

## Average Inflation, Tariff Talk, and Rising Retail

May 26<sup>th</sup>, 2025

- **Average Inflation** – In April 2025, the Consumer Price Index increased by 0.2%, bringing the 12-month average to 2.3%. The shelter index rose by 0.3%, while the energy index increased by 0.7%. However, the food index declined by 0.1% (source: U.S. Bureau of Labor Statistics).
- **Energy Acquisition** – Blackstone Infrastructure will acquire TXNM Energy, a utility company, in an \$11.5 billion deal. This comes after U.S. power demand is projected to reach record levels in 2025 (source: Reuters).
- **Tariff Talk** – A recent study of earnings conference calls between March 15 and May 15 found that 411 out of the 451 companies that reported earnings from the S&P 500 cited the words “tariff” or “tariffs.” This is the highest number of citations over the past 10 years, breaking Q4 2024’s previous record of 260 companies (source: Factset Insight).
- **Rising Retail** – Walmart announced tariff-related price increases despite a 4.3% increase in operating income. The most impacted areas will include baby strollers, furniture, and toys. President Trump expressed his dismay, saying Walmart should “Eat the tariffs” in a post on Truth Social (source: Yahoo Finance).
- **Fighting Fire** – Southern California Edison has submitted a three-year wildfire mitigation plan to California’s Office of Energy Infrastructure Safety. The plan looks to address wildfire risks but comes with a \$6.2 billion investment, which includes 440 circuit miles of covered conductor and 260 circuit miles of underground distribution lines (source: Reuters).
- **Comparable Costs** – U.S. import prices increased by 0.1% in April 2025 after a 0.4% decline in March 2025. Similarly, prices for exports rose by 0.1% in April 2025, following a 0.1% decline in March 2025 (source: U.S. Bureau of Labor Statistics).
- **Major Merger** – The U.S. Justice Department moves forward with the planned mergers of the Drug Enforcement Administration (DEA) and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). The merger could finalize as soon as October 2025, however, Congress needs to approve the merger first (source: Reuters).
- **Slumping Services** – The Producer Price Index for final demand dropped by 0.5% in April 2025. Prices for final demand services declined by 0.7% in April 2025, which is the largest decrease since the creation of the index in December 2009 (source: U.S. Bureau of Labor Statistics).
- **Golf Goals** – Scottie Scheffler solidified his third career major at Quail Hollow Club after posting an even-par 71 in the final round of the PGA Championship. Scheffler joins only two other golfers, Jack Nicklaus and Tiger Woods, who have won 15 PGA Tour victories (source: ESPN).
- **Food Thoughts** – A recent study by The Pew Research Center found that 62% of U.S. adults agree that food costs are very or extremely important when deciding what to buy. Another 52% of U.S. adults look at the healthiness of food before purchasing (source: Pew Research Center).

## Definitions and Indexes

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