



Trend Macrolytics, LLC
 Donald Luskin, Chief Investment Officer
 Thomas Demas, Managing Director
 Michael Warren, Energy Strategist

Data Insights: Consumer Price Index, Producer Price Index

Thursday, October 15, 2015

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	-0.04%	-0.4%	-1.8%		
Core	+1.9%	+1.7%	+2.6%		
OER	+3.1%	+3.3%	+3.7%		
All less OER	-0.8%	-1.5%	-3.3%		
Core less OER	+1.2%	+0.8%	+1.9%		
Energy	-18.5%	-23.9%	-44.1%		
All less energy	+1.9%	+1.9%	+2.9%		
Food	+1.6%	+3.0%	+4.4%		
All less food	-0.3%	-0.9%	-2.9%		
Health care	+2.5%	+1.4%	+2.1%		
All less health care	-0.2%	-0.5%	-2.1%		

Source: BLS Consumer Price Index, TrendMacro calculations

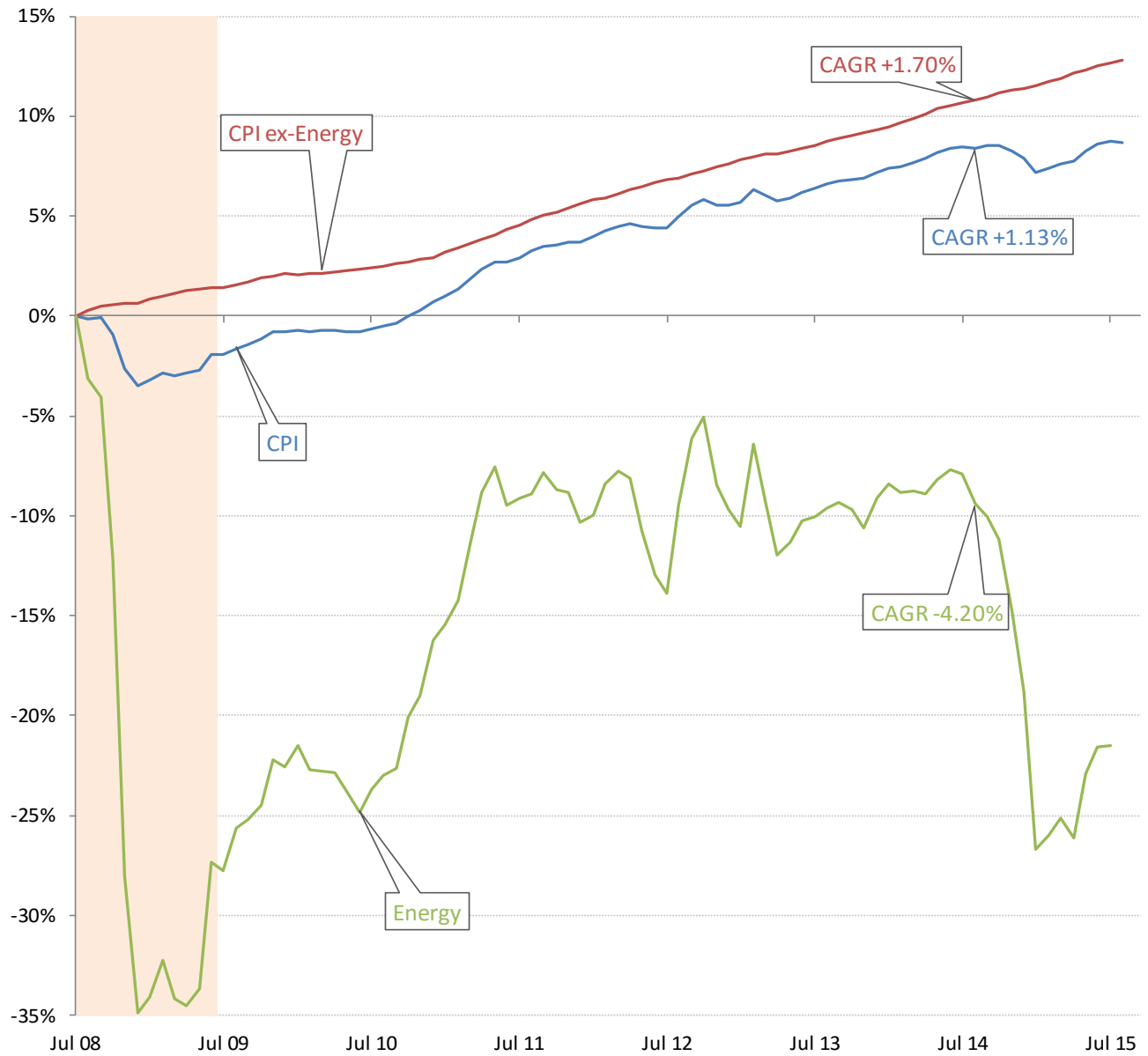
For more information contact us:

