

Arc

Commodity

October 24, 2025

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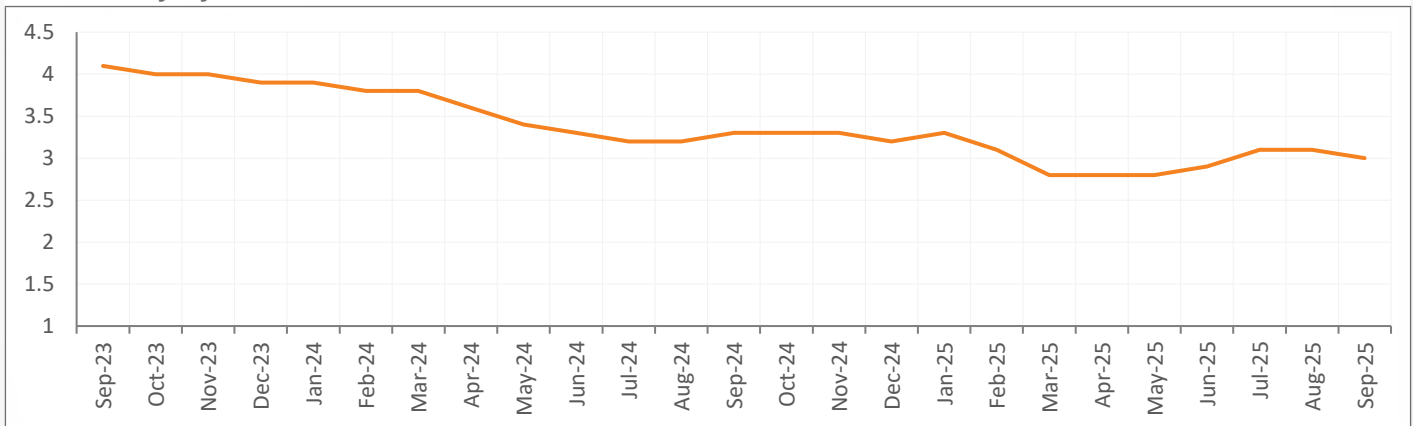
US September CPI report seals October rate cut

US September CPI report (%)

Data	Forecast	Prior	Actual
US CPI m-o-m	0.4	0.4	0.3
US CPI y-o-y	3.1	2.9	3
US Core CPI m-o-m	0.3	0.3	0.2
US Core CPI y-o-y	3.1	3.1	3

