



CPI Falls More than Expected to 2.68% Momentum and Central Bank Drives Markets Higher.

December 18, 2025

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The U.S. and European stock markets closed higher on Thursday, supported by a cooler-than-expected November CPI at 2.68%, some 10.96% below last month and 9.45% below the 2.96% Inflation Nowcasting Forecast. The report reinforced confidence that inflation is easing. In early U.S. trading, Consumer Discretionary and Information Technology led gains, while energy stocks lagged amid lower oil prices. Treasury yields declined following the data, with the 10-year U.S. Treasury yield easing to 4.12%.

European equities traded broadly higher as markets digested a heavy slate of central bank decisions. The European Central Bank kept its policy rate unchanged at 2.0%, while the Bank of England delivered a widely anticipated 25-basis-point rate cut, lowering its benchmark rate to 3.75%. The U.S. dollar was little changed against major currencies, while WTI crude prices drifted lower amid market weighing geopolitical developments tied to Venezuelan oil exports.

Economic Data: Inflation Cools Further

November headline CPI inflation slowed to 2.68% year over year, below expectations that it would remain at 2.96%. Core CPI eased to 2.92%, also undershooting forecasts. Shelter inflation—a key driver of persistent price pressures—moderated to 3.0% from 3.6% earlier in the fall, reinforcing evidence that underlying inflation dynamics continue to improve.

While portions of the data were affected by survey disruptions, the broader trend supports the view that inflation is cooling meaningfully. If confirmed by upcoming releases, this trajectory should keep the Federal Reserve on track for additional rate cuts in 2026, following a likely pause early in the year. Bond markets are currently pricing roughly two additional Fed rate cuts over the next **12 months**.

Labor Market: Cooling but Resilient

Initial jobless claims declined to 224,000, slightly above expectations but consistent with gradual labor market normalization. Continuing claims edged higher to 1.9 million, below forecasts for a sharper increase. Although the unemployment rate has risen to 4.6%, job openings rebounded to 7.67 million in October, remaining broadly above the number of Unemployed Job Seekers at 6.56 million, a 16.92% deficit.

Wage growth should continue to outpace inflation, supporting positive real income gains and helping sustain consumer spending into 2026.

Europe: Central Banks in Focus

European markets advanced as investors absorbed a rare convergence of central bank decisions. In addition to the ECB holding steady, both the Riksbank and Norges Bank left policy unchanged, while the Bank of England's rate cut marked its most accommodative move in nearly three years. U.K. gilt yields moved modestly higher following the decision, signaling confidence that inflation risks remain contained even as growth moderates.

Economic Data:

- **U.S. Consumer Price Index YoY:** fell to 2.68%, compared to 3.01% last month.
- **U.S. Core Consumer Price Index YoY:** fell to 2.92%, compared to 3.03% last month.
- **U.S. Inflation Rate:** fell to 2.68%, compared to 3.01% last month.
- **U.S. Initial Claims for Unemployment Insurance:** fell to 224,000, down from 237,000 last week and down -5.49% from last week.
- **Kansas City Fed Manufacturing Production Index:** rose to 18.00, up from 15.00 last month.
- **30 Year Mortgage Rate:** fell to 6.21%, compared to 6.22% last week.
- **Bank of England Bank Rate:** fell to 3.75%, compared to 4.00% yesterday.
- **Japan Consumer Price Index YoY:** rose to 3.00%, compared to 2.90% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 585.35, up 5.56 points or 0.96%.
- **FTSE 100:** Closed at 9,837.77, up 63.45 or 0.65%.
- **DAX Index:** Closed at 24,199.50, up 238.91 points or 1.00%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 47,951.85, up 65.88 points or 0.79%.
- **S&P 500:** closed at 6,774.76, up 53.33 points or 1.38%.
- **Nasdaq Composite:** closed at 23,006.36, up 313.03 points or 1.38%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,042.84, up 49.47 points or 1.24%.
- **Birling Capital U.S. Bank Index:** closed at 8,990.91, down 26.76 points or 0.30%.
- **U.S. Treasury 10-year note:** closed at 4.12%.
- **U.S. Treasury 2-year note:** closed at 3.46%.



