
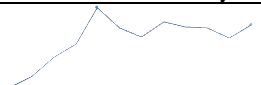

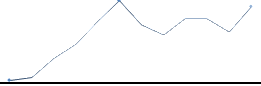

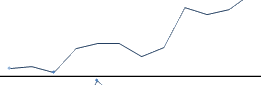



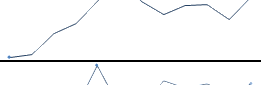

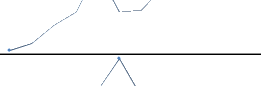



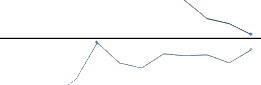

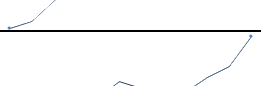

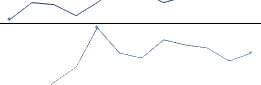
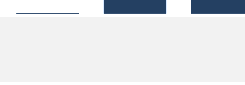
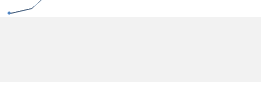


Data Insights: Consumer Price Index, Producer Price Index

Friday, September 16, 2016

Today's CPI data: what you need to know

| | 12-mo YOY | 3-mo ann | 1-mo ann | 12 / 3 / 1-mo | 12-mo YOY history |
|----------------------|-----------|----------|----------|--|---|
| All items | +1.06% | +1.5% | +2.4% |  |  |
| Core | +2.3% | +2.1% | +3.1% |  |  |
| OER | +3.3% | +3.7% | +3.5% |  |  |
| All less OER | +0.7% | +1.4% | +3.1% |  |  |
| Core less OER | +1.7% | +1.1% | +2.8% |  |  |
| Energy | -9.1% | -1.1% | -0.1% |  |  |
| All less energy | +2.0% | +1.7% | +2.6% |  |  |
| Food | +0.1% | -0.3% | -0.0% |  |  |
| All less food | +1.3% | +1.8% | +2.8% |  |  |
| Health care | +4.9% | +7.8% | +12.3% |  |  |
| All less health care | +0.8% | +0.9% | +1.5% |  |  |

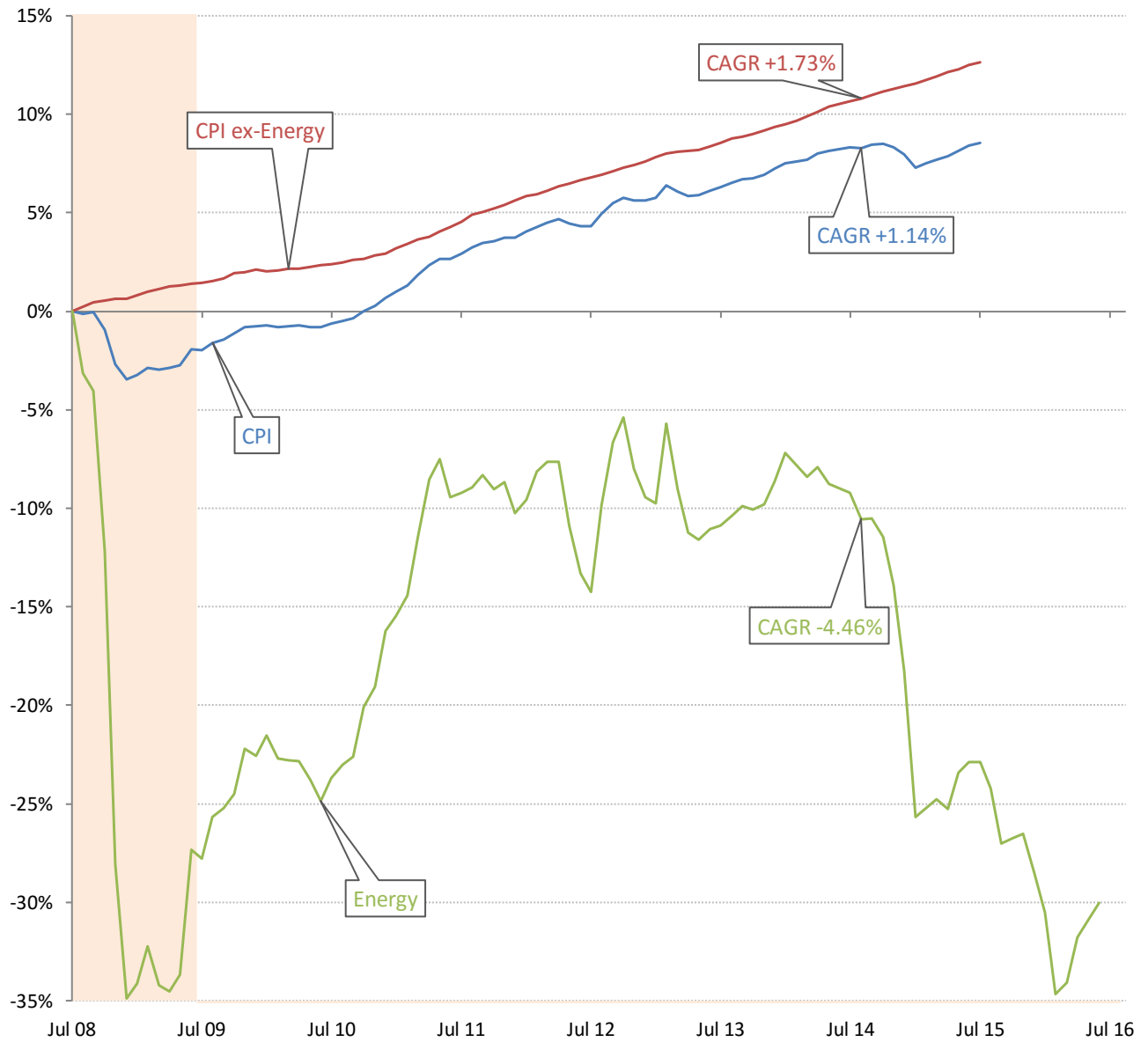
Source: BLS Consumer Price Index, TrendMacro calculations

