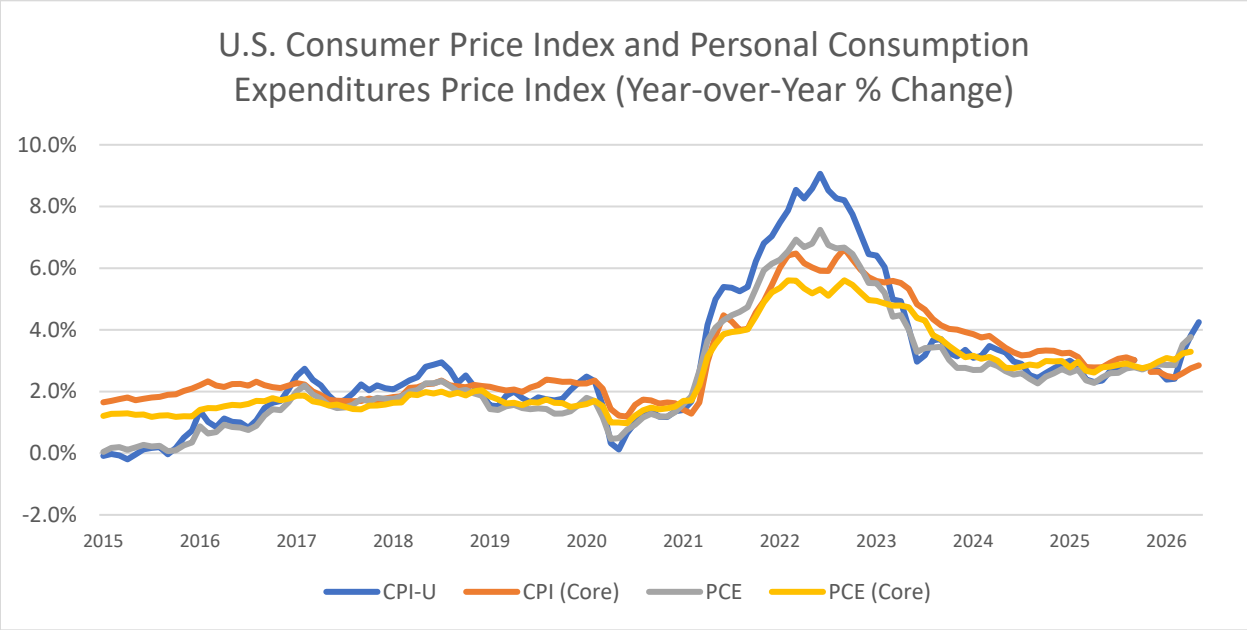
# ECONOMIC SNAPSHOT

## JUNE 2026 INFLATION AND INTEREST RATES

**Date: June 2026** **Analyst: Ben Gielczyk**

**Consumer Price Index (CPI) and Personal Consumption Expenditures (PCE) Index**

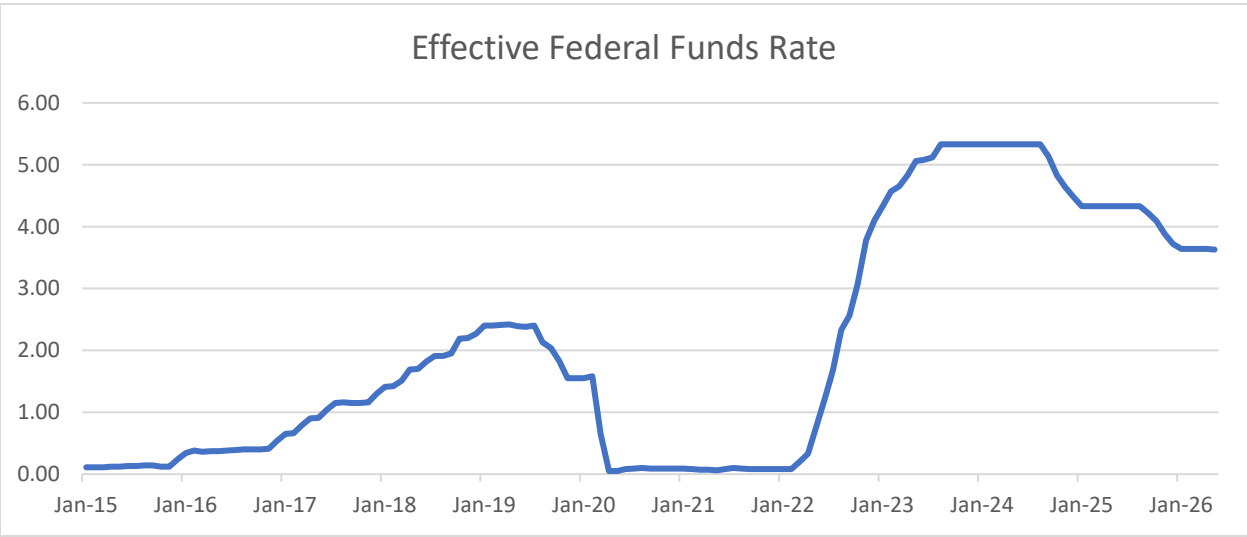
Inflation accelerated in May 2026, driven largely by higher energy prices. On a year-over-year basis, the CPI rose **4.2%**, up from 3.8% in April, while Core CPI (excluding food and energy) increased **2.9%**, slightly above the 2.8% rate in the prior month. The PCE index rose **3.8%** in April (latest available), with Core PCE at **3.3%**, indicating that underlying inflation pressures remain elevated despite more modest core readings.




