

Special Commentary — March 6, 2026

February CPI Preview: Disinflation Progress Looks to Be Stalling Again

- The February CPI is likely to show that progress on lowering inflation is stalling out again. We estimate headline CPI rose 0.21% last month. That would be a few basis points stronger than January's 0.17% increase and would keep the year-over-year rate a tick above its cycle low of 2.3%.
- Although the conflict in the Middle East started over the weekend, oil and gasoline prices were already rising last month in anticipation of an escalation. We estimate gasoline prices rose 0.8% in February, with a slightly smaller increase (+0.6%) in energy services.
- We expect prices for food at home to fall 0.1% in February, providing some relief to consumers amid the strengthening in energy inflation. The January Producer Price Index for consumer foods posted its largest monthly decline since last March, and data from Truflation also show food inflation cooling rapidly. We look for the softer trend in grocery prices to continue in the coming months amid lower agricultural commodity prices and slowing wage costs at grocery stores. Weaker input cost growth should help limit food away from home inflation to a ~0.25% increase, which would be below the 0.33% monthly average increase registered in 2025.
- We expect core CPI to advance 0.19% in February, softer than January's 0.30% rise. Services should lead the moderation. We project primary shelter inflation to rise roughly in line with January's 0.23% increase, but softer price growth in travel-related services and medical care likely will weigh on core services inflation. Hotel occupancy and air traveler throughput tracked their seasonal norms in February, leaving room for payback after two months of outsized gains. Professional medical services and hospital services prices rose well above their recent trends in January and thus are ripe for some mean reversion.
- Core goods inflation likely strengthened in February. We look for the pickup to be driven primarily by a rise in used autos prices after a firming in wholesale auction prices around the end of last year. Excluding autos, we look for core goods prices to increase 0.17%, which would be weaker than in January but still slightly above the 2025 average as tariff costs continue to filter through to consumer prices. The staggered pass through of tariff-related costs and firming in transportation costs are expected to keep goods prices advancing faster than their pre-pandemic pace.
- The CPI has shown a noticeably more benign inflation environment than the PCE delator in recent months. Unusually, the year-over-year rate of core CPI is running 0.4 percentage points *below* the core PCE. Much of the divergence is coming from financial services, which carries a significantly larger weight in the core PCE (6% vs. 0.3%) and is largely imputed. Differences in scope and weighting of healthcare services and some core goods items are also leading to core PCE outpacing the core CPI inflation at present. We anticipate the gap to close in the coming months by core PCE slowing and core CPI edging up slightly, but for the combined message to be that inflation remains stuck closer to 3% than the Fed's 2% target.

Economist(s)

Sarah House

Senior Economist | Wells Fargo Economics
Sarah.House@wellsfargo.com | 704-410-3282

Michael Pugliese

Senior Economist | Wells Fargo Economics
Michael.D.Pugliese@wellsfargo.com | 212-214-5058

Nicole Cervi

Economist | Wells Fargo Economics
Nicole.Cervi@wellsfargo.com | 704-410-3059

February 2026 Forecast				
	Month-over-Month % Change		Year-over-Year % Change	
	<i>Forecast</i>	<i>Prior</i>	<i>Forecast</i>	<i>Prior</i>
<i>Seasonally Adjusted</i>	Feb.	Jan.	Feb.	Jan.
CPI (Consensus)	0.20	0.30	2.5	2.5
CPI (WF Estimate)	0.21	0.17	2.4	2.4
Food	0.06	0.19	2.8	2.9
Food at Home	-0.08	0.19	2.1	2.2
Food Away from Home	0.25	0.15	3.8	4.0
Energy	0.72	-1.47	0.5	-0.3
Energy Goods	0.80	-3.26	-5.5	-7.3
Energy Services	0.64	0.19	6.8	7.2
Core CPI (Consensus)	0.30	0.30	2.4	2.5
Core CPI (WF Estimate)	0.19	0.30	2.4	2.5
Goods	0.26	0.04	1.2	1.1
Vehicles	0.42	-0.57	-0.3	-0.5
Other Goods	0.17	0.35	2.1	2.1
Services	0.17	0.39	2.8	3.0
Primary Shelter	0.24	0.23	3.1	3.2
"Super Core"***	0.08	0.73	2.7	2.9
<i>Not Seasonally Adjusted</i>	Index	MoM (%)	YoY (%)	
CPI (Consensus)	—	—	—	
CPI (WF Estimate)	326.657	0.43	2.5	

Forecast as of: March 06, 2026; Bloomberg Consensus

***Core services CPI excluding rent of primary residence and owners' equivalent rent (i.e., excluding "Primary Shelter")

Source: U.S. Department of Labor, Bloomberg Finance L.P. and Wells Fargo Economics

Wells Fargo U.S. Inflation Forecast												
	Actual				Forecast							
	2025				2026				2027			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
CPI (YoY)	2.7	2.5	2.9	2.7	2.6	3.1	2.8	2.8	2.5	2.1	2.1	2.1
<i>QoQ Annualized</i>	3.7	1.7	3.1	2.3	3.1	3.7	1.9	2.3	1.9	2.1	2.2	2.2
Core CPI (YoY)	3.1	2.8	3.1	2.6	2.5	2.7	2.4	2.5	2.4	2.2	2.2	2.21
<i>QoQ Annualized</i>	3.4	2.2	3.2	1.8	2.9	2.8	2.3	2.2	2.2	2.2	2.2	2.2
PCE Deflator (YoY)	2.6	2.4	2.7	2.8	2.8	3.0	2.8	2.6	2.31	2.10	2.14	2.13
<i>QoQ Annualized</i>	3.4	2.1	2.8	2.9	3.4	3.0	2.0	2.2	2.1	2.2	2.1	2.1
Core PCE Deflator (YoY)	2.8	2.7	2.9	2.9	2.9	2.8	2.7	2.6	2.3	2.3	2.3	2.2
<i>QoQ Annualized</i>	3.3	2.6	2.9	2.7	3.4	2.4	2.3	2.2	2.3	2.3	2.2	2.2

Forecast as of: March 6, 2026

Note: All numbers are percent change.

