

Register-Guard Capital

INFLATION GUARD 10/14/26

We predict an energy print, the largest monthly increase in the energy index since March, with little beneath it. We expect headline CPI inflation in line with consensus and core CPI inflation below consensus. Specifically, we project headline CPI inflation to rise to 3.6%, year-over-year, and core CPI inflation to hold at 2.4%, year-over-year, on seasonally adjusted monthly changes of roughly +0.55% and +0.2%. Under the Forecast Scoring Methodology adopted on September 16, we also state the ranges we are 80% confident will contain the print: 3.5% to 3.7% for headline and 2.3% to 2.5% for core over the year, and +0.45% to +0.65% and +0.1% to +0.3% on the month.¹

The Bureau of Labor Statistics releases the September 2026 Consumer Price Index on Wednesday, October 14, 2026. The Bloomberg survey median, which the scoring methodology names as our consensus source, calls for the all-items index to rise 0.6% on the month, seasonally adjusted, the largest advance in five months, after August's 0.4%, with the annual rate rising to 3.6% from 3.4%, and for core CPI to ease to 0.2% from 0.3% with the annual core rate firming to 2.5%.² The Federal Reserve Bank of Cleveland's Inflation Nowcast has +0.53% on the month and 3.60% over the year for headline, with core at +0.20% and 2.39%,³ and market pricing in exchange-listed CPI event contracts implies a median seasonally adjusted monthly change of roughly +0.55%, with a 10th to 90th percentile band that matches our 80% monthly range.⁴ The report is the last inflation reading before the October 27 to 28 meeting: the September Producer Price Index follows on October 15, and the September PCE price index arrives on October 29, after the Committee has met. Futures put the probability of a second increase this month near one in five, down from roughly a third before the September jobs report.⁵

Before the reasoning, the scoring. We called headline rising to 3.5% and core rising to 2.5% in August, on monthly builds of +0.45% and +0.29%; the index printed 3.4% and 2.4% on monthly changes of +0.4% and +0.3%.⁶ The monthly builds were the right numbers, and both annual calls, published as rounding-boundary judgments taken on the high side, broke below us by five-hundredths and four-thousandths of a percent. The Register traced both misses to the line rather than to the components and adopted four rules: a rounding-boundary call is published on the consensus side unless the build clears the line by more than the sum of its discretionary

¹ *Register-Guard Capital*, Forecast Scoring Methodology II (September 16, 2026), §III.

² Vince Golle and Craig Stirling, "US Inflation Likely Accelerated in September on Higher Gasoline Prices," Bloomberg, October 10, 2026; Bloomberg, "US Bond Traders Await CPI, Warsh for Insight on Fed's Rate Path," October 12, 2026. Bloomberg survey medians as cited therein.

³ Federal Reserve Bank of Cleveland, "Inflation Nowcasting," Center for Inflation Research, updated October 9, 2026.

⁴ *Register-Guard Capital*, internal quantitative CPI model output for the September 2026 target period, October 12, 2026. The market-implied distribution is constructed from executable ask prices across matched CPI event-contract brackets.

⁵ CNBC, "Traders Now See Little Chance of a Fed Rate Hike in October After Weak Jobs Report," October 2, 2026; Christopher J. Waller, "The Signaling Value of the Summary of Economic Projections," speech at the Istanbul Economic Forum, Istanbul, October 8, 2026.

⁶ Bureau of Labor Statistics, "Consumer Price Index—August 2026," news release USDL-26-1496, U.S. Department of Labor, September 11, 2026. Component detail, relative importances, and index levels per Table 1.

Register-Guard Capital

departures from trailing averages; energy is built line by line, with gasoline pass-through carried as a range; an identified artifact reversal is carried at the size of the prior declines, with producer indexes as context rather than signal; and shelter anchors on Zillow's stated trend when its month-specific forecast is not available.⁷ All four are applied below, and the first decides the headline call.