For more information contact us:

Donald Luskin: 312 273 6766 don@trendmacro.com
 Thomas Demas: 704 552 3625 tdemas@trendmacro.com

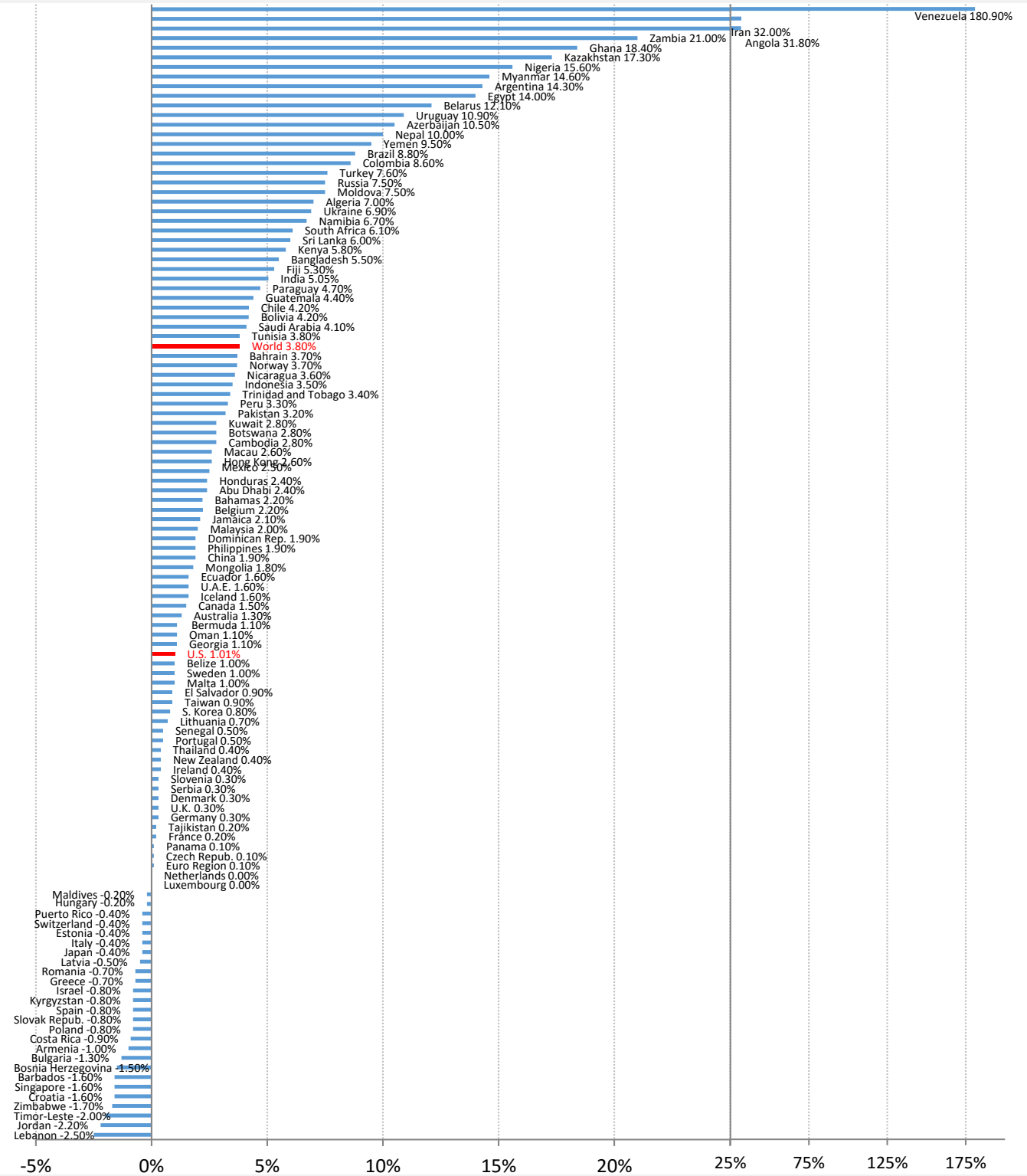
The deflation delusion: it's all about oil, and always has been

