

# CONSUMER PRICE INDEX UPDATE

JANUARY 15, 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 December. It showed an increase of 0.4% m/m and +2.9% y/y, which was a slight increase from November. November's report showed an m/m increase of 0.3% and a y/y change of +2.7%; however, it was the ex-Food and Energy y/y change of +3.2% in December which came in below expectations of 3.3%, and November's 3.3%. This helped alleviate fear that inflation was beginning to heat back up as Core CPI came in below expectations.

12-month percentage change, Consumer Price Index, all items less food and energy, 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 month over month change			12 month change
	Oct	Nov	Dec	Dec 2024
All Items	0.20%	0.30%	0.40%	2.90%
Food	0.20%	0.40%	0.30%	2.50%
Energy	0.00%	0.20%	2.60%	-0.50%
All Items ex-Food and Energy	0.30%	0.30%	0.20%	3.20%

[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 December 18th news 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 January 28-29, 2025. The CPI summary for January is scheduled to be released on February 12, 2025.

Inflation risk had been rising over the past several weeks, with market participants weighing the FOMC's infamous dot plot, and Chair Powell's comments on the outlook for 2025. The December CPI release helps to provide some relief that inflation is not heating back up as was feared. We are unlikely to see any action at the next FOMC meeting, as odds this morning are pointing to a 97.3% chance of no action. The FOMC has a delicate line to toe in terms of potentially slowing or overheating the economy. We believe they are taking a measured approach with the new administration set to take charge in Washington.

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

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