



Global Macro Flash

US Inflation Consumer Price Index (CPI) | January 17th, 2025

US Inflation Heats Up in December, Fed Expected to Pause

Previous Data (Headline Inflation)

Period	MoM	YoY
Nov 2024	0.30%	2.70%
Oct 2024	0.20%	2.60%
Sep 2024	0.20%	2.40%

Source: US Bureau of Labor Statistics

Outlook/Projection

Years	IMF	World Bank	OECD
FY24F	3.00%	3.50%	2.40%
FY25F	1.90%	-	1.80%

Source: Phintraco Sekuritas Research | IMF, World Bank, OECD

Headline Inflation by Component

Component	MoM	YoY
Food	0.40%	2.90%
Energy	2.60%	-0.50%
All Item less Food&Energy	0.20%	3.20%

Source: US Bureau of Labor Statistics

Inflation Expectation

Future Year Ahead	Oct 24	Nov 24	Dec 24
1 Year	2.90%	3.00%	3.00%
3 Year	2.50%	2.60%	3.00%
5 Year	2.80%	2.90%	2.70%

Source: Bank Federal Reserve Newyork

Future Inflation Probability

Inflation	1 Year Ahead	3 Year Ahead
<0%	23.80%	28.00%
0-2%	13.30%	13.20%
2-4%	22.60%	20.00%
>4%	40.30%	38.80%

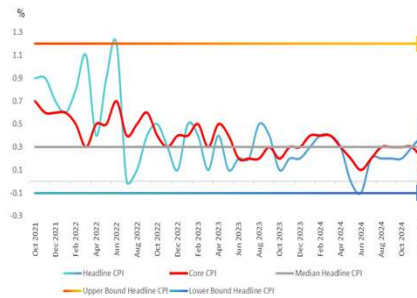
Source: Bank Federal Reserve Newyork

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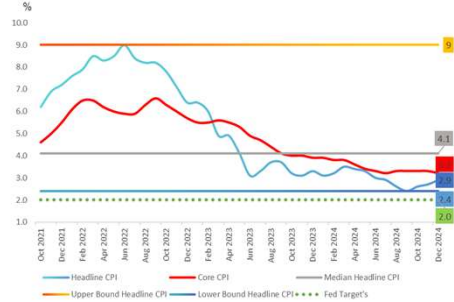
Period	Headline Inflation		Core Inflation	
	MoM	YoY	MoM	YoY
Dec 2024	0.40%	2.90%	0.20%	3.20%

Figure 1. Inflation (MoM)



Source : Phintraco Sekuritas Research | US Bureau of Labor Statistics

Figure 2. Inflation (YoY)



Source : Phintraco Sekuritas Research | US Bureau of Labor Statistics

United States (US) headline inflation rose by 10 basis points to 0.4% month-over-month (MoM) in December 2024, up from 0.3% MoM in November 2024 and above market expectations of 0.3% MoM. This increase was primarily driven by the energy index, which rose 2.6% MoM in December 2024, accounted for over 40% of the monthly increase across all goods and services. The energy index includes gasoline, which increased by 4.4% MoM, and energy commodities, which rose by 4.3% in December 2024. The food index also increased by 0.3% MoM in December 2024. Meanwhile, core inflation, which excludes food and energy prices, decreased by 10 basis points to 0.2% MoM in December 2024 from 0.3% MoM in November 2024 (Figure 1). It is due to the drop nearly 50% prices of used car and truck.

On an annual basis, U.S. headline inflation also increased by 20 basis points to 2.9% year-over-year (YoY) in December 2024, up from 2.7% YoY in November 2024. This rise was attributed to increases in the food and restaurant services indexes, which rose by 1.8% YoY and 3.6% YoY, respectively, in December 2024. U.S. core inflation decreased by 10 basis points to 3.2% YoY in December 2024 from 3.3% YoY in November (Figure 2). This decline was influenced by moderate increases in goods prices, moderation in shelter inflation, and easing insurance cost pressures.

Annual inflation in 2024 has increased, leading to the belief that the Fed will maintain the benchmark interest rate during the Federal Open Market Committee (FOMC) meeting at the end of January 2025 (1/29). This expectation is supported by the CME FedWatch Probabilities, which show a 97.3% likelihood of the interest rate remaining in the 4.25-4.50%, potentially until May 2025 (Figure 3). In the coming year, the Fed is anticipated to cut interest rates only once by 25 basis points to 4.00-4.25%, with an aggregate probability of 51.52% (Figure 4).

Figure 3. Conditional Probability (as of 16-01-2025)

MEETING DATE	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES					
	300-325	325-350	350-375	375-400	400-425	425-450
1/29/2025	0.0%	0.0%	0.0%	0.0%	2.7%	97.3%
3/19/2025	0.0%	0.0%	0.0%	0.7%	27.3%	72.0%
5/7/2025	0.0%	0.0%	0.2%	6.4%	37.0%	56.4%
6/18/2025	0.0%	0.1%	2.4%	17.4%	44.0%	36.2%
7/30/2025	0.0%	0.4%	4.6%	21.2%	42.8%	30.9%
9/17/2025	0.1%	1.3%	8.3%	26.0%	40.2%	24.1%
10/29/2025	0.3%	2.2%	10.6%	27.8%	38.1%	21.0%
12/10/2025	0.5%	3.3%	12.8%	29.2%	35.9%	18.2%

Source: Phintraco Sekuritas Research | CME FedWatch Tool

Figure 4. Aggregate Probability (as of 16-01-2025)

MEETING DATE	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES		
	375-400	400-425	425-450
1/29/2025	0.00%	2.67%	97.33%
3/19/2025	0.00%	28.67%	71.33%
5/7/2025	0.00%	51.98%	48.02%
6/18/2025	0.00%	86.21%	13.79%
7/30/2025	0.67%	99.33%	0.00%
9/17/2025	23.84%	76.16%	0.00%
10/29/2025	36.67%	63.33%	0.00%
12/10/2025	48.48%	51.52%	0.00%

Source: Phintraco Sekuritas Research | CME FedWatch Tool