19 October 2026

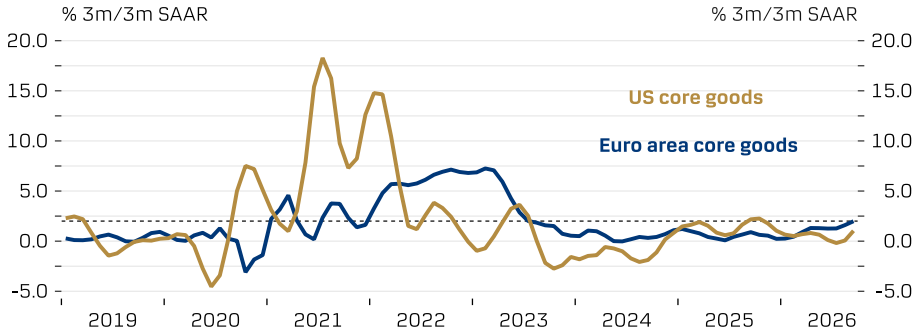
Global Inflation Watch

Energy costs pull inflation higher

- **Overview:** Inflation in September came in above expectations in both the US and euro area. Momentum in underlying inflation remains rather stable despite higher energy costs, but indirect effects from the energy shock are starting to show up in core goods inflation.
- **Inflation expectations:** Inflation expectations have been stable in the past month. Both short-term and longer-term expectations have moved sideways. Survey-based inflation expectations have also been stable.
- **US:** Headline CPI rose 3.7% y/y, up from 3.4% in August, mainly driven by a further uptick in fuel prices. Core CPI increased 2.6% y/y, up from 2.4%, with shelter inflation the main contributor. Other services did not look particularly hot, as services excluding energy, medical care and housing rose 0.3% m/m SA, in line with our expectations and well below the 0.7% increase in August. We do not think the CPI release added enough new concerns for the Fed to hike as soon as the October meeting.
- **Euro area:** Headline inflation increased to the highest level in three years at 3.8% y/y in September from 3.2% y/y, which was marginally above expectations of 3.7% y/y. The uptick in HICP was driven mainly by energy and food inflation, while underlying inflation pressures remained more muted. Core inflation increased in line with expectations to 2.5% y/y (cons.: 2.5%, prior: 2.4%). We are seeing momentum in core goods picking up marginally due to indirect effects of the energy shock, but the spillovers from the shock to underlying inflation remain relatively small.
- **China:** PPI rose in September from 3.8% y/y to 5.0% y/y as commodity and chip prices rose. Export prices were up 15.1% y/y as chips/electronics export prices increase sharply. Core inflation was flat at 1.0% y/y.

Goods momentum rising slightly, but from low starting point

Goods inflation momentum

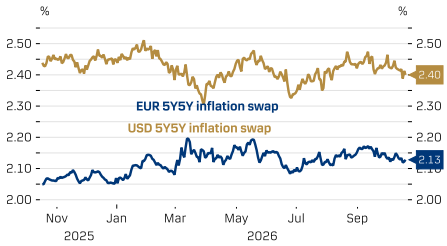


Source: BLS, ECB, Macrobond

Today's key points

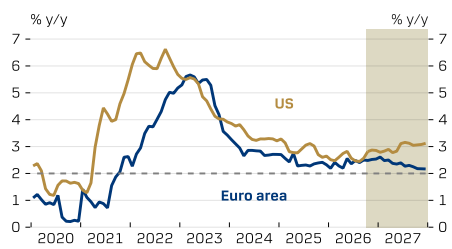
1. *Top down overview*
2. *Country details – US*
3. *Country details – Euro area*
4. *Country details - China*

Markets' long-term inflation expectations have risen, but only marginally



Note: Past or current performance is no guarantee of future performance
Source: Bloomberg, Macrobond

Core inflation outlook



Source: BLS, Eurostat, Danske Bank, Macrobond

Analyst, US
Magnus Poulsen
magpo@danskebank.com

Senior Analyst, euro area
Rune Thyge Johansen
rujo@danskebank.dk

Chief Analyst, China
Allan von Mehren
alvo@danskebank.dk

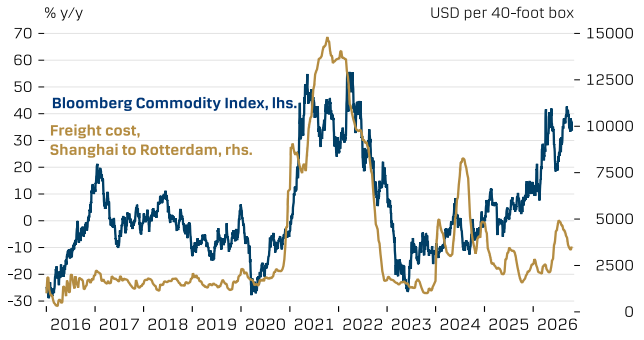
Top down overview

Overview of inflation drivers

Inflation Dashboard (3-6M trend)		
Commodity prices	Oil	↑
	Metals	→
	Food stuff	↑
Supply Chains	Freight rates	→
Wage pressure		→
Productivity growth		→
Inflation expectations		→
Pricing power		→

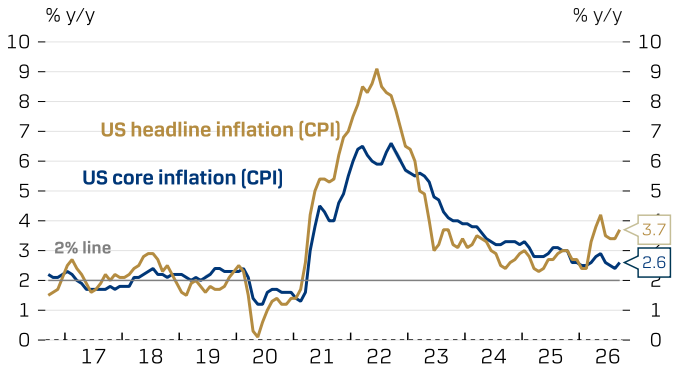
Source: Danske Bank

Commodity price and freight inflation



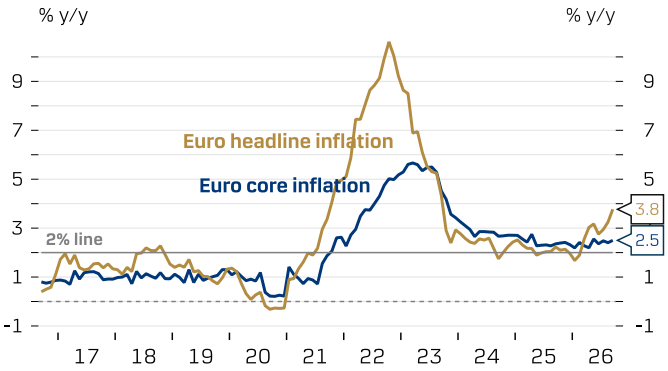
Source: Macrobond Financial, Eurostat, Bloomberg US headline and core inflation (CPI)

US headline and core inflation (CPI)



