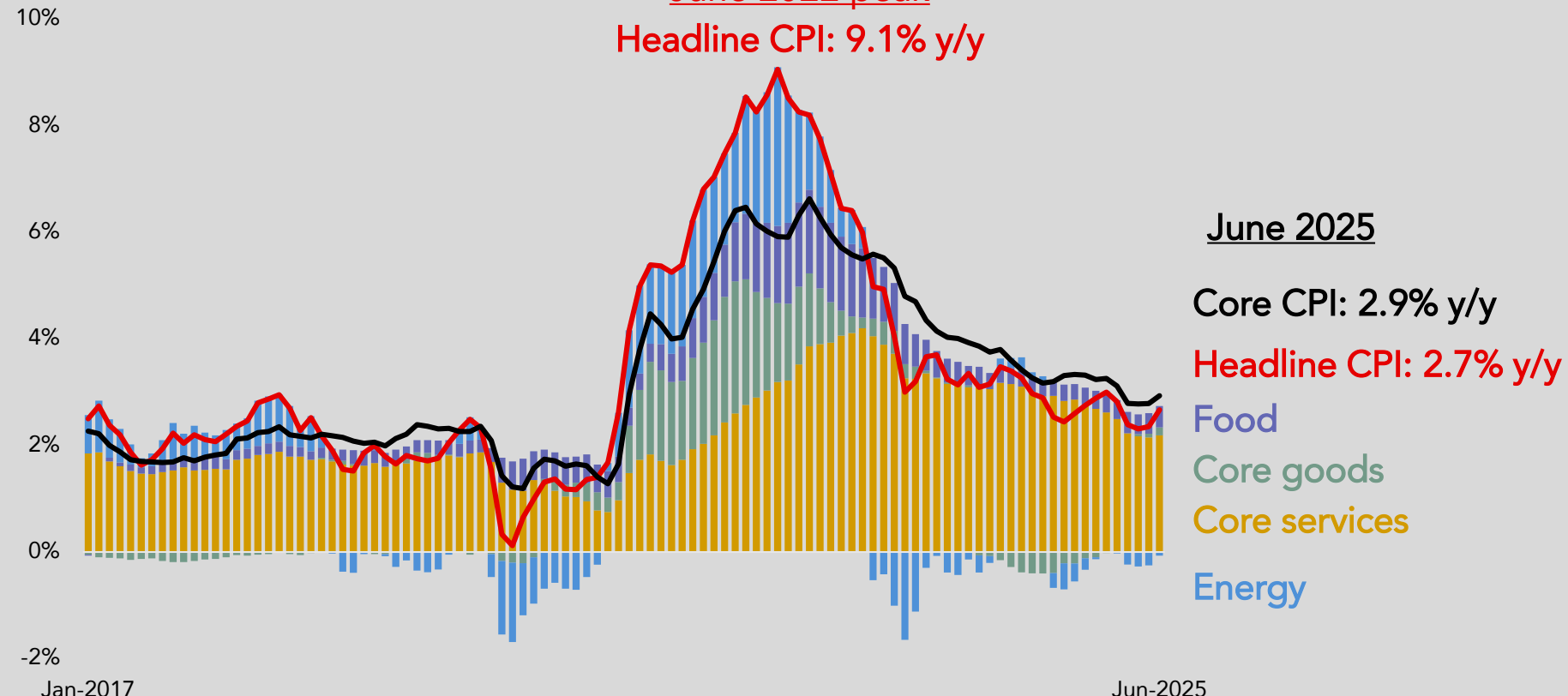


Though in line with expectations, the June inflation report neither clarified the expected impact of trade policy on the real economy, nor gave new direction to the Treasury curve and Fed rate cut expectations. However, a closer look at selected tariff-sensitive goods categories did reveal modest evidence of price pressures beginning to creep into the economy. Taken in aggregate, the monthly report provided support for the Fed’s current policy stance to be patient.