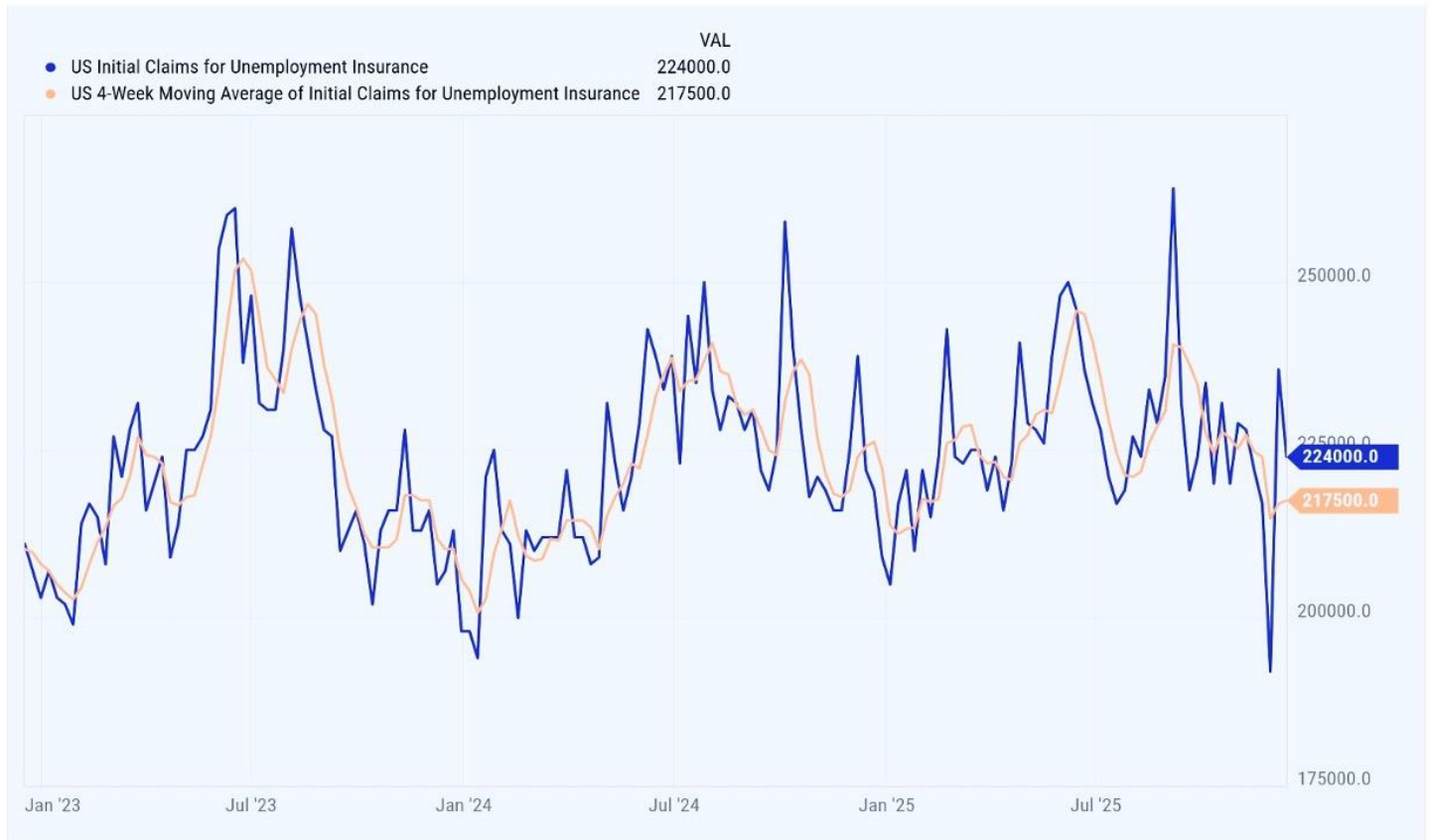
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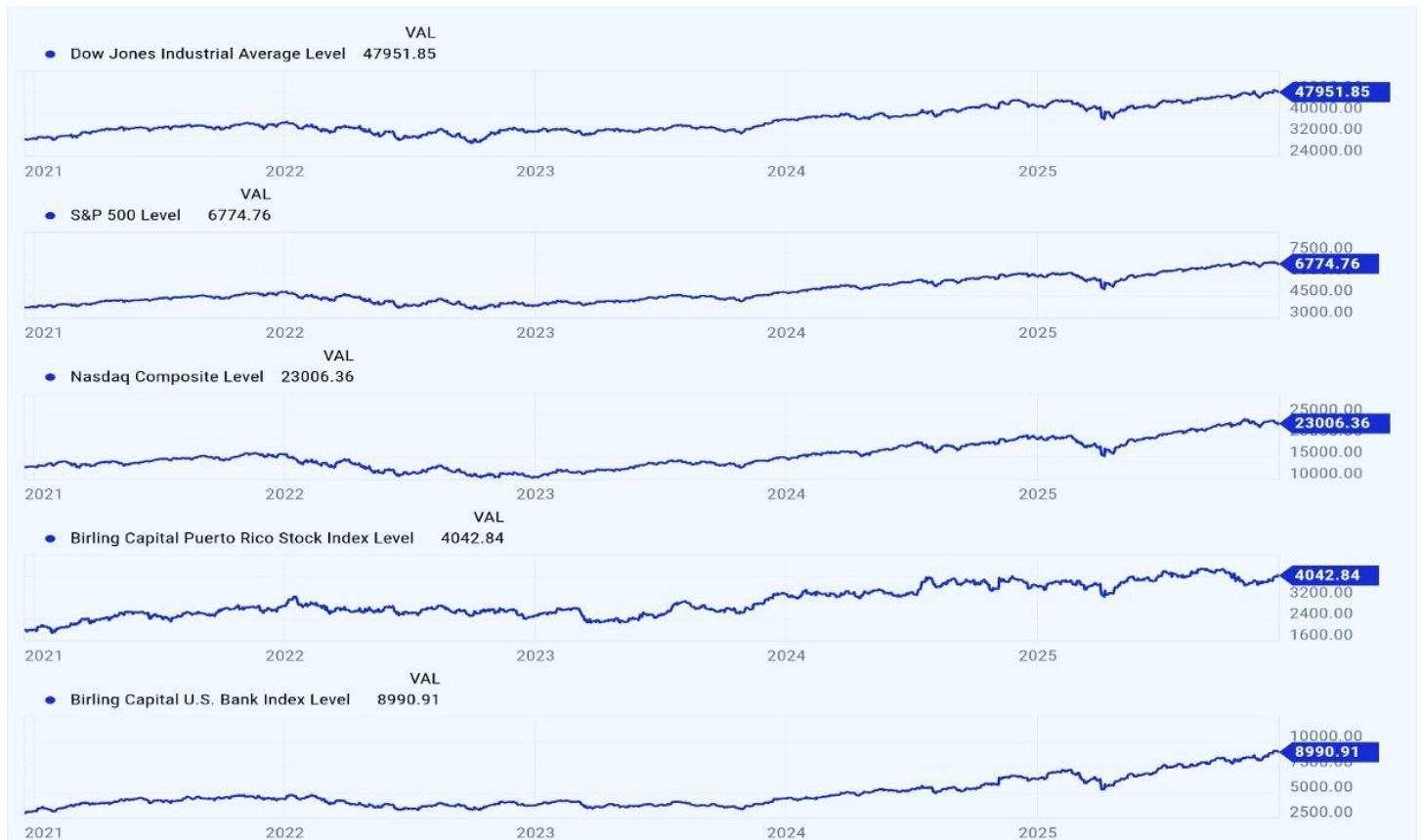
U.S. CPI, U.S. Core CPI, U.S. Inflation Rate, 30-Year Mortgage Rate, & Kansas City Fed Manufacturing Index





US Initial Claims for Unemployment & US 4-Week Moving Initial Claims Average





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