

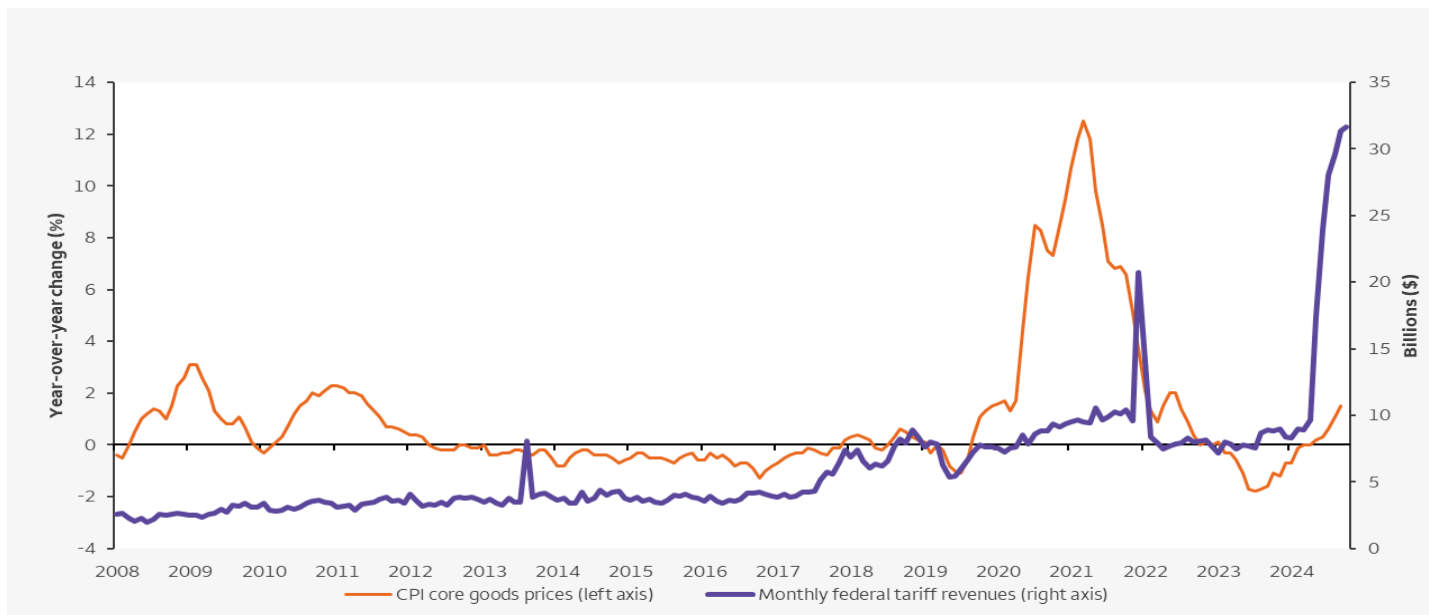
Chart of the Week



Weekly analysis of key themes in markets

October 21, 2025

Tariff revenue spikes — Will inflation follow?



Source: The Labor Department, U.S. Treasury Department, and Wells Fargo Investment Institute. Monthly data from December 1, 2008, to September 30, 2025. CPI (Consumer Price Index) core goods data is as of August 31, 2025. Core goods prices are commodities prices excluding food and energy.

Trade-sensitive goods inflation is likely in the early stages as federal import revenue soars

This chart shows monthly federal tariff revenues (thick purple line) spiking from less than \$10 billion at the end of 2024 to more than \$30 billion after the first three quarters of 2025. Meanwhile, year-over-year core goods inflation — as measured by U.S. Consumer Price Index (CPI) core goods prices (thin orange line) — has risen more gradually in 2025.

We believe the passthrough of tariff increases by U.S. businesses to consumers remains in the early stages, delayed by stop-and-go announcements, pauses, and drawn-out implementation.

What it may mean for investors

We expect year-over-year U.S. CPI inflation to reach 3.0% by year-end 2025, dropping to 2.8% by year-end 2026. Our research shows that companies have been reluctant to impose price hikes all at once — this reflects sensitivity to a more cautious consumer and uncertainty about the ultimate size of tariffs to be offloaded. Legal challenges could further delay the tariff passthrough to consumers and bring risk of a more prolonged inflation impact through 2026.

Excerpted from *Market Charts* (Q4 2025)

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Risk Considerations

Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.

Definitions

Consumer Price Index (CPI) produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

An index is unmanaged and not available for direct investment.

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