Another Warm CPI Report Likely to Alter Fed Outlook

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Although consumer inflation moderated a bit in February, this morning's CPI numbers were warmer than expected for the second straight month. With the March FOMC meeting now just a week away, Fed officials are likely to raise their inflation outlook and perhaps revise their dot plot to indicate fewer rate cuts this year.

The headline consumer price index climbed +0.4%, up from +0.3% in January and matching the median forecast. According to the Bureau of Labor Statistics (BLS), shelter costs and gasoline drove the increase, combining to account for over 60% of the February gain. On a year-over-year basis, overall CPI rose from +3.1% to +3.2%.

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