Cumulative growth of CPI from July 2008, the all-time high oil price



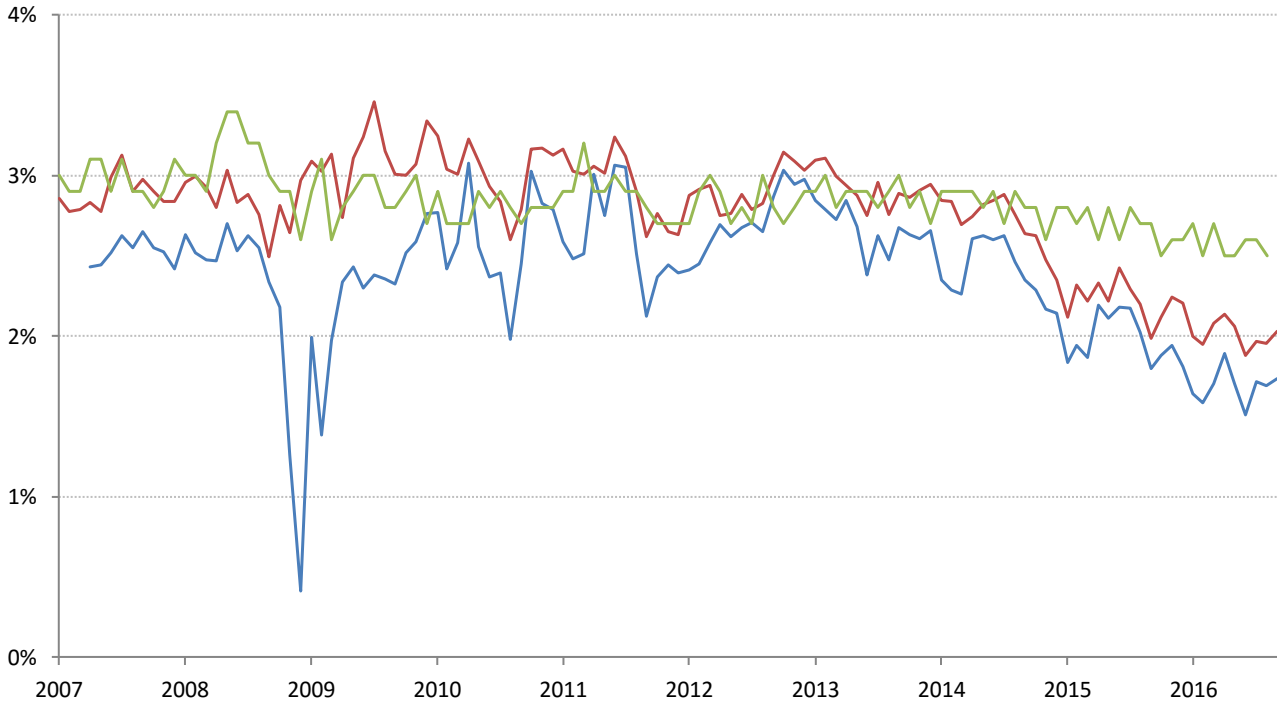
Source: Bloomberg, TrendMacro calculations

