Higher prices at the pump in June caused overall inflation to accelerate in the US, while core annual inflation remained steady, reflecting the prolonged recovery in demand. Headline prices advanced by 0.6% on the month, leaving annual inflation five ticks higher at 0.6% as gasoline prices rose by 12.3% and food prices climbed by 0.6%. The rise in gas prices has extended into July, as economies abroad largely continue to recover, suggesting that inflation could continue to rise in the months ahead. Excluding the volatile energy and food categories, prices rose by more than expected on the month at 0.2%, leaving annual core inflation unchanged at 1.2%. Some categories that had been falling in previous months started to rise in June, including auto insurance and apparel. With the recovery in the US taking shape only very slowly, core annual inflation should remain tame over the rest of the year. Even if certain goods categories see upwards pressure as a result of supply chain issues upon reopening, weakness in services is expected to overshadow that, given the higher weight on services in the core CPI basket.