

Funding the Future

Article URL

Published: January 12, 2026, 7:42 pm

As the [FT reported last night](#):

US wholesale prices jumped in July, rising 3.3 per cent from a year earlier, in the latest signal that President Donald Trump's tariffs are seeping through to the American economy.

The rise in the Producer Price Index, which tracks what domestic US producers charge for their goods and services, was the biggest jump since February.

The reading from the Bureau of Labor Statistics was well above June's 2.4 per cent annual gain and the 2.5 per cent rise expected by economists polled by Bloomberg.

What astonishes me is that there were economists in the USA who did not expect this.

On what planet have they been living?

How could they not have expected significant increases in US underlying inflation, given the tariffs that Trump has been promoting so hard?

What else did they think the consequences might have been?

And why did they think they would not have already hit, given that some of them have been operational for some months now?

I have been suggesting, since before Trump actually became president, that this was the inevitable consequence of his proposals on tariffs. I will, only very slightly, resist the temptation at this moment to say "told you so", but the reality is that making this forecast of increased inflation was probably the easiest economic prediction that I could have ever made.

So, the question is, why is it taking the US by surprise? That question is very much harder to answer. Are they all living in Cloudcuckooland?

Finally, one crucial point. Note who produces this data. It is the Bureau of Labor Statistics. This, of course, is now being moved under the control of a Heritage

Foundation economist who has, no doubt, been chosen to deliver the figures that Trump would like in the future. Whether we get objective inflation data for the US from now on will be very hard to tell.