We are in line with consensus on headline CPI inflation because September is an energy month and the arithmetic of the energy leg lands on the consensus figure. According to the U.S. Energy Information Administration, retail gasoline for all grades averaged \$4.491 per gallon in September against \$4.192 in August, a rise of 7.1%, the largest monthly increase since May, and 36.4% above September 2025; diesel averaged \$6.291 against \$5.462, up 15.2% on the month and 67.8% on the year.⁸ AAA puts September's average for regular at \$4.33, a record for the month by fifty cents.⁹ The month's average was set after the September 7 and 8 strikes on IRGC-linked tankers and it held, with Brent near \$100 through the month and above \$107 on September 28, after Washington rejected Tehran's offer to reopen the Strait of Hormuz within a week.¹⁰ The CPI gasoline index has passed the EIA average through at between 0.75 and 1.05 in every month this year and at 0.75 and 0.80 in the last two, so we carry the range the Register prescribed, 0.8 to 1.0, with the midpoint in the build, for an unadjusted gasoline move near +6.4%. September's seasonal factors expect pump prices to fall from the summer, so the adjusted figure runs about 2.2 points higher, as it has averaged over the last four Septembers.¹¹ We carry gasoline near +8.6% seasonally adjusted, fuel oil near +10% with diesel, electricity at its trailing twelve-month average of +0.3%, and utility gas at +0.2%, between its three-month and twelve-month averages, for an energy index up roughly 4.9% and a contribution of about +0.36 percentage points, against +0.16 in August. Adding core's contribution of about +0.17 points (79% weight at our roughly 0.21% core estimate) and about +0.02 from food gives roughly +0.55% for the seasonally adjusted all-items change, between the +0.53% nowcast and the +0.6% survey median. September's seasonal factors take about six-hundredths off the unadjusted all-items change, mapping the build to roughly +0.49% on the August level of 334.980 against a September 2025 base of 324.800, or 3.64%.¹² Printing 3.7% requires an unadjusted move of +0.500%, one-hundredth above our central figure; printing 3.5% requires less than +0.403%, which only the soft case reaches. This is a rounding-boundary call, and the pass-through range alone spans 3.61% to 3.67%. The boundary rule settles it: the consensus side of the line is 3.6%, and the central build sits on that side with its departures in or out.

⁷ *Register-Guard Capital*, Inflation Guard 9/11/26 and Inflation Register 9/11/26 (September 11, 2026).

⁸ U.S. Energy Information Administration, "Weekly U.S. All Grades All Formulations Retail Gasoline Prices" and "Weekly U.S. No. 2 Diesel Retail Prices," Petroleum & Other Liquids Data, accessed October 11, 2026. Monthly figures are averages of the weekly series.

⁹ AAA, "National Average Dips Following Record-Setting September," AAA Fuel Prices, October 1, 2026.

¹⁰ John Power, "Oil Prices Surge After Trump Rejects Iran's Plan to Reopen Strait of Hormuz," Al Jazeera, September 28, 2026.

¹¹ Bureau of Labor Statistics, "Consumer Price Index—September 2025," news release USDL-25-1502, U.S. Department of Labor, October 24, 2025. The September difference between the seasonally adjusted and unadjusted gasoline changes averaged 2.2 points over 2022 through 2025.

¹² Bureau of Labor Statistics, "CPI, August 2026," Table 1: all-items index (NSA) 334.980, all items less food and energy 338.041; "CPI, September 2025," Table 1: 324.800 and 330.804. Seasonal differences are measured from the published seasonally adjusted and unadjusted indexes for September 2022 through September 2025. The all-items figure is the component-weighted sum; the core figure is the 2024 and 2025 mean.