Source: U.S. Department of Labor and Wells Fargo Economics

Economics Group

Tom Porcelli	Chief Economist	212-214-6422	Tom.Porcelli@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Aroop Chatterjee	Senior Economist	212-214-8819	Aroop.Chatterjee@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Ali Hajibeigi	Economic Analyst	212-214-8253	Ali.Hajibeigi@wellsfargo.com
Azhin Abdulkarim	Economic Analyst	212-214-5154	Azhin.Abdulkarim@wellsfargo.com
Anagha Sridharan	Economic Analyst	704-410-6212	Anagha.Sridharan@wellsfargo.com
Andrew Thompson	Economic Analyst	704-410-2911	Andrew.L.Thompson@wellsfargo.com

Required Disclosures

This report is produced by the Economics Group of Wells Fargo Bank, N.A. ("WFBNA"). This report is not a product of Wells Fargo Global Research and the information contained in this report is not financial research. WFBNA distributes this report directly and through affiliates including, but not limited to, Wells Fargo Securities, LLC, Wells Fargo & Company, Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Europe S.A., and Wells Fargo Securities Canada, Ltd. Wells Fargo Securities, LLC is registered with the Commodity Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. WFBNA is registered with the Commodity Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC and WFBNA are generally engaged in the trading of futures and derivative products, any of which may be discussed within this report. All reports published by the Economics Group are disseminated and available to all clients simultaneously through electronic publication to our public website. Clients may also receive our reports via third party vendors. We are not responsible for the redistribution of our reports by third-party aggregators. Any external website links included in this report are not maintained, controlled or operated by WFBNA. WFBNA does not provide the products and services on these websites and the views expressed on these websites do not necessarily represent those of WFBNA.

This publication has been prepared for informational purposes only and is not intended as a recommendation, offer or solicitation with respect to the purchase or sale of any security or other financial product, nor does it constitute professional advice. The information in this report has been obtained or derived from sources believed by WFBNA to be reliable, but has not been independently verified by WFBNA, may not be current, and WFBNA has no obligation to provide any updates or changes. All price references and market forecasts are as of the date of the report or such earlier date as may be indicated for a particular price or forecast. The views and opinions expressed in this report are those of its named author(s) or, where no author is indicated, the Economics Group; such views and opinions are not necessarily those of WFBNA and may differ from the views and opinions of other departments or divisions of WFBNA and its affiliates. WFBNA is not providing any financial, economic, legal, accounting, or tax advice or recommendations in this report. Neither WFBNA nor any of its affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the statements or any information contained in this report, and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. WFBNA is a separate legal entity and distinct from affiliated banks, and is a wholly-owned subsidiary of Wells Fargo & Company.

You are permitted to store, display, analyze, modify, reformat, copy, duplicate and reproduce this report and the information contained within it for your own use and for no other purpose. Without the prior written consent of WFBNA, no part of this report may be copied, duplicated or reproduced in any form by any other means. In addition, this report and its contents may not be redistributed or transmitted to any other party in whole or in part, directly or indirectly, including by means of any AI Technologies (defined below) through which this report or any portion thereof may be accessible by any third-party. "AI Technologies" means any deep learning, machine learning, and other artificial intelligence technologies, including without limitation any and all (a) proprietary algorithms, software, or systems that make use of or employ neural networks, statistical learning algorithms (such as linear and logistic regression, support vector machines, random forests or k-means clustering) or reinforcement learning, or curated data sets accessible by any of the foregoing or (b) proprietary embodied artificial intelligence and related hardware or equipment. In addition, certain text, images, graphics, screenshots and audio or video clips included in this report are protected by copyright law and owned by WFBNA, its affiliates or one or more third parties (collectively, "Protected Content"). Protected Content is made available to clients by Wells Fargo under license or otherwise in accordance with applicable law. Any use or publication of Protected Content included in this report for purposes other than fair use requires permission from WFBNA or, in the case of content attributed to any third party, the third-party copyright owner. You may not alter, obscure, or remove any copyright, trademark or any other notices attached to or contained within this report. All rights not expressly granted herein are reserved by WFBNA or the third-party providers from whom WFBNA has obtained the applicable information. © 2026 Wells Fargo Bank, N.A.

Important Information for Non-U.S. Recipients

For recipients in the United Kingdom, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority ("FCA"). For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 (the "Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Act for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. For recipients in the EFTA, this report is distributed by WFSIL. For recipients in the EU, it is distributed by Wells Fargo Securities Europe S.A. ("WFSE"). WFSE is a French incorporated investment firm authorized and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers. WFSE does not deal with retail clients as defined in MiFID2. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED - MAY LOSE VALUE - NO BANK GUARANTEE