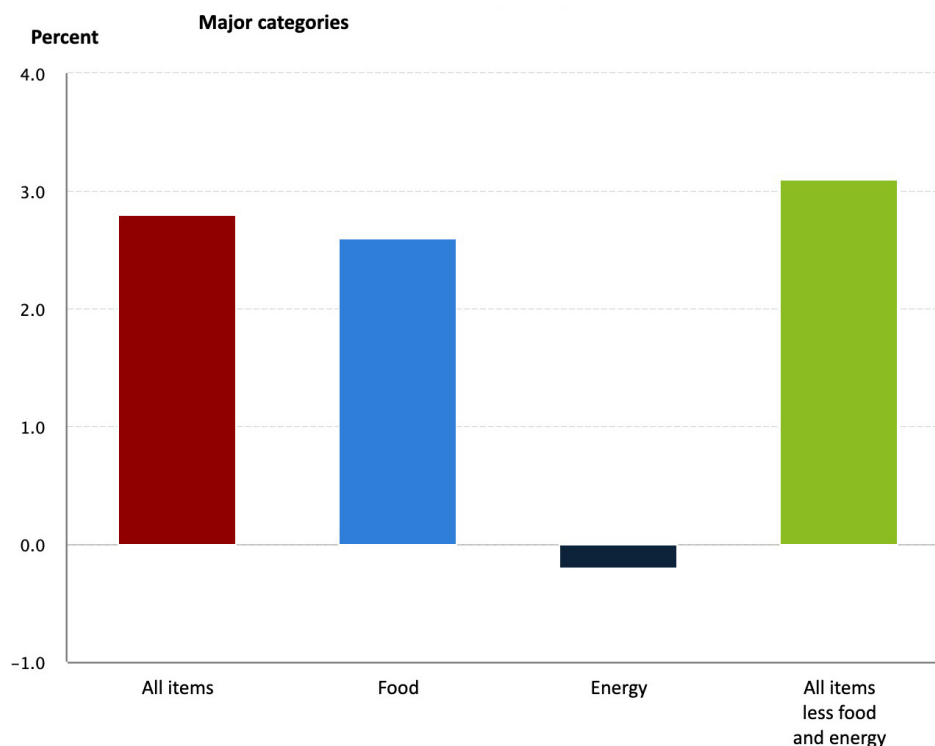


CONSUMER PRICE INDEX UPDATE

MARCH 12, 2025

The Consumer Price Index (CPI), which measures changes in prices paid by consumers for goods and services, was released earlier today for the month of February. It showed a 0.2% m/m increase and +2.8% y/y compared to January which was +0.5% m/m and +3.0% y/y. This was a reversal of the trend of 0.1% increases in monthly CPI over the past 3 months. Shelter continues to be the main driver behind swings in CPI. Energy, mainly gasoline, and airline fares, were two drivers behind the m/m decline. Shelter was +0.3% m/m in February compared to a January increase of 0.4%. The shelter index continues to show its strong impact on CPI given its significant weighting.

12-month percentage change, Consumer Price Index, selected categories, February 2025, not seasonally adjusted



[CPI Home: U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov)

The table below shows m/m percentage changes in CPI indexes which include Core CPI, Food and Energy (Core CPI excludes Food and Energy).

	Percentage change month over month			12 month change ending
	Dec 2024	Jan 2025	Feb 2025	Feb 2025
All Items	0.40%	0.50%	0.20%	2.80%
Food	0.30%	0.40%	0.20%	2.60%
Energy	2.40%	1.10%	0.20%	-0.20%
All Items ex-Food and Energy	0.20%	0.40%	0.20%	3.10%

[Source: Consumer Price Index Summary \(bls.gov\)](https://www.bls.gov)

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One of the two major focuses of the Federal Open Market Committee (FOMC) is price stability, which is still running above the target range of 2%. Per the Federal Reserve's January 29 release, members reemphasized their commitment to using the tools at their disposal to try and return inflation to the target. The FOMC's next decision regarding fed fund rates will be announced on March 18-19, 2025. The CPI summary for March is scheduled to be released on April 10, 2025.

All of the headlines thus far in 2025 have pointed to the potential for reigniting inflation; however, this report may help to put those fears at ease. The FOMC is going to be diligent in reviewing the economic data received recently and making policy changes as needed. Given the evolving landscape, including inflation concerns and new policies, the odds for rate cuts have fluctuated. All eyes will be on the FOMC meeting and subsequent release of data next Wednesday, March 19, 2025.

Current market odds place the chance of only one rate cut happening in the fourth quarter of 2025. The Fed appears poised to keep rates higher for longer as inflation remains persistent and the economy remains "ok."

The information in this CPI Update has been prepared solely for informative purposes and is not a solicitation, or an offer, to buy, sell or hold any security or a recommendation of the services supplied by any money management organization. It does not purport to be a complete description of the securities, markets or developments referred to in the report. We believe the sources to be reliable, however, the accuracy and completeness of the information is not guaranteed. We, or our officers and directors, may from time to time have a long or short position in the securities mentioned and may sell or buy such securities.

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Additional information is available upon request. Please contact your Financial Consultant with any questions.

1-15-2025