Register-Guard Capital

We are below consensus on core CPI inflation because the core build sits on its trailing averages and the base arithmetic does not reach 2.5% from there. Shelter is built from its three components and anchored on Zillow's stated trend, since its September forecast could not be read before publication: owners' equivalent rent at 0.24% and rent at 0.22%, with Zillow describing the monthly pace as settling toward 0.24% and 0.20%.¹³ The stock of leases is still passing through 2025's softness: Zillow's asking rents are up 2.7% over the year while Apartment List's national median fell 0.1% in September and stands 0.4% below a year ago.¹⁴ Lodging away from home rose 2.4% in August, completing the reversal we identified in July and declined to carry; with the artifact spent, we carry it flat, noting that CoStar's August room rates were up 1.5% from a year earlier, down from 5.7% in July.¹⁵ Shelter builds to roughly 0.23%, about +0.08 percentage points. Every other core line starts at its trailing twelve-month mean and departs only for a named reason: core goods at 0.10% against 0.05%, on the July and August prints and an August producer index for goods less foods and energy up 0.4%;¹⁶ airline fares at +2.5% against +1.8%, on jet fuel and an August producer index for airline passenger services up 4.2%; motor vehicle maintenance and repair at 0.6%, between its 0.4% mean and its 0.9% three-month pace; medical care services at their 0.2% mean; motor vehicle insurance at -0.5%, a sixth consecutive decline; and the residual core services, a tenth of the index, at 0.25%, a shade below their mean because August's 2.3% jump in communication invites some payback. The departures are worth about a hundredth and a half on the core index and run upward. The build sums to roughly 0.21% seasonally adjusted, in line with the 0.2% consensus and the 0.20% nowcast; September's seasonal factors add about three-hundredths to the unadjusted core change, and a 0.24% unadjusted move on the August core level of 338.041 against a September 2025 base of 330.804 yields 2.43%, which prints as 2.4%. The line between 2.4% and 2.5% sits at +0.257%: the consensus 2.5% needs the index to beat its own September 2025 move of +0.253%, an adjusted core change nearer 0.25% than 0.2%. Our central build does not beat it, and stripped of its departures the build moves away from the line, to +0.22% and 2.42%. The letter of the rule, which measures the margin against the sum of the departures, would hold us at the consensus 2.5%, since 0.018 is less than 0.03. The boundary rule was written for a margin manufactured by our own departures; here the departures narrow the margin, so we publish the build. This too is a rounding-boundary call, and we say so.

On model reconciliation: RGC's internal quantitative CPI model produced on October 12 a September headline point estimate of +0.50%, with a median of +0.49% and an 80% conformal interval of roughly +0.32% to +0.67%.¹⁷ Our +0.55% sits inside its interval and on the market's

¹³ Treh Manhertz, "Zillow: CPI Shelter Forecast, July 2026," Zillow Research, August 3, 2026. Zillow's August and September forecasts could not be retrieved as of October 11, 2026.

¹⁴ Zillow Group, "Zillow's September Market Report Shows an Early Winter in the Housing Market as Newly Pending Sales Fall 8.5%," press release, October 6, 2026; Chris Salvati and Rob Warnock, "Apartment List National Rent Report," Apartment List, September 29, 2026.

¹⁵ CoStar, "U.S. Hotel Performance Posts Modest Gains in August," press release, Arlington, Va., September 29, 2026; CoStar, "U.S. Hotels Post Strong July Gains as Occupancy, Rates and RevPAR Rise," press release, Arlington, Va., August 25, 2026.

¹⁶ Bureau of Labor Statistics, "Producer Price Indexes—August 2026," news release USDL-26-1495, U.S. Department of Labor, September 10, 2026. Final demand goods less foods and energy +0.4%; airline passenger services +4.2%.

¹⁷ *Register-Guard Capital*, CPI model output, September 2026 target period, October 12, 2026.

