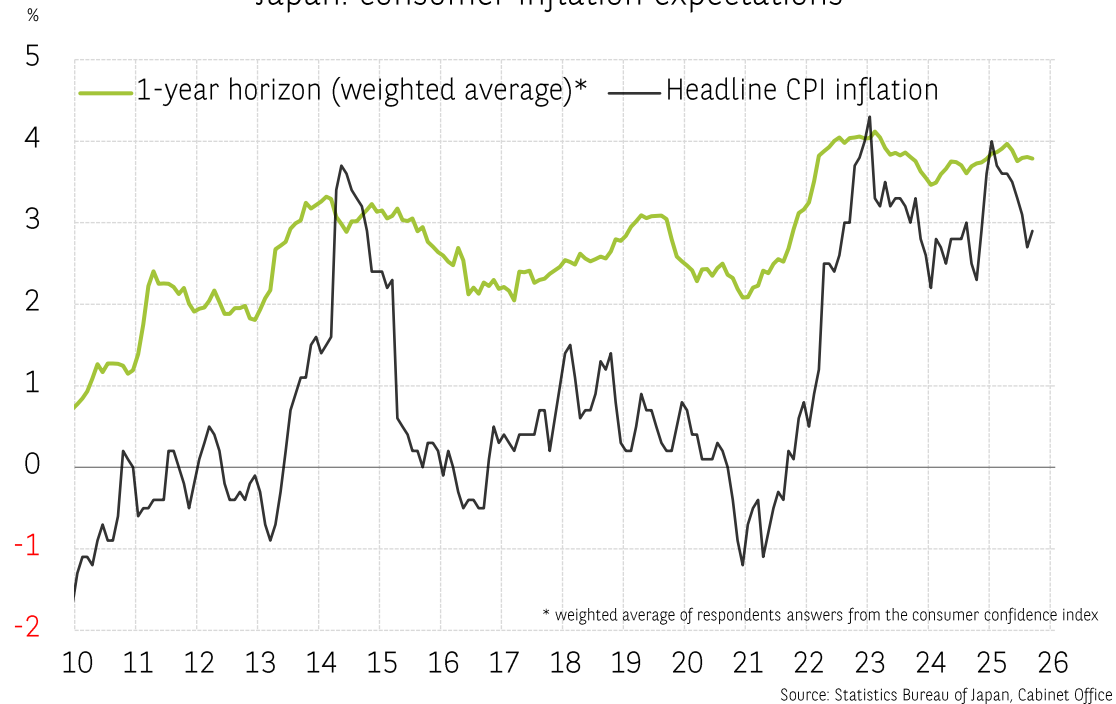


United Kingdom: inflation expectations

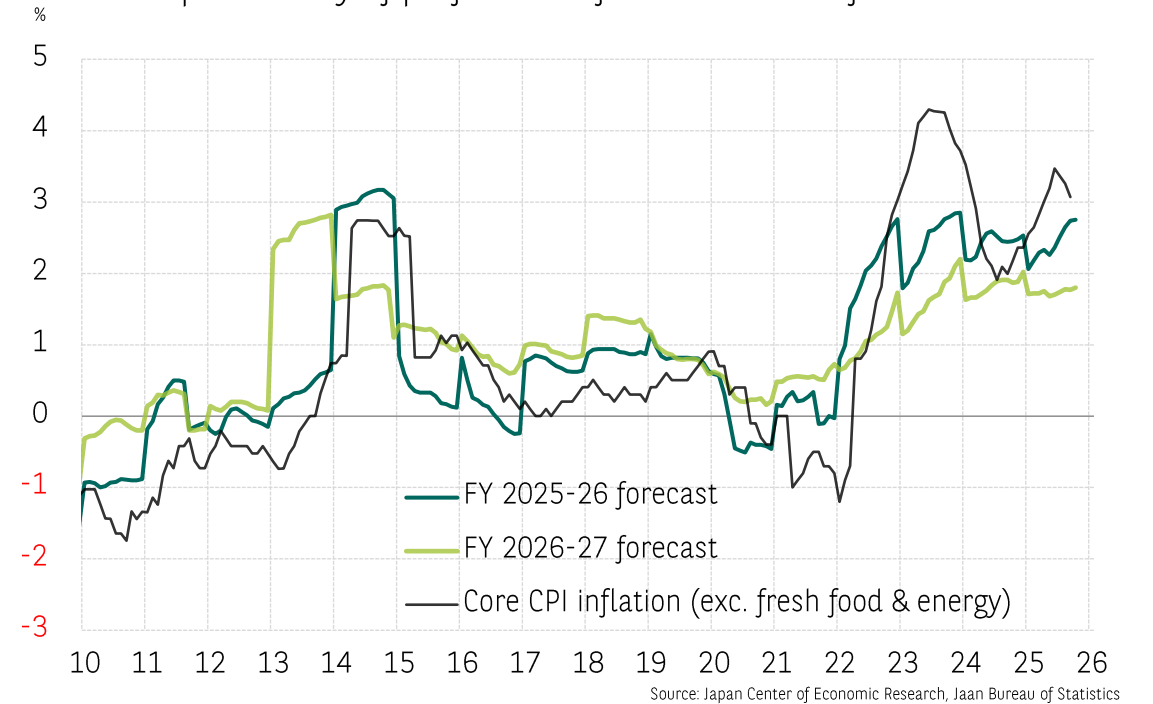


