CIBC CAPITAL MARKETS

Economics

ECONOMIC FLASH!

economics.cibccm.com

October 14, 2026

US CPI (Sep): Another hot CPI core print firms up another Fed hike

Helen Lao Helen.Lao@cibc.com

Consumer Price Index (monthly change, %)	Sep 2026	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026	Sep NSA YoY%
All items	0.6	0.4	0.1	-0.4	0.5	0.6	3.7
Ex-food/energy	0.3	0.3	0.2	0.0	0.2	0.4	2.6
• Ex-food	0.7	0.4	0.1	-0.5	0.5	0.7	3.9
• Ex-energy	0.3	0.3	0.2	0.0	0.2	0.4	2.6
Energy	5.2	2.1	-1.5	-5.7	3.9	3.8	20.4
Services	0.4	0.3	0.2	0.0	0.3	0.6	3.2
Housing	0.4	0.2	0.1	0.0	0.2	0.7	3.3
Fuels & util.	0.5	0.1	0.3	-0.7	0.4	1.4	5.8
Food/beverages	0.0	0.1	0.1	0.2	0.2	0.5	2.4
• Food	0.0	0.1	0.1	0.2	0.2	0.5	2.5
Apparel	0.3	0.0	0.1	-0.6	0.3	0.6	3.4
Transportation	2.5	1.2	-0.5	-2.5	1.3	1.3	7.9
Medical care	0.1	-0.2	0.4	-0.1	0.3	-0.1	1.5
Recreation	0.5	0.0	0.2	0.5	0.3	0.1	2.8
Education, comm.	0.2	1.6	0.6	-0.8	0.8	0.0	2.3
Other good, serv.	0.4	0.2	0.1	0.1	1.0	0.7	4.1
Commodities	1.2	0.6	-0.2	-1.1	0.8	0.8	4.6

Source: Haver Analytics.

- US core CPI came in hotter than consensus expectation for September, solidifying the odds of an October rate hike. Total CPI grew 0.6% m/m, in line with consensus expectation, but year-over-year came in a touch stronger as it increased from 3.4% to 3.7% in September. As expected, gasoline was the main driver of the headline increase, accounting for more than half of the monthly growth. Excluding food and energy, core CPI stayed firmed in the month, rising 0.3% m/m, a touch stronger than consensus expectation of 0.2%. This pushed the year-over-year growth of core up by 0.2 p.p. to 2.6%. Both core goods and core services accelerated this month. The acceleration from core goods was somewhat broad-based, seen in apparels, recreation commodities and communication commodities. On core services, shelter was a major contributor to core services in the month, rising by 0.4% m/m, hotel posted a second consecutive solid monthly growth, and owner's equivalent rent and household insurance both accelerated a touch from last month. Recreation services, transportation and medical services also accelerated from the previous month. With core CPI firmer than expected and the upside surprise was somewhat broad-based, we think that will convince most FOMC members to deliver another rate hike at the end of the month.
- As expected, gasoline, which rose 9.1% m/m, was the biggest inflationary driver in the month, accounting for over half of the monthly total CPI increase. The food index was flat on the month, as restaurants increased 0.2% m/m but food

at home fell 0.1%. The decline in food at home was somewhat broad-based with declines seen in meat, poultry, fish and eggs, diary products and other food products.

- Core CPI grew 0.3% in September, same pace as August and higher than consensus expectation of 0.2%. That pulled the year-over-year growth of core CPI up by 0.2 p.p. to 2.6% in September. The core increase was broad-based, with the monthly pace of both core goods and core services picking up relative to last month.
- Shelter picked up from 0.3% to 0.4% m/m in September, with hotel prices posting another 2% monthly growth for the second month. Owners' equivalent rent and household insurance also picked up their monthly paces relative to last month.
- Core services excluding rent of shelter maintained the same firm monthly pace of 0.3% as last month. Medical care services bounced back after declining last month. Transportation services, which is partially linked with higher gasoline prices, posted a 0.6% monthly growth, up from 0.5% m/m last month. Notable increases in this category include car and truck rental, airline fare and intracity transportation. Recreation services also picked up pace in the month, with live streamlining television services increasing 0.6% m/m as a few streaming platforms (including a major sports one) rolled out price increases in September. Partially offsetting these increases were telephone services which declined following the strong increase last month, as well as household operations which also declined in the month.
- Commodities less energy and food accelerated to 0.3% m/m from 0.1% last month. The acceleration was somewhat broad-based, apparel, footwear, used cars and trucks, recreation commodities and education and communication goods all accelerated this month. Information technology commodities, which is partly linked to AI demand, picked up pace in September with most underlying components (including computers and software) posting rebounds. Household furnishings and medical care commodities were the only major core goods categories posting a monthly decline in the month, with the latter continuing to decline due to lower prescription drug prices as part of the Administration's efforts.

Implications & actions

Re: Economic forecast — The upcoming FOMC is a close call but with today's data showing core CPI staying firm, and the upside surprise was broad-based across categories, we believe that Fed officials will stick to the inflation data and deliver another rate hike for the upcoming FOMC meeting.

Re: Markets — Short-term yields surged after the release as the probability of an October Fed rate hike increased to 50% following 20% from yesterday.

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce ("CIBC"), its subsidiaries and affiliates (including, without limitation, CIBC World Markets Inc., CIBC World Markets Corp. and CIBC Capital Markets (Europe) S.A.) provide different products and services to our customers around the world. Products and/or services offered by CIBC include corporate lending services, foreign exchange, money market instruments, structured notes, interest rate products and OTC derivatives. CIBC's Foreign Exchange Disclosure Statement relating to guidelines contained in the FX Global Code can be found at www.cibccm.com/fxdisclosure. Other products and services, such as exchange-traded equity and equity options, fixed income securities and futures execution of Canadian securities, are offered through directly or indirectly held subsidiaries of CIBC as indicated below.

Distribution

This report is written by the economics team at CIBC Capital Markets and is not the product of a CIBC Capital Markets research department. This report is issued and approved for distribution: (a) in Canada, by CIBC World Markets Inc., a member of the Canadian Investment Regulatory Organization, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund; and (b) in the United States, by either: (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada and does not constitute an offer or solicitation to buy or sell any securities discussed herein, including (without limitation) in any jurisdiction where such offer or solicitation would be prohibited.

The distribution of this report in the United Kingdom is being made only to, or directed only at, persons falling within one or more of the exemptions from the financial promotion regime in section 21 of the UK Financial Services and Markets Act 2000 (as amended) ("FSMA") including, without limitation, to the following:

- authorised firms under FSMA and certain other investment professionals falling within article 19 of the FSMA (Financial Promotion) Order 2005 ("FPO") and directors, officers and employees acting for such entities in relation to investment;
- high value entities falling within article 49 FPO and directors, officers and employees acting for such entities in relation to investment; and
- persons who receive this presentation outside the United Kingdom.

The distribution of this report to any other person in the United Kingdom is unauthorised and may contravene FSMA. No person falling outside such categories should treat this report as constituting a promotion to them or rely or act on it for any purposes whatsoever. This report is distributed solely to eligible counterparties or professional clients and not retail clients as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

For all other jurisdictions, this report is distributed solely to institutional clients and not retail clients as defined by the applicable securities legislation and regulation to which CIBC Capital Markets may be subject in any jurisdiction.

Miscellaneous

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.

CIBC Capital Markets and the CIBC Logo Design are trademarks of CIBC, used under license.

CIBC Capital Markets – PO Box 500, 161 Bay Street, Brookfield Place, Toronto, Canada M5J 2S8 – Bloomberg @ CIBC