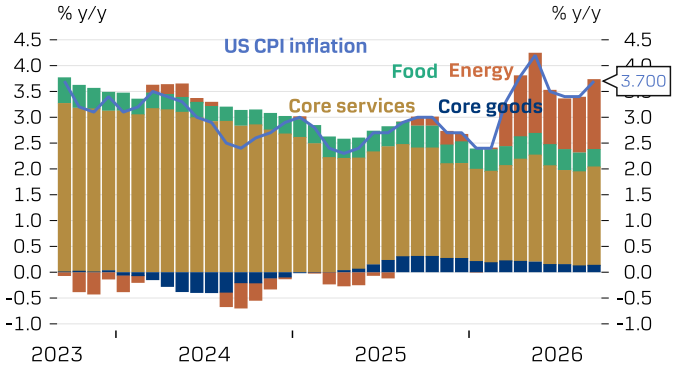
Source: Macrobond Financial, BLS

Euro headline and core inflation



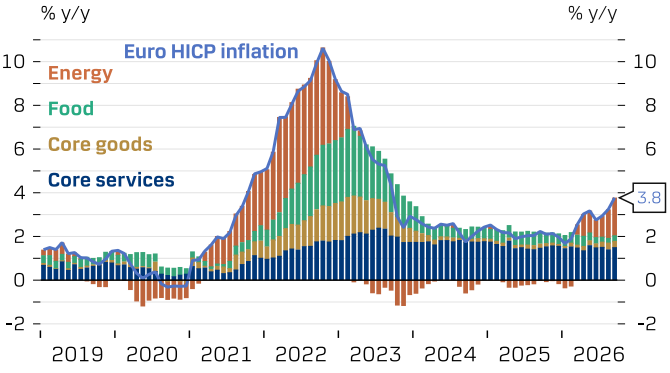
Source: Macrobond Financial, Eurostat

Contributions to US inflation



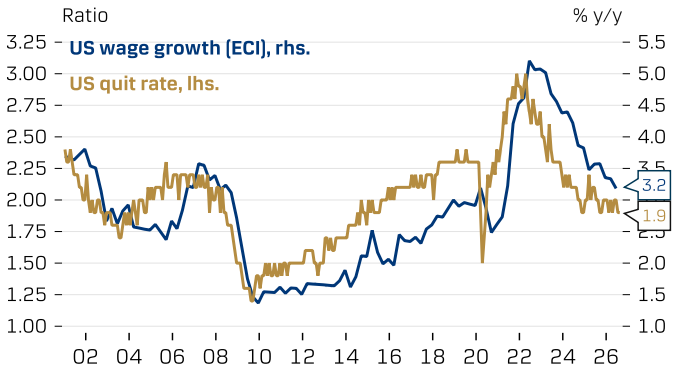
Source: Macrobond Financial, BLS Source: Macrobond Financial, Eurostat

Contributions to euro inflation



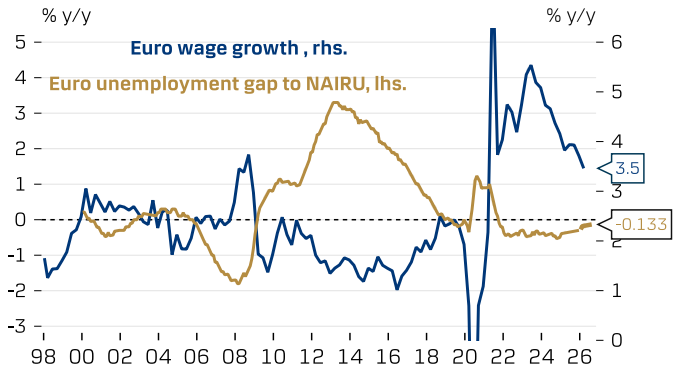
Source: Macrobond Financial, Eurostat

US wage growth and labour market tightness



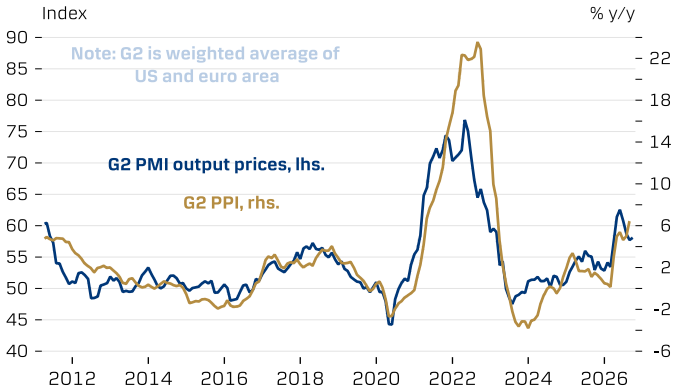
Source: Macrobond Financial, BLS

Euro wage growth and labour market tightness



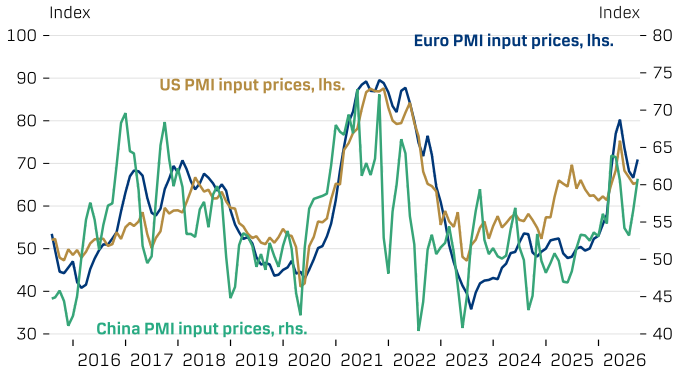
Source: Macrobond Financial, Eurostat, ECB

G2 PPI inflation vs oil price inflation



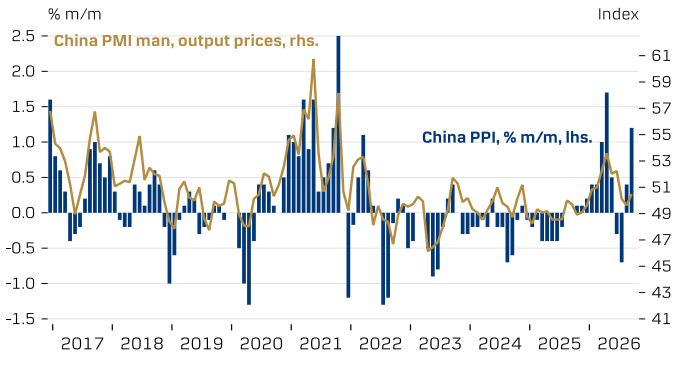
Source: Macrobond Financial, BLS, Eurostat

PMI input price indices US, Euro and China



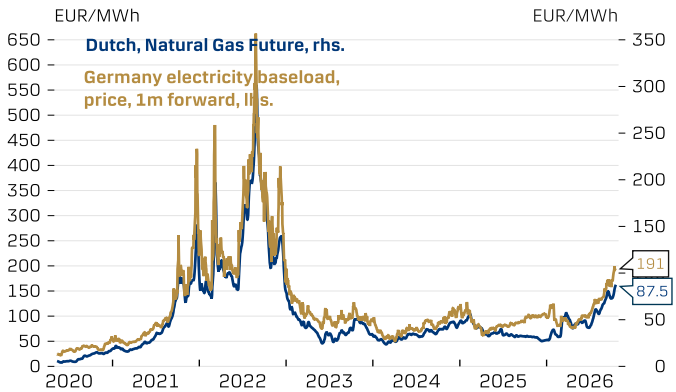
Source: Macrobond Financial, Markit

China PPI inflation momentum



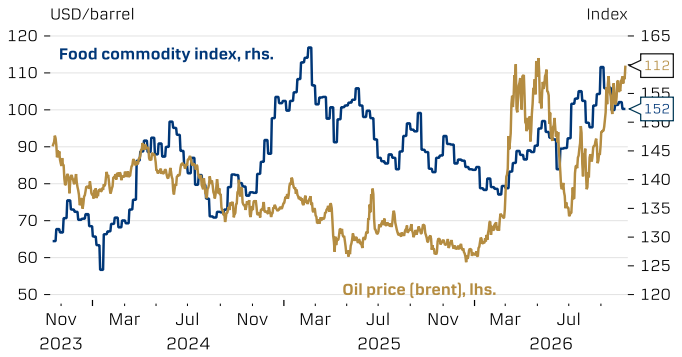
Source: Macrobond Financial, Markit

European natural gas and electricity prices



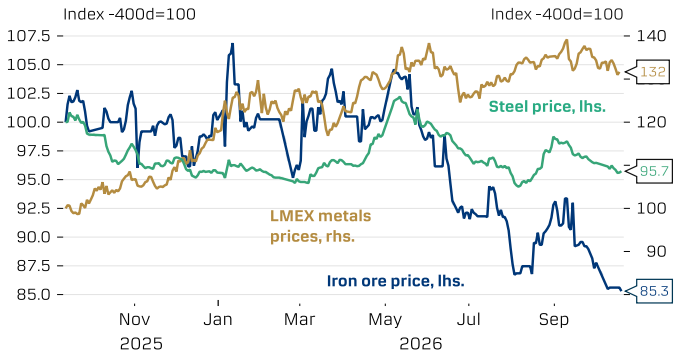
Note: Past or current performance is no guarantee of future performance
Source: Macrobond Financial, PBoC, Danske Bank

