



# Global Macro Flash

## US Inflation Consumer Price Index (CPI) | June 12<sup>th</sup>, 2025

### U.S. Inflation Cools More Than Expected in May, Fueling Rate Cut Hopes

#### Previous Data (Headline Inflation)

Period	MoM	YoY
Apr 2025	0.20%	2.30%
Mar 2025	-0.10%	2.40%
Feb 2025	0.20%	2.80%

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	0.30%	2.90%
Energy	-1.0%	-3.50%
All Item less Food&Energy	0.10%	2.80%

Source: US Bureau of Labor Statistics

#### Inflation Expectation

Future Year Ahead	Mar 25	Apr 25	May 25
1 Year	3.60%	3.60%	3.20%
3 Year	3.00%	3.20%	3.00%
5 Year	2.90%	2.70%	2.60%

Source: Bank Federal Reserve New York

#### Future Inflation Probability

Inflation	1 Year Ahead	3 Year Ahead
<0%	21.60%	24.80%
0-2%	12.50%	13.00%
2-4%	20.50%	20.10%
>4%	45.40%	42.10%

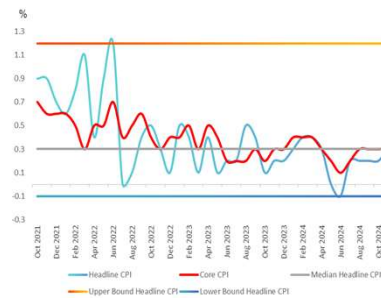
Source: Bank Federal Reserve New York as of May 2025

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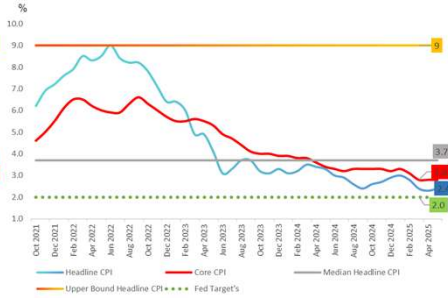
Period	Headline Inflation		Core Inflation	
May 2025	0.10% MoM	2.40% YoY	0.10% MoM	2.80% YoY

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

United States (U.S.) inflation decreased 0.1% MoM in May 2025 from 0.2% MoM in April 2025, below market expectations of 0.2% MoM. It was influenced by a 1.0% MoM decline in the energy index in May, which included decreases in the fuel and energy commodity indices of 2.6% MoM and 2.4% MoM, respectively. Meanwhile, the food index rose to 0.3% MoM in May 2025. Additionally, core inflation, which excludes food and energy items, fell 10 bps to 0.1% MoM in May 2025 from 0.2% MoM in April 2025 (**Figure 1**). It was due to decrease in the apparel index of 0.4% MoM in May 2025.

On an annual basis, U.S. headline inflation rose slightly by 10 bps to 2.4% YoY in May 2025 from 2.3% YoY in April 2025 and below market expectation of 2.5% YoY. It was influenced by a 2.9% YoY increase in the food index, driven by the highest increase in meat, eggs, and poultry products at 6.1% YoY. Meanwhile, U.S. core inflation grew to 2.8% YoY in May 2025, unchanged from the previous month (**Figure 2**). It was caused by increases in motor vehicle insurance of 7.0% YoY and tobacco and cigarette products of 6.3% YoY.

This series of lower-than-expected inflation data indicates that consumers haven't already felt the direct impact of tariffs implemented by Donald Trump. It may be because the highest tariffs are still delayed, or companies are temporarily absorbing these additional costs. However, if higher tariffs are widely implemented, companies will find it increasingly difficult to prevent production cost increases from being passed on to consumers. Furthermore, The Fed remains inclined to wait and see until reciprocal tariff policies begin to take effect. Based on CME FedWatch Probabilities as of Wednesday (6/11), the FOMC (6/18) probabilities are at 99.80%, with the interest rate range remaining at 4.25%-4.50%. Furthermore, a 25-bps interest rate cut to the 4.00%-4.25% range is expected in September 2025 with a probability of 61.6% (**Figure 3**). By the end of 2025, the Fed is expected to cut interest rates twice by 50-bps to 3.75%-4.00%, with an aggregate probability of 93.4% (**Figure 4**).

Figure 3. Conditional Probability (as of 11-06-2025)

Meeting Date	300-325	325-350	350-375	375-400	400-425	425-450
6/18/2025	0.0%	0.0%	0.00%	0.00%	0.00%	99.80%
7/30/2025	0.00%	0.00%	0.00%	0.00%	18.60%	81.30%
9/17/2025	0.00%	0.00%	0.00%	12.70%	61.60%	25.70%
10/29/2025	0.00%	0.00%	6.80%	38.80%	42.40%	12.00%
12/10/2025	0.00%	4.50%	28.00%	41.20%	22.30%	4.10%
1/28/2026	1.80%	13.90%	33.20%	33.60%	15.00%	2.40%
3/18/2026	8.00%	23.80%	33.40%	24.10%	8.60%	1.20%

Source: Phintraco Sekuritas Research | CME FedWatch Tool

Figure 4. Aggregate Probability (as of 11-06-2025)

Meeting Date	300-325	325-350	350-375	375-400	400-425	425-450
6/18/2025	0.0%	0.0%	0.00%	0.00%	0.00%	99.83%
7/30/2025	0.00%	0.00%	0.00%	0.00%	18.43%	81.57%
9/17/2025	0.00%	0.00%	0.00%	0.00%	86.99%	13.01%
10/29/2025	0.00%	0.00%	0.00%	40.43%	59.57%	0.00%
12/10/2025	0.00%	0.00%	6.58%	93.42%	0.00%	0.00%
1/28/2026	0.00%	0.00%	46.43%	53.57%	0.00%	0.00%
3/18/2026	0.00%	0.00%	97.54%	2.46%	0.00%	0.00%

Source: Phintraco Sekuritas Research | CME FedWatch Tool