Inflation expectations in Japan

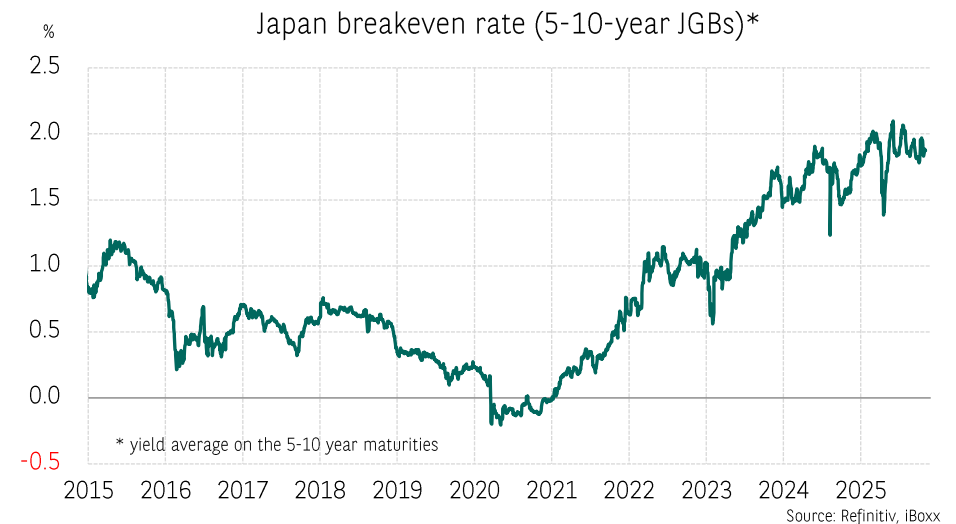
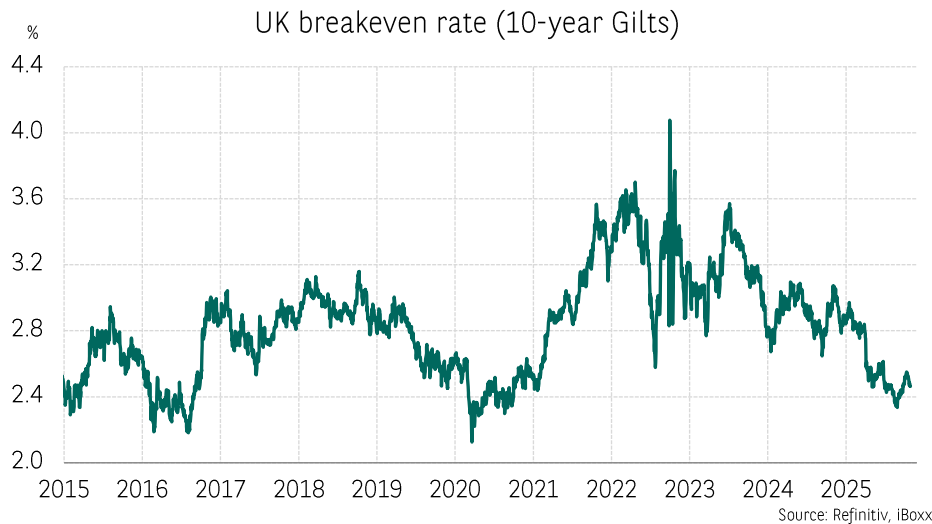
