

CPI Report



24 - October - 2025

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U.S. Inflation & Opportunities

The U.S. Consumer Price Index (CPI) for September shows inflation cooling slightly. This release is the only official economic data amid the ongoing federal shutdown and will guide Social Security cost-of-living adjustments. It's also the last major data point before the Fed's upcoming rate decision.

Key Takeaways:

1. Inflation Moderates:

- Headline **CPI rose 0.3% MoM**, annualized at **3.0%**, below forecasts of 0.4%/3.1%.
- Core CPI (ex-food & energy) also at **3.0% YoY**, vs. expected 3.1%.
- Energy and food saw mixed trends: gasoline **+4.1%** monthly, food **+0.2%**, shelter **+0.2%** (3.6% YoY).

2. Tariff Impact Still Limited:

- Realized tariff rate **≈10%**, with substitution effects reducing cost pressure.
- Companies have absorbed modest cost increases; broader inflation impact remains muted.

3. Fed & Policy Implications:

- Markets now price in a near-certain 25bp rate cut at the upcoming Fed meeting, with a potential second cut in December.

- Fed policymakers are balancing softening labor data with inflation slightly above their 2% target, indicating a measured, data-driven easing cycle.

4. Markets Reaction & Outlook:

- **Equities:** Futures rallied on lower inflation, supporting growth sectors.
- **Fixed Income:** Treasury yields declined slightly; bond prices are likely to benefit from expected rate cuts.
- **Commodities:** Inflation-sensitive commodities may see moderate pressure; energy and food remain key focus areas.

Traders' Opportunities:

- Tactical entry into rate-sensitive sectors (tech, growth equities).
- Defensive positioning in staples/commodities if tariffs or energy prices rise.
- Monitor real-time Fed signals, guidance, dots, and labor market data will shape positioning.

Forward-Looking Insight:

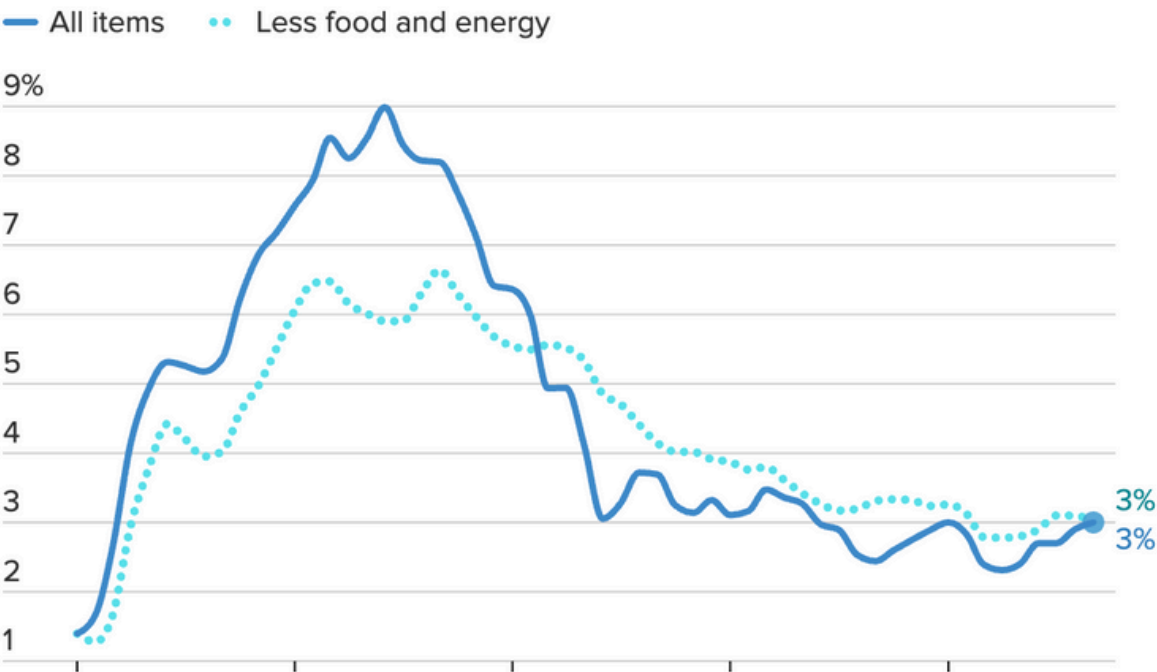
- **Short-term:** Markets likely to anticipate Fed easing; expect volatility around the Fed announcement.
- **Medium-term:** Tariff developments, labor market trends, and consumer spending will guide inflation trajectory.
- **Traders' Strategy:** Focus on sectors benefiting from rate cuts, while hedging against potential tariff shocks or commodity inflation spikes.

