BEA東亞銀行

Economic Indicators Analysis **11 November 2026**

US October CPI Inflation Paves the Way for a December Fed Rate Hike



Summary:

- October headline and core CPI exceeded expectations, reflecting a broad-based firmness in inflationary pressures.
- Survey-based inflation expectations eased slightly.
- Elevated inflation and a resilient labour market, alongside the Fed's hawkish stance, are poised to support another rate hike in December.

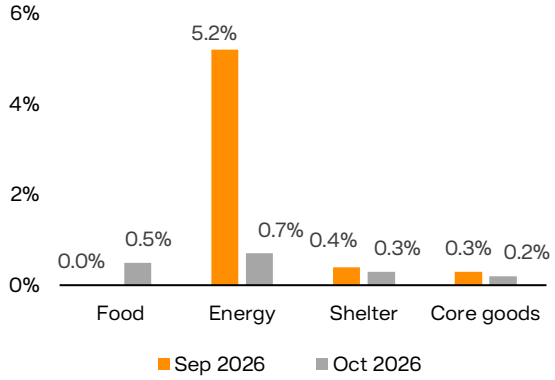
US CPI inflation came in hotter than expected. US CPI inflation rose 0.4% month-on-month (MoM) in October 2026, above the 0.3% consensus forecast, albeit easing from September's 0.6% pace. Core CPI inflation, which excludes volatile food and energy costs, held steady at 0.3% MoM, also exceeding expectations of 0.2% and matching September's pace. In this release, the year-over-year figures were not published because historical base data from October 2025 was not compiled due to the federal government shutdown.

Energy inflation eased while food prices picked up. The energy index edged up 0.7% MoM in October, following a 5.2% rise in September. This included gasoline prices slowing to a 1.0% MoM increase from 9.1%, while fuel oil prices rose 2.0%, down from 15.3%. However, before seasonal adjustments, gasoline prices were down by 0.7%, so the seasonally adjusted MoM increase did not reflect an actual rise at the pump. Total food prices rose 0.5% MoM, after remaining flat in September, split between a 0.4% increase in groceries (food at home) and a 0.5% rise in dining out (food away from home).

Core CPI inflation remained firm with mixed trends. Within core CPI, shelter costs remained a major driver of inflation, rising 0.3% MoM in October. Meanwhile, transportation services jumped 0.8% MoM, propelled by firming public transport fares and vehicle insurance rates. Medical care services advanced 0.3% MoM, and recreation services were up by 0.9%, while education and

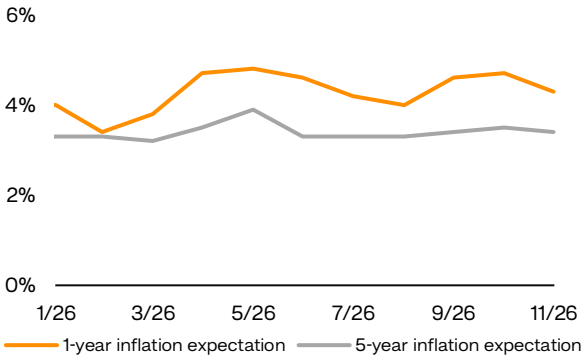
communication services were flat. Core goods inflation eased slightly from 0.3% MoM in September to 0.2% in October, driven primarily by a 1.2% drop in used car and truck prices, despite a 0.2% rise in new vehicle prices.

US CPI Inflation by Component (MoM)



Source: Bloomberg

University of Michigan Consumer Inflation Expectations



Source: Bloomberg

Household inflation expectations eased slightly. According to the preliminary November release of the University of Michigan Surveys of Consumers, 1-year inflation expectations fell to 4.3% from a five-month high of 4.7% in October. Five-year inflation expectations also edged down to 3.4% from 3.5% in the prior month. Despite these sequential improvements, consumers continued to express concern over persistent cost-of-living pressures, with 57% reporting that high prices were actively eroding their standard of living.

Federal Reserve officials maintained a hawkish tone. Speaking shortly before the release, Federal Reserve Governor Christopher Waller stated that inflation remained too high and advocated for at least a 25-basis-point hike in December, warning that policymakers should evaluate a 50-basis-point move if core pressures refuse to abate. Following the release, Chicago Fed President Austan Goolsbee characterised the inflation momentum as "borderline disturbing", noting persistent service-sector price gains and emphasising that all policy options remain on the table. Concurrently, Philadelphia Fed President Anna Paulson noted that underlying inflation remained above target, affirming that monetary policy must remain somewhat restrictive via further gradual rate increases.

With the 8-9 December FOMC meeting taking place before the next CPI release on 10 December, October's CPI report will be the last CPI reading available to the Committee before its rate decision. Given a lack of disinflation progress following the previous rate hike in September, a further 25-basis-point rate hike in December appears highly likely.

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