World round-up: CPI year-on-year



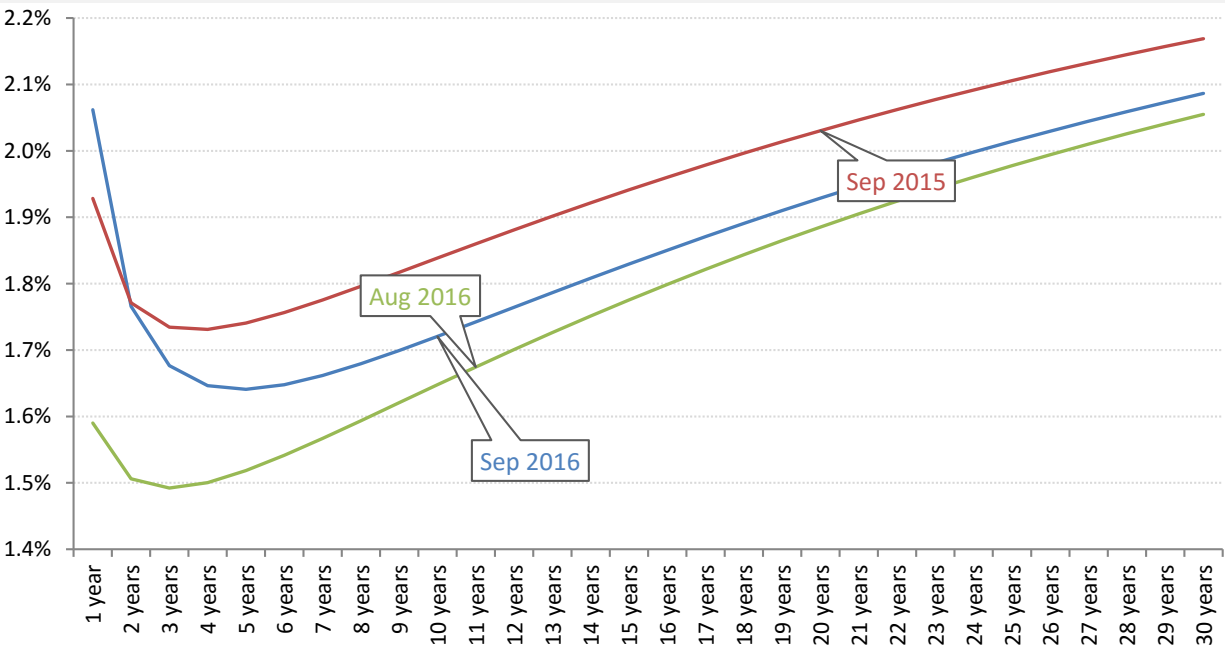
Source: Bloomberg, TrendMacro calculations

Implied 5-year inflation, 5 years forward — TIPS — Swaps — U. Michigan Survey



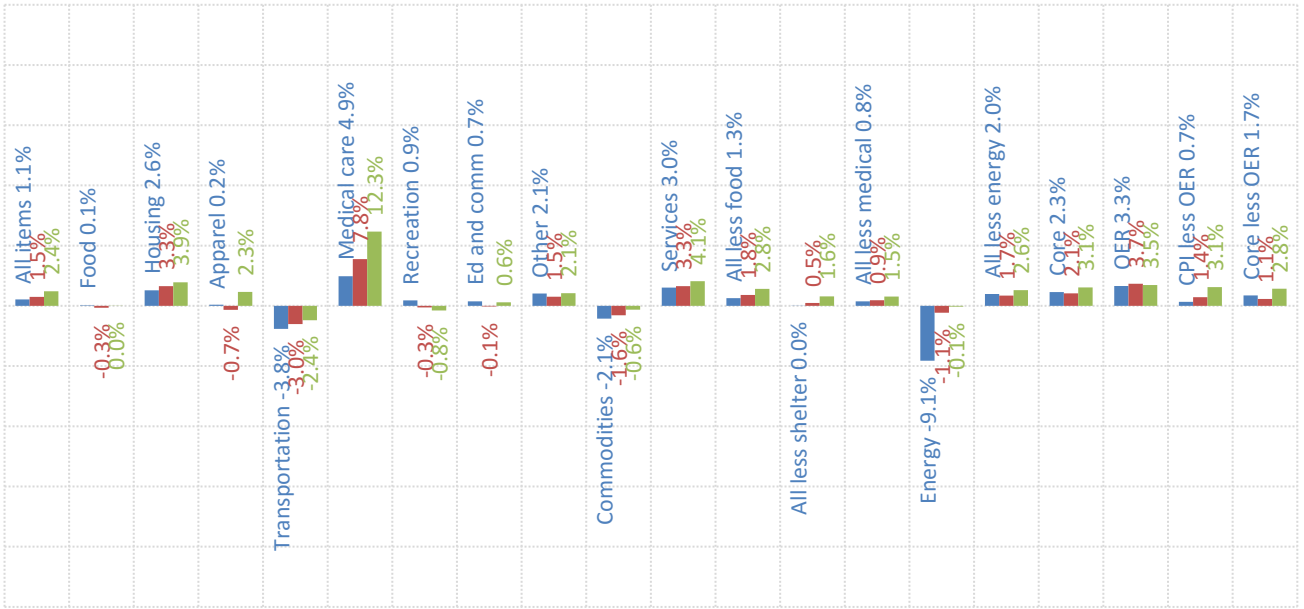
Source: Bloomberg, TrendMacro calculations

