



Global Macro Flash

US Inflation Consumer Price Index (CPI) | October 27th, 2025

U.S. Inflation Comes in Below Expectations, Boosting Fed Rate Cut Hopes

Previous Data (Headline Inflation)

Period	MoM	YoY
Aug 2025	0.40%	2.90%
Jul 2025	0.20%	2.70%
Jun 2025	0.30%	2.70%

Source: US Bureau of Labor Statistics

Outlook/Projection

Years	IMF	World Bank	OECD
FY25F	2.40%	-	2.70%
FY26F	1.80%	-	3.00%

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

Headline Inflation by Component

Component	MoM	YoY
Food	0.20%	3.00%
Energy	1.50%	2.80%
All Item less Food&Energy	0.20%	3.00%

Source: US Bureau of Labor Statistics

Inflation Expectation

Future Year Ahead	Jul 25	Aug 25	Sep 25
1 Year	3.10%	3.20%	3.40%
3 Year	3.00%	3.00%	3.00%
5 Year	2.90%	2.90%	3.00%

Source: Bank Federal Reserve New York

Future Inflation Probability

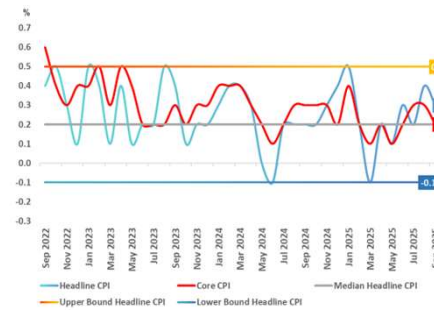
Inflation Range	1 Year Ahead	3 Year Ahead
<0%	19.30%	23.60%
0-2%	12.00%	12.90%
2-4%	24.20%	22.60%
>4%	44.50%	40.90%

Source: Bank Federal Reserve New York as of September 2025

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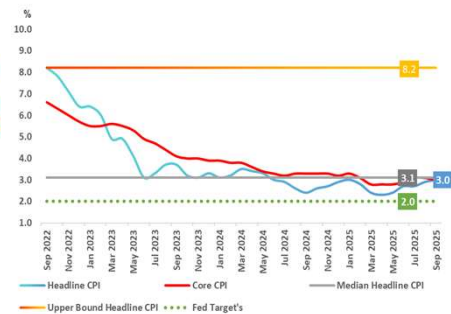
Period	Headline Inflation		Core Inflation	
September 2025	0.30 % MoM	3.00% YoY	0.20% MoM	3.00% YoY

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

U.S. headline inflation eased on monthly basis to 0.3% MoM in September 2025, from 0.4% MoM in August 2025 and below market expectations of 0.4% MoM. This was mainly driven by a decline in the food index, which slowed to 0.2% MoM in September from 0.5% MoM in August. However, this decline was offset by an increase in the energy index, which rose 1.5% MoM, supported by a sharp 4.1% MoM increase in the fuel index in September 2025. Meanwhile, core inflation—which excludes food and energy down to 0.2% MoM in September 2025 from 0.3% MoM in August 2025 (**Figure 1**), mainly due to deflation in the used cars and trucks index, which fell to 0.4% MoM in September 2025.

On an annual basis, U.S. headline inflation rose to 3.0% YoY in September 2025 from 2.9% YoY in August 2025, though still below market expectations of 3.1% YoY. The increase was mainly driven by a significant rise in the energy index, which climbed to 2.8% YoY in September from 0.2% YoY in August, marking the highest level since May 2024. Meanwhile, core inflation fell slightly to 3.0% YoY in September 2025 from 3.1% YoY in August 2025 (**Figure 2**), driven by deflation in the apparel index, which fell to 0.1% YoY in September 2025.

Overall, U.S. inflation remained relatively contained and in line with market expectations, supported by stable core inflation despite a notable increase in energy prices. The energy component showed a significant shift, mainly due to higher fuel prices resulting from refinery and pipeline issues that disrupted supply along the West Coast. On the other hand, tariff effects have yet to appear in core inflation, even though fares and tariff-sensitive goods such as household appliances have increased in price. In addition, the Fed is likely to maintain a dovish stance as labor market data continues to weaken. Based on CME FedWatch probabilities as of Monday (10/27), the FOMC is expected to cut rates by 25bps in October, bringing the target range to 3.75%–4.00%, with a 96.70% probability (**Figure 3**). By the end of 2025, the Fed is expected to deliver one additional rate cut of 25bps, bringing the target range to 3.50%–3.75%, with an aggregate probability of 95.81% (**Figure 4**).

Figure 3. Conditional Probability (as of 27-10-2025)

MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425
10/29/25	0.00%	0.00%	0.00%	0.00%	96.70%	3.30%
12/10/25	0.00%	0.00%	0.00%	95.80%	4.10%	0.00%
01/28/26	0.00%	0.00%	48.80%	49.10%	2.00%	0.00%
03/18/26	0.00%	23.00%	49.00%	26.90%	1.10%	0.00%
04/29/26	5.50%	29.20%	43.70%	20.80%	0.80%	0.00%
06/17/26	18.10%	36.90%	31.50%	10.20%	0.40%	0.00%
07/29/26	23.30%	35.40%	25.60%	7.40%	0.30%	0.00%
09/16/26	27.50%	32.00%	19.30%	5.00%	0.20%	0.00%
10/28/26	28.20%	30.20%	17.20%	4.30%	0.20%	0.00%

Source: Phintraco Sekuritas Research | CME FedWatch Tool

Figure 4. Aggregate Probability (as of 27-10-2025)

MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425
10/29/25	0.00%	0.00%	0.00%	0.00%	96.74%	3.26%
12/10/25	0.00%	0.00%	0.00%	95.81%	4.19%	0.00%
01/28/26	0.00%	0.00%	46.74%	53.26%	0.00%	0.00%
03/18/26	0.00%	0.00%	93.98%	6.02%	0.00%	0.00%
04/29/26	0.00%	16.74%	83.26%	0.00%	0.00%	0.00%
06/17/26	0.00%	69.95%	30.05%	0.00%	0.00%	0.00%
07/29/26	0.00%	97.74%	2.26%	0.00%	0.00%	0.00%
09/16/26	32.35%	67.65%	0.00%	0.00%	0.00%	0.00%
10/28/26	46.74%	53.26%	0.00%	0.00%	0.00%	0.00%

Source: Phintraco Sekuritas Research | CME FedWatch Tool

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