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# Will the Fed satisfy the market's desire for rate cuts?

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**The Fed has been starved of much of the data that it usually relies on for rate decisions, as the US government shutdown has interrupted the collection of statistics. However, the consumer price index for September was released, albeit with a delay. A tame release came as a relief for markets and presents no barrier for a rate cut this week, which is overwhelmingly expected by investors.**

Core consumer prices—excluding volatile food and energy prices—rose by less than expected both on a monthly and annual basis at 0.2% and 3%, respectively, for September. Reassuringly, there was further evidence that higher US tariffs have not yet been feeding through into sharply higher costs for consumers. Apparel was one exception, with an acceleration to 0.7% on the month from 0.5%. However, the price of new vehicles rose just 0.2% on the month. In addition, consumer goods giant Proctor & Gamble halved its estimate of the annual cost of tariffs to its business to USD 400 million—largely reflecting the lack of retaliation from US trading partners such as Canada.

The latest news removes the final impediment to an easing at the conclusion of the Fed's policy meeting on 29 October. In the Chief Investment Office's view, the Fed will want to avoid alarming the market by deviating from expectations for a 25-basis point cut. CIO remains confident that evidence will continue to filter through that the labor market is weakening, providing justification for a rate cut at the December policy meeting too, even though inflation is running about a percentage point above the Fed's 2% target. That will further erode the incentive to sit on excessive cash reserves. It also adds to the positive backdrop for equities. Stocks stand to benefit from the benign bond market backdrop, with yields on the 10-year US Treasury back to around 4%, down by close to 30 basis points from a recent peak in August.

For more, see [What to watch in the week ahead](#), published 27 October, 2025.

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