Breakdown of CPI by components



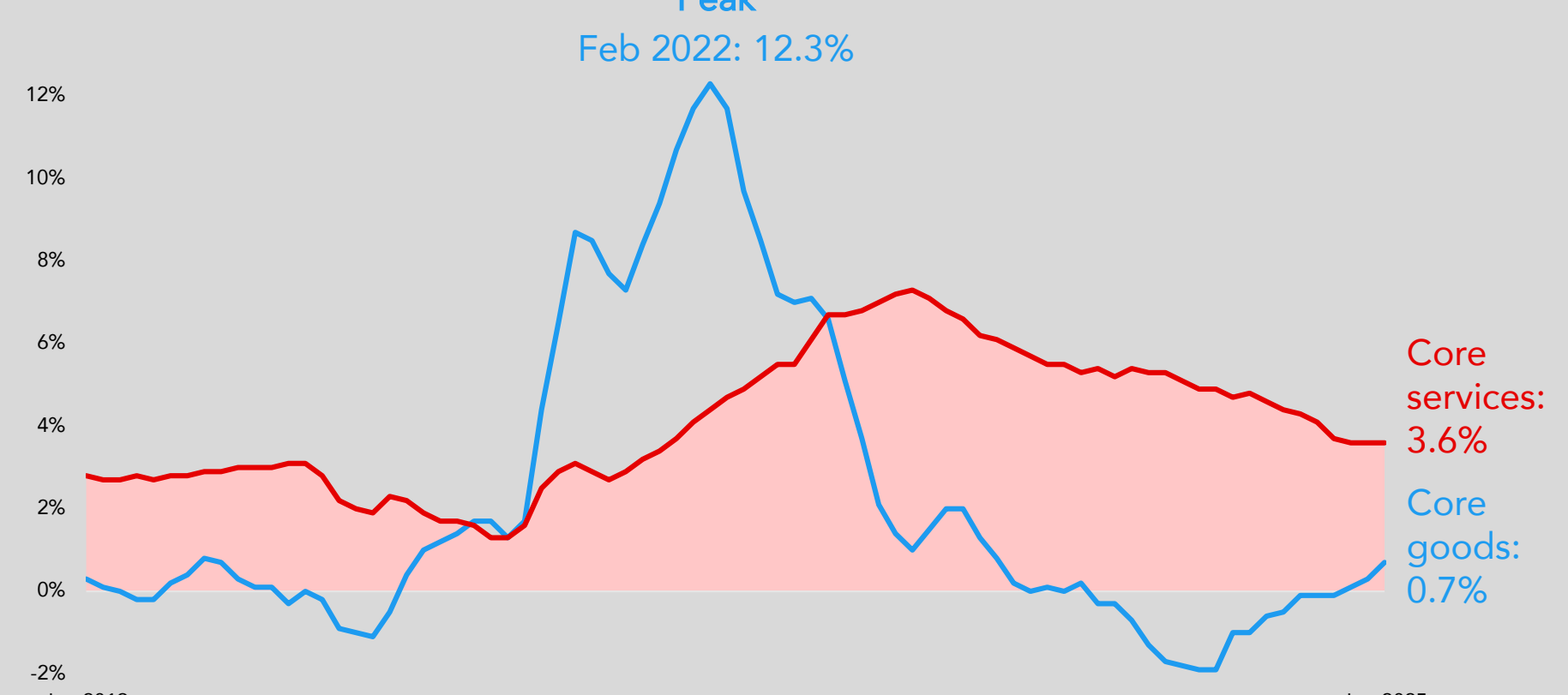
The June US inflation report was well-aligned with expectations, with headline CPI rising 2.7% y/y and 0.3% m/m. Core inflation increased 2.9% y/y, also in line with expectations.

