



Global Macro Flash

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

US Inflation Cools Down: Key Factors and Fed's Next Move

Previous Data (Headline Inflation)

Period	MoM	YoY
Jan 2025	0.50%	3.00%
Dec 2024	0.40%	2.90%
Nov 2024	0.30%	2.70%

Source: US Bureau of Labor Statistics

Outlook/Projection

Years	IMF	World Bank	OECD
FY25F	2.70%	-	2.00%
FY26F	2.10%	-	-

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

Headline Inflation by Component

Component	MoM	YoY
Food	0.20%	2.60%
Energy	0.20%	-0.20%
All Item less Food&Energy	0.20%	3.10%

Source: US Bureau of Labor Statistics

Inflation Expectation

Future Year Ahead	Dec 24	Jan 25	Feb 25
1 Year	3.00%	3.00%	3.10%
3 Year	3.00%	3.00%	3.00%
5 Year	2.70%	3.00%	3.00%

Source: Bank Federal Reserve New York

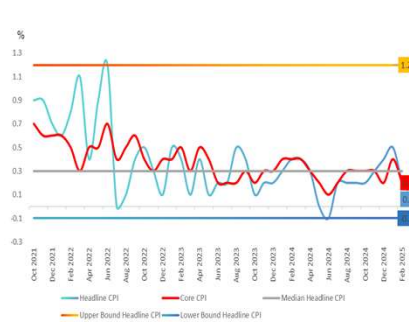
Future Inflation Probability

Inflation	1 Year Ahead	3 Year Ahead
<0%	22.60%	27.30%
0-2%	11.60%	12.00%
2-4%	22.20%	19.30%
>4%	43.60%	41.40%

Source: Bank Federal Reserve New York

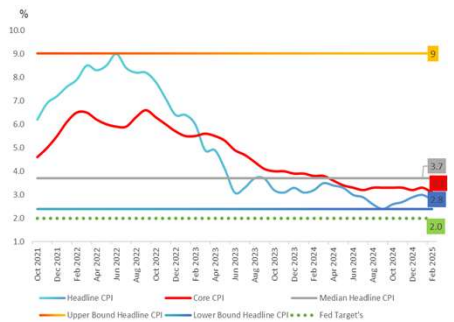
Period	Headline Inflation		Core Inflation	
	Feb 2025	0.20% MoM / 2.80% YoY	0.20% MoM	3.10% YoY

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

US CPI headline inflation decreased by 30 bps to 0.2% MoM in February 2025 from 0.5% MoM in January 2025, falling below market expectations of 0.3% MoM. It was influenced by a 0.3% MoM increase in the shelter index in February 2025, accounting for nearly 50% of the monthly increase across all goods and services but was offset by a 4.0% MoM decrease in airline fares and a 1.0% MoM decline in fuel oil prices. Meanwhile, the energy index rose to 0.2% MoM with electricity and natural gas index increases. The food index also increased by 0.2% MoM in February 2025. Additionally, core inflation, which excludes food and energy items, fell 20 bps to 0.2% MoM in February 2025 from 0.4% MoM in January 2025 (Figure 1). It was primarily due to a 0.8% MoM decrease in transportation service prices.

US CPI headline inflation also declined by 20 bps to 2.8% YoY in February 2025 from 3.0% YoY in January 2025. It was influenced by decreases in the fuel oil and energy commodities indexes of 5.1% YoY and 3.2% YoY, respectively, in February 2025. Furthermore, US core inflation dropped 20 bps to 3.1% YoY in February 2025 from 3.3% YoY in January 2025 (Figure 2). It was attributed to the slowdown in shelter cost increases, which remains the main driver of core inflation, at 4.2% YoY, its lowest level since December 2021.

The Fed is currently monitoring Trump-era tariff policies that could affect inflation developments in the coming months and their impact on Fed interest rate decisions. For the upcoming FOMC meeting on Wednesday (3/19), CME Fed Watch Probabilities as of Friday (3/14) show a 98.00% likelihood of maintaining the interest rate range at 4.25-4.50%, expected to hold until May 2025 (Figure 3). Additionally, by the end of 2025, the Fed is projected to cut interest rates three times by 75 bps to 3.50-3.75%, with an aggregate probability of 85.82% (Figure 4).

Figure 3. Conditional Probability (as of 14-03-2025)

Meeting Date	300-325	325-350	350-375	375-400	400-425	425-45
3/19/2025	0	0	0.00%	0.00%	2.00%	98.00%
5/7/2025	0.00%	0.00%	0.00%	0.40%	19.80%	79.90%
6/18/2025	0.00%	0.00%	0.30%	17.10%	71.60%	11.00%
7/30/2025	0.00%	0.10%	6.90%	38.50%	47.80%	6.70%
9/17/2025	0.10%	4.70%	28.30%	44.80%	20.00%	2.20%
10/29/2025	1.80%	13.30%	34.30%	35.80%	13.50%	1.40%
12/10/2025	3.90%	17.20%	34.60%	31.60%	11.30%	1.10%

Source: Phintraco Sekuritas Research | CME FedWatch Tool

Figure 4. Aggregate Probability (as of 14-03-2025)

Meeting Date	300-325	325-350	350-375	375-400	400-425	425-45
3/19/2025	0	0	0.00%	0.00%	3.00%	97.00%
5/7/2025	0.00%	0.00%	0.00%	0.00%	33.84%	66.16%
6/18/2025	0.00%	0.00%	0.00%	1.73%	98.27%	0.00%
7/30/2025	0.00%	0.00%	0.00%	41.00%	59.00%	0.00%
9/17/2025	0.00%	0.00%	6.66%	93.34%	0.00%	0.00%
10/29/2025	0.00%	0.00%	43.00%	57.00%	0.00%	0.00%
12/10/2025	0.00%	0.00%	85.82%	14.18%	0.00%	0.00%

Source: Phintraco Sekuritas Research | CME FedWatch Tool

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