Register-Guard Capital

median. Its energy and shelter terms together give +0.38 percentage points at the median against our +0.44; the gap is mostly energy, +0.31 at the median against our +0.36, on a gasoline input of +7.30%, slightly above the 7.1% EIA rise we carry. Shelter is +0.06 against +0.08. The +0.12 remainder is what the model needs to reach +0.50% and the part its own diagnostics flag as incoherent. The two specifications agree at +0.49%, and the scorecard, at three settled periods of six, cannot yet adjudicate. Our monthly range sits inside the conformal interval. Our food and core ex-shelter lines sum to +0.11, matching the model's +0.12 remainder; more than the whole distance between our +0.55% and its +0.50% is in the modeled terms, energy and shelter, where we are about +0.07 above it. This month we agree with the part of the model it distrusts and differ on the part it trusts. Without the remainder the model prints +0.4%; with it, +0.5%; we are at the line between +0.5% and +0.6%.

Overall, this report settles the October meeting and does not settle December. The Committee raised the target range to 3.75% to 4.00% on September 16 by a vote of 12 to 0, and in the Federal Reserve Register Guard we called it the only increase of 2026, with no change at the October 27 to 28 meeting and a December test of three-month core PCE inflation through October at or below 3.05%.¹⁸ Since then the data have come in on the side of that call and the Committee's rhetoric has not. August core PCE inflation printed 3.0% over the year, below the 3.2% the Chair estimated at his press conference;¹⁹ September payrolls rose 29,000, the unemployment rate rose to 4.2%, and average hourly earnings slowed to 3.0% over the year, below headline inflation since the spring.²⁰ Governor Waller told the Istanbul Economic Forum on October 8 that he anticipates "additional hikes to support a timelier return of inflation to our 2 percent goal" and that "the hikes do not need to come at consecutive meetings," and Governor Barr's base case is that "further policy adjustments are likely to be needed."²¹ A headline print near +0.55% with core at 0.2% is the trend they describe: energy, which the Committee can look through for a month and not for three, and a core rate that ran at a 2.0% annualized pace over the three months to August. We hold the October call. For December, the question this report cannot answer is whether September's \$4.49 gasoline was the peak: EIA's October 5 all-grades reading of \$4.496 sat at September's \$4.491 average, AAA's regular at \$4.36 on October 8 stood three cents above its \$4.33 September average, Brent has eased below \$100 as Gulf exports recover to more than four-fifths of their pre-war level, and tanker attacks have resumed at about one a day.²² If October's pump average falls from September's, the headline rate peaks here; if the Strait stays contested, the December test will be decided by the war rather than by the Committee.

¹⁸ Federal Open Market Committee, statement, September 16, 2026; *Register-Guard Capital*, Federal Reserve Register Guard 9/16/26 (September 16, 2026).

¹⁹ Bureau of Economic Analysis, "Personal Income and Outlays, August 2026," news release BEA 26-43, September 30, 2026; Kevin Warsh, "Transcript of Chair Warsh's Press Conference," Federal Reserve Board, September 16, 2026.

²⁰ Bureau of Labor Statistics, "The Employment Situation—September 2026," news release, U.S. Department of Labor, October 2, 2026; *Register-Guard Capital*, Employment Register 10/2/26 (October 2, 2026).

²¹ Waller, "Signaling Value"; Michael S. Barr, "Economic Conditions and Monetary Policy," speech at the Detroit Economic Club, Detroit, September 29, 2026.

²² U.S. Energy Information Administration, "Weekly U.S. All Grades All Formulations Retail Gasoline Prices," week ending October 5, 2026; AAA, "Pump Prices Remain at Record Highs for Autumn," AAA Fuel Prices, October 8, 2026; Usaid Siddiqui, "Hormuz Ship Attacks Surge: Are Increased Oil Exports Sustainable?," Al Jazeera, October 6, 2026.

Register-Guard Capital

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Register-Guard Capital

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Disclosure: This publication was prepared with the assistance of an artificial-intelligence system, which materially supported the data processing and analytical development underlying the forecasts presented. All projections represent the views of Register-Guard Capital and have been reviewed and validated by the firm prior to publication.