

# Daily Bulletin

June 11, 2026

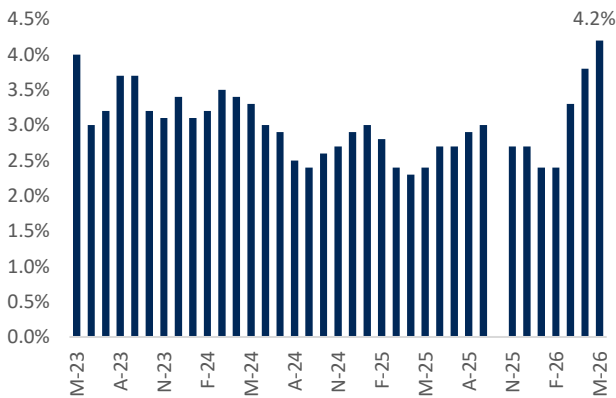
## US CPI rises to 4.2% in May 2026, highest since April 2023

US consumer inflation was reported at 4.2% YoY in May-26, up ~40 bps from Apr-26 reading of 3.8% YoY. The May-26 inflation number represents the highest reading since Apr-23. The main driver of the uptick was a 23.5% YoY increase in the energy index amid the current regional development landscape. On a monthly basis, headline CPI rose 0.5% in May-26, on a seasonally adjusted basis, a marginal deceleration from Apr-26 0.6% reading. The energy index accounted for over 60% of the monthly increase, rising 3.9% during the month. Against this backdrop, the US Federal Reserve is widely expected to hold the federal funds rate at 3.50%-3.75% at its 16-17 June FOMC meeting.

The index for all items less food and energy rose 0.2% MoM in May, a deceleration from 0.4% recorded in April. The slowdown reflected a 1.7% MoM drop in motor vehicle insurance and a 0.9% MoM decline in the prescription drugs index. This reading suggests that, despite the severity of the energy price shock, pass-through effects into broader services and goods pricing have thus far been contained and remained mostly confined to energy-sensitive sectors (airline fares up 2.7% MoM). There were also signs that the pass-through from import tariffs was fading. However, on an annual basis, the index (excluding food and energy) rose 2.9% YoY, marginally above April's 2.8% pace.

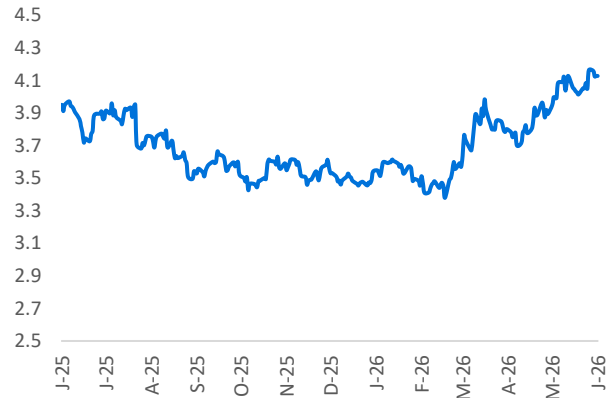
We expect the Fed to keep interest rates steady at its next meeting on 16-17 June. Our base case assumes no rate cuts during 2026, as the Fed is expected to maintain a cautious stance as inflation remains above the 2% target.

US Inflation Rate\*



\*Data for Oct-25 not available  
Source: US Bureau of Labor Statistics, anbc research

US 2-year Treasury Yields (%)



Source: Investing.com, anbc research

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