US inflation surprises to the upside in January

Inflation in the US unexpectedly rose in January to 3%. This underscores the challenges facing the world's largest economy in controlling their rate of inflation whilst trying to lower interest rates to stimulate the economy. Interestingly, a lot of this rise can be attributed to the price of eggs alone which rose 15% off the back of the recent avian flu outbreak. Regardless of the driver, the rate was higher and as such stocks and bonds suffered in the wake of the announcement as investors reduced the probability of the US cutting rates again in 2025.

Want to discuss how this impacts your clients?

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