

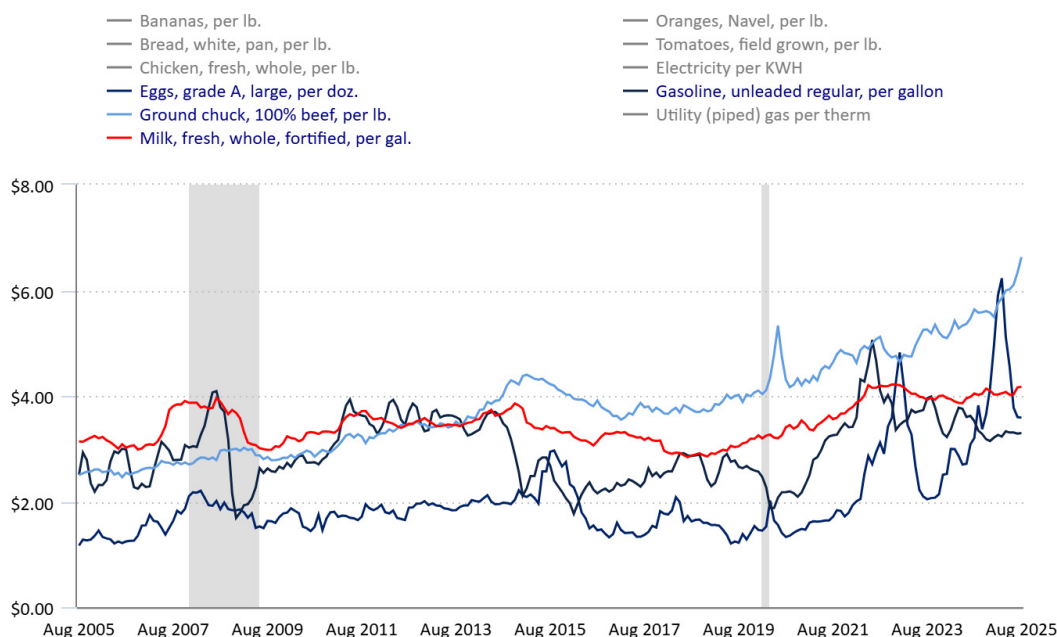
### August CPI Report: Inflation Edges Higher, Spotlight Turns to September Fed Meeting

The Consumer Price Index (CPI), a key inflation gauge measuring the average change in prices paid by consumers for a wide range of goods and services, was released this morning for August 2025, offering further insight into the evolving inflation picture.

CPI rose 0.4% month-over-month (m/m) and 2.9% year-over-year (y/y). The August figures reflect a modest acceleration from July's 0.2% m/m increase, while the annual pace ticked slightly above the prior month's 2.7% reading. Though still elevated, the data aligns with a broader pattern of gradual moderation seen throughout the year.

Shelter costs, which represent more than one-third of the total CPI, rose 0.4% m/m, continuing to be the primary driver of headline inflation. Energy prices, which declined last month, reversed course with a 0.7% m/m increase, led by a 1.9% rise in gasoline prices, applying renewed pressure on consumer budgets.

Average price data (in U.S. dollars), selected items



[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
	June	July	August	August 2025
All Items	0.30%	0.20%	0.40%	2.90%
Food	0.30%	0.00%	0.50%	3.20%
Energy	0.90%	-1.10%	0.70%	0.20%
All Items ex-Food and Energy	0.20%	0.30%	0.30%	3.10%

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

## Fed Focus: Inflation Still Above Target

With price stability as one of its dual mandates, the Federal Open Market Committee (FOMC) continues to monitor inflation closely. Despite recent progress, inflation remains above the Fed's 2% long-term target. In its July 30th policy statement, the Fed reiterated its commitment to returning inflation to target and emphasized its readiness to act as needed.

The next FOMC interest rate decision is scheduled for September 16–17. The September CPI report will be released on October 15.

## Market Outlook: Probabilities Tilt Toward Rate Cut

Market expectations for monetary policy have shifted significantly following recent data. According to CME FedWatch, markets are now pricing in an 89.1% probability of a 25-basis-point cut, and a 10.9% chance of a 50-basis-point cut at the September meeting. This comes amid a broader easing in labor market indicators and inflation momentum.

With the stage seemingly set, market participants are now looking to any final Fed commentary as the last mile before a potential policy shift.

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

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