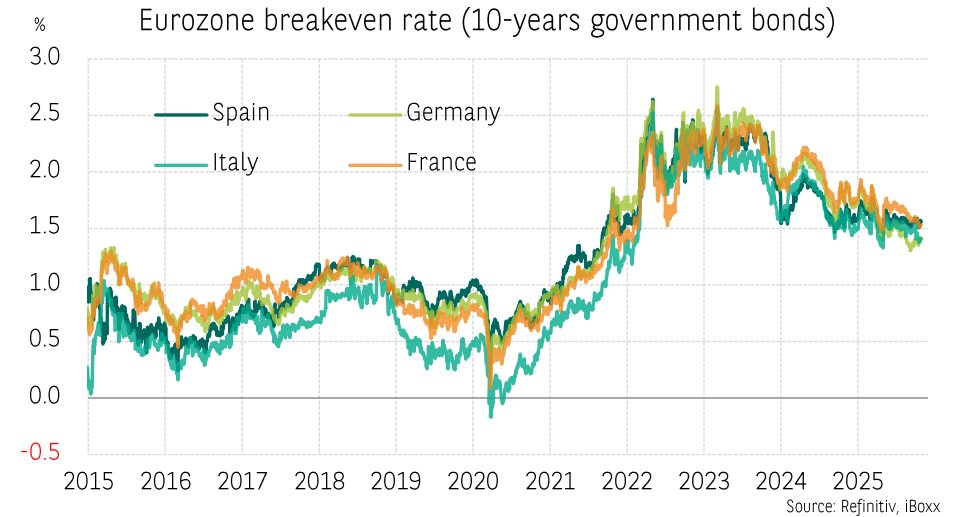
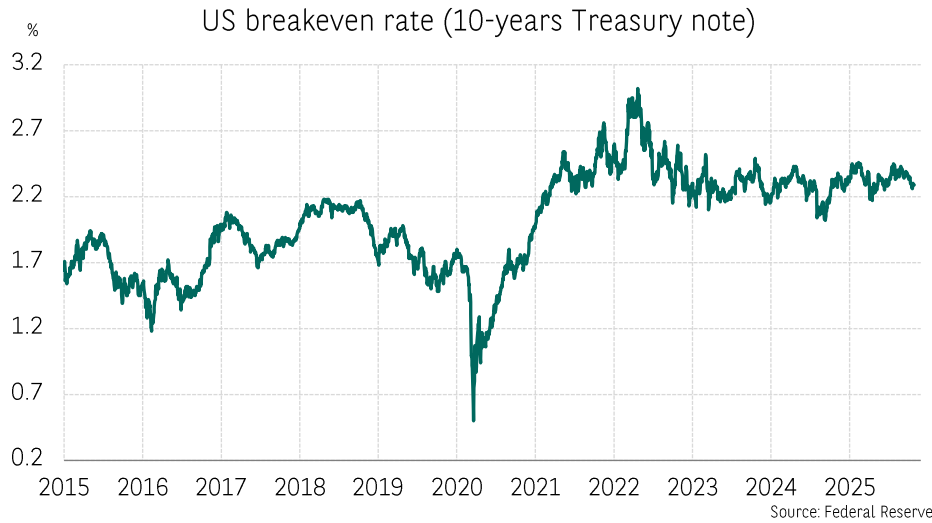
Japan: consumer inflation expectations



