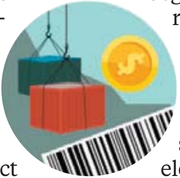
Bad biz decision, may hurt US GDP, inflation: SBI Research

The impact of the 25 per cent tariff on Indian exports will be worse for the United States (US) compared to India as US may face a lower gross domestic product (GDP), higher inflation and a weaker dollar, SBI Research said on Friday, calling implementing the tariff a "bad business decision".



The "mysterious forces" of the global supply chain should automatically adjust and cushion the impact of high tariffs, it added.

"Surprisingly, the US GDP, inflation and currency face a greater risk of downgrades compared to India... The economic implications for the current trade stalemate, not surprisingly, the impact on the US will be worse compared to India with a lower GDP and higher inflation and a weaker dollar," the report said.

SBI Research said the US is beginning to show signs of renewed inflationary pressure, driven by the pass-through effects of recent tariffs and a weaker dollar — particularly in import-sensitive sectors such as electronics, autos, and consumer durables.

US inflation is expected to stay above the 2 per cent target through 2026, driven by supply-side effects of tariffs and exchange rate movements. PTI