U.S. CPI Snapshot — September 2025

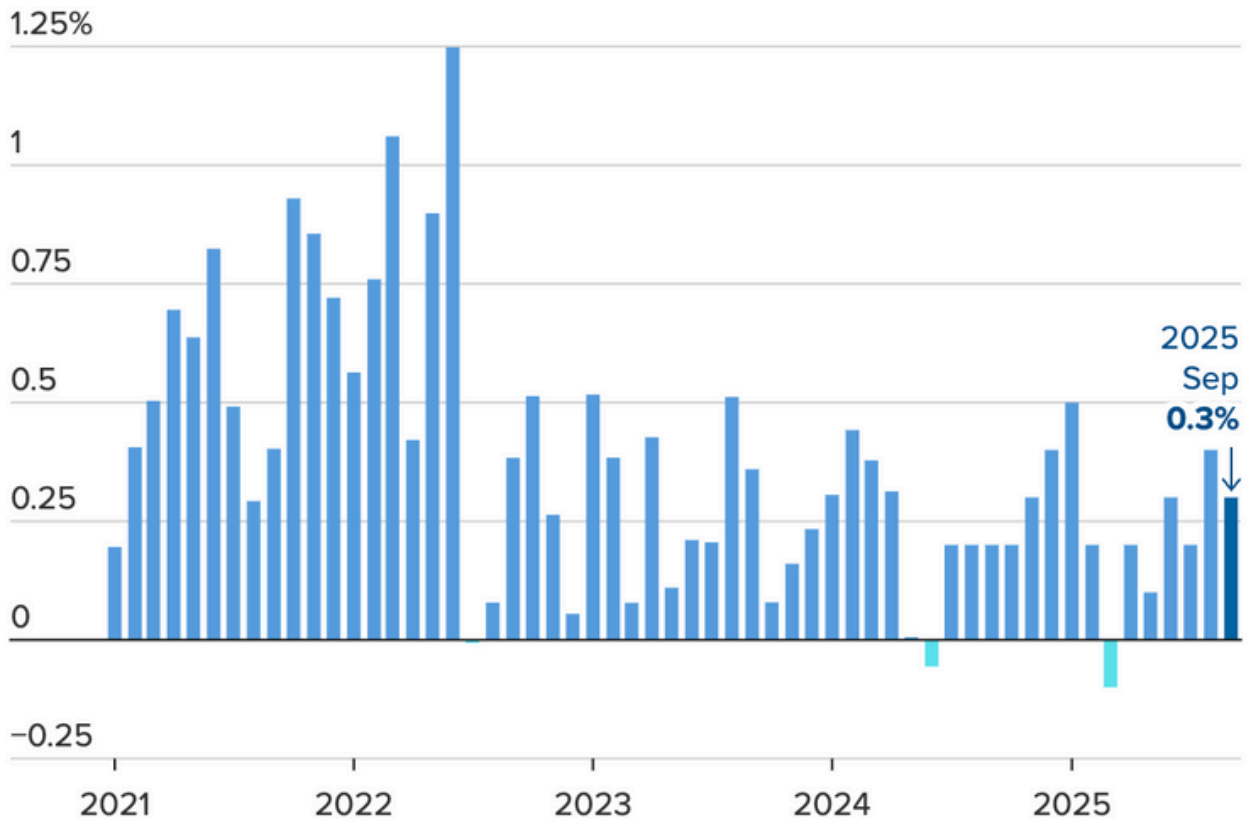
Metric	MoM Change	YoY Change	Consensus	Comment
Headline CPI	+0.3%	3.0%	0.4% / 3.1%	Broad prices rose less than expected
Core CPI (ex-food, energy)	+0.2%	3.0%	0.3% / 3.1%	Indicates muted underlying inflation
Shelter	+0.2%	3.6%	-	~1/3 of CPI weighting; moderate increase
Food	0%	3.1%	-	Meat, poultry, fish, eggs +5.2% YoY
Energy	+1.1%	2.8%	-	Gasoline +4.1% MoM; electricity +5.1% YoY
New Vehicles	+0.8%	-	-	Rising costs, but offset by used cars -0.4% MoM
Core Goods	+0.2%	N/A	-	Limited tariff impact; substitution effect visible

U.S. consumer price index

Year-over-year percent change | Jan. 2021–Sept. 2025



Monthly percent change | Jan. 2021–Sept. 2025



Source: U.S Bureau of Labor Statistics
Data as of Oct. 24, 2025

September's CPI report confirms that **inflationary pressures are moderating**, giving the Federal Reserve room to pursue a cautious easing cycle without jeopardizing long-term price stability. Headline and core inflation coming in below expectations suggests that the U.S. economy is absorbing tariff and energy shocks more efficiently than feared.

For traders, this environment presents clear **tactical opportunities**: rate-sensitive equities may outperform, bonds remain attractive on yield compression, and selective commodity exposure can serve as a hedge against localized price spikes.

Looking forward, market participants should focus on the interplay between upcoming Fed policy decisions, labor market trends, and geopolitical tariff developments. Navigating these dynamics with a disciplined, data-driven approach is essential to capturing upside while managing risk in the months ahead.

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