Japan: survey of professional forecasters on inflation



Market expectations: breakeven inflation rate

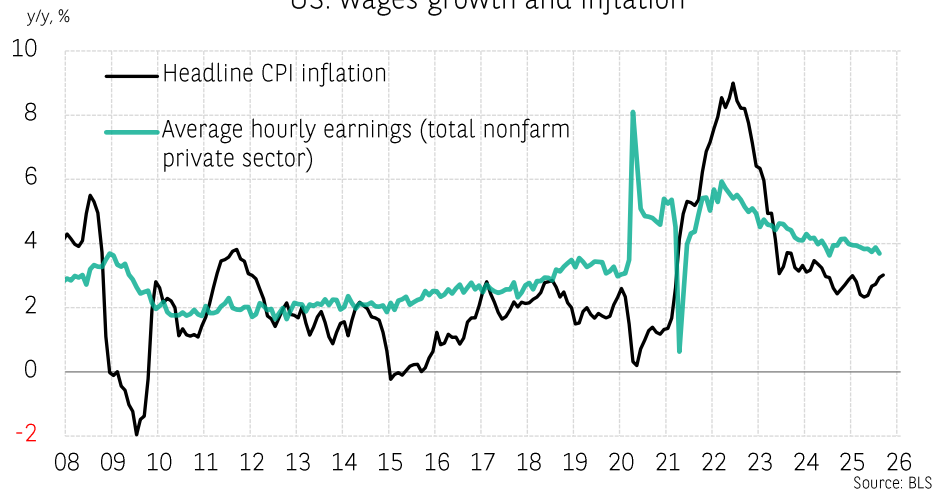


Inflation-wage dynamics

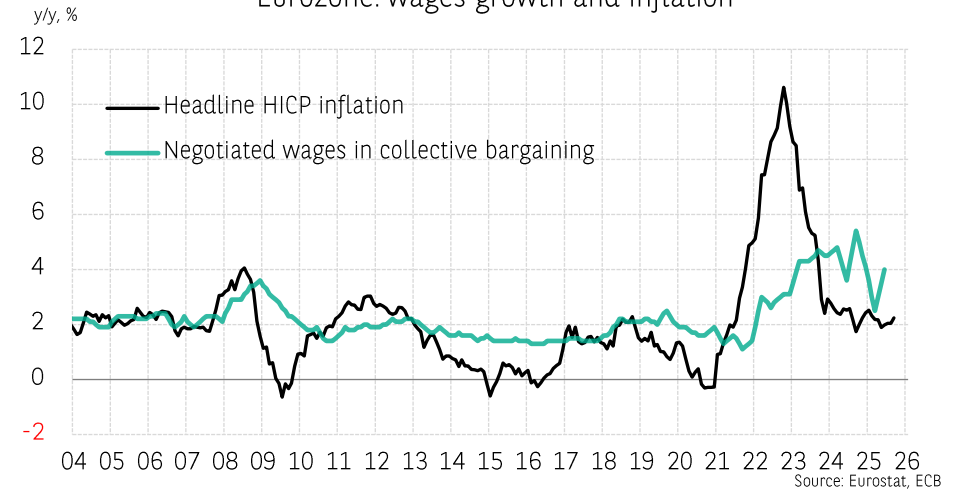


Inflation-wage dynamics

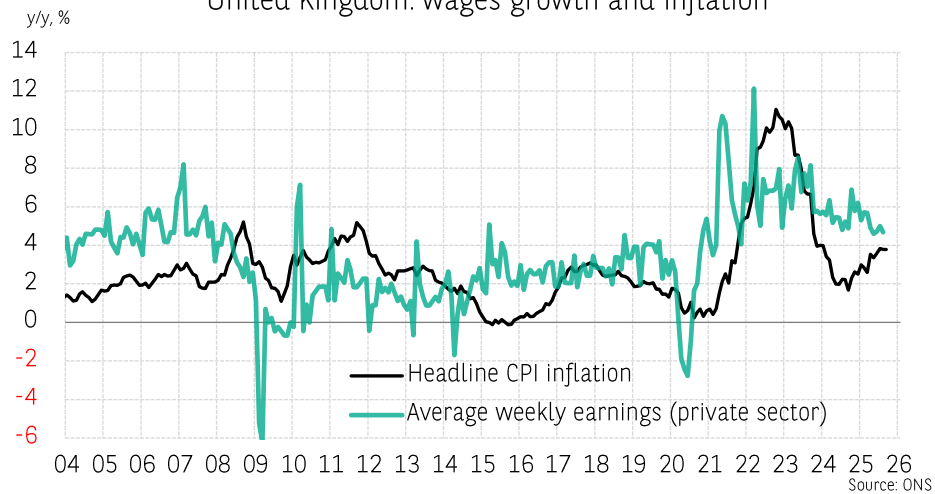
US: wages growth and inflation



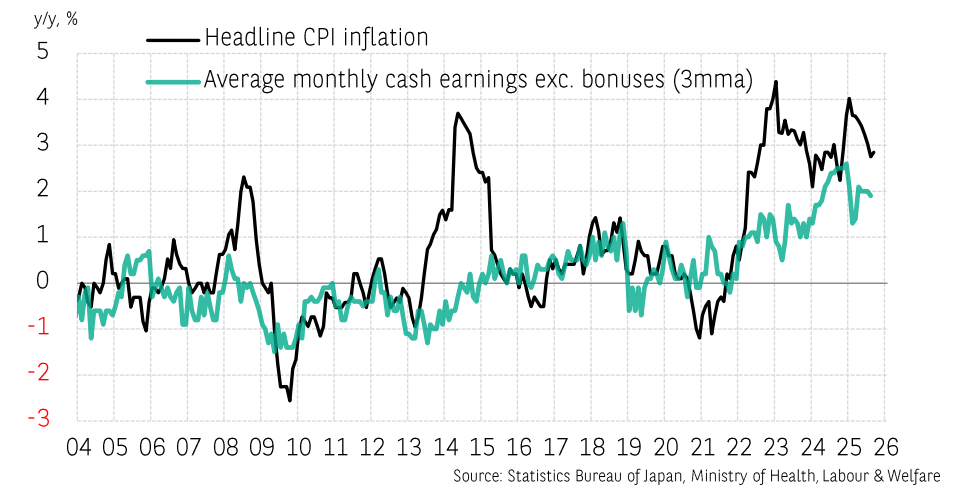
Eurozone: wages growth and inflation



United Kingdom: wages growth and inflation



Japan: wages and inflation



Commodities



Commodities

WTI crude oil price, USD/barrel



Natural gas price, USD/million BTU



S&P GSCI industrial metal spot price index



S&P GSCI agriculture spot price index



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