2026-11-11
ECO

Key Fed Metric Is Seen Rising

PCE
Personal consumption expenditures

Hot inflation data Tuesday morning, coupled with hawkish comments from two Fed officials, have traders at least considering the possibility of a larger half-point rate increase next month. A look at the Fed's preferred inflation metric shows why officials have grown more concerned.

The Fed's 2% inflation target references not the consumer-price index data released Tuesday but a separate inflation measure, the personal-consumption expenditures price index. Economists use CPI data to inform their estimates for how the PCE index will move.

After parsing Tuesday's CPI data, Wall Street economists think the core PCE index, excluding food and energy prices, rose by anywhere from 0.33% to 0.35% in October. That would be enough to raise the 12month core PCE inflation rate to 3.3%, from 3.1% in September.

Nov

A 3.3% core PCE reading would be the highest since November 2023. Economists will refine their PCE estimates on Friday morning, with help from the producer-price data that the Labor Department will publish.

—Matt Grossman

For personal, non-commercial use only.

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit djreprints.com.

Copyright (c)2026 Dow Jones & Company, Inc. All Rights Reserved. 11/11/2026