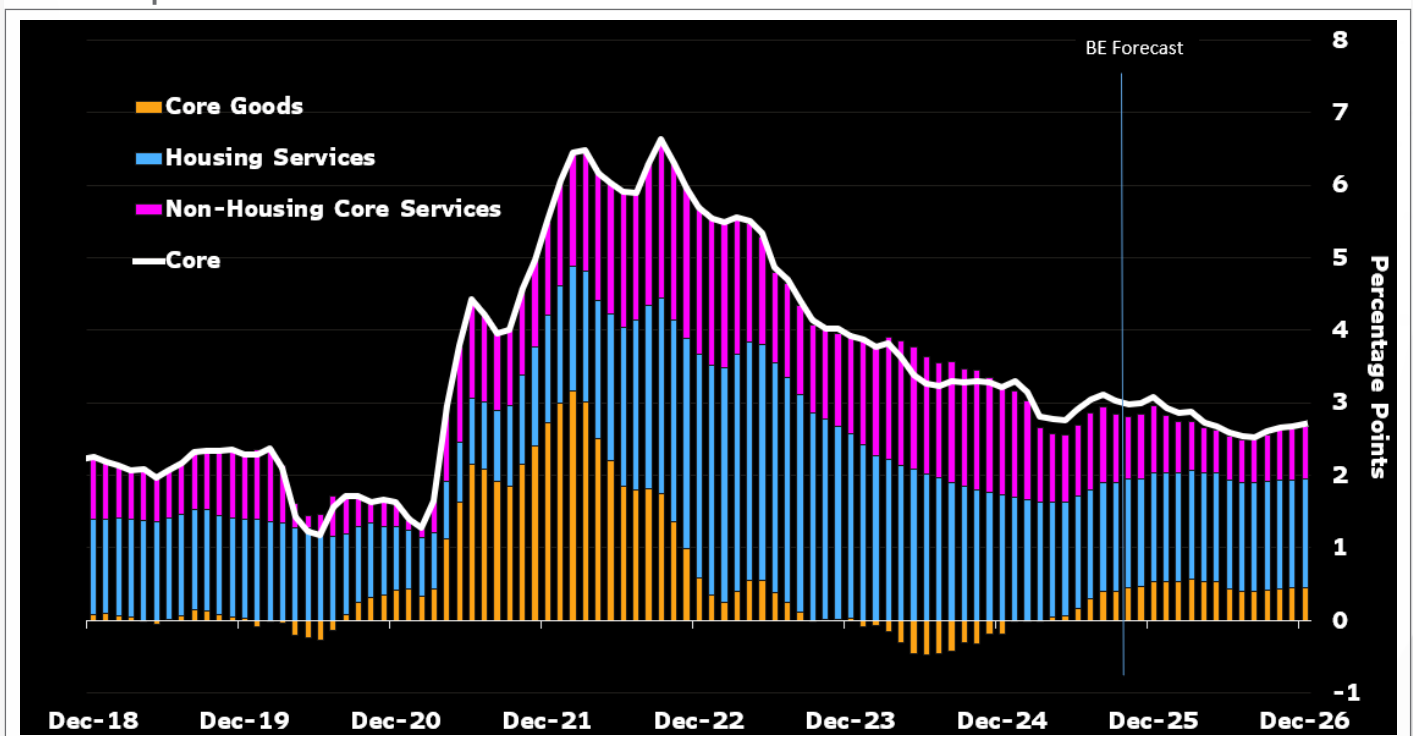
Source: Bloomberg

US Core CPI y-o-y (%)



Source: Bloomberg

US CPI Components



Source: Bloomberg

Key Points

- The much-anticipated US CPI report (September), which was released on October 24, showed that US CPI data came in cooler-than-expected, which has sealed an October Fed rate cut as traders now price in December rate cut, too.
- The CPI report is a key release during the ongoing US government partial shutdown, as many data and reports have been delayed.
- Despite the government shutdown, the Bureau of Labor Statistics prepared the September CPI report, which is vital for calculating the size of next year's social security checks.
- The September data showed slow tariff passthrough.
- Headline inflation m-o-m is higher than core CPI due to gasoline prices.
- As per Bloomberg Economics' nowcast, October US CPI inflation points to a reading of 3% y-o-y.
- The White House has announced there's likely to be no release of inflation figures next month.

US items price change

Item	Price Change	Note
Motor Vehicle Insurance	-0.4% m-o-m	Unchanged in August
Index for used cars and trucks	-0.4% m-o-m	
Apparels	0.7% m-o-m	
New vehicles	0.8% y-o-y	Biggest rise since 2023; Likely to rise due to tariff impact
Shelter cost	0.2% m-o-m	
Tenant and home insurance cost	7.5% y-o-y	Highest ever- A source of inflation
Shelter, airline fares, recreation, household furnishings	Up	Furnishings tariff-affected
Motor Vehicle insurance, used cars and trucks, communications	Down	
Audio and video equipment	1.6% y-o-y	Most since 2021; tariff impact
Supercore services inflation (strips out housing cost)	0.35% m-o-m	Elevated but around average of 2024
US Core CPI m-o-m	0.3	0.3
US Core CPI y-o-y	3.1	3.1

Source: Bloomberg

Impact on markets

- Equities jumped as rate cuts getting sealed.
- Gold and silver rose more than 1%.
- US ten-year yields fell 1% on rate cut expectations before rising to pre-data level.
- Base metals trading sideways
- Crude oil remains well bid.
- Dollar Index is around 0.1% weaker

What to watch out for?

- Trump-Xi meeting on sidelines of APEC Summit on October 30 in South Korea
- US-Russia tensions as US sanctions biggest oil companies of Russia
- US-China trade talks
- FOMC monetary policy decision on October 29.

US September CPI report - immediate impact

Instrument	CMP
Gold	\$4100 (spot)
Silver	\$48.51 (spot)
Crude oil WTI (front-month)	\$62.08
Copper LME 3-month	\$10865
Dollar Index	98.86
US 10-year yields	4.01%
US 2-year yields	3.48%

Source: Bloomberg

Conclusion

- The US CPI report (September) has confirmed the Fed rate cut by 25 bps on October 29.

US rate cut projections



Source: Bloomberg

- Although some of the items are showing tariff impacts, effect is still somewhat subdued, which means an increased chance of a rate cut in December, too.
- As the US job market shows signs of weakness – on an average only 27,000 jobs during May through August— the Fed is expected to proceed with the anticipated rate cuts, which in general will be positive for commodities.
- We expect inflation hedge buying and fiscal dominance trade to dominate as the Fed and the US administration normalize 3% inflation, which is far-above the Fed's target of 2%.

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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

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