Implied inflation yield curve, per annum



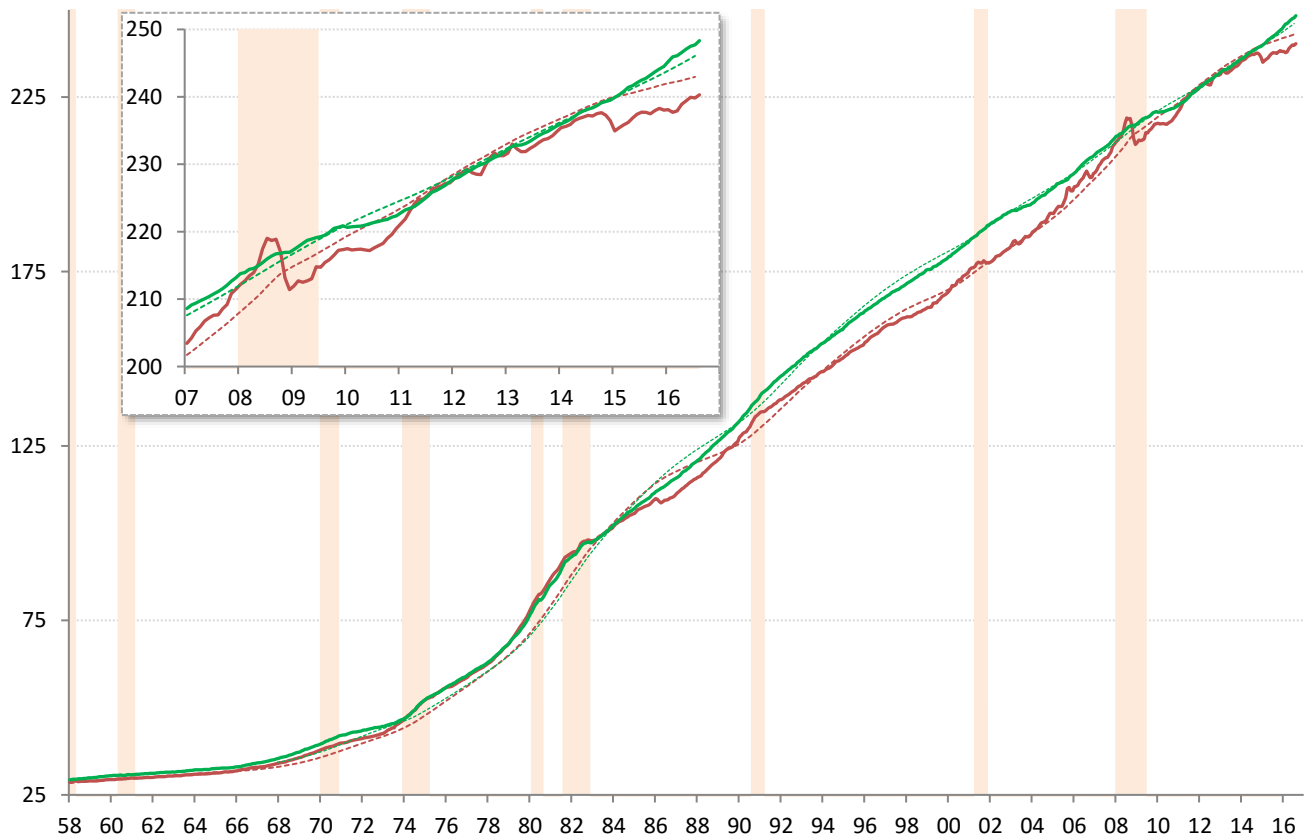
Source: Cleveland Fed, TrendMacro calculations

