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Data Insights: Consumer Price Index, Producer Price Index

Thursday, February 13, 2020

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	+2.49%	+2.5%	+1.8%		
Core	+2.26%	+2.3%	+2.9%		
OER	+3.3%	+3.4%	+4.2%		
All less OER	+2.5%	+2.3%	+1.5%		
Core less OER	+1.7%	+1.7%	+2.2%		
Energy	+6.3%	+6.9%	-8.2%		
All less energy	+2.2%	+2.2%	+2.9%		
Food	+1.7%	+1.9%	+2.6%		
All less food	+2.6%	+2.6%	+1.7%		
Health care	+4.5%	+3.9%	+2.1%		
All less health care	+2.3%	+2.4%	+1.7%		

Source: BLS Consumer Price Index, TrendMacro calculations

Target malpractice: the Fed's permanent "transitory" problem
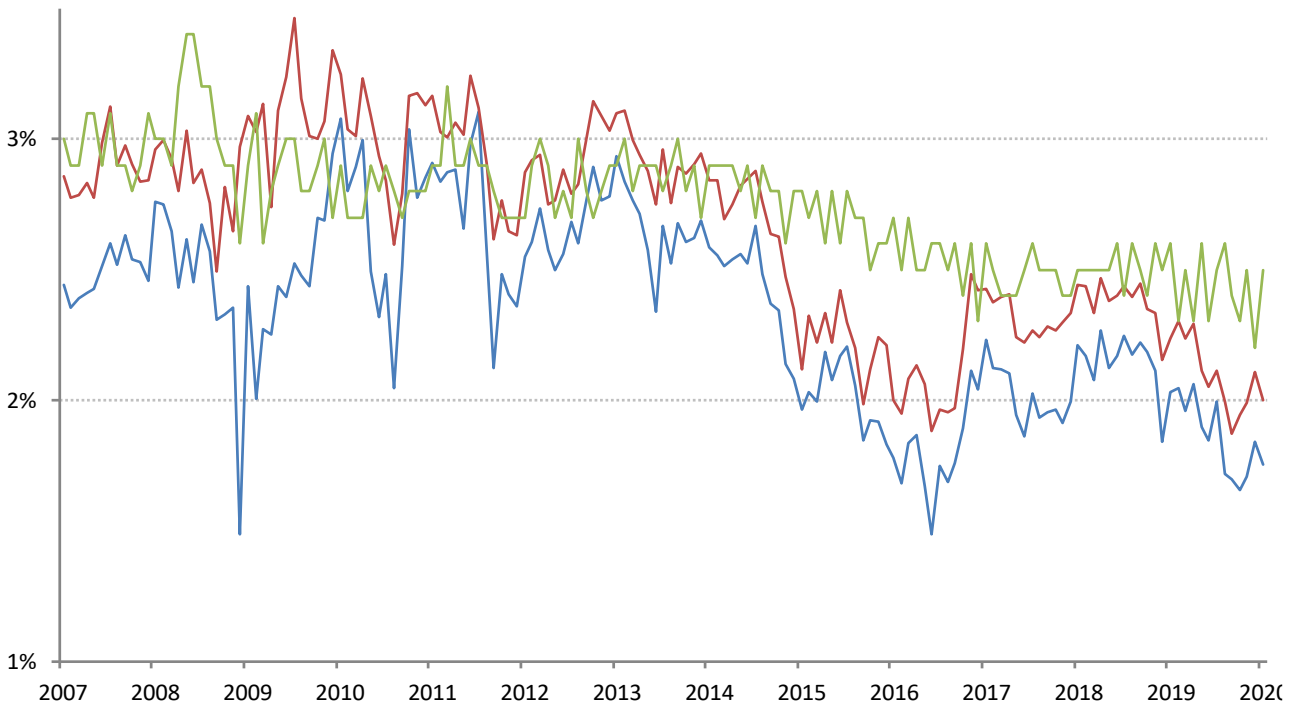## Core PCE Price Index
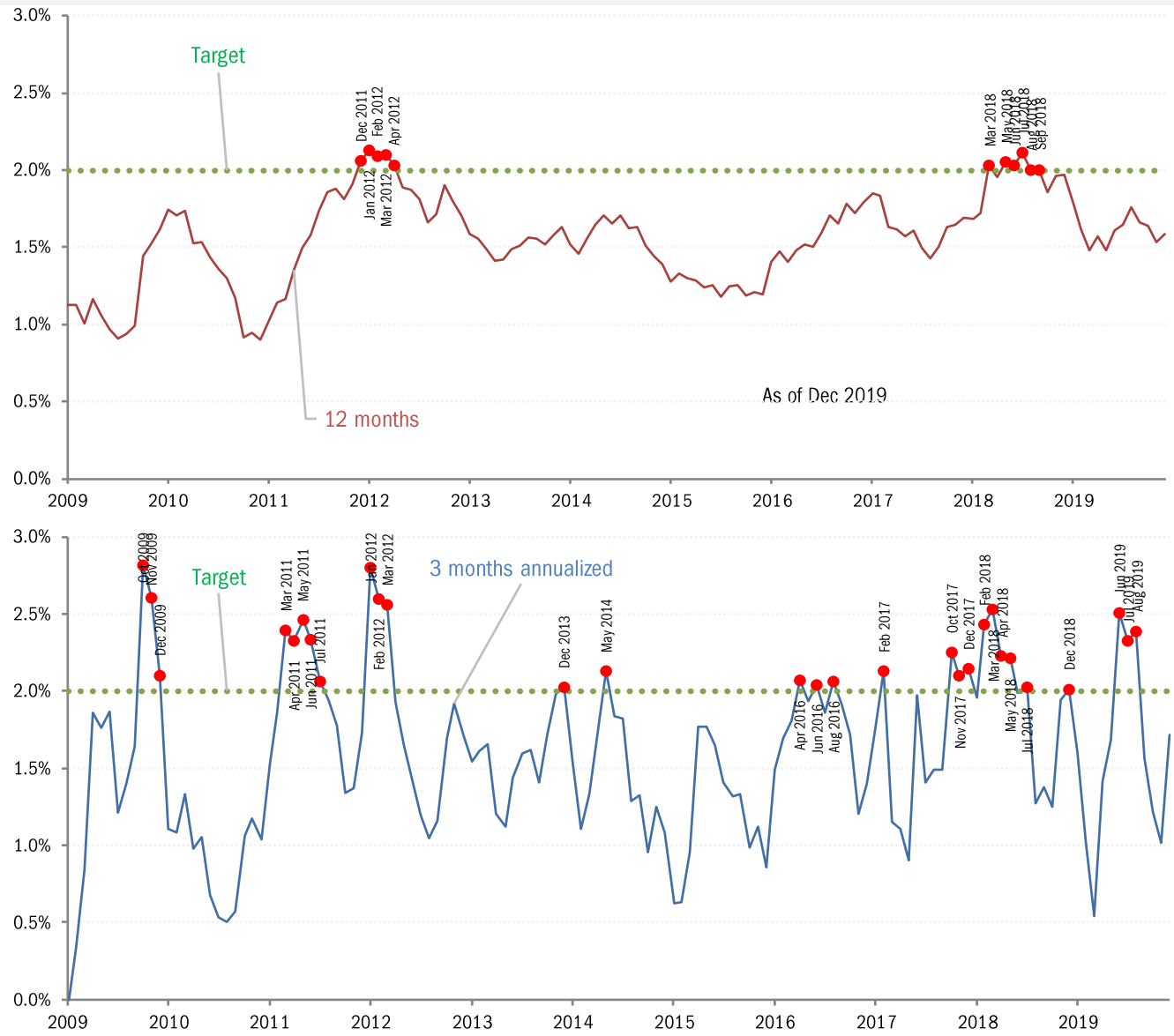
Source: Bureau of Economic Analysis, TrendMacro calclations

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

CPI ex-Energy

CAGR +1.81%

CAGR +1.45%

CPI

CAGR -1.81%

Energy
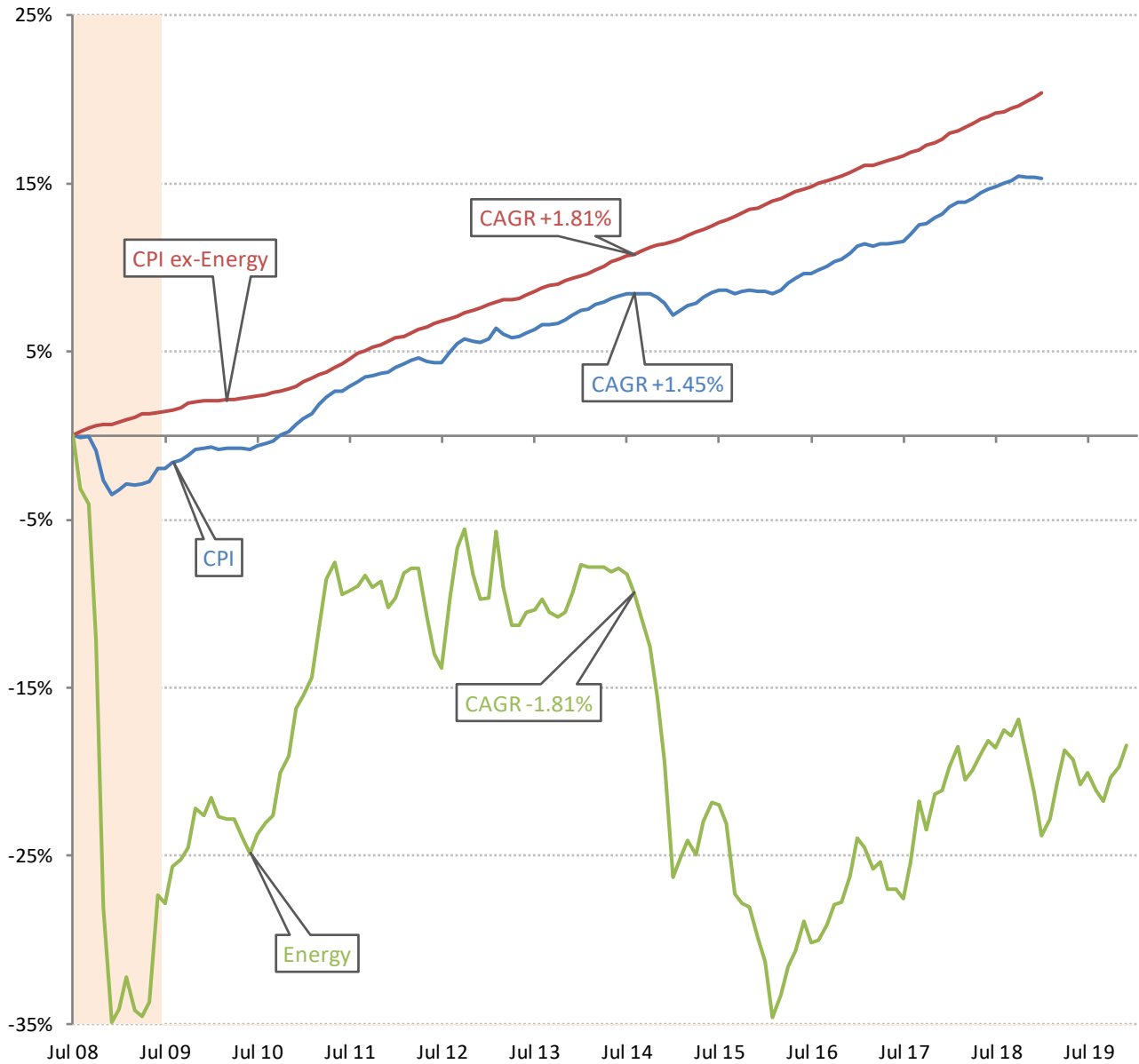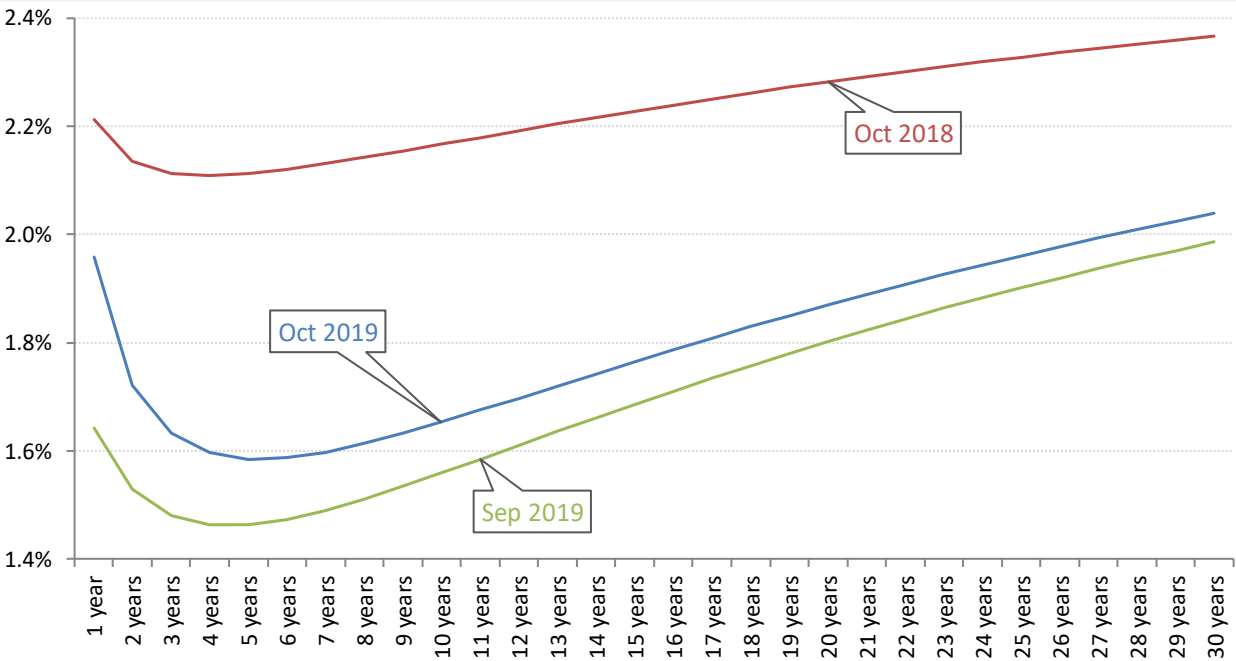
Source: Bloomberg, TrendMacro calclations

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

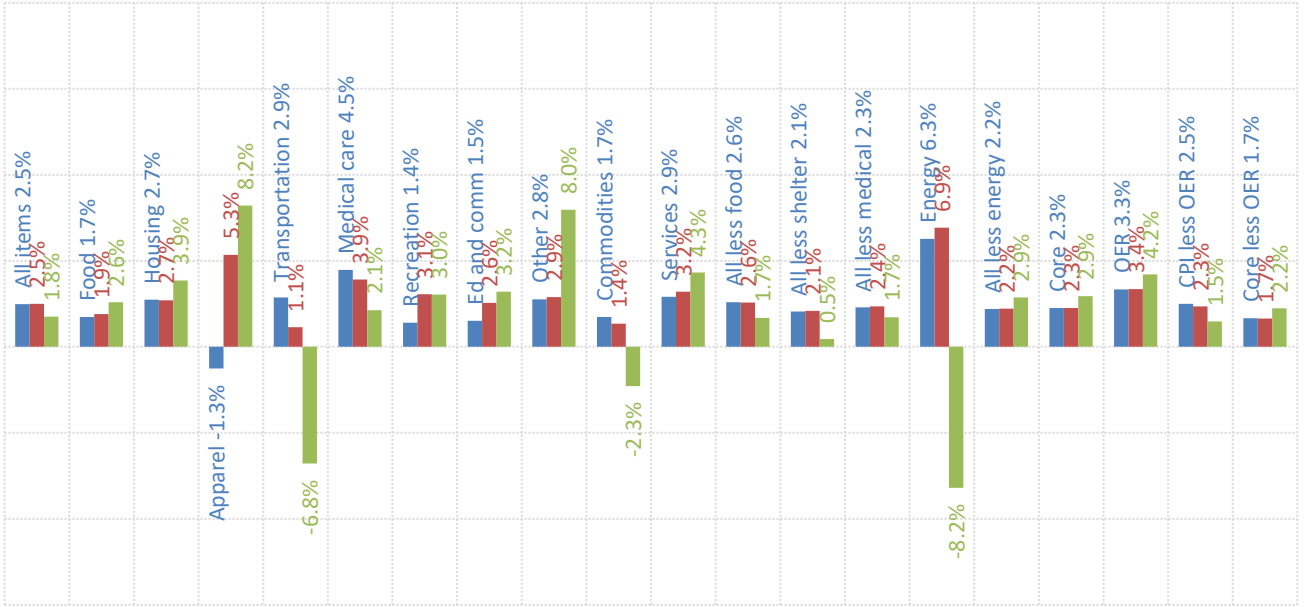## Swap-implied inflation yield curve, per annum

Oct 2018

Oct 2019

Sep 2019

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

All items 2.5% 2.5% 1.8%
Food 1.7% 1.9% 2.6%
Housing 2.7% 2.7% 3.9%
Apparel -1.3% 5.3% 8.2%
Transportation 2.9% 1.1% -6.8%
Medical care 4.5% 3.9% 2.1%
Recreation 1.4% 2.3% 3.0%
Ed and comm 1.5% 2.6% 3.2%
Other 2.8% 2.9% 8.0%
Commodities 1.7% 1.4% -2.3%
Services 2.9% 3.2% 4.3%
All less food 2.6% 2.6% 1.7%
All less shelter 2.1% 2.1% 0.5%
All less medical 2.3% 2.4% 1.7%
Energy 6.3% 6.9% -8.2%
All less energy 2.2% 2.2% 2.9%
Core 2.3% 2.3% 2.9%
OER 3.3% 3.4% 4.2%
CPI less OER 2.5% 2.3% 1.5%
Core less OER 1.7% 1.7% 2.2%

Source: BLS Consumer Price Index, TrendMacro calculations

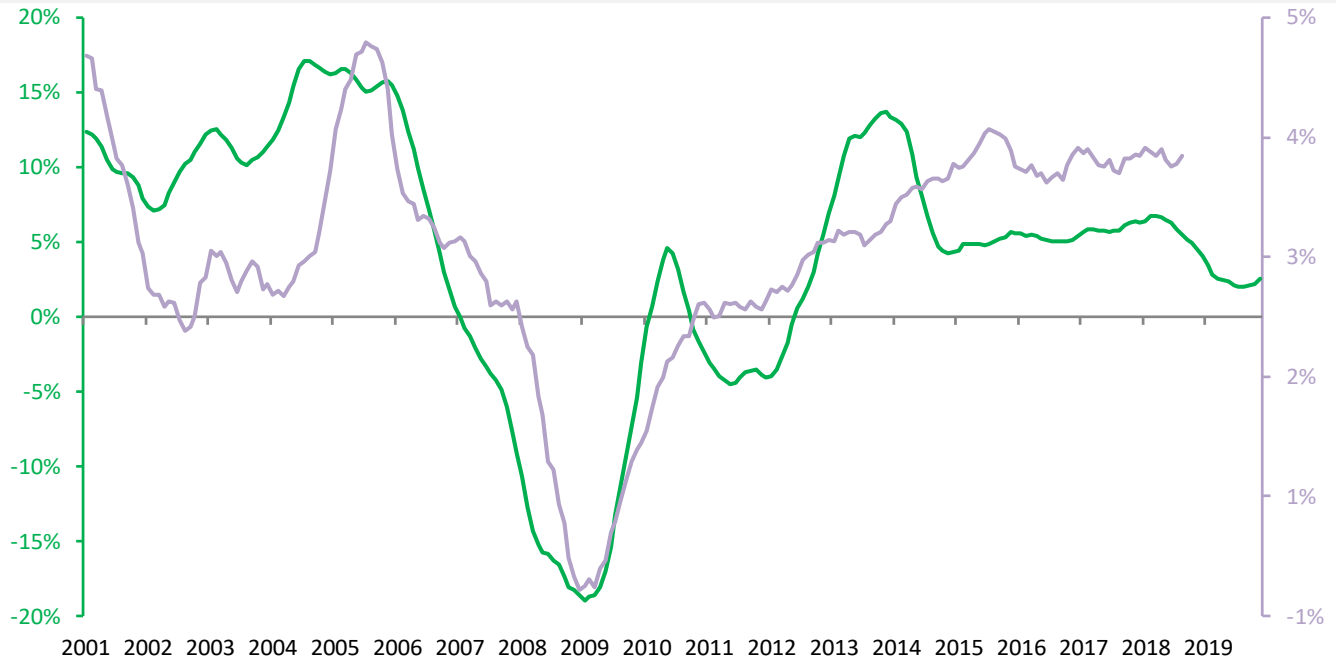## US CPI   Core   —Level   ⋯20-year trend   Recession

Source: BLS Consumer Price Index, TrendMacro calculations

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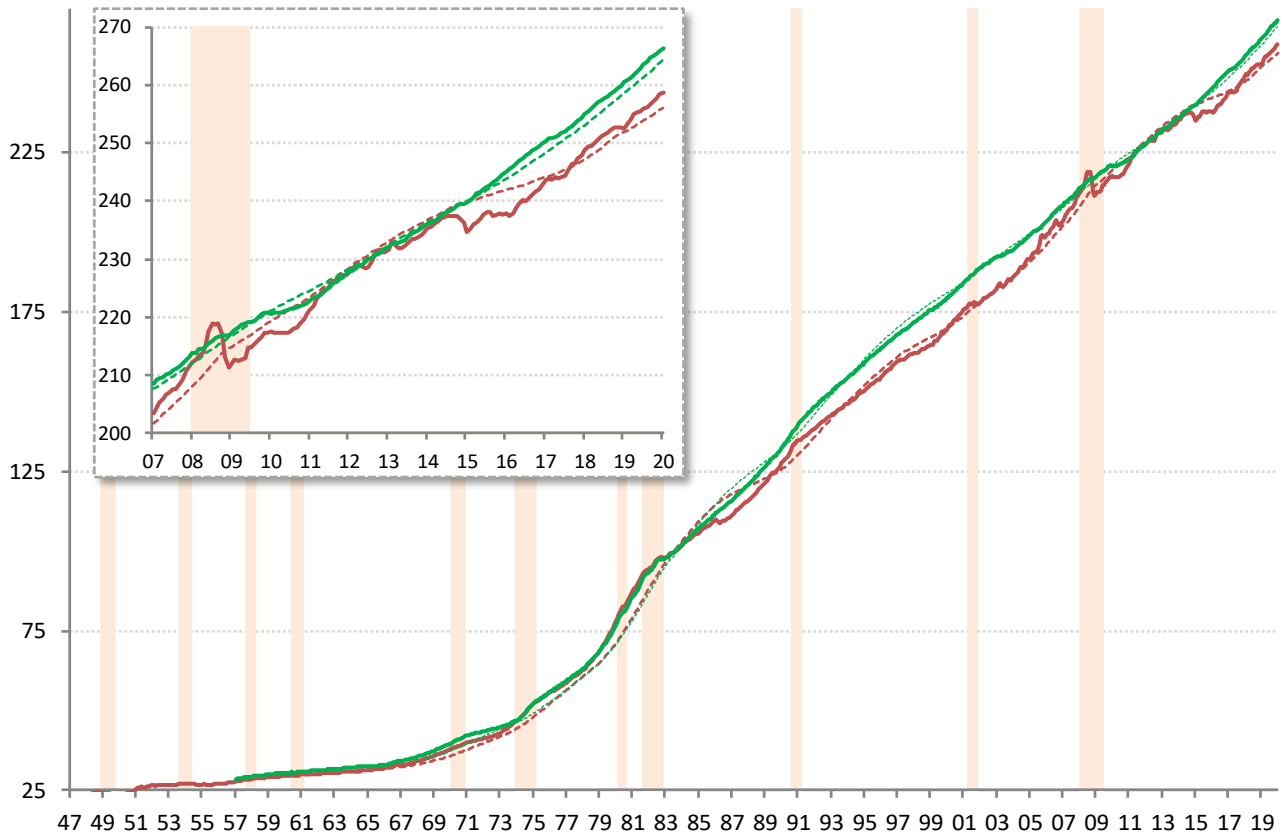
Housing leads US CPI

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
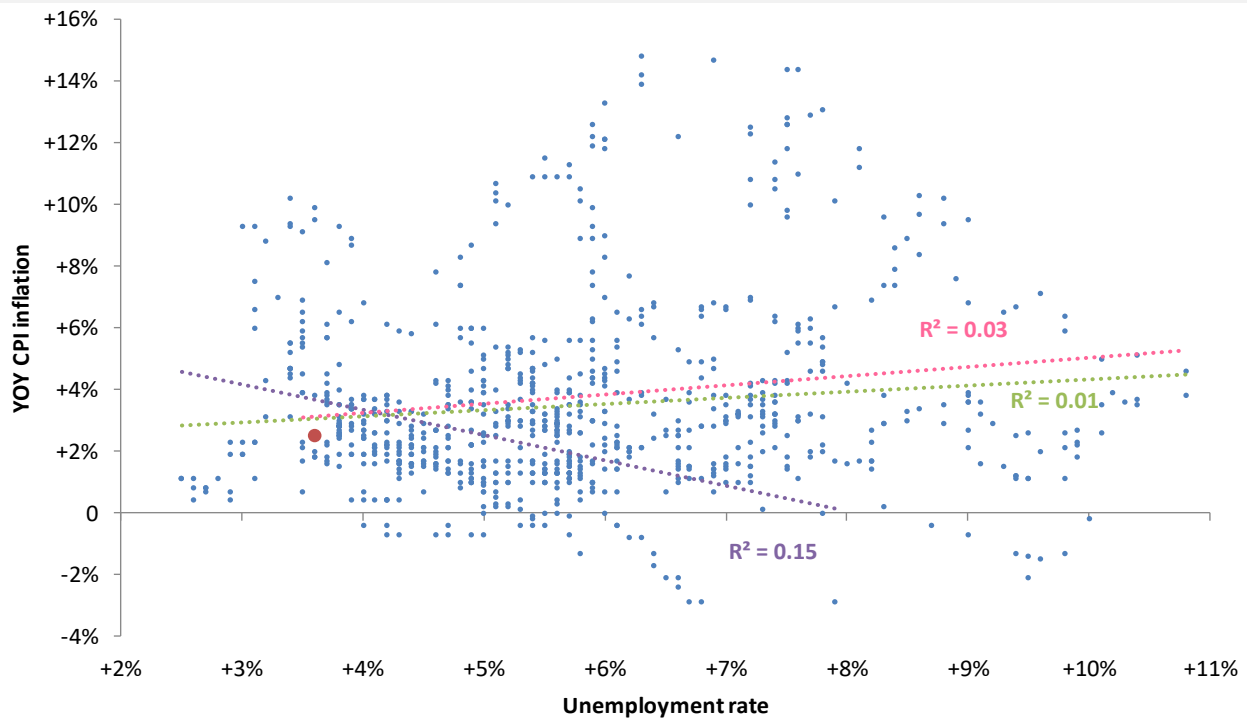
The world is flat: the vanishing Phillips Curve

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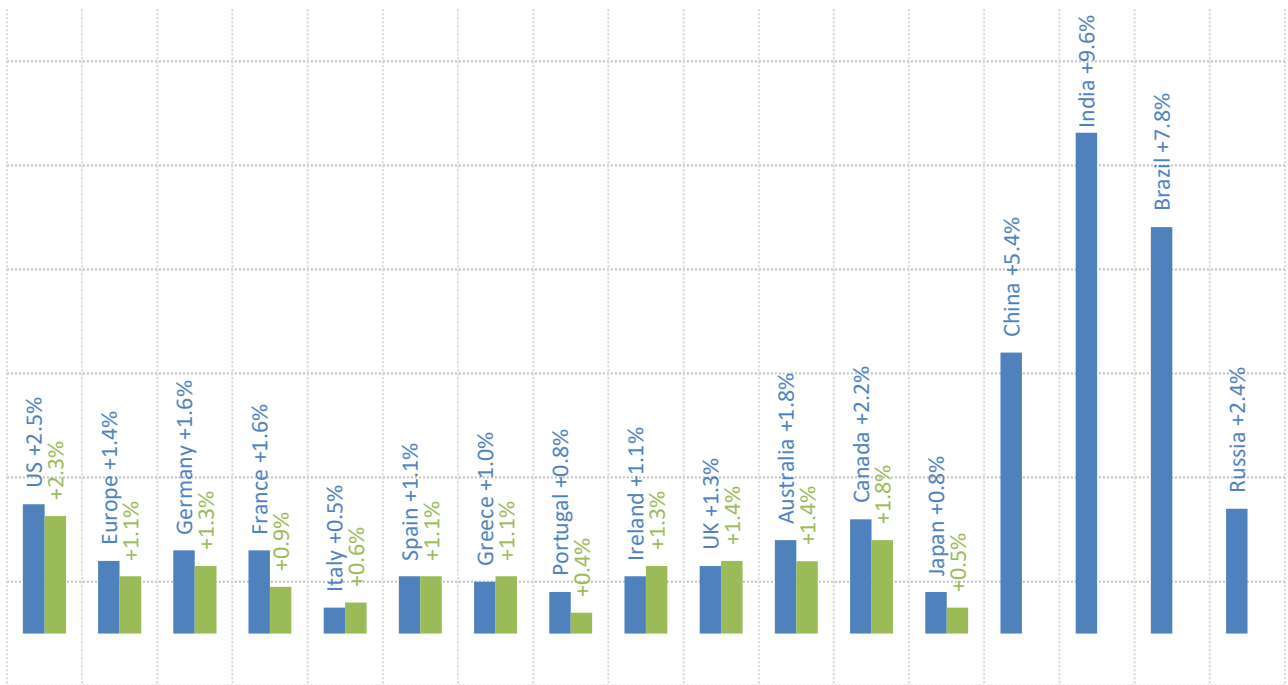

R² = 0.03

R² = 0.01

R² = 0.15

YOY CPI inflation

Unemployment rate

Source: BLS Consumer Price Index, Current Population Survey

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Major economies CPI, year on year　　■ Headline　■ Ex-food and energy

US +2.5% +2.3%
Europe +1.4% +1.1%
Germany +1.6% +1.3%
France +1.6% +0.9%
Italy +0.5% +0.6%
Spain +1.1% +1.1%
Greece +1.0% +1.1%
Portugal +0.8% +0.4%
Ireland +1.1% +1.3%
UK +1.3% +1.4%
Australia +1.8% +1.4%
Canada +2.2% +1.8%
Japan +0.8% +0.5%
China +5.4%
India +9.6%
Brazil +7.8%
Russia +2.4%

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	+2.1%	+2.4%	+6.2%		
Core	+1.7%	+1.7%	+6.3%		
Intermediate processed	-1.0%	-0.4%	-3.0%		
Core	-1.7%	-0.6%	+3.1%		
Intermediate unprocessed	-3.2%	+29.7%	+1.3%		
Core	+2.0%	+46.0%	+100.0%		

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

Final Demand 2.1% 2.4% 6.2%
Goods 1.9% 2.8% 1.0%
Foods goods 2.6% 4.6% 3.0%
Energy goods 6.4% 4.3% -8.6%
Capital goods 4.0% 1.5% -2.2%
Services 2.0% 1.7% 8.3%
Transportation 0.9% 2.2% -17.2%
Intermediate processed goods - 1.0% -0.4% -3.0%
Manufacturing goods -2.6% -1.7% 3.4%
Construction goods 0.5% 1.6% 5.9%
Foods goods 2.4% 2.3% -3.0%
Energy goods 0.3% -10.8% -21.9%
Interm services 1.6% 1.3% 0.0%
Transportation 2.2% 1.5% -10.4%
Unprocessed goods -3.2% 29.7% 1.3%
Foods 3.8% 26.4% 32.0%
Energy -13.0% 22.9% -49.3%
Core final 1.7% 1.6% 16.3%
Core interm processed -1.7% -0.6% 3.1%
Core interm unprocessed 2.0% 46.0% 100.0%

Source: BLS Producer Price Index, TrendMacro calculations

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

Stage	12-mo	3-mo	1-mo
Stage 1	-0.8%	3.9%	3.2%
Stage 2	-1.8%	4.3%	-6.6%
Stage 3	1.0%	1.7%	-1.0%
Stage 4	1.5%	1.3%	-1.0%
Finished	2.1%	2.4%	6.2%
Consumer	2.5%	2.5%	1.8%
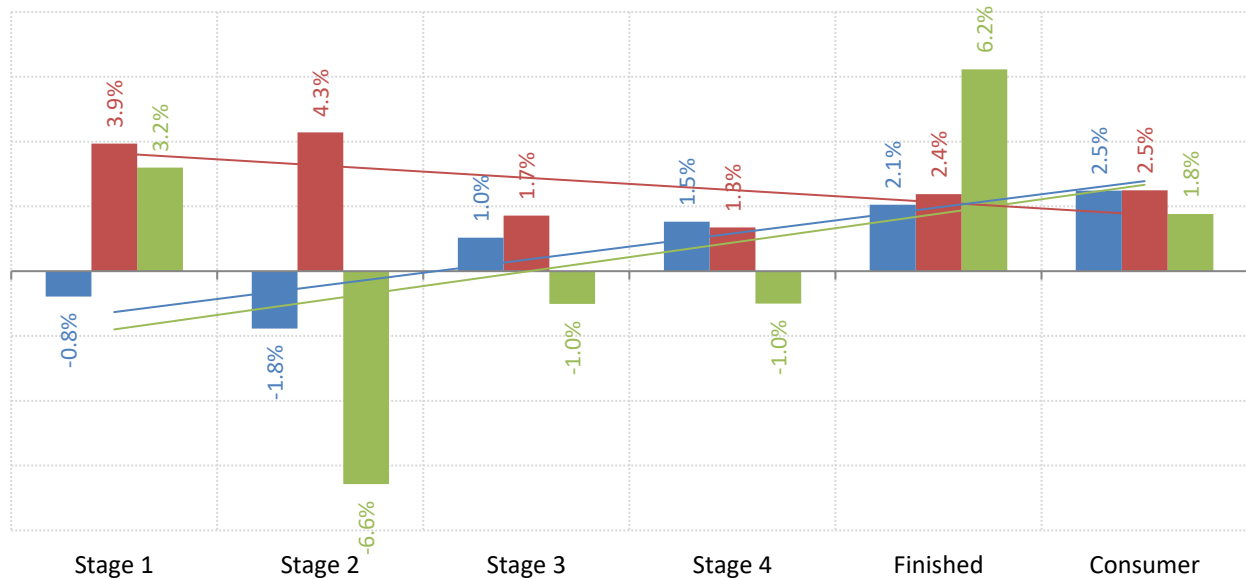
Source: BLS Producer Price Index and Consumer Price Index, TrendMacro calculations