Commodity price levels – oil and food



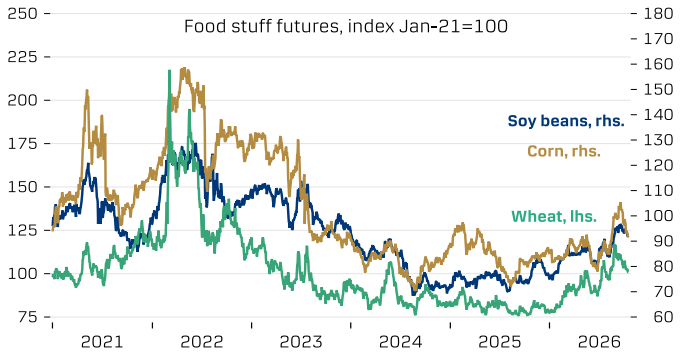
Source: Macrobond Financial, Bloomberg, Economist
Note: Past performance is not a reliable indicator of future performance.

Commodity price levels – metals and iron ore



Source: Macrobond Financial, Bloomberg
Note: Past performance is not a reliable indicator of future performance.

Grain prices



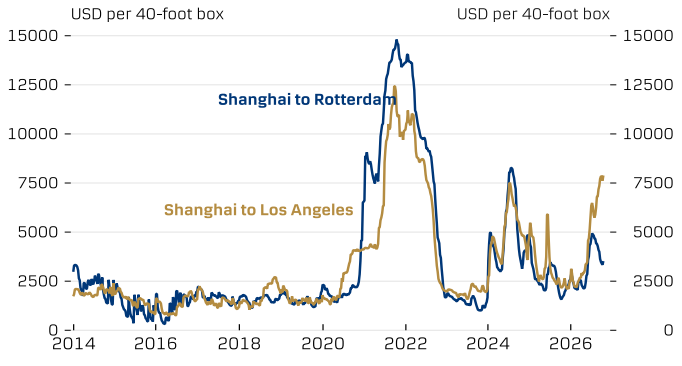
Source: Macrobond Financial, Bloomberg
Note: Past performance is not a reliable indicator of future performance.

Fertilizer input prices



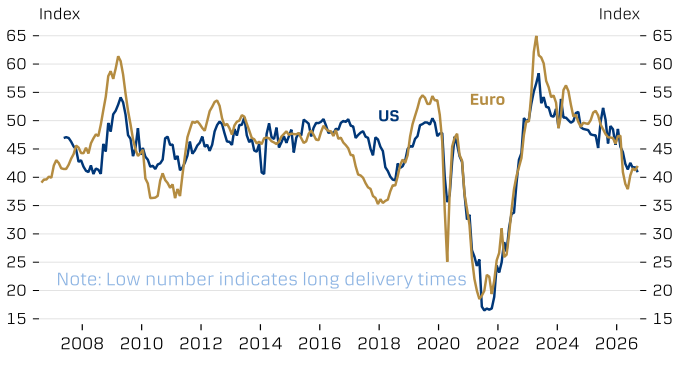
Source: Macrobond Financial, Bloomberg
Note: Past performance is not a reliable indicator of future performance.

Freight rates



Source: Macrobond Financial, Bloomberg, WCI

Bottle necks – PMI supplier delivery indices



Source: S&P Global, Macrobond Financial

Country details - US

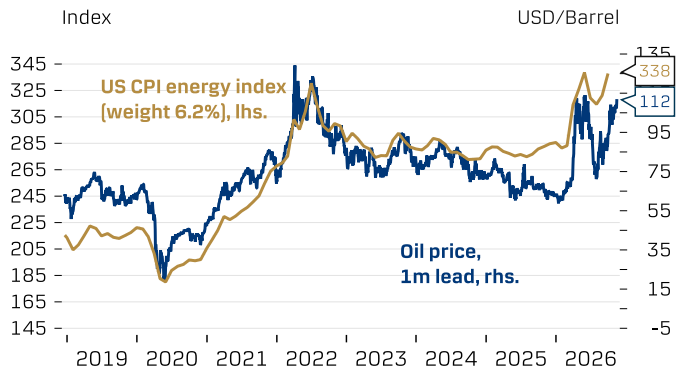
Top down

Headline CPI inflation vs. oil prices



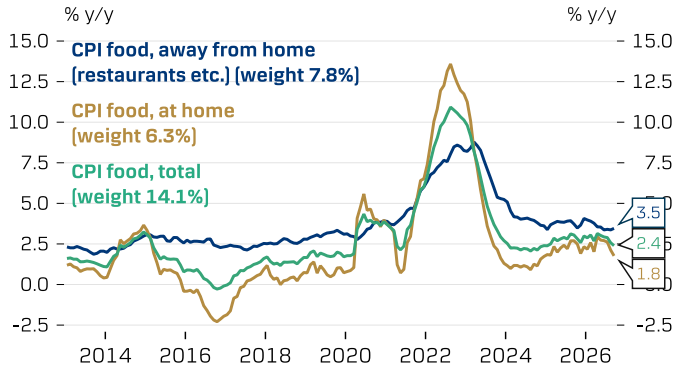
Source: Macrobond Financial, BLS.
Note: Past performance is not a reliable indicator of future performance.

CPI energy prices vs oil



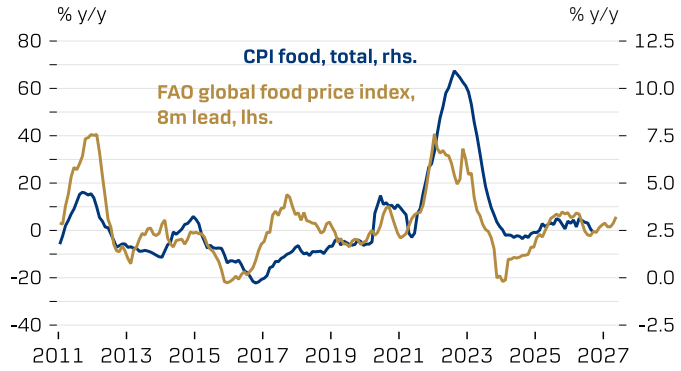
Source: Macrobond Financial, BLS.
Note: Past performance is not a reliable indicator of future performance.

