

US inflation hits 40-year high

US [inflation](#) data soared past analyst expectations to hit 9.1% in June according to [figures](#) released by the US department of Labor Statistics.

Gasoline, [shelter](#) and food were among the largest contributors to the rise, which marked the highest annual gain since November 1981, and the highest monthly gain since 2005.

Nasdaq 100 futures dropped 2.3% on the news, led by falling tech stocks, while S&P futures fell 1.5%.

The announcement puts added pressure on the US Federal Reserve to hike interest rates when it meets later in July.

The Fed is already expected to make a 75 basis point rate rise, but swap markets are now predicting a 1 in 3 chance of a full percentage point rise.

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The dollar surged in the aftermath of the announcement on anticipation of bigger and faster [interest rate](#) rises from the

Fed over the coming months.

The Euro fell around half a cent to fall briefly below parity with the dollar. The pound shed a quarter of a cent to stand at \$1.1880.

The FTSE100 fell 1.3%, led by a 5.3% drop in shares of British Airways owner IAG, while investment business Aardn dropped 4.9% and Ocado dropped 3.7%.

Chris Beauchamp, Chief Market Analyst at trading platform IG Group, said: "US CPI has surprised on the upside once again, and stock markets and EUR/USD have taken it badly.

"The beat on core CPI will push expectations of the next Fed hike towards 100 basis points, and the breadth of the price increases...shows that CPI certainly doesn't look like it's about to drop back.