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US CPI (June): A welcome deceleration

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Consumer Price Index (monthly change, %)	June 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026	June NSA YoY%
All items	-0.4	0.5	0.6	0.9	0.3	0.2	3.5
Ex-food/energy	0.0	0.2	0.4	0.2	0.2	0.3	2.6
• Ex-food	-0.5	0.5	0.7	1.0	0.2	0.2	3.6
• Ex-energy	0.0	0.2	0.4	0.2	0.2	0.3	2.7
Energy	-5.7	3.9	3.8	10.9	0.6	-1.5	15.7
Services	0.0	0.3	0.6	0.2	0.3	0.4	3.2
Housing	0.0	0.2	0.7	0.3	0.3	0.2	3.3
Fuels & util.	-0.7	0.4	1.4	1.0	0.5	0.2	4.6
Food/beverages	0.2	0.2	0.5	0.0	0.4	0.2	3.0
• Food	0.2	0.2	0.5	0.0	0.4	0.2	3.0
Apparel	-0.6	0.3	0.6	1.0	1.3	0.3	3.9
Transportation	-2.5	1.3	1.3	4.3	0.2	-0.3	6.5
Medical care	-0.1	0.3	-0.1	-0.2	0.5	0.3	2.0
Recreation	0.5	0.3	0.1	0.0	0.0	0.5	2.8
Education, comm.	-0.8	0.8	0.0	0.2	-0.2	0.4	-0.1
Other good, serv.	0.1	1.0	0.7	-0.4	-0.1	1.3	4.6
Commodities	-1.1	0.8	0.8	2.0	0.3	-0.2	4.1

Source: Haver Analytics.

- The monthly pace of US CPI inflation declined in June on the back of lower gasoline prices. Total CPI decreased 0.4% in June relative to May, lower than the consensus expectation of a 0.1% decline. This was the biggest monthly decline of headline CPI seen since April 2020. Gasoline prices declined 9.7% in June (the largest contributor to the monthly decline in the headline). The monthly drop led to a deceleration in the annual pace of CPI inflation from 4.2% in May to 3.5% in June. The ex. food/energy measure was flat on the month, lower than the consensus (+0.2% m/m). Commodities less energy declined 0.1% in June, with widespread monthly declines observed in most components. Shelter decelerated from 0.3% in May to 0.1% in June. Core services ex. rent of shelter declined 0.2% in June, with notable monthly declines seen in telephone services (-3.0%), MV insurance (-2.0%) and health insurance (-0.5%). The annual pace of core inflation declined from 2.9% in May to 2.6% in June. With core inflation coming in below consensus, we believe that should bring some comfort to the hawks at the Fed for the upcoming FOMC decision. We continue to expect the Fed to hold rates at the upcoming FOMC meeting in July.
- Commodities less energy and food declined 0.1% m/m in June, the second consecutive monthly decline. Durables were flat on the month, while nondurables less food and beverages declined by 3.4%, the largest monthly decline since August 2022. Notable monthly declines included appliances (-1.5%), apparel (-0.6%) and photographic equipment and supplies (-2.7%). A major online retailer moved their sale to June instead of the usual July, which

could have put downward pressure on goods prices in June. Information technology commodities, which are highly tied to AI, declined 0.9% in June, with the decline widespread across sub categories. Computer software and accessories was the only subcomponent which posted a monthly increase (2.3%). That component is up 17.4% relative to last year.

- Services excluding rent of shelter declined 0.2% in June, the first monthly decline seen since January 2021. Most categories declined on the month, led by MV insurance (-2.0%), other intercity transportation (-1.6%), telephone services (-3.0%) and financial services (-0.8%). There are some signs of lower oil prices feeding into some core prices. Monthly growth of airfares decelerated to 0.2% from 2.7% in May, but the level of airfares is still sitting 27% higher than a year ago due to higher oil prices. Postage and delivery services decelerated to 0.4% m/m in June, after two consecutive pick ups in monthly growth.
- Shelter inflation ticked down from 0.3% m/m to 0.1% m/m in June, as all sub-components decelerated on a monthly basis. Lodging away from home declined 2.3% m/m in June, led by hotels (-2.8%).

Implications & actions

Re: Economic forecast — With the monthly reading of core inflation lower than the consensus due to wide-spread decelerations in components, we believe this likely solidifies the case for a hold for the next FOMC meeting at the end of the month. However, these trends might not last if renewed conflict in the Middle East lifts oil prices again.

Re: Markets — Bond yields fell after the release, as the monthly growth of core prices was weaker than expected by consensus.

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