Food prices



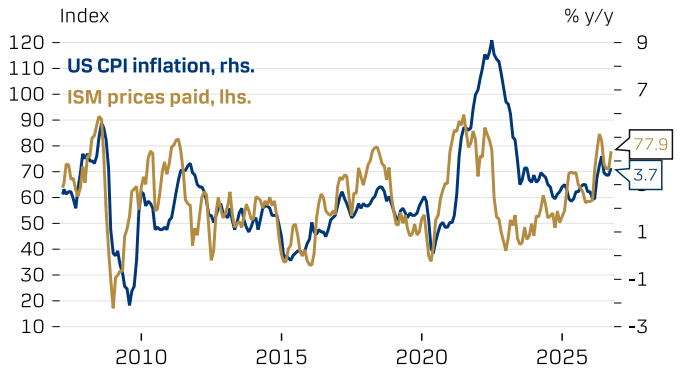
Source: Macrobond Financial, BLS

Food prices vs FAO food price index



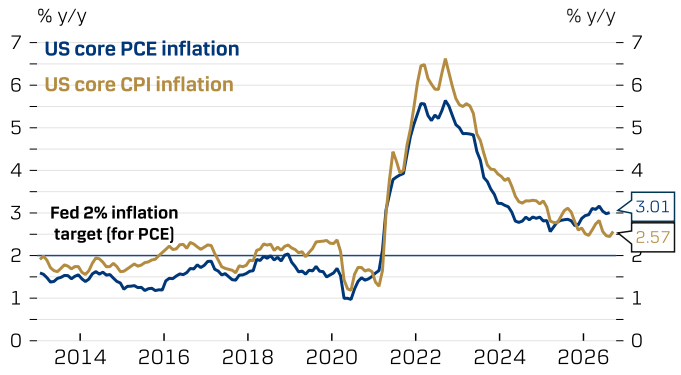
Source: Macrobond Financial, FAO, BLS
Note: Past performance is not a reliable indicator of future performance.

US PMI output prices vs CPI inflation



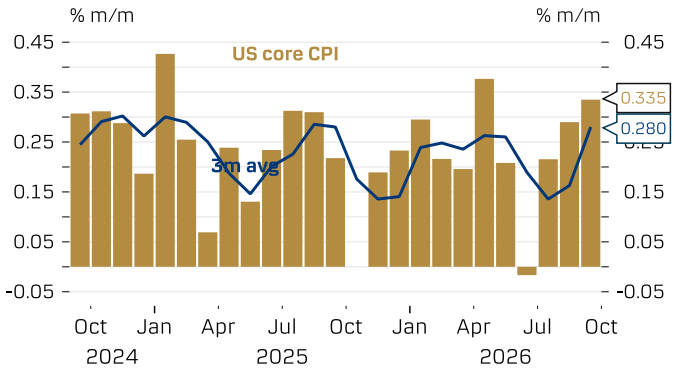
Source: Macrobond Financial, BLS, Markit

Core PCE inflation vs core CPI inflation



Source: Macrobond Financial, BLS, BEA

Core CPI momentum



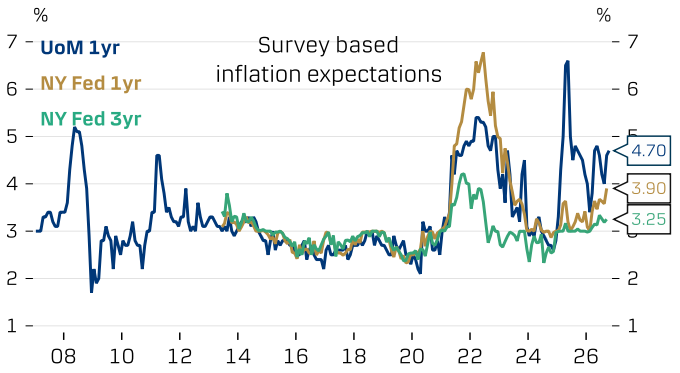
Source: Macrobond Financial, BLS

Headline CPI since 1980



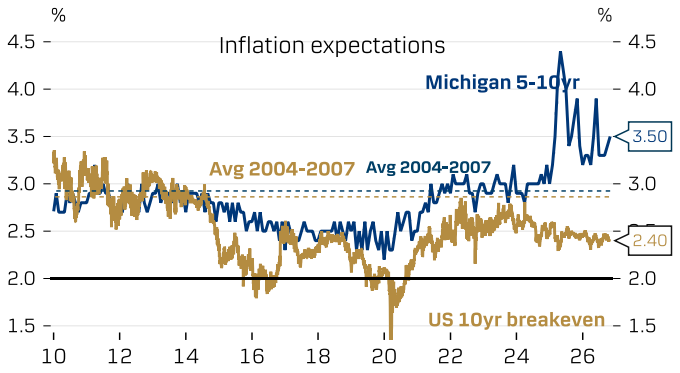
Sources: BEA, BLS, Macrobond Financial

Survey-based inflation expectations



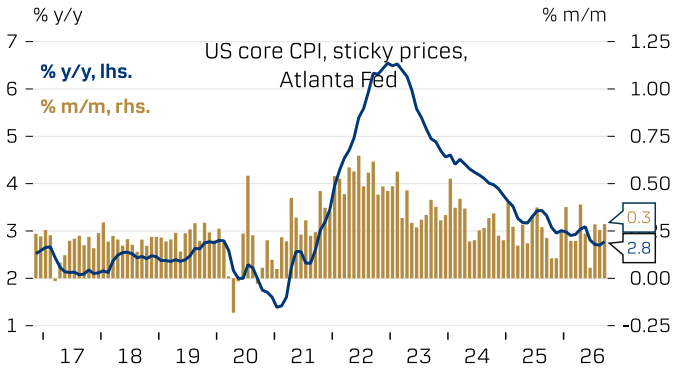
Source: NY Fed, University of Michigan, Macrobond Financial

Long-term inflation expectations



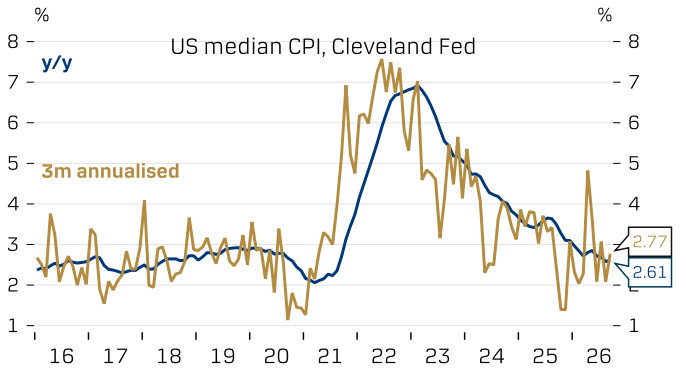
Source: Macrobond Financial. University of Michigan
Note: Past performance is not a reliable indicator of future performance.

Core sticky prices inflation (prices changed less frequently)



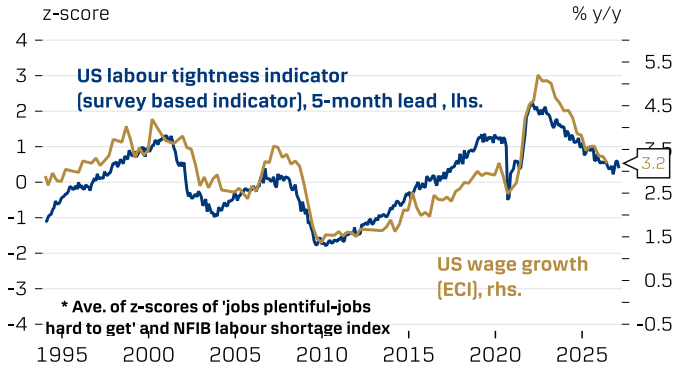
Source: Macrobond Financial, Atlanta Fed