June CPI inflation actual vs. estimates

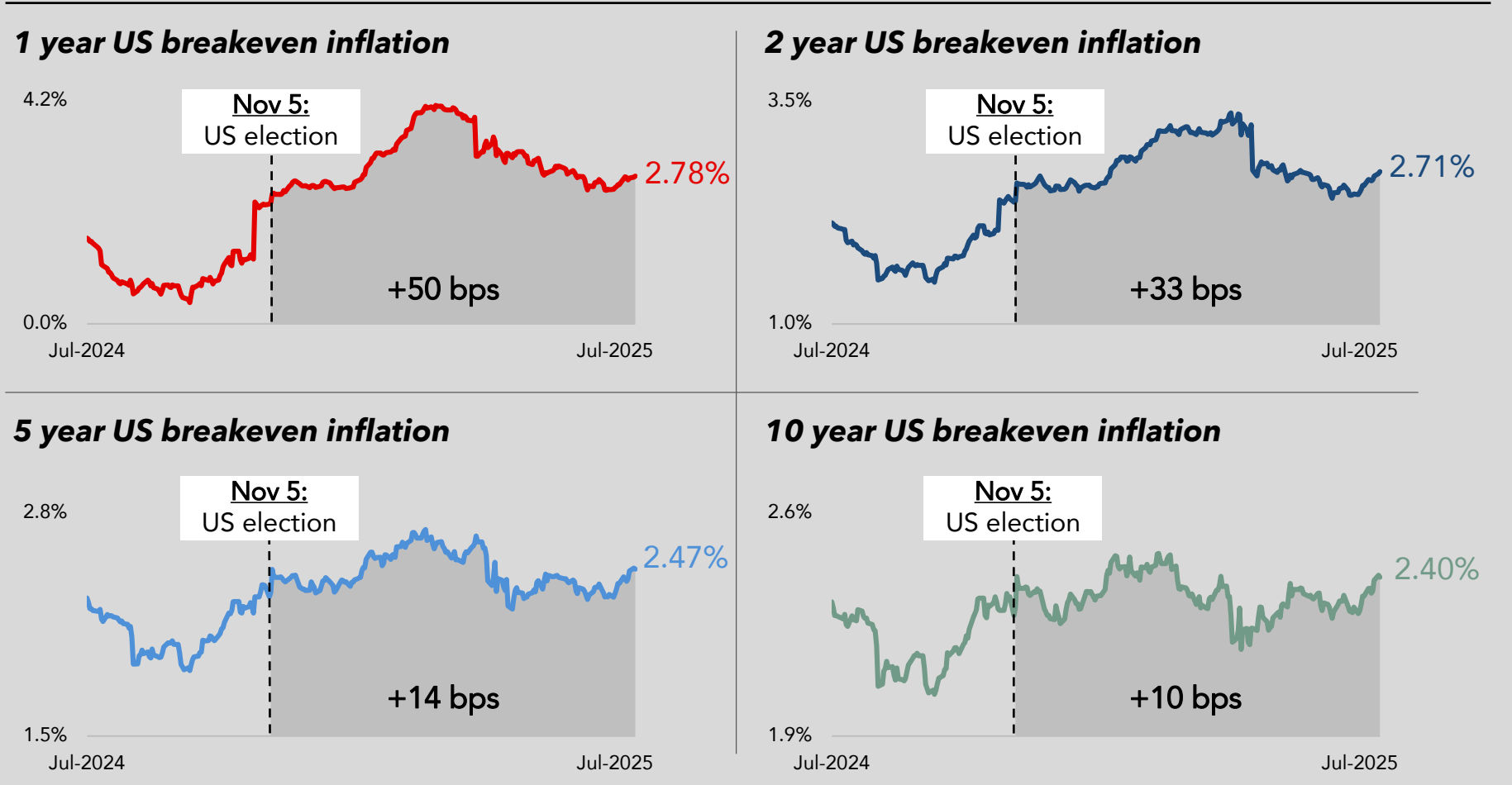
Metric	Actual	Estimate	Difference
Headline CPI y/y	+2.7%	+2.6%	+0.1%
Headline CPI m/m	+0.3%	+0.3%	+0.0%
Core CPI y/y	+2.9%	+2.9%	+0.0%
Core CPI m/m	+0.2%	+0.3%	(-0.1%)

Core goods prices rose by 0.2% m/m with some modest impact from tariff escalation beginning to creep into the underlying data. Furniture prices rose at their fastest pace since January 2022, with pricing pressure also evident in other tariff-sensitive categories such as audio equipment, toys, clothing, computer accessories and tools. The modest increase in pricing pressure was offset by a decline in automobiles. Core services rose modestly to 0.3% m/m, driven by a slight increase in shelter prices.

