By Global Markets | 7 September 2026

United States

CPI Preview: Gasoline rises again, with rents still firm

OCBC Group Research

- **We expect a higher rise in August MoM consumer prices.** Our forecast is 0.4% MoM for headline CPI and 0.3% for core, with previous numbers at 0.1% and 0.2% respectively.

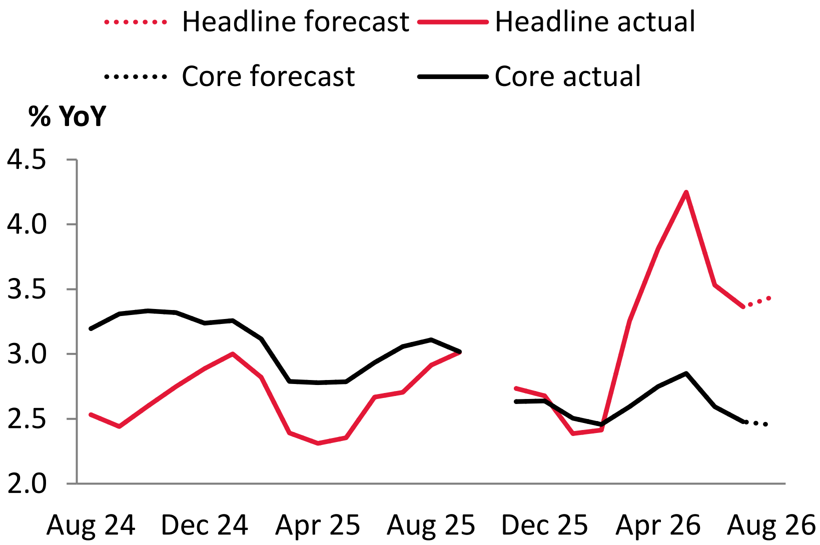
- **Annual inflation likely to be unchanged.** We see headline CPI at 3.4% YoY and core at 2.5%, matching July's numbers.

- **Three-month moving average for headline and core CPI would be contained at 0.02% and 0.16% even if our forecasts materialised.** The Fed would likely still be comfortable with the pace of inflation, and we maintain our forecast for unchanged Fed Funds rate in September.

We forecast August headline CPI to rise 0.4% MoM and core CPI to increase 0.3% MoM, accelerating from July's numbers of 0.1% and 0.2%. We attribute the higher forecast mainly to higher gasoline prices and firmer rents. While our headline forecast is broadly in line with market expectations, our core CPI estimate is slightly firmer than the consensus forecast of 0.2% MoM.

In line with our monthly forecasts, we estimate CPI numbers to come in at 3.4% YoY for headline and 2.5% for core, matching July's readings.

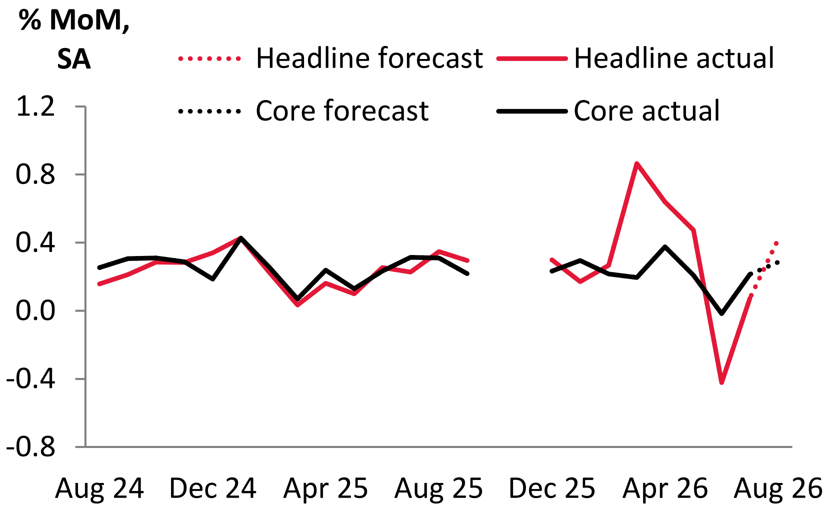
Headline inflation stays near 3.4%



Sources: U.S. Bureau of Labor Statistics, OCBC Group Research.

We expect motor fuel to rise about 2.9% MoM after falling 3.0% in July. While motor fuel only accounts for 4% of the CPI basket, it should add about 0.12 ppt to headline inflation. The driving factor behind the rise in the motor fuel component was EIA's weekly regular gasoline prices, which increased by 3.2% MoM in August. Higher crude oil and refined product prices, particularly heating oil futures, also supported stronger readings for both the food and household energy components. We expect food prices to rise 0.3% MoM and household energy prices to increase 1.0% MoM. The projected gain in food inflation would have been larger had it not been tempered by the decline in grocery prices observed in July.