Median CPI inflation



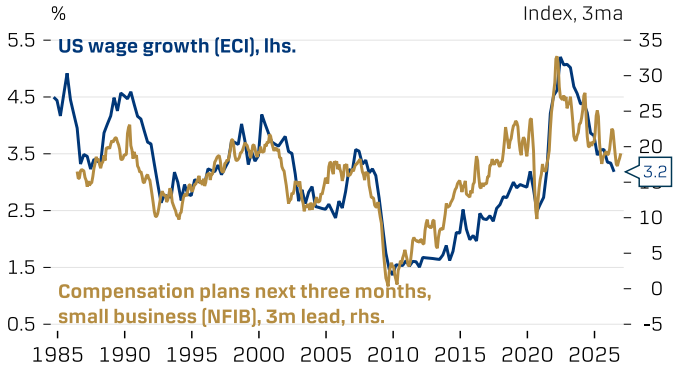
Source: Macrobond Financial, Cleveland Fed

Labour market tightness: wage growth vs tightness



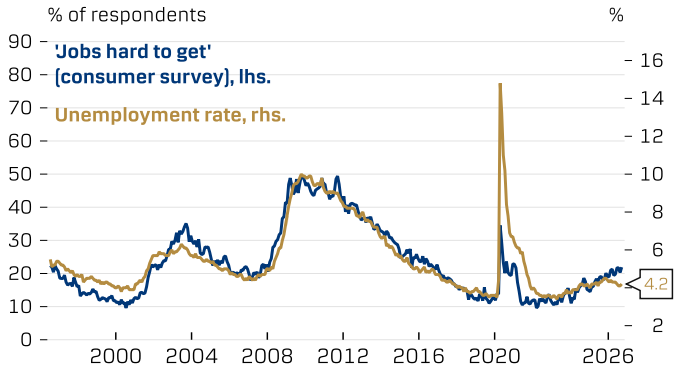
Source: Macrobond Financial, Conference Board, NFIB, BLS, Danske Bank

Labour market tightness: job openings and shortage



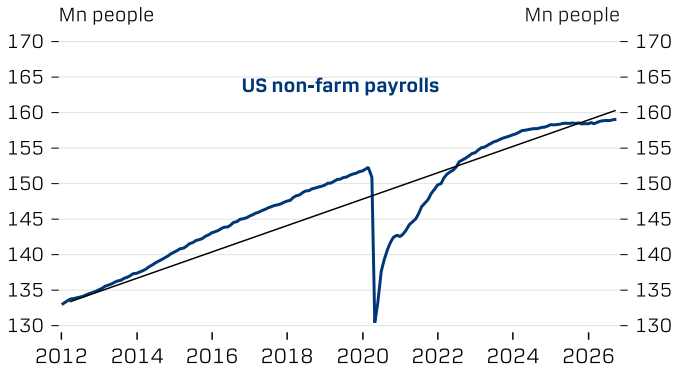
Source: Macrobond Financial, NFIB, BLS

Labour market tightness: Jobs hard to get and unemployment



Source: Macrobond Financial, Conference Board, BLS

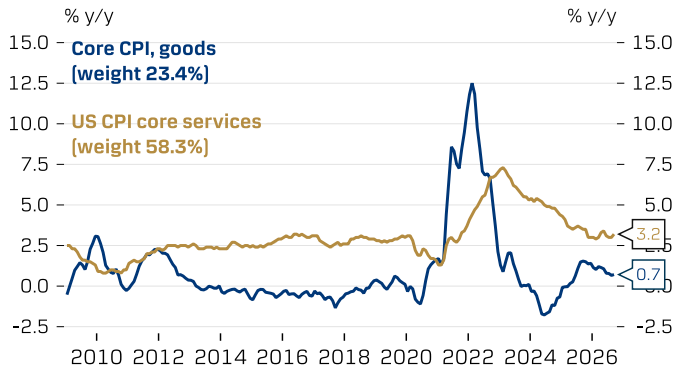
Employment gap



Source: Macrobond Financial, BLS

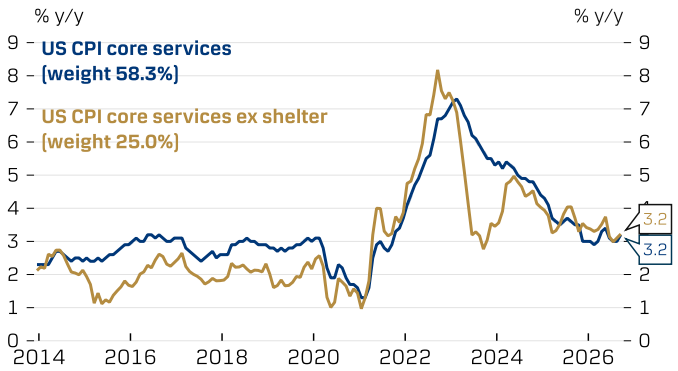
Bottom up

Core goods vs. services



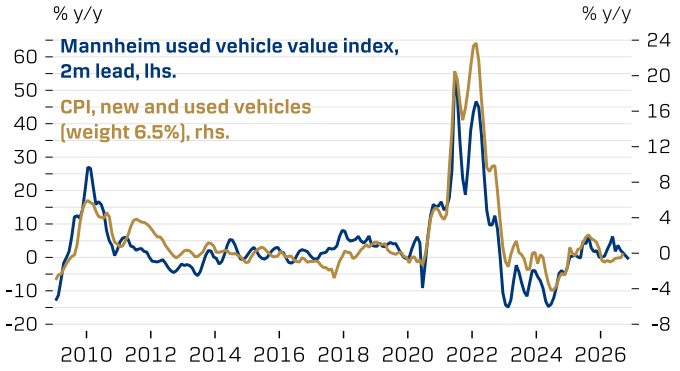
Source: Macrobond Financial, BLS

Core services ex shelter



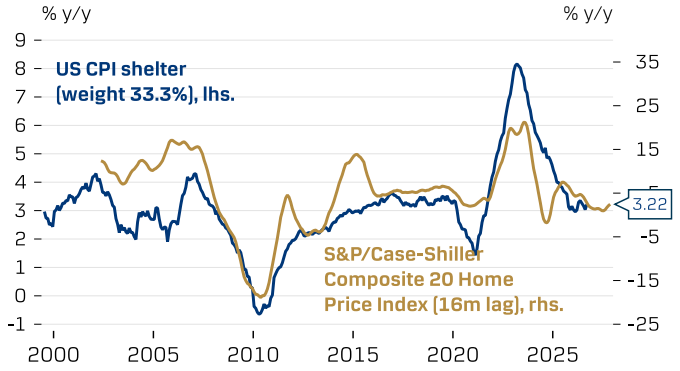
Source: Macrobond Financial, BLS

Used car prices



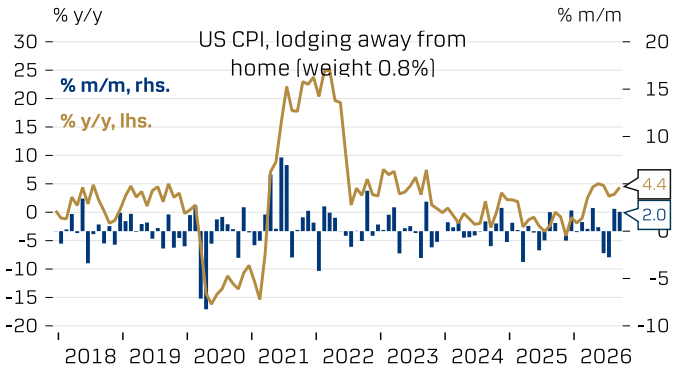
Source: Macrobond Financial, BLS, Manheim Consulting

Rent of shelter



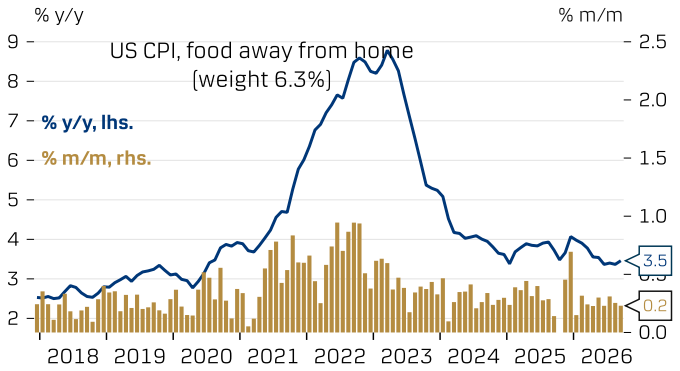
Source: Macrobond Financial, BLS, S&P Dow Jones

Lodging away from home (hotels etc.)