US core goods and services inflation, y/y



As tariffs and outsized fiscal expansion begin to filter through the economy, US inflation break-evens remain sharply elevated vis-a-vis expectations one year ago.

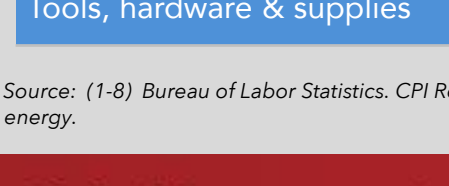


While m/m inflation data provides very useful information on the recent momentum in (dis)inflation, a look at today’s CPI data on a y/y basis provides a useful lens on the categories in which the consumer is feeling the most cost pressure (and relief) relative to one year ago.

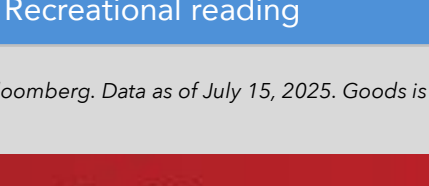
June US inflation by sector (y/y)			Energy	Food	Core goods	Core services
Eggs	27%	Services less energy services	4%	Toys	1%	
Utility gas service	14%	School tuition	3%	Appliances	1%	
Audio equipment	11%	Medical care services	3%	Fruits and vegetables	1%	
Energy services	8%	Health insurance	3%	Personal care products	1%	
Delivery services	7%	Transportation services	3%	Medicinal drugs	0.3%	
Tobacco & smoking products	6%	Music instruments & acces.	3%	Cosmetics	0.3%	
Motor vehicle insurance	6%	Physicians' services	3%	New trucks	0.2%	
Veterinarian services	6%	Professional services	3%	New vehicles	0.2%	
Garbage & trash collection	6%	Used cars and trucks	3%	Outdoor equip. & supplies	(-0.3%)	
Electricity	6%	Tires	3%	Computers and smart home assistants	(-0.3%)	
Day care and preschool	6%	Land-line phone services	3%	Pets & pet products	(-1%)	
Motor vehicle maint. & Repair	5%	Financial services	3%	Apparel	(-1%)	
Meats	5%	Food at home	2%	Footwear	(-1%)	
Nursing homes	5%	Intracity mass transit	2%	Wireless phone services	(-1%)	
Water & sewerage maint.	5%	Motor vehicle parts and equipment	2%	Energy	(-1%)	
Laundry & cleaning services	5%	College tuition and fees	2%	Internet services	(-2%)	
Computer software and accessories	5%	Milk	2%	Lodging away from home	(-3%)	
Nonalcoholic beverages	4%	Funeral expenses	2%	Sporting goods	(-3%)	
Owners' equivalent rent	4%	Photo equipment & supplies	2%	Public transportation	(-3%)	
Hospital services	4%	Household furnishings & supplies	2%	Jewelry and watches	(-3%)	
Rent of shelter	4%	Alcoholic beverages	1%	Airline fares	(-4%)	
Shelter	4%	Housekeeping supplies	1%	Energy commodities	(-8%)	
Food away from home	4%	Furniture & bedding	1%	Motor fuel	(-8%)	
Recreation services	4%	Technical & bus. school tuition	1%	TVs	(-10%)	
Car & truck rental	4%	Vehicle accessories	1%	Smartphones	(-14%)	
Moving, storage, freight expense	4%	Cereals & bakery products	1%			
Tools, hardware & supplies	4%	Recreational reading	1%			

Source: (1-8) Bureau of Labor Statistics. CPI Report June 2025. Bloomberg. Data as of July 15, 2025. Goods is commodities less food and energy commodities. Services is less energy.

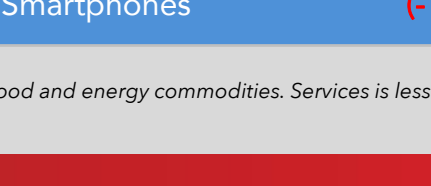
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“Macro stability isn’t everything, but without it, you have nothing.”