US CPI inflation by sector (SAAR) ■ 12-month ■ 3-month ■ 1-month



Source: BLS Consumer Price Index, TrendMacro calculations

US CPI Core — Level ... 20-year trend ■ Recession



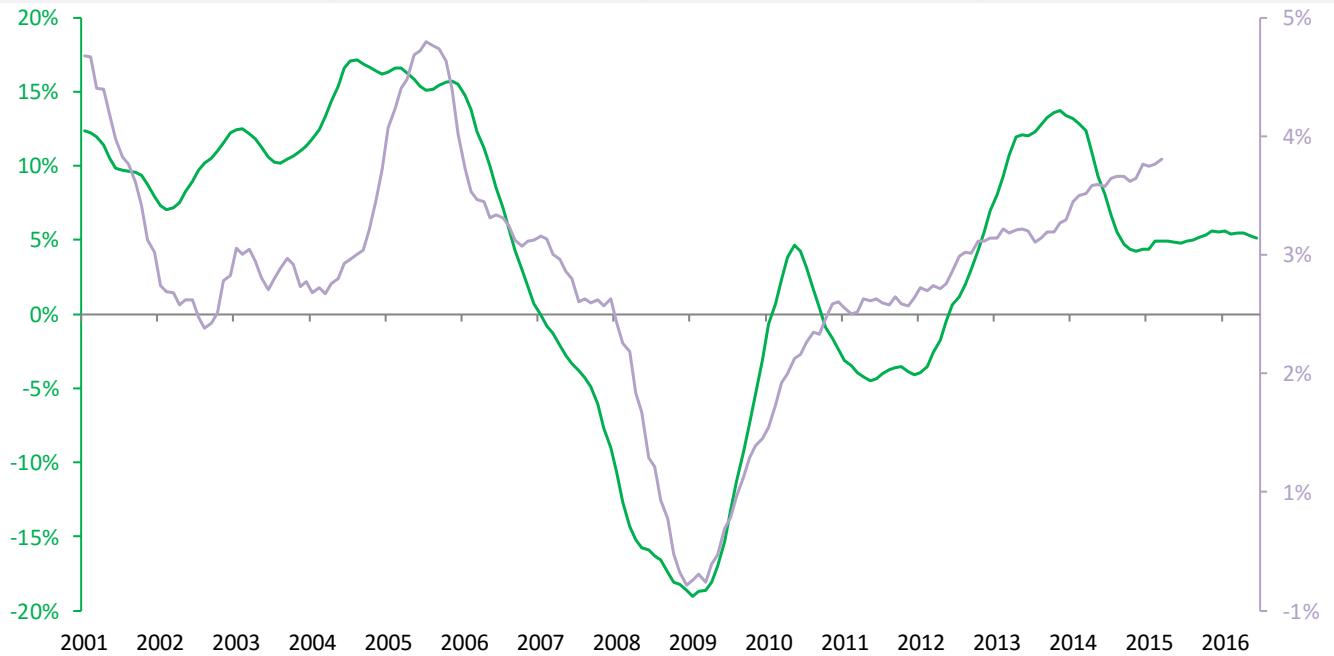
Source: BLS Consumer Price Index, TrendMacro calculations