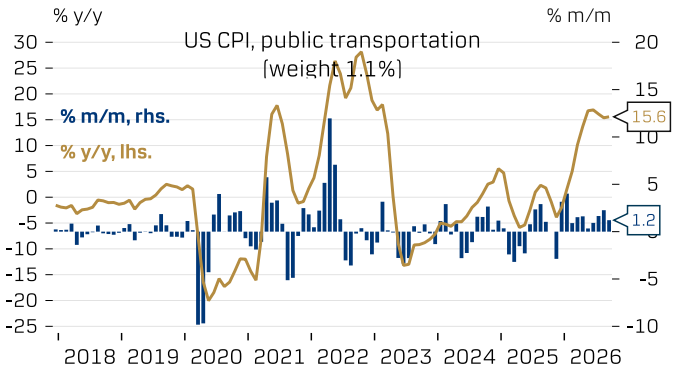
Source: Macrobond Financial, BLS

Food away from home (restaurants etc.)



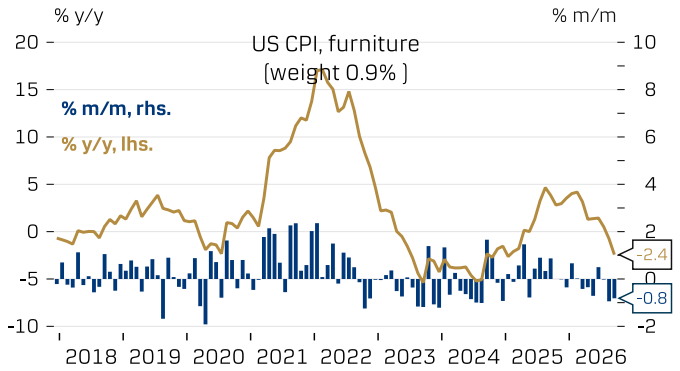
Source: Macrobond Financial, BLS

Public transportation (airfares etc.)



Source: Macrobond Financial, BLS

Furniture

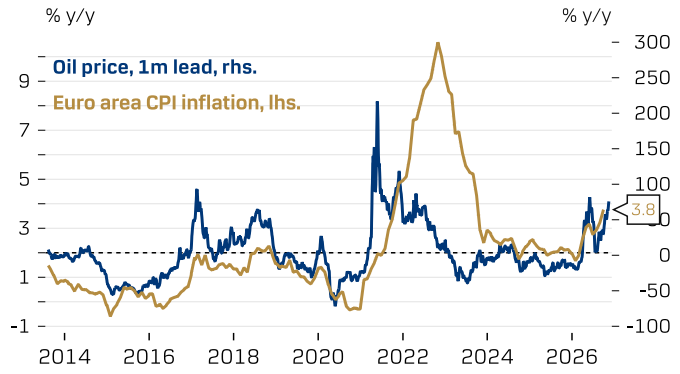


Source: Macrobond Financial, BLS

Country details – Euro area

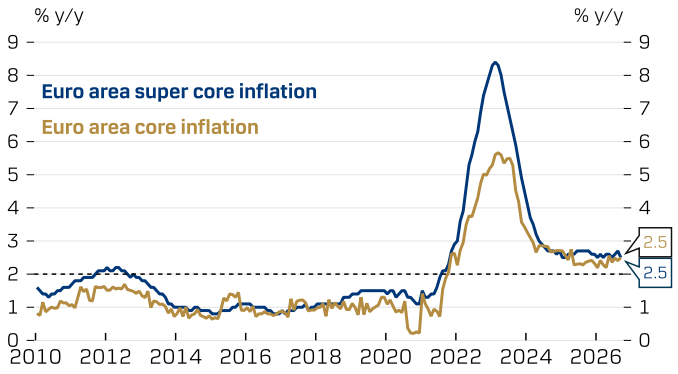
Top Down

Headline vs. oil prices



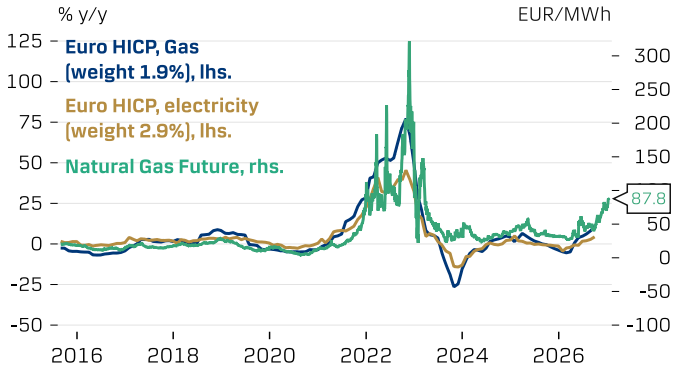
Source: Macrobond Financial, Eurostat
Note: Past performance is not a reliable indicator of future performance.

Core inflation



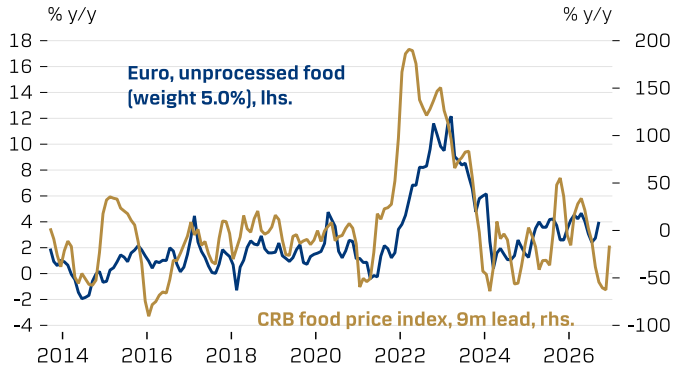
Source: Macrobond Financial, Eurostat, Danske Bank

Natural gas & electricity



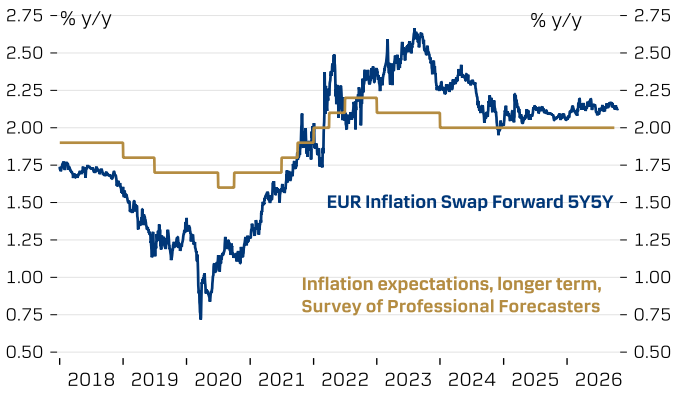
Source: Macrobond Financial, Eurostat
Note: Past performance is not a reliable indicator of future performance.

