

Economics

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US CPI (July): Reassuring pace of core prices

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Consumer Price Index (monthly change, %)	July 2026	Jun 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	July NSA YoY%
All items	0.1	-0.4	0.5	0.6	0.9	0.3	3.4
Ex-food/energy	0.2	0.0	0.2	0.4	0.2	0.2	2.5
• Ex-food	0.1	-0.5	0.5	0.7	1.0	0.2	3.4
• Ex-energy	0.2	0.0	0.2	0.4	0.2	0.2	2.6
Energy	-1.5	-5.7	3.9	3.8	10.9	0.6	14.7
Services	0.2	0.0	0.3	0.6	0.2	0.3	3.1
Housing	0.1	0.0	0.2	0.7	0.3	0.3	3.3
Fuels & util.	0.3	-0.7	0.4	1.4	1.0	0.5	4.9
Food/beverages	0.1	0.2	0.2	0.5	0.0	0.4	2.9
• Food	0.1	0.2	0.2	0.5	0.0	0.4	3.0
Apparel	0.1	-0.6	0.3	0.6	1.0	1.3	3.9
Transportation	-0.5	-2.5	1.3	1.3	4.3	0.2	5.8
Medical care	0.4	-0.1	0.3	-0.1	-0.2	0.5	1.7
Recreation	0.2	0.5	0.3	0.1	0.0	0.0	2.6
Education, comm.	0.6	-0.8	0.8	0.0	0.2	-0.2	0.5
Other good, serv.	0.1	0.1	1.0	0.7	-0.4	-0.1	4.3
Commodities	-0.2	-1.1	0.8	0.8	2.0	0.3	3.9

Source: Haver Analytics.

- No surprise today with the July CPI release in the US. Headline inflation rose 0.1% in July, in line with the consensus expectation. The tame headline increase was helped by lower gasoline prices. The core measure grew 0.2% in July, also in line with expectations. Commodities less food and energy rose 0.2% after two consecutive monthly declines. Shelter increased by 0.1%, as it did in June. Motor vehicle insurance continued to decline (-0.2%), the third consecutive monthly declines. Medical services accelerated to 0.6% following a 0.1% decline in June, led by hospital services. The annual pace of total CPI continued to gradually decline from 3.5% in June to 3.4% and core CPI from 2.6% to 2.5% in July. With core inflation in line with consensus, and inflation continue to decelerate on an annual basis, this should bring some comfort some members of FOMC and we continue to expect the Fed to hold rates in the September FOMC meeting.
- Energy was the biggest deflationary driver in the month, due mostly to lower gasoline prices while electricity and natural gas prices bounced back. Food also posted a modest 0.1% monthly increase, with food at home posting a 0.1% monthly contraction, meat prices declined by 1%, reversing the increase in the prior month. Fruits and vegetables also declined 0.1% in the month. Lettuce prices went down 16.4% in the month, the largest single monthly drop in the series. The drop is linked to a cyclospora outbreak linked to shredded lettuce, but if Americans are willing

to gamble their digestive tract, they could get it on sale. Food away from home rose 0.3%, in line with historical average, so no visible effect from pressure due to the FIFA World Cup.

- Commodities less energy and food grew 0.2% in July, after two consecutive monthly declines. Most categories bounced back from the decline in June including apparel, household furnishings, used cars and trucks and other goods. Information technology commodities grew strongly (1.4%) led by computers, peripherals and smart home devices. Computer software and accessories increased 0.5%, the eighth consecutive monthly increase, which is linked to the memory chip shortage. On a year-over-year basis, this category is up 21% in July. Nondurables less food and beverages declined by 0.9%, the second consecutive large monthly decline (June: -3.4%). Medical care commodities continue to decline (-0.6%), marking the fifth consecutive monthly decline. The White House secured agreements with 17 major pharmaceutical companies since late last year to reduce US prescription drug prices. Medical care commodities prices are down 2.7% on an annual basis in July.
- Services excluding rent of shelter grew 0.2% in July. Many services category rebounded this month. Medical care services rebounded (0.6%) following a June decline. Airfares increased 2.2% following a nearly flat reading in June. Telephone services, which posted an outsized decline last month, grew 0.6% in July. Motor vehicle insurance continued to decline (-0.3%), representing the third consecutive monthly decline. There is a continued normalization in MV insurance premiums following the surge in prices from 2022 to 2024.
- Shelter inflation grew 0.1%, the same pace as June, with rent and owners' equivalent rent growing by 0.3%, but the increase was partially offset by a 2.8% decline in lodging away from home, led by hotels (-3.3%).

Implications & actions

Re: Economic forecast — With the monthly reading of core inflation in line with the consensus, we believe this reaffirms the case for a hold for the next FOMC meeting in September. However, these trends might not last if the renewed conflict in the Middle East lifts oil prices again.

Re: Markets — Market reaction was muted given the print with in line with expectations, although bond yields fell slightly following the release with a small drop in the probability of a September Fed rate hike.

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