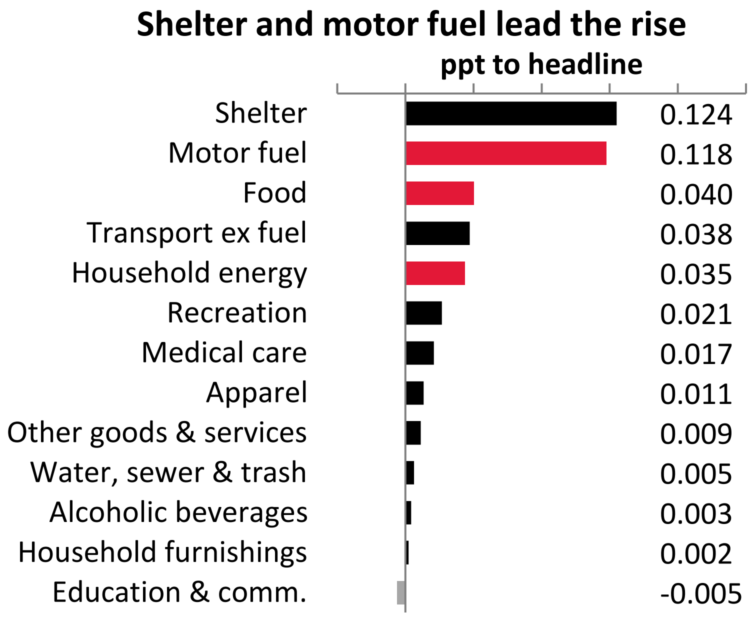
Headline CPI picks up in August



Sources: U.S. Bureau of Labor Statistics, OCBC Group Research.

Shelter is likely to contribute more to headline CPI than fuel despite a much smaller increase in prices, reflecting its much larger weight in the CPI basket (roughly 35%). Our forecast of a 0.35% MoM increase in August shelter prices would contribute around 0.12 ppt to headline inflation. While the July shelter reading of 0.1% MoM appeared subdued, both rent of primary residence and owners' equivalent rent (OER) rose by 0.3%, a trend we expect to continue. The July soft shelter reading was attributed to a decline in prices of lodging-away-from-home, and we would caution against assuming a repeat of that hotel-related drag in August, suggesting some rebound in shelter inflation is likely.

In addition, higher new asking rents continue to point to firm medium-term housing inflation, with Zillow's July asking rents up 2.3% YoY. Furthermore, bank credit rose 0.47% MoM in August, while private sector wages increased 0.85% QoQ in Q2, both of which contributed positively to shelter inflation.



Source: OCBC Group Research.

Medical care should rise more slowly in August at about 0.2% MoM after July's 0.4% rise. Household furnishings should be flat after the poor retail sales reading in July. Meanwhile, education and communication is the only one of the 13 components forecast to subtract from headline CPI. We expect the component to fall 0.10% MoM, contributing -0.005 ppt to overall headline CPI.

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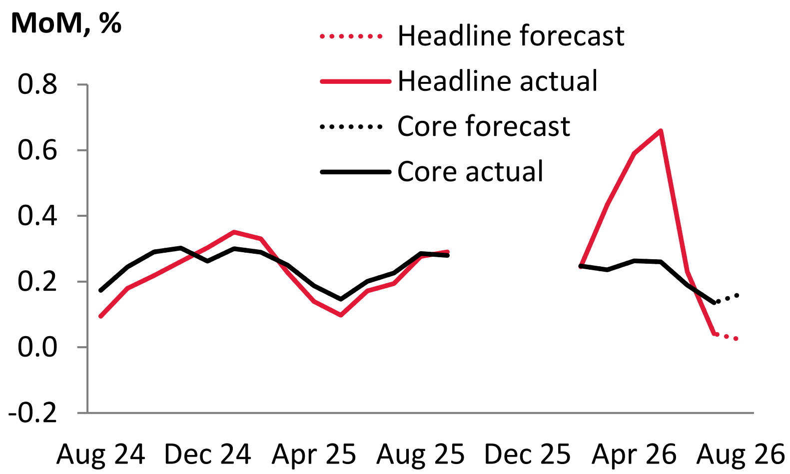
Core inflation averages more than headline



Sources: U.S. Bureau of Labor Statistics; OCBC Group Research.

The expected pickup in August's inflation would still leave inflation relatively subdued over the three months through August, following earlier falls in energy prices. Including our August forecast, the three-month moving average for headline and core CPI would be contained at 0.02% and 0.16%, respectively. The Fed would likely be comfortable with the inflation pace implied by our forecasts, and we maintain our forecast for Fed funds rates to stay unchanged in September, unless there is a significant upside surprise.

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