Food



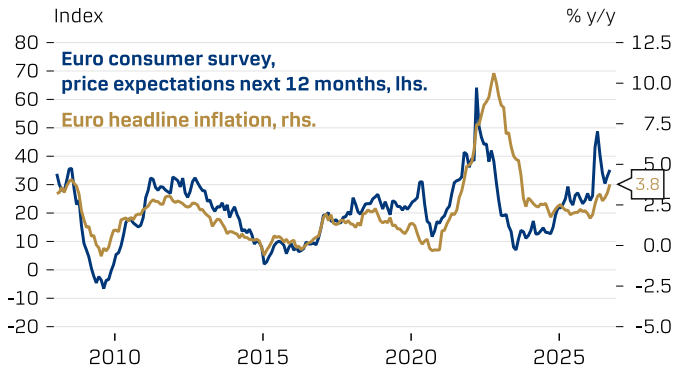
Source: Macrobond Financial
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Inflation expectations



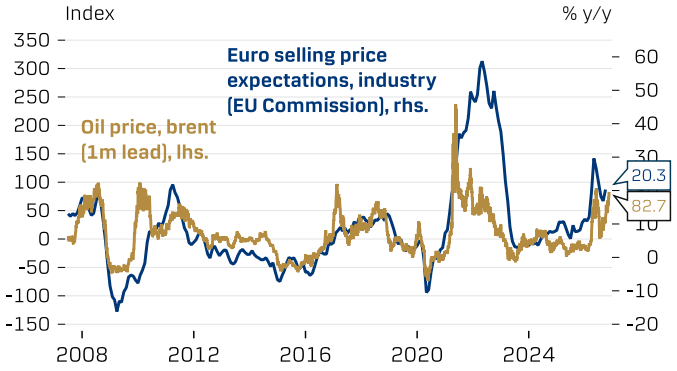
Source: ECB, Bloomberg, Macrobond Financial

Consumer confidence - price expectations



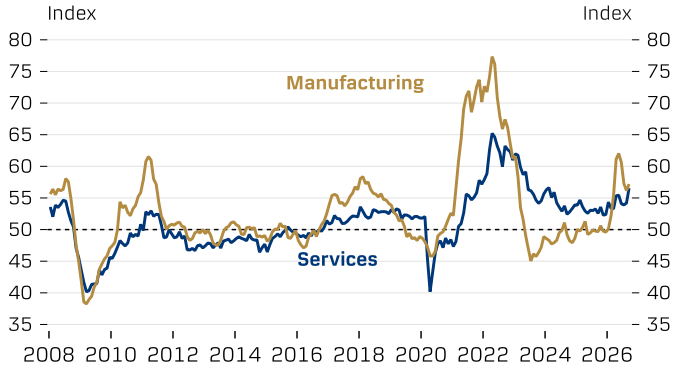
Source: Macrobond Financial, EU Commission, Eurostat

Selling price expectations from companies



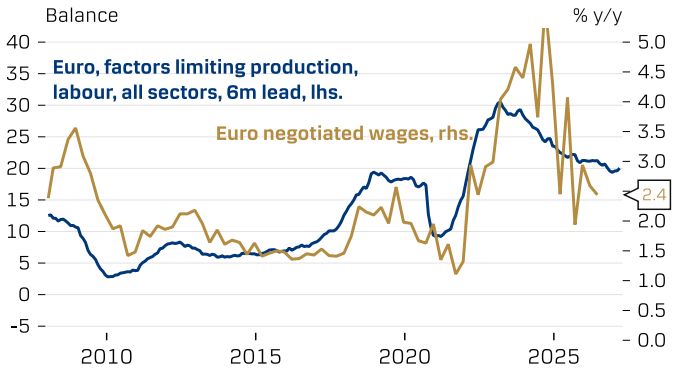
Source: Macrobond Financial, EU Commission
Note: Past performance is not a reliable indicator of future performance.

PMI output prices



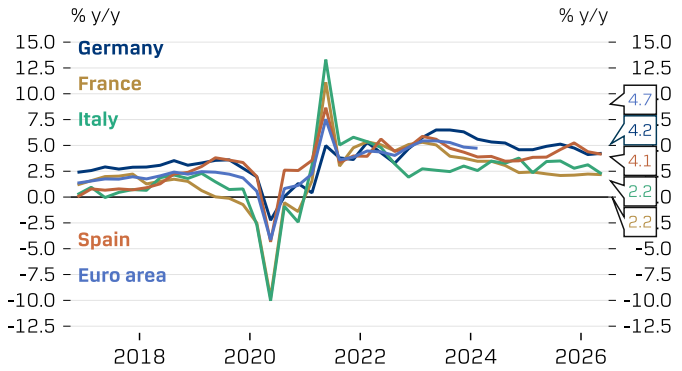
Source: Macrobond Financial, Markit

Labour shortage and wage growth



Source: Macrobond Financial, EU Commission

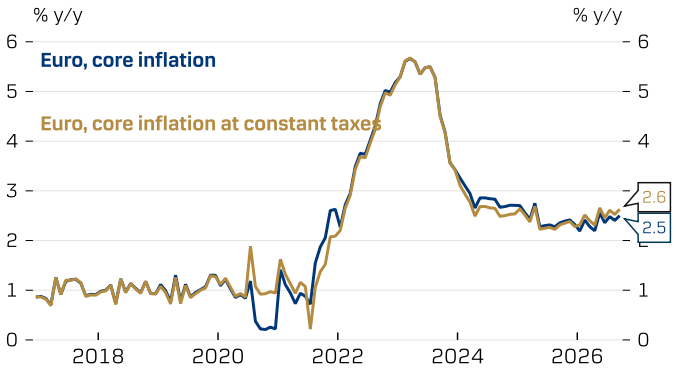
Wage growth (compensation per employee)



Source: Macrobond Financial, ECB.
Note: Compensation is affected by changes in working hours in contrast to negotiated wages, which is per hour worked.

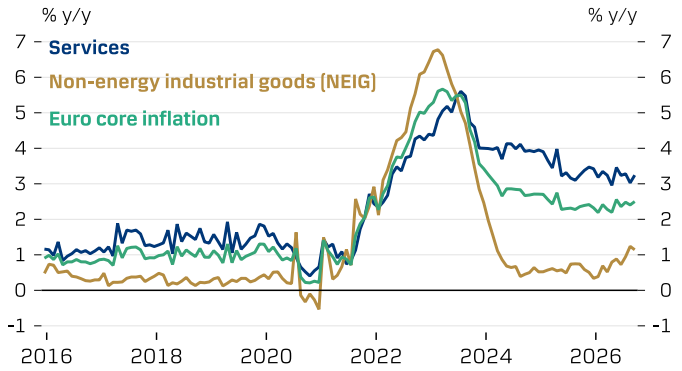
Bottom up

Core inflation, effect from taxes



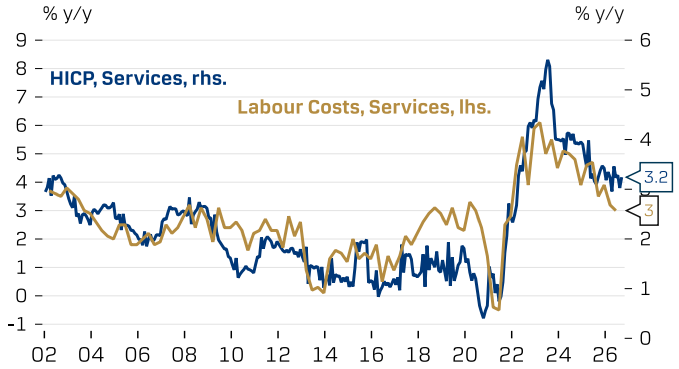
Source: Macrobond Financial, Eurostat

Core inflation components



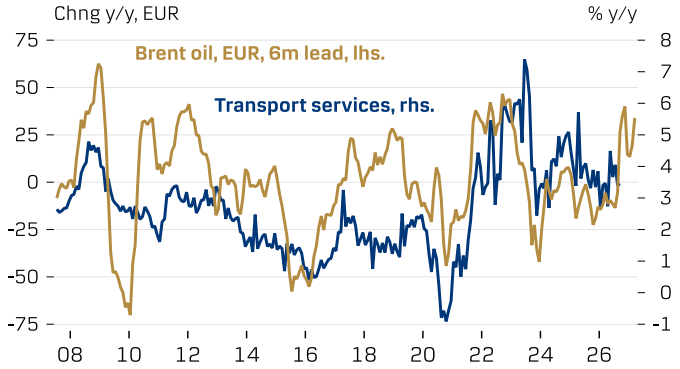
Source: Macrobond Financial, Eurostat, ECB