*Sources: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis*

**Federal Funds Rate**

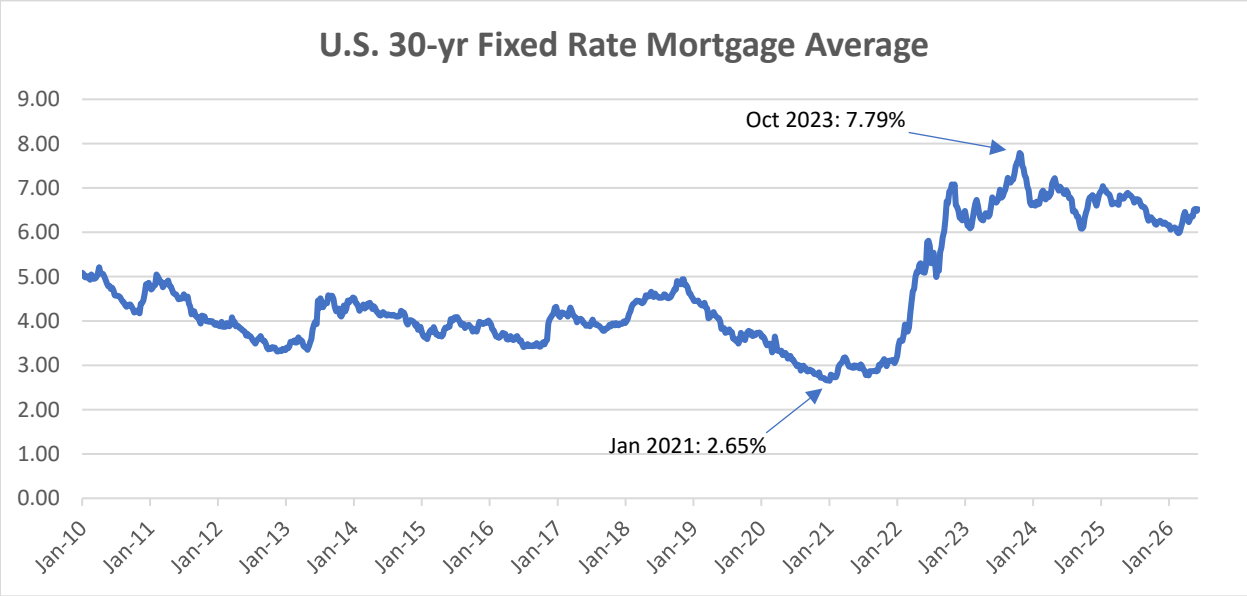
After a series of rate cuts in late 2024 and 2025, the Federal Reserve has held the federal funds rate steady through the first half of 2026. As of mid-June, the target range remains 3.50% - 3.75%, with an effective federal funds rate of 3.63%, reflecting a pause in policy as the Fed assesses inflation and labor market conditions. *Note: The next Federal Reserve meeting will be June 16-17.*




*Source: Board of Governors of the Federal Reserve System*

**Mortgage Rates**

After declining to close to 6% in early 2026, mortgage rates have increased over the past three months, with the current weekly reading (June 11, 2026) from Freddie Mac coming in at **6.52**%, reflecting renewed upward pressure amid persistent inflation concerns and evolving monetary policy expectations.




*Source: Freddie Mac*