FROM THE DESK OF

New York Life Investment Management's
Global Market Strategy team

Hot CPI, with hike likely in December

Julia Hermann | Sarah Hirsch | Michael LoGalbo

NEW YORK LIFE Investment Management

November 10, 2026

Investment Management

FROM THE DESK OF:
New York Life Investment Management
Global Market Strategy team
Julia Hermann | Sarah Hirsch | Michael LoGalbo

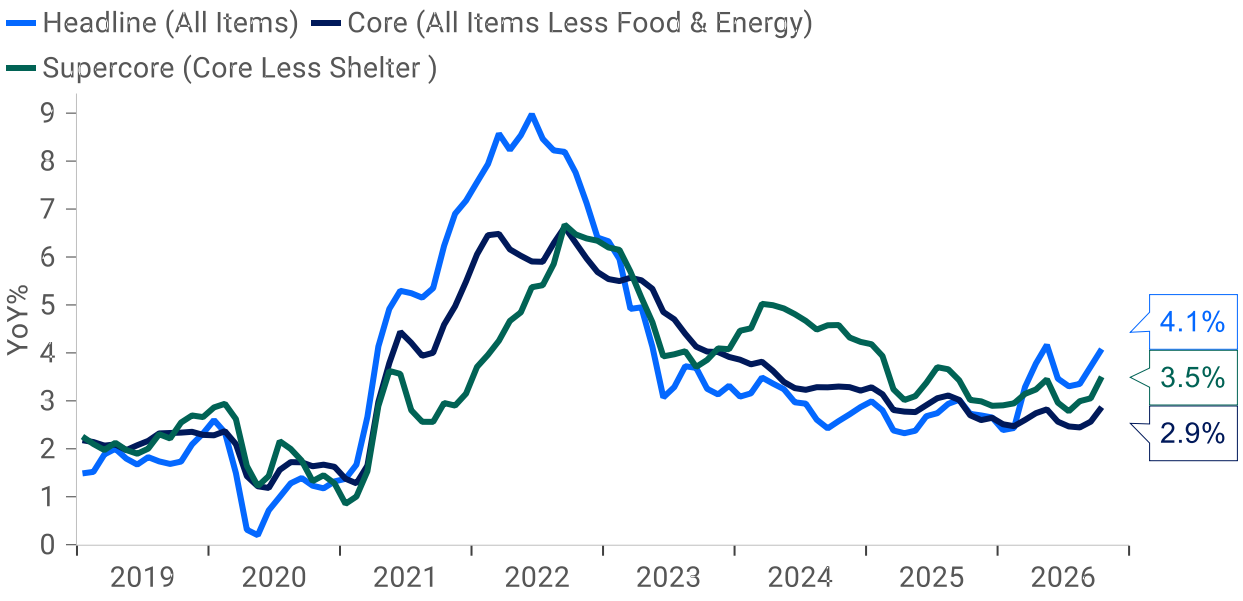
Hot CPI, with hike likely in December

As of 9:45 a.m. ET, 10 November 2026

- October CPI surprised to the upside, with headline CPI increasing 0.4% MoM and core increasing 0.3% MoM. We estimate annual inflation at 4.1% for headline and 2.9% for core, as official YoY figures were not published due to the October 2025 government shutdown. Signs of elevated energy and diesel prices were evident throughout the report, with food increasing 0.5% MoM and energy prices increasing 0.7% MoM. Price pressures extended beyond food and energy, with shelter and medical costs both rising 0.3% MoM.
- Market reacted sharply to the hotter-than-expected print, with the 2-year Treasury yield rising 17 basis points to over 4.7% and the 5-year yield increasing 13 basis points to over 4.8%. Expectations for Fed tightening shifted meaningfully higher, with markets pricing in more than 25bps of tightening in December, implying some probability of a larger 50bp move. This repricing follows remarks by Fed Governor Waller earlier this morning, in which he indicated support for a 25bp hike in December and raised the possibility of a 50bp increase should core inflation remain elevated. The U.S. dollar also strengthened following the report, supported by expectations for more aggressive Fed tightening.
- We continue to expect a rate hike in December but are less convinced that a 50bp hike in December is likely. While Waller's comments underscore the Fed's heightened sensitivity to inflation, we believe a broadly balanced labor market, combined with the drag from higher energy prices and elevated interest rates, will increasingly weigh on economic activity and may limit the need for a more robust hiking cycle.

Even supercore inflation is picking up again

Inflation measures



Sources: New York Life Investment Management Global Market Strategy, U.S. Bureau of Labor Statistics (BLS), Macrobond, November 2026.

For more on what lies ahead for inflation, Fed policy, and the broader economy, stay tuned for our 2027 Outlook, launching November 13 on nylim.com/global-markets/macro-pulse.

Past performance is not a guarantee of future results. Active management typically involves higher fees than passive management. This material represents an assessment of the market environment at a specific date; is subject to change; and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any funds or any issuer or security in particular. The strategies discussed are strictly for illustrative and educational purposes and are not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. There is no guarantee that any strategies discussed will be effective.

This material contains general information only and does not take into account an individual's financial circumstances. This information should not be relied upon as a primary basis for an investment decision. Rather, an assessment should be made as to whether the information is appropriate in individual circumstances, and consideration should be given to talking to a financial advisor before making an investment decision.

"New York Life Investment Management" is the brand name and service mark used to represent a group of affiliated investment advisors of New York Life Insurance Company, including New York Life Investment Management LLC, a registered investment advisor. Securities distributed by NYLIFE Distributors LLC, 30 Hudson Street, Jersey City NJ 07302.

SMRU: 8797591