

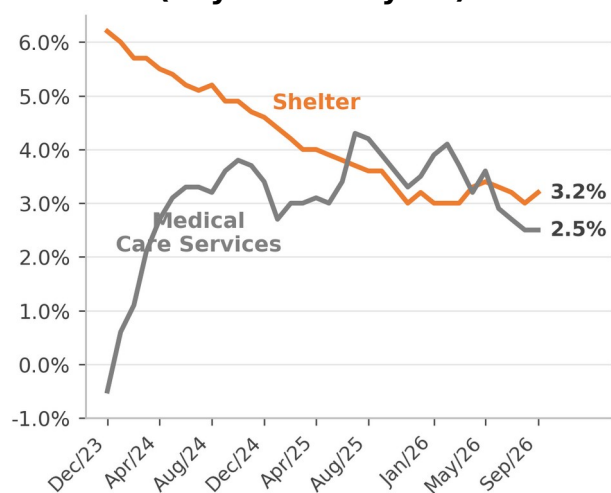


United States - CPI

Inflation Won't Fall Anytime Soon

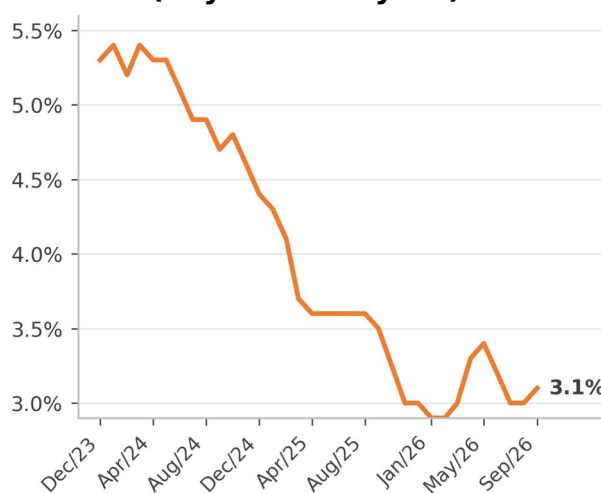
- **The labor market is not slack, which suggests that services inflation will remain resilient. The shelter group is starting to be affected by imputed rents (Chart 1), which depend more on interest rates than on the housing market. Energy will stay under pressure from oil. In other words, even if there is a truce in Iran, it will take time for inflation to come down in the United States.**
- The consumer price index (CPI) rose 0.6% in September (seasonally adjusted) and the 12-month change accelerated to 3.7% (from 3.4%). Core — which excludes food and energy — advanced 0.3% in the month and 2.6% over 12 months, a slight increase from August.
- **The acceleration in the headline index is, above all, an energy phenomenon: gasoline rose 9.1% in the month (accounting for more than half of the monthly increase) and is up 34.2% over 12 months, while fuel oil jumped 74.2% in the year. The energy group advanced 5.2% in the month and 20.4% over 12 months.**
- On the core side, services remain resilient: the measure that excludes energy prices (over 12 months) came in at 3.1% through September (see Chart 2). The two largest services components are still strong: shelter at 3.2% and medical care services at 2.5% in the year-over-year change.
- Other highlights of the month: airfares +1.2% (22.4% over 12 months), used cars +0.7% and hospital services +0.7%; going the other way, medicinal drugs fell 1.2% and communication 0.2%. Food was stable in the month (2.5% in the year, with declines in meat and milk).
- For monetary policy, the rise in core is a problem. The level remains elevated and the outlook is for inflation to persist for some time, reinforcing the scenario of one or two more rate hikes in 2026.

Chart 1: Shelter and Medical Care Services
(% year-over-year)



Source: Bureau of Labor Statistics

Chart 2: Services (ex Energy Services)
(% year-over-year)



Source: Bureau of Labor Statistics

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