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

Copyright 2015 Trend Macrolytics LLC. All rights reserved. This document is not to be forwarded to individuals or organizations not authorized by Trend Macrolytics LLC to receive it. For information purposes only; not to be deemed to be recommendations for buying or selling specific securities or to constitute personalized investment advice. Derived from sources deemed to be reliable, but no warranty is made as to accuracy.

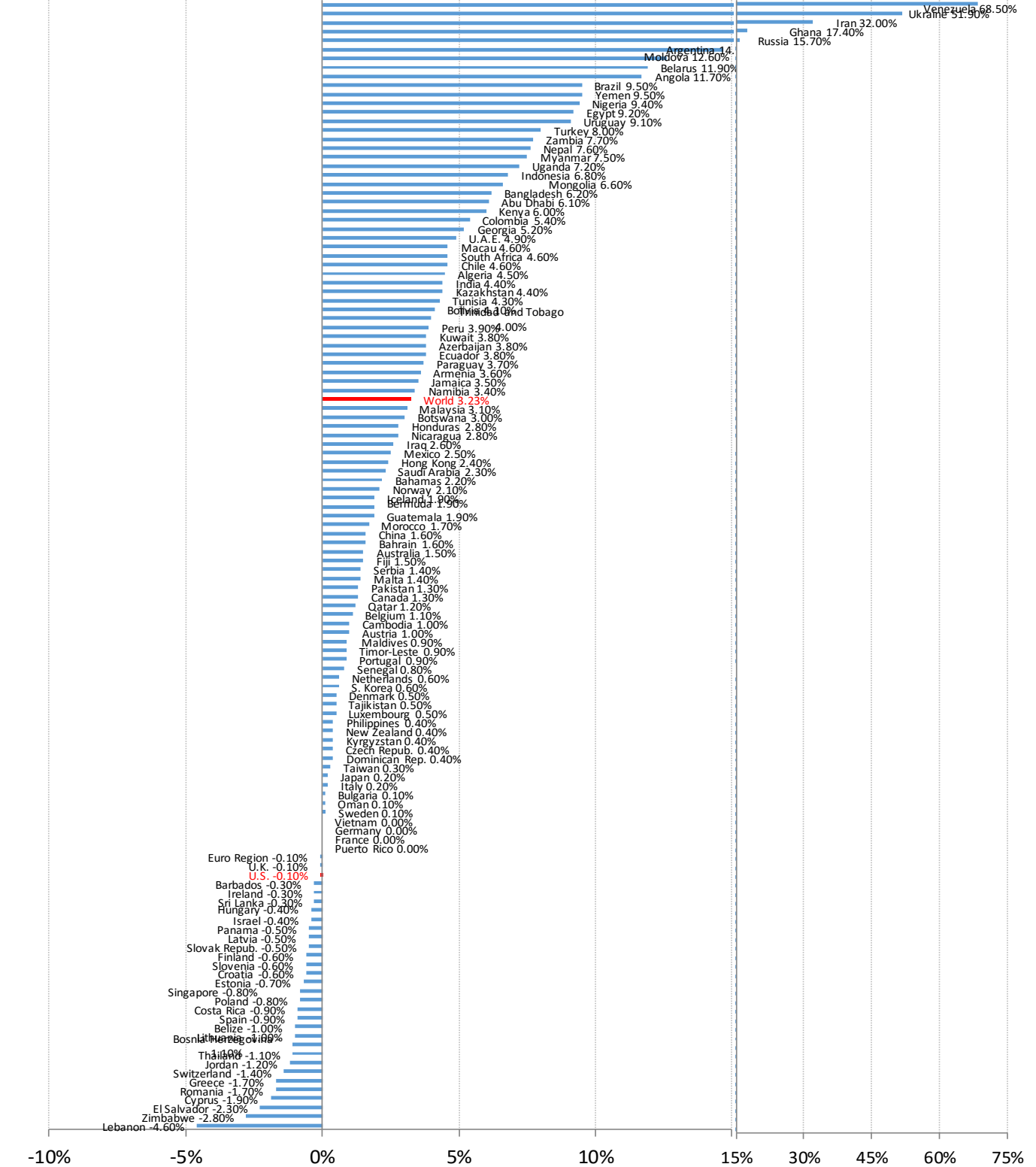
The deflation delusion: it's all about oil, and always has been

