

Economics

ECONOMIC FLASH!

economics.cibccm.com

Jun 10, 2026

US CPI (May): Inflation above 4% as energy costs continue to bite

Helen Lao Helen.Lao@cibc.com

Consumer Price Index (monthly change, %)	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026	Dec 2025	May NSA YoY%
All items	0.5	0.6	0.9	0.3	0.2	0.3	4.2
Ex-food/energy	0.2	0.4	0.2	0.2	0.3	0.2	2.9
• Ex-food	0.5	0.7	1.0	0.2	0.2	0.2	4.4
• Ex-energy	0.2	0.4	0.2	0.2	0.3	0.3	2.9
Energy	3.9	3.8	10.9	0.6	-1.5	0.3	23.5
Services	0.3	0.6	0.2	0.3	0.4	0.3	3.5
Housing	0.2	0.7	0.3	0.3	0.2	0.4	3.6
Fuels & util.	0.4	1.4	1.0	0.5	0.2	0.8	6.0
Food/beverages	0.2	0.5	0.0	0.4	0.2	0.6	3.0
• Food	0.2	0.5	0.0	0.4	0.2	0.7	3.1
Apparel	0.3	0.6	1.0	1.3	0.3	0.3	4.8
Transportation	1.3	1.3	4.3	0.2	-0.3	0.0	9.3
Medical care	0.3	-0.1	-0.2	0.5	0.3	0.4	2.6
Recreation	0.3	0.1	0.0	0.0	0.5	1.2	2.6
Education, comm.	0.8	0.0	0.2	-0.2	0.4	-0.9	0.8
Other good, serv.	1.0	0.7	-0.4	-0.1	1.3	0.3	4.9
Commodities	0.8	0.8	2.0	0.3	-0.2	0.2	5.5

Source: Haver Analytics.

- Another red-hot inflation print in the US, with the headline CPI rising by a 0.5% m/m pace in May, in line with consensus. That reflected mostly another big increase in energy prices (accounting for over 60% of the monthly total CPI increase). That led to a pick up in the annual pace from 3.8% to 4.2% in May (the highest since April 2023). The ex. food/energy measure rose by 0.2% m/m, a touch below consensus. Signs of steady passthrough of higher oil prices to core continued, with airfares up 2.7% m/m. Services ex rent of shelter still looked hot, with monthly growth picked up to 0.5% from 0.4%, and year-over-year growth picked up to 3.7% from 3.5%. Notable increases in that category include other services which increased by 0.8% m/m and communication services, which increased 1.3% m/m. With the annual pace above 4% for inflation, this confirms our call that the Fed will be on the sidelines until there are signs of oil prices heading sustainably lower.
- Services excluding rent of shelter picked up from 0.4% to 0.5% m/m in May, with medical care services also picking up from 0.4% to 0.5%, driven by a rebound in hospital services (from -0.3% in April to 0.7% in May m/m) and dental services (from -0.3% to 1.9% in May m/m). Signs of passthrough of higher oil prices are evident in several components. Airfares increased 2.7% m/m, with the level of airfares now sitting 27% higher than a year ago due to higher oil prices. Postage and delivery services increased 5.2% m/m in May, the highest monthly growth since January 2006. The US Postal Service had announced in March a surcharge of 8% to take effect on April 26 due to

higher fuel costs. Recreation services picked up from 0.1% to 0.5% m/m due to admissions (1.1% m/m) and pet services (0.5% m/m). Motor vehicle insurance unexpectedly declined by 1.7% m/m, the biggest monthly decline since COVID.

- Shelter inflation ticked down from 0.6% m/m to 0.3% m/m in May, as the technical quirk from last year's government shutdown dropped out, and the deceleration was also evident in the lodging away from home component (from 2.4% to 0.4% m/m in May).
- Commodities less energy and food decelerated to -0.1% m/m in May, the first monthly contraction since March 2025, driven by durables, as new vehicle prices declined by 0.3% m/m while medical care commodities declined by 0.7% (the third consecutive monthly decline). Household furnishings and supplies decreased by 0.2% m/m and recreation commodities fell by 0.1%.

Implications & actions

Re: Economic forecast — With inflation above 4% on an annual basis, this will keep the Fed on the sidelines in the near-term and, with the labor market stable, policymakers will be focused on containing inflation expectations and will need to see oil prices head sustainably lower in order to cut.

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

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce ("CIBC"), its subsidiaries and affiliates (including, without limitation, CIBC World Markets Inc., CIBC World Markets Corp. and CIBC Capital Markets (Europe) S.A.) provide different products and services to our customers around the world. Products and/or services offered by CIBC include corporate lending services, foreign exchange, money market instruments, structured notes, interest rate products and OTC derivatives. CIBC's Foreign Exchange Disclosure Statement relating to guidelines contained in the FX Global Code can be found at www.cibccm.com/fxdisclosure. Other products and services, such as exchange-traded equity and equity options, fixed income securities and futures execution of Canadian securities, are offered through directly or indirectly held subsidiaries of CIBC as indicated below.

Distribution

This report is written by the economics team at CIBC Capital Markets and is not the product of a CIBC Capital Markets research department. This report is issued and approved for distribution: (a) in Canada, by CIBC World Markets Inc., a member of the Canadian Investment Regulatory Organization, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund; and (b) in the United States, by either: (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada and does not constitute an offer or solicitation to buy or sell any securities discussed herein, including (without limitation) in any jurisdiction where such offer or solicitation would be prohibited.

The distribution of this report in the United Kingdom is being made only to, or directed only at, persons falling within one or more of the exemptions from the financial promotion regime in section 21 of the UK Financial Services and Markets Act 2000 (as amended) ("FSMA") including, without limitation, to the following:

- authorised firms under FSMA and certain other investment professionals falling within article 19 of the FSMA (Financial Promotion) Order 2005 ("FPO") and directors, officers and employees acting for such entities in relation to investment;
- high value entities falling within article 49 FPO and directors, officers and employees acting for such entities in relation to investment; and
- persons who receive this presentation outside the United Kingdom.

The distribution of this report to any other person in the United Kingdom is unauthorised and may contravene FSMA. No person falling outside such categories should treat this report as constituting a promotion to them or rely or act on it for any purposes whatsoever. This report is distributed solely to eligible counterparties or professional clients and not retail clients as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

For all other jurisdictions, this report is distributed solely to institutional clients and not retail clients as defined by the applicable securities legislation and regulation to which CIBC Capital Markets may be subject in any jurisdiction.

Miscellaneous

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.

CIBC Capital Markets and the CIBC Logo Design are trademarks of CIBC, used under license.

CIBC Capital Markets – PO Box 500, 161 Bay Street, Brookfield Place, Toronto, Canada M5J 2S8 – Bloomberg @ CIBC