



BETTER THAN EXPECTED

COMMENTARY

JULY 2025

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Consumer Price Index (CPI) data was released this morning by the US Bureau of Labor Statistics. Though it accelerated from the previous month, the data actually came through a little lower than expected.

On a month over month (M/M) basis, CPI rose 0.30% as expected. CPI ex-food and energy (removing the effects of more volatile food and energy prices) M/M was up 0.2%, 0.10% less than expected. (Consensus was for an increase of 0.3%). The biggest reason for increased CPI inflation in June was a 0.20% increase in the shelter component. Food saw an increase of 0.3% driven by a 0.3% increase in the food at home component and an increase of 0.4% in the food away from home component.

On a year-over-year (Y/Y) basis CPI increased 2.7%, again as expected, and ex-food and energy saw an increase of 2.9% and 0.10% less than expected.

SIM believes that while the markets may find some comfort from the lower-than-expected increase, it likely will not give the Fed the ammunition it needs to justify reducing rates. For that the Fed will want to see inflation stabilize – particularly as higher tariff rates take effect.

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