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March 11, 2026

US CPI (Feb): Steady ahead of the war-induced surge in energy

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Consumer Price Index (monthly change, %)	Feb 2026	Jan 2026	Dec 2025	Nov 2025	Oct 2025	Sep 2025	Feb NSA YoY%
All items	0.3	0.2	0.3	N/A	N/A	0.3	2.4
Ex-food/energy	0.2	0.3	0.2	N/A	N/A	0.2	2.5
• Ex-food	0.2	0.2	0.2	N/A	N/A	0.3	2.3
• Ex-energy	0.2	0.3	0.3	N/A	N/A	0.2	2.5
Energy	0.6	-1.5	0.3	N/A	N/A	1.4	0.5
Services	0.3	0.4	0.3	N/A	N/A	0.2	3.1
Housing	0.3	0.2	0.4	N/A	N/A	0.2	3.3
Fuels & util.	0.5	0.2	0.8	N/A	N/A	-0.3	5.6
Food/beverages	0.4	0.2	0.6	N/A	N/A	0.2	3.0
• Food	0.4	0.2	0.7	N/A	N/A	0.2	3.1
Apparel	1.3	0.3	0.3	N/A	N/A	0.5	2.5
Transportation	0.2	-0.3	0	N/A	N/A	0.8	-0.5
Medical care	0.5	0.3	0.4	N/A	N/A	0.2	3.4
Recreation	0	0.5	1.2	N/A	N/A	0.4	2.3
Education, comm.	-0.2	0.4	-0.9	N/A	N/A	0.0	0.1
Other good, serv.	-0.1	1.3	0.3	N/A	N/A	0.4	5.1
Commodities	0.3	-0.2	0.2	N/A	N/A	0.5	1.2

Source: Haver Analytics.

- Headline price pressures gained some momentum in the US in February ahead of the war-induced surge in energy prices, while core monthly inflation eased off slightly. The headline index showed a 0.3% m/m increase, a tick faster than the prior month, while the ex. food/energy index slowed to 0.2%. That was in line with the consensus expectation, and left the annual pace unchanged for both, at 2.4% and 2.5%, respectively. More importantly, the surge in energy prices will show up in next month's report, with the risk being that Fed cuts could get delayed if the oil price shock persists, which we currently have penciled in for June and July.
- There were mixed signals within the core goods group, as another drop in used car prices offset increases in other categories, including tariff-exposed apparel, appliances, and food. Businesses held back somewhat on passing through tariffs in 2025, as they were anticipating the Supreme Court to rule against IEEPA tariffs. Even though that outcome was realized, the subsequent implementation of a Section 122 blanket tariff means that businesses will likely increasingly pass tariffs through to consumers in 2026 in order protect margins.
- Looking at core services, shelter inflation remained at a tame 0.2% m/m pace, as rents were subdued and offset a jump in hotel prices. Market rent indices have slowed sharply in recent months, as an exodus of unauthorized immigrants has weighed on demand. Medical care service costs jumped to 0.6% m/m, on higher costs for nursing homes, home health, and dental services. Health insurance premiums are measured in the CPI using an indirect

methodology, and don't seem to have yet moved to reflect the expiration of ACA subsidies, leaving some upside ahead.

Implications & actions

Re: Economic forecast — The surge in oil prices is expected to add roughly half a percentage point to the annual headline rate in the coming months, but the impact is likely to fade by the end of Q3. However, there is clearly ample risk to the magnitude and duration of the shock given how fluid American wars plans are. Further upside to inflation stems from continued tariff pass through to goods prices, but we expect a tame shelter component to provide a material offset. If the war does end in the coming weeks, then the Fed could still cut around mid year if the cooling in the labour market continues.

Re: Markets — Bond yields and the dollar both moved a bit higher after this release, clearly more focussed on developments in Iran than on an on-consensus CPI print.

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