Housing leads US CPI

Year-over-year change

— Case Shiller 20-city avg

— Owner's equivalent rent CPI component, 18-mo lag

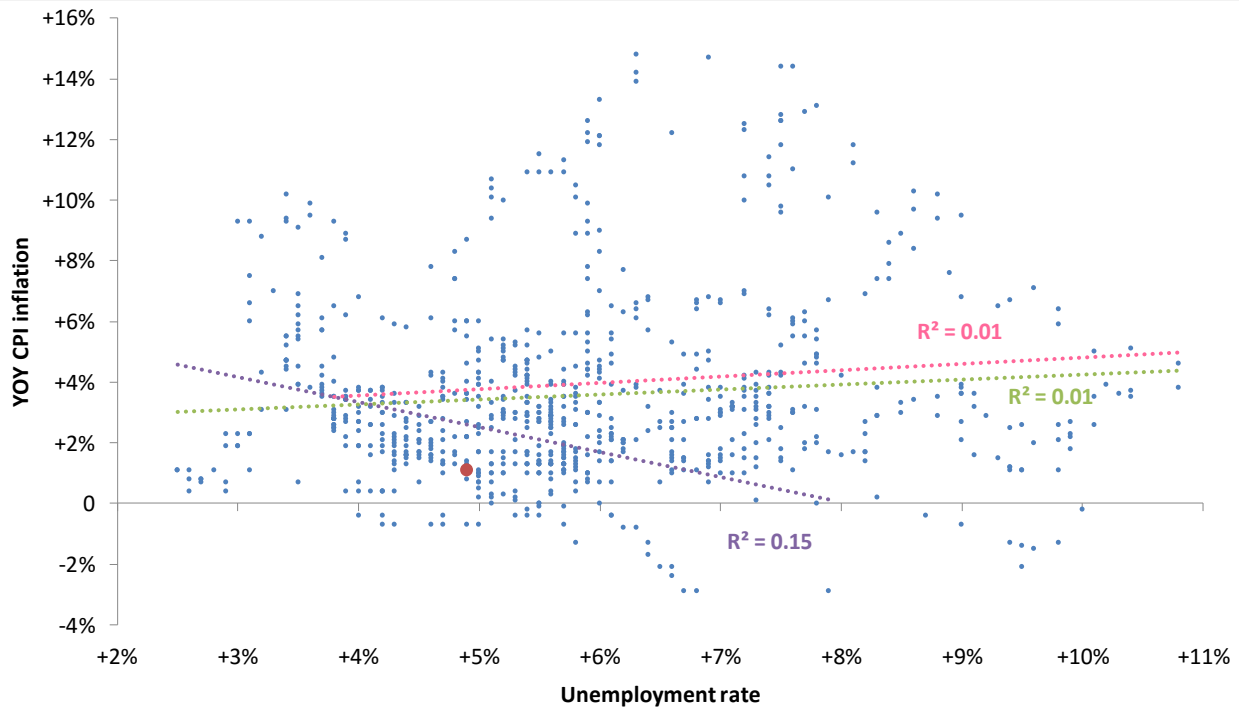


Source: BLS, Standard & Poor's Case Shiller, TrendMacro calculations

The world is flat: the vanishing Phillips Curve

● Latest

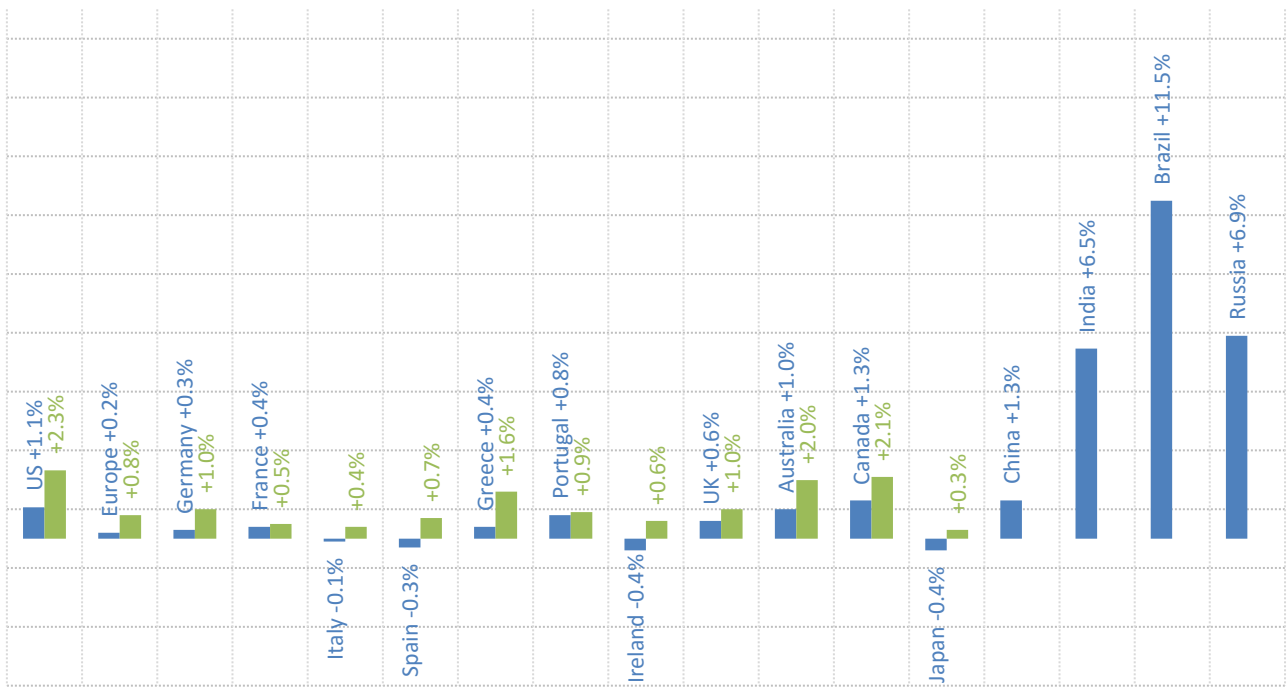
Linear trend: ● Pre-74 ● Post-74 ● All



Source: BLS Consumer Price Index, Current Population Survey

Major economies CPI, year on year

■ Headline ■ Ex-food and energy



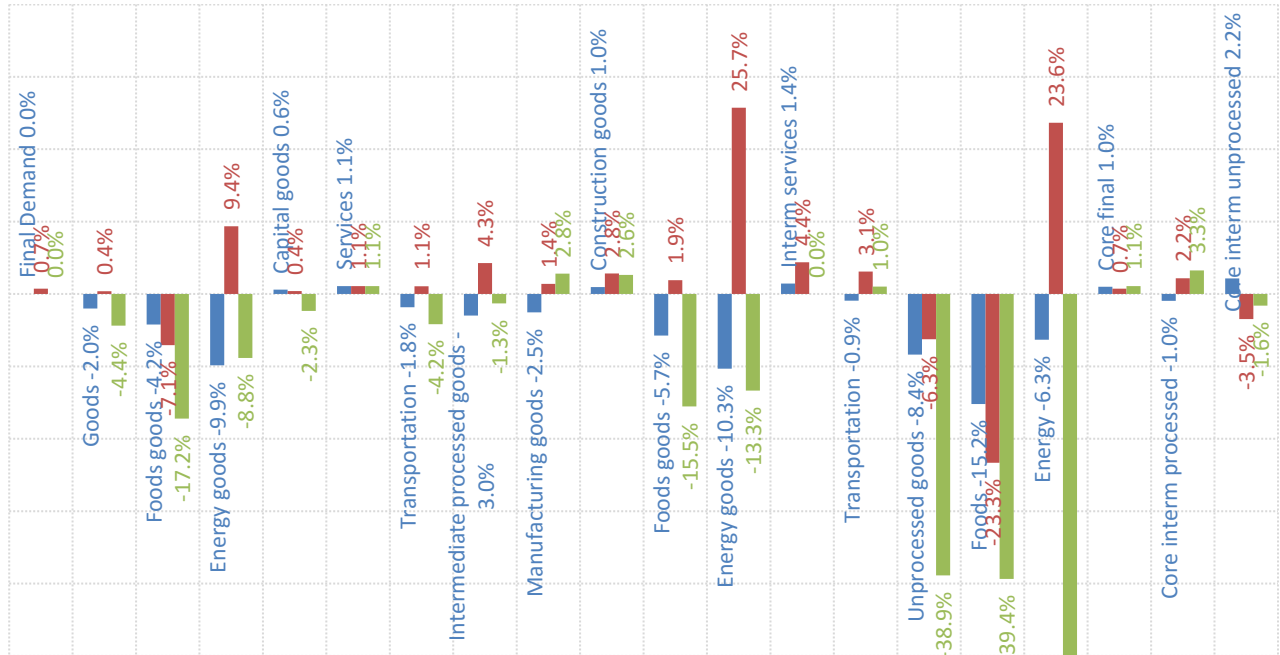
Source: Respective Statistical agencies, TrendMacro calculations

PPI data: what you need to know

| | 12-mo YOY | 3-mo ann | 1-mo ann | 12 / 3 / 1-mo | 13-mo YOY history |
