

Trump says 'I love the inflation' as US prices rise at fastest rate in three years

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Trump: "I love the inflation"

President Donald Trump has said "I love the inflation" after official figures showed that US prices rose last month at their fastest rate for three years.

Bureau of Labor Statistics (BLS) figures for May showed that prices had gone up by 4.2% over the previous 12 months. The rate

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"I love it. The numbers were great. You know what I really love? I love the inflation," Trump said at the White House.

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But he promised the rising prices would "come down like a rock" when the war with Iran was over. The US and Iran have again exchanged fire in recent days.

Trump later told the New York Post that his remarks had been taken out of context, saying he had meant that he actually loved the fact that inflation was not higher.

"I love the inflation numbers because of what I'm talking about," Trump told The Post. "The numbers are going to be phenomenal because what's showing is that despite the fact that we're in a war, the numbers are much lower than anticipated, and when we're out of that war, the numbers will be at lower numbers than they were even before it started."

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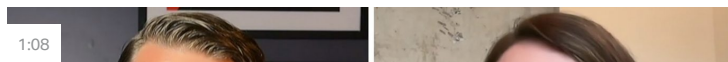
In his earlier comments responding to the latest inflation figures, the president said US forces had conducted nighttime operations to take "millions of barrels" of oil from Iran, which he said had contributed to a slight drop in oil prices.

"When this conflict is over... you will see oil drop to where it was before," he told reporters in the White House.

The president pointed to a trip to Iowa in early 2026, saying he saw petrol selling for \$1.85 per gallon, adding that "we will be back at those levels very soon".

The global benchmark for oil, Brent crude, is still trading significantly higher than pre-war levels.





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Wednesday marked the third month in a row the US Consumer Price Index (CPI) has risen, with households increasingly feeling the strain of the US and Israel's war in Iran.

Trump has previously said that inflation is only heating up temporarily, and he expects it to rapidly cool once the war ends.

Inflation is still far below the peak of 9.1% under his predecessor Joe Biden in mid-2022.

Still, it poses a political problem for Trump, given that voters have ranked the economy as a top concern ahead of November's midterm elections.

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Higher inflation raises the likelihood of the US Federal Reserve raising interest rates in a bid to curtail spending.

Overall energy bills including gas and electricity were almost a quarter higher in May than a year earlier, with petrol responsible for much of the increase.

According to separate figures from motoring group the AAA, the average price of a gallon of regular petrol in the US is currently \$4.15, a sharp increase from \$2.98 on February 28, when Trump launched strikes on Iran.

In response to the strikes, Iran has effectively shuttered the crucial Strait of Hormuz waterway, which typically ships around a fifth of the world's oil and gas, choking supply.

On Wednesday night, the US military said it had launched strikes on Iran for the second time in as many days.

Both sides have been exchanging fire this week - despite a ceasefire that took effect in April. The conflict began more than three months ago.

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The BLS figures also pointed to the increasing cost of plane tickets, personal and medical care, recreation and communication.

The CPI is a measure of how much prices have risen in a given month compared to the same month a year prior. The Fed's long-term inflation target is 2%.

Economists have warned that, even with a swift resolution to the Iran war, it could take until 2027 for the normal flow of goods through the Strait of Hormuz to be restored.

Trump, a Republican, promised in his 2024 campaign that cutting inflation would be at the heart of his agenda.

But his remark on Wednesday appearing to embrace rising prices was seized upon by opponents. Senate Democratic Leader Chuck Schumer posted on X. "His contempt for you knows no bounds."

Trump was also criticised last month for saying he was "not even a little bit" influenced by Americans' financial situation when it came to ensuring Iran did not develop nuclear weapons.

Higher inflation poses a challenge, too, for Kevin Warsh, the new governor of the Fed, ahead of his first interest rate decision in charge of the central bank next week.

When inflation is significantly above the Fed's target rate, the central bank's board of governors typically moves to raise interest rates. This in turn pushes up borrowing costs and restricts the

flow of money in the economy, limiting further price hikes and bringing inflation under control.

In the run up to Warsh's appointment, Trump repeatedly called on his predecessor, Jerome Powell, and the central bank to cut interest rates.

Economists expect rates to remain at their current level, between 3.5% and 3.75%, next month, but warned further evidence of inflation persisting could force the Fed into a rate increase.

Stephen Brown, chief North America economist at Capital Economics, said May's rise alone was "not large enough to prove any ammo" to those on the Fed's rate-setting committee who want to push interest rates up.

But Isaac Stell, investment manager at asset manager Wealth Club, said an interest rate hike is "the most logical conclusion from today's data combined with last week's healthy jobs numbers".

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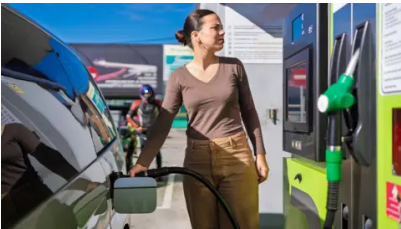
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