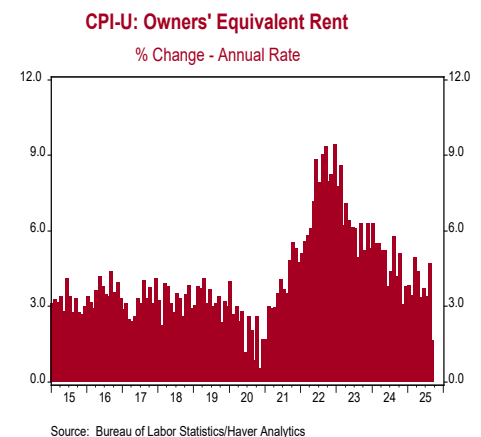
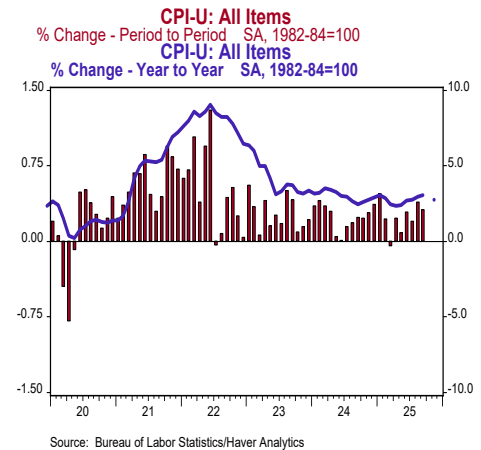


November CPI

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- The Consumer Price Index (CPI) rose 0.2% over the two months ending in November. The CPI is up 2.7% from a year ago.
- Energy prices increased 1.1% over the two months ending in November, while food prices rose 0.1%. The “core” CPI, which excludes food and energy, increased 0.2% over the two months ending in November. Core prices are up 2.6% versus a year ago.
- Real average hourly earnings – the cash earnings of all workers, adjusted for inflation – rose 0.4% over the two months ending in November, and are up 0.8% in the past year. Real average weekly earnings are up 0.8% in the past year.

Implications: BLS staff were furloughed in October during the recent government shutdown and did not collect price data for October 2025, limiting the agency’s ability to make month-over-month comparisons across many categories in November. Despite the blip in data, the November CPI report revealed some important inflation developments. The headline shows the Consumer Price Index rose a total of 0.2% for the two months ending in November and the twelve-month comparison slowed unexpectedly to 2.7%, versus a consensus increase of 3.1%. “Core” prices, which strip out food and energy, also rose 0.2% over the two months ending in November, while the twelve-month core comparison moved down to 2.6%, the slowest pace since 2021. Housing rents (those for actual tenants as well as the imputed rental value of owner-occupied homes) have been the main driver of core inflation over the last three years, but that tide has turned: rents rose 0.2% in the two months ending in November and are up at a 1.6% annualized rate over the last three months, lagging both headline and core inflation. Airline prices – which had contributed outsized gains to the core category in recent months – reversed course in October and November, with prices dropping 6.6% over the two months. Other notable categories to fall over the two months include prices for hotels (-1.7%), apparel (-0.7%), and motor vehicle insurance (-0.4%). We’ve been saying for some time that investors should look past tariffs and instead focus on the M2 measure of the money supply for understanding where inflation will go. Tariffs can raise prices for tariffed items, but they leave less money for consumers to spend on goods and services. They shuffle the deckchairs on the inflation ship, not how high or low the ship sits in the water. That’s up to the money supply – and given the slow growth over the last three years – we expect inflation to continue trending lower. In other news this morning, initial jobless claims declined 13,000 last week to 224,000; continuing claims rose 67,000 to 1.897 million. Meanwhile, on the manufacturing front, the Philadelphia Fed index – a measure of factory sentiment in that region – fell to -10.2 in December from -1.7 in November.



CPI - U <i>All Data Seasonally Adjusted Except for Yr to Yr</i>	Nov-25	Oct-25	Sep-25	3-mo % Ch. annualized	6-mo % Ch. annualized	Yr to Yr % Change
Consumer Price Index	NA	NA	0.3%	2.1%	2.8%	2.7%
Ex Food & Energy	NA	NA	0.2%	1.6%	2.6%	2.6%
Ex Energy	NA	NA	0.2%	1.5%	2.6%	2.6%
Energy	NA	NA	1.5%	10.9%	6.5%	4.2%
Food	NA	NA	0.2%	1.2%	2.3%	2.6%
Housing	NA	NA	0.2%	2.1%	2.9%	3.5%
Owners Equivalent Rent	NA	NA	0.1%	1.6%	2.8%	3.4%
New Vehicles	0.2%	NA	0.2%	2.2%	1.0%	0.6%
Medical Care	NA	NA	0.2%	1.2%	2.6%	2.9%
Services (Excluding Energy Services)	NA	NA	0.2%	1.6%	2.8%	3.0%
Real Average Hourly Earnings	NA	NA	-0.1%	1.1%	0.7%	0.8%

Source: Bureau of Labor Statistics