|--------------------------|-----------|----------|----------|---------------|-------------------|
| Final demand | unch | +0.7% | unch | | |
| Core | +1.0% | +0.7% | +1.1% | | |
| Intermediate processed | -3.0% | +4.3% | -1.3% | | |
| Core | -1.0% | +2.2% | +3.3% | | |
| Intermediate unprocessed | -8.4% | -6.3% | -38.9% | | |
| Core | +2.2% | -3.5% | -1.6% | | |

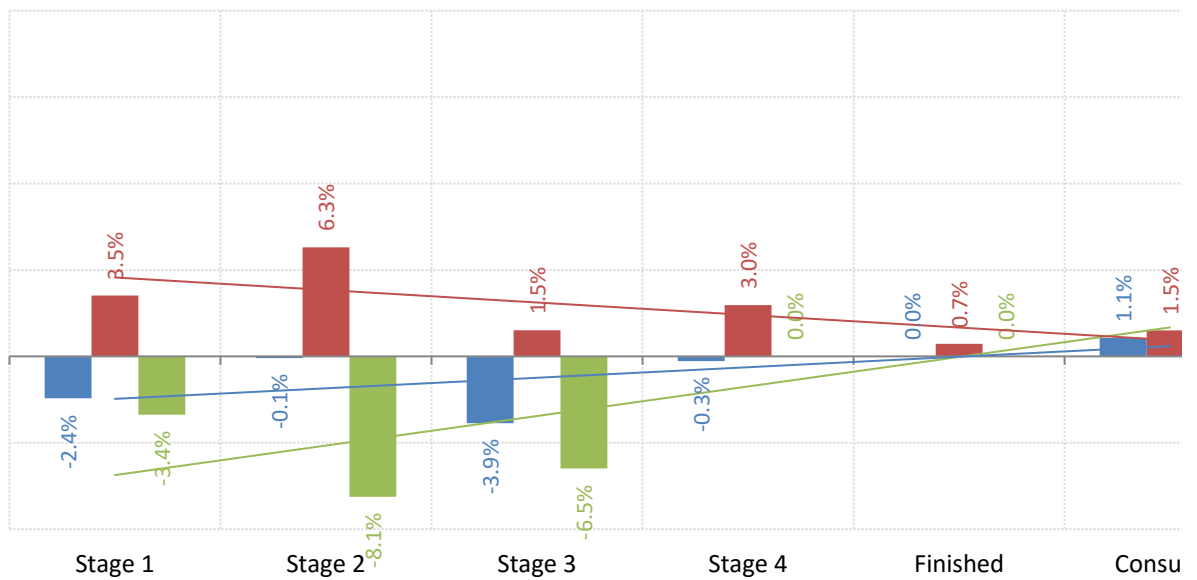
Source: BLS Producer Price Index, TrendMacro calculations

PPI inflation by sector (SAAR) ■ 12-month ■ 3-month ■ 1-month



Source: BLS Producer Price Index, TrendMacro calculations

The inflation pipeline (SAAR) ■ 12-month ■ 3-month ■ 1-month



Source: BLS Producer Price Index and Consumer Price Index, TrendMacro calculations