Service inflation vs. labour costs



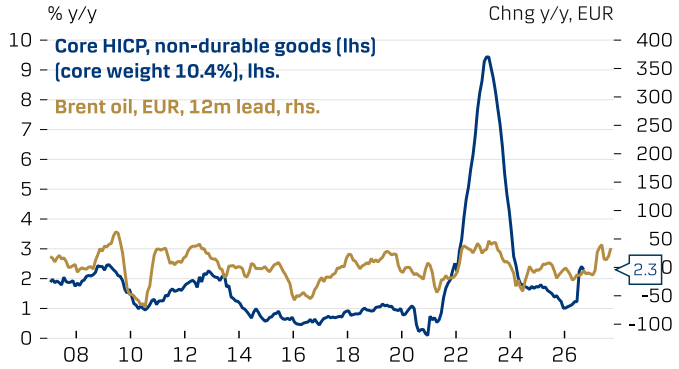
Source: Macrobond Financial, Eurostat, Danske Bank

Transport services vs. oil



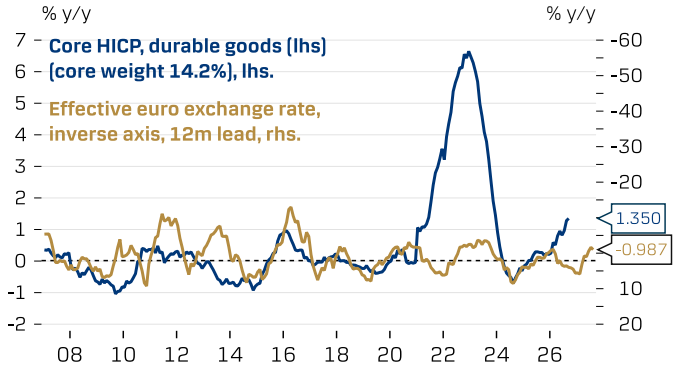
Source: Macrobond Financial, Eurostat, Danske Bank
Note: Past performance is not a reliable indicator of future performance.

Core non-durable goods



Source: Macrobond Financial, Eurostat

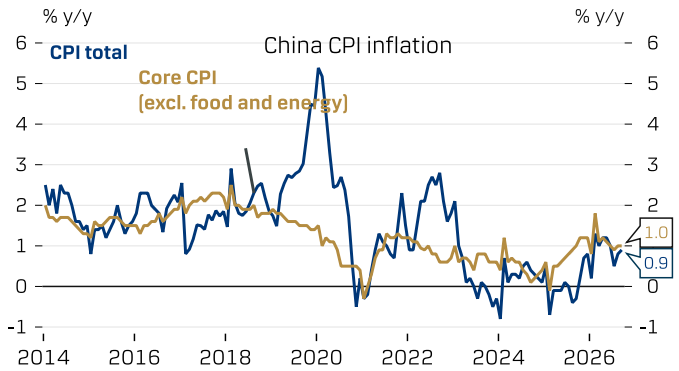
Core durable goods



Source: Macrobond Financial, BIS, Eurostat

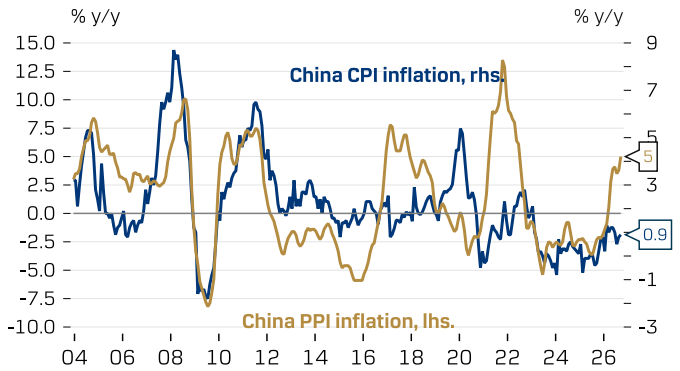
Country details – China

CPI and core CPI



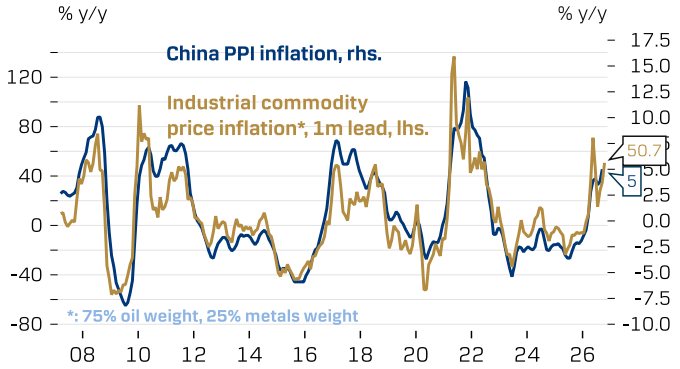
Source: Macrobond Financial, NBS

PPI vs. CPI



Source: Macrobond Financial, NBS

PPI vs. commodity prices



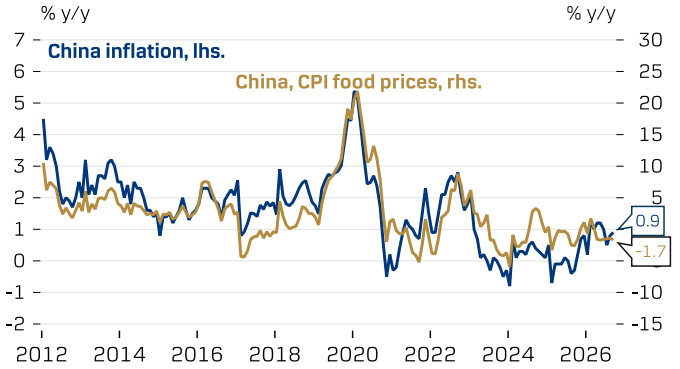
Source: Macrobond Financial, NBS

PPI vs. export prices



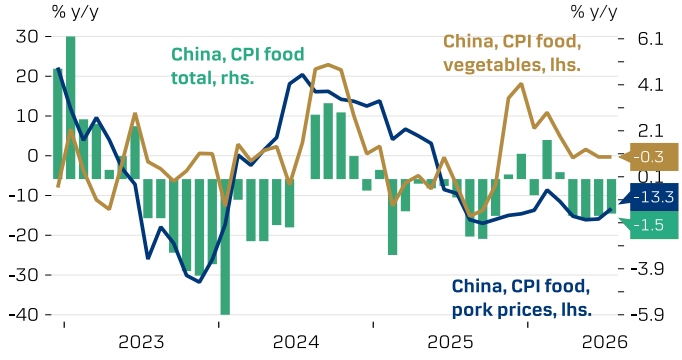
Source: Macrobond Financial, NBS, Danske Bank

CPI vs. food prices



Source: Macrobond Financial, NBS

CPI food prices



Source: Macrobond Financial, NBS

Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Magnus Poulsen, Analyst, Rune Thyge Johansen, Senior Analyst and Allan von Mehren, Chief Analyst.

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Report completed: 19 October 2026 at 13:30 CET
Report disseminated: 19 October 2026 at 13:45 CET