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



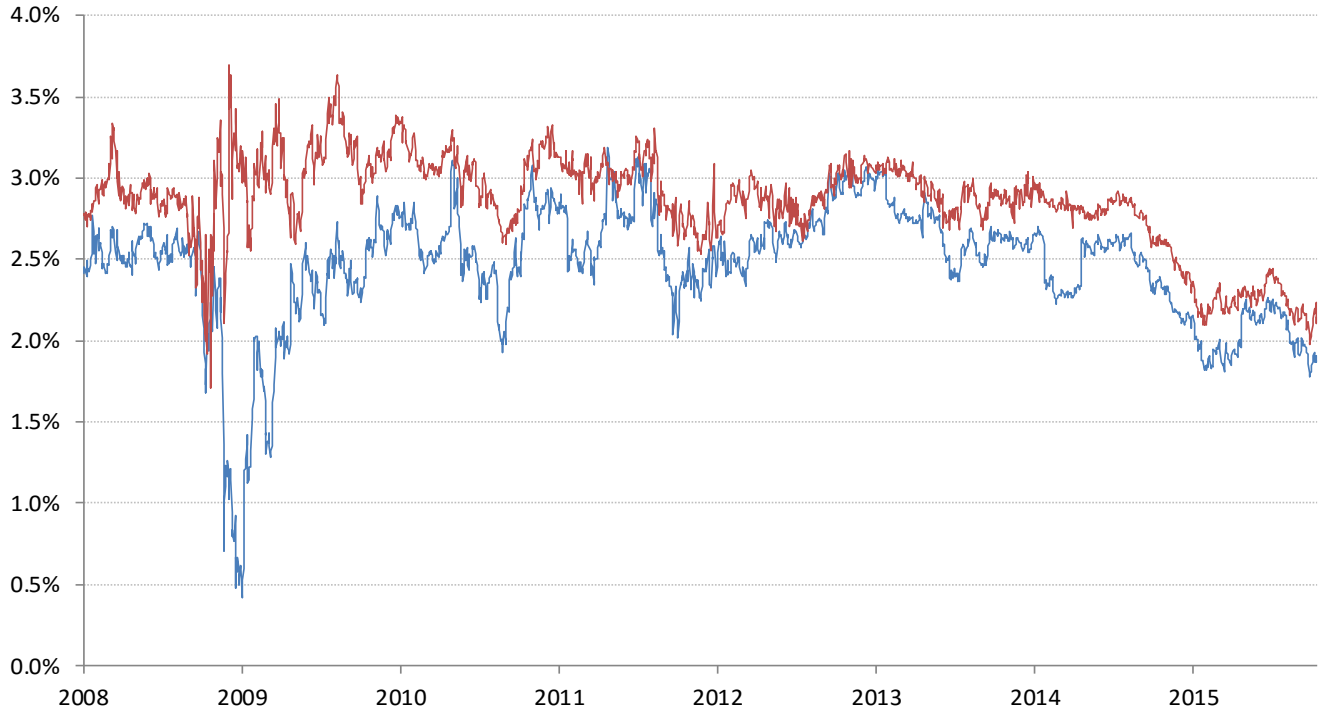
Source: Bloomberg, TrendMacro calculations

World round-up: CPI year-on-year



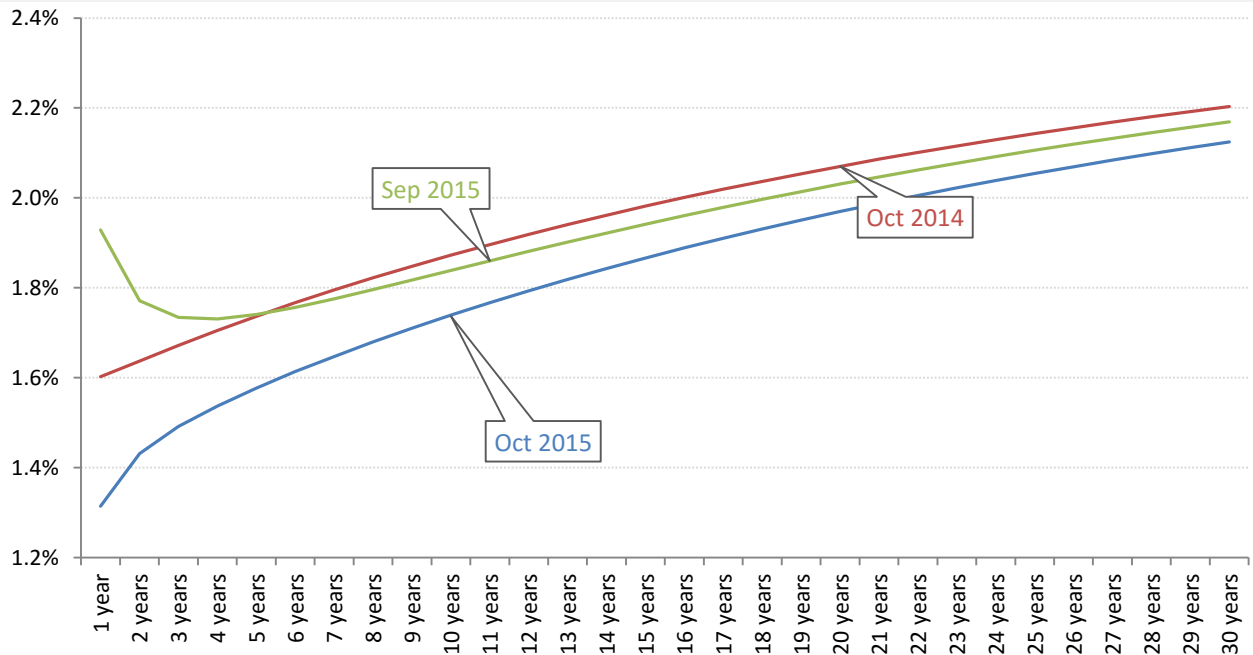
Source: Bloomberg, TrendMacro calculations

Implied 5-year inflation, 5 years forward — TIPS — Swaps



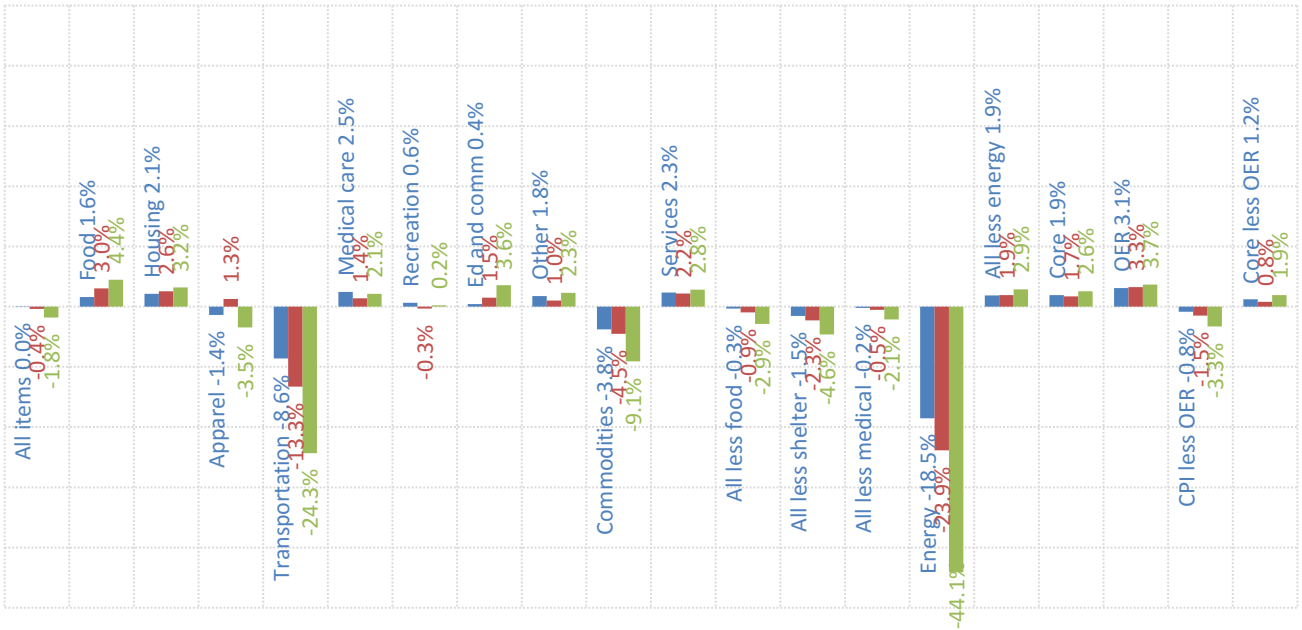
Source: Bloomberg, TrendMacro calculations

Implied inflation yield curve, per annum



