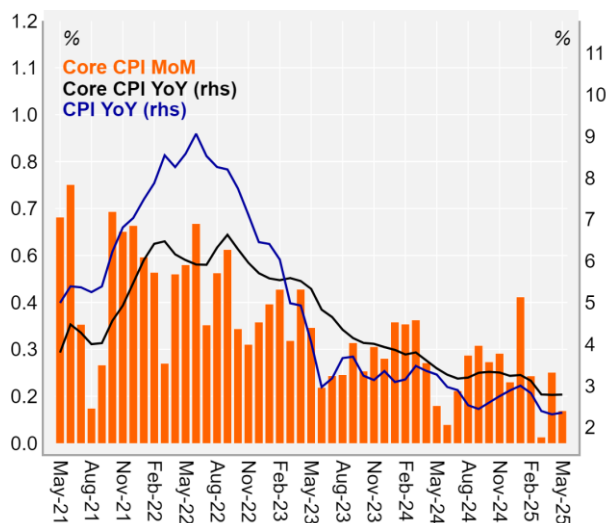


Core CPI at 0.13% mom in May, below expectations

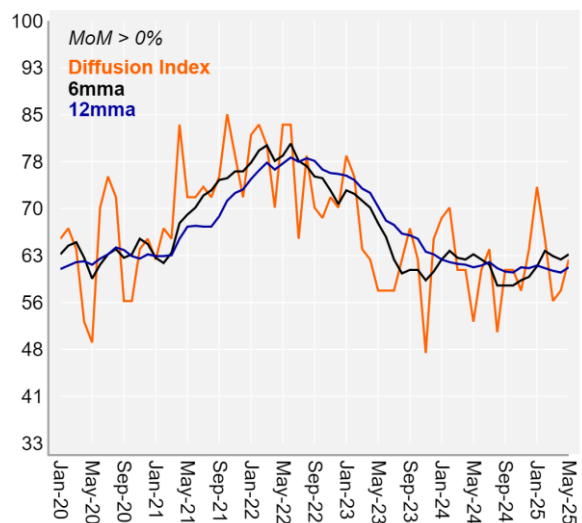
- ▶ US Core CPI came in at 0.13% mom in April, below our call (0.27%) and the market consensus (0.3%). In 12 months, Core CPI inflation remained stable at 2.8%. Moreover, the headline CPI came in at 0.08% mom, also below our call (0.17%) and the market consensus (0.2%). The headline index rose to 2.4% in annual terms, versus 2.3% in the previous month.
- ▶ Breakdown (see table below): after increasing in the previous month, Core Goods inflation decelerated in May, led by falls in new and used vehicles and lower other core goods. Core Services inflation also decreased, driven by a sharp fall in Airfares and a downside surprise in Other Core Services. This led the "Supercore" inflation down to 0.06% (from 0.21% mom). On the other hand, our diffusion index increased to 62% (from 57%).
- ▶ **Our view:** another contained number indicates a deceleration in inflation before the tariff impact becomes more evident, which has not been the case yet. We still expect inflation to increase in the coming months. The Fed will likely wait further clarity on this shock as long as the labor market remains resilient.

Headline and Core CPI



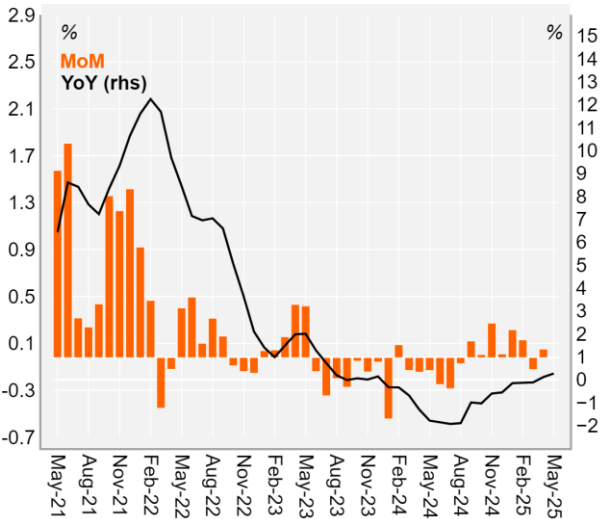
Source: BLS and Itaú

Diffusion



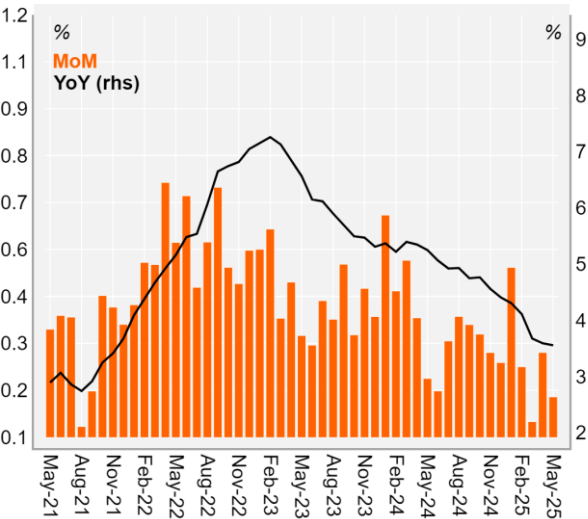
Source: BLS and Itaú

Core goods



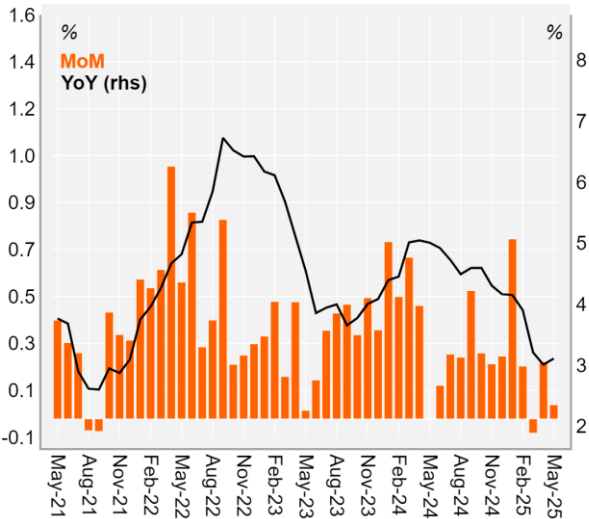
Source: BLS and Itaú

Core services



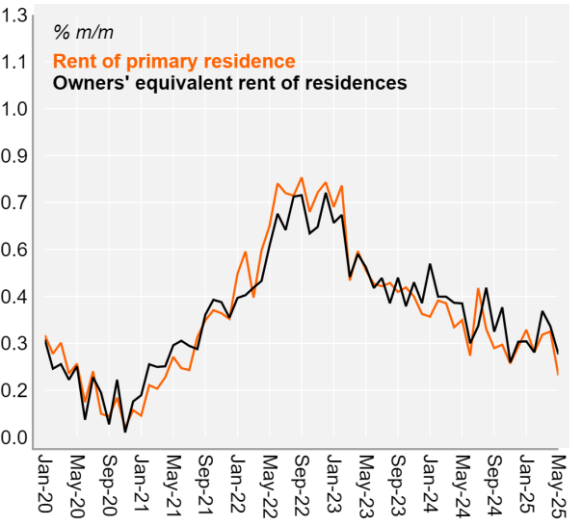
Source: BLS and Itaú

Itaú's core services ex-shelter



Source: BLS and Itaú

Shelter



Source: BLS and Itaú

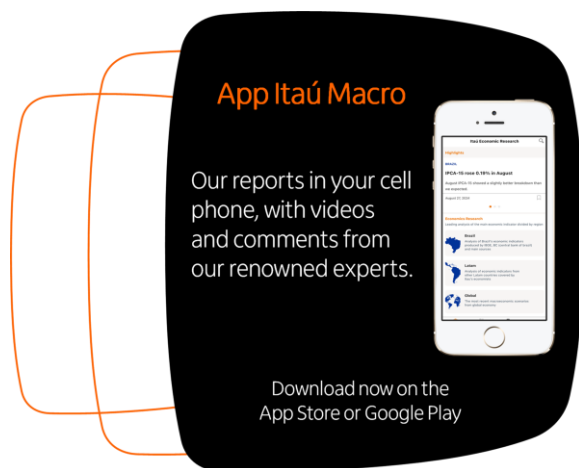
Component	Weight %	% MoM						% YoY		
		Feb/25	Mar/25	Apr/25	May/25	Fcst.	Surp (bps)	Mar/25	Apr/25	May/25
CPI	100.0	0.22	-0.05	0.22	0.08	0.17	-9	2.4	2.3	2.4
Food	13.6	0.16	0.44	-0.08	0.29	0.26	0	3.0	2.8	2.9
Energy	6.4	0.20	-2.39	0.67	-0.98	-1.29	2	-3.3	-3.7	-3.5
CPI ex-food&energy	80.0	0.23	0.06	0.24	0.13	0.27	-11	2.8	2.8	2.8
Core Goods	19.3	0.22	-0.09	0.06	-0.04	0.19	-4	-0.1	0.1	0.3
New Vehicles	4.3	-0.07	0.10	-0.01	-0.29	0.00	-1	-0.0	0.3	0.4
Used Vehicles	2.4	0.88	-0.69	-0.53	-0.54	-0.60	0	0.6	1.5	1.8
Core Goods ex-Cars	12.6	0.20	-0.04	0.20	0.14	0.41	-3	-0.2	-0.1	0.0
Core Services	60.7	0.25	0.11	0.29	0.17	0.29	-7	3.7	3.6	3.6
Shelter	35.5	0.28	0.22	0.33	0.25	0.34	-3	4.0	4.0	3.9
OER	26.2	0.28	0.40	0.36	0.27	0.35	-2	4.4	4.3	4.2
Rent of Primary Res	7.5	0.28	0.33	0.34	0.21	0.35	-1	4.0	4.0	3.8
Lodging Away	1.4	0.18	-3.54	-0.10	-0.07	0.00	-0	-2.5	-1.4	-0.9
Health Care	6.7	0.31	0.51	0.51	0.18	0.31	-1	3.0	3.1	3.0
Transportation Svcs	6.3	-0.81	-1.41	0.14	-0.20	-0.35	1	3.1	2.5	2.8
Airline Fare	0.9	-3.99	-5.27	-2.83	-2.74	-2.80	0	-5.2	-7.9	-7.3
Car and Truck Rental	0.1	-1.25	-2.66	4.30	2.70	2.00	0	-8.7	-2.1	1.3
Other Transp Svcs	5.3	-0.26	-0.74	0.54	0.15	-0.00	1	4.5	4.1	4.2
Other Core Svcs	12.2	0.68	0.33	0.11	0.12	0.47	-4	3.3	3.2	3.3
Alternative Cores										
Core Services ex-OER&RPR (Powell Supercore)	27.0	0.22	-0.24	0.21	0.06	0.21	-4	2.9	2.7	2.9
Core Services ex-Shelter	25.2	0.21	-0.06	0.23	0.06	0.22	-4	3.2	3.0	3.1
Core Svcs ex-Shelter & Health	18.5	0.17	-0.26	0.12	0.01	0.19	-3	3.3	3.0	3.2

Source: BLS, Itaú

Bernardo Dutra
Nathan Teixeira

Macro Research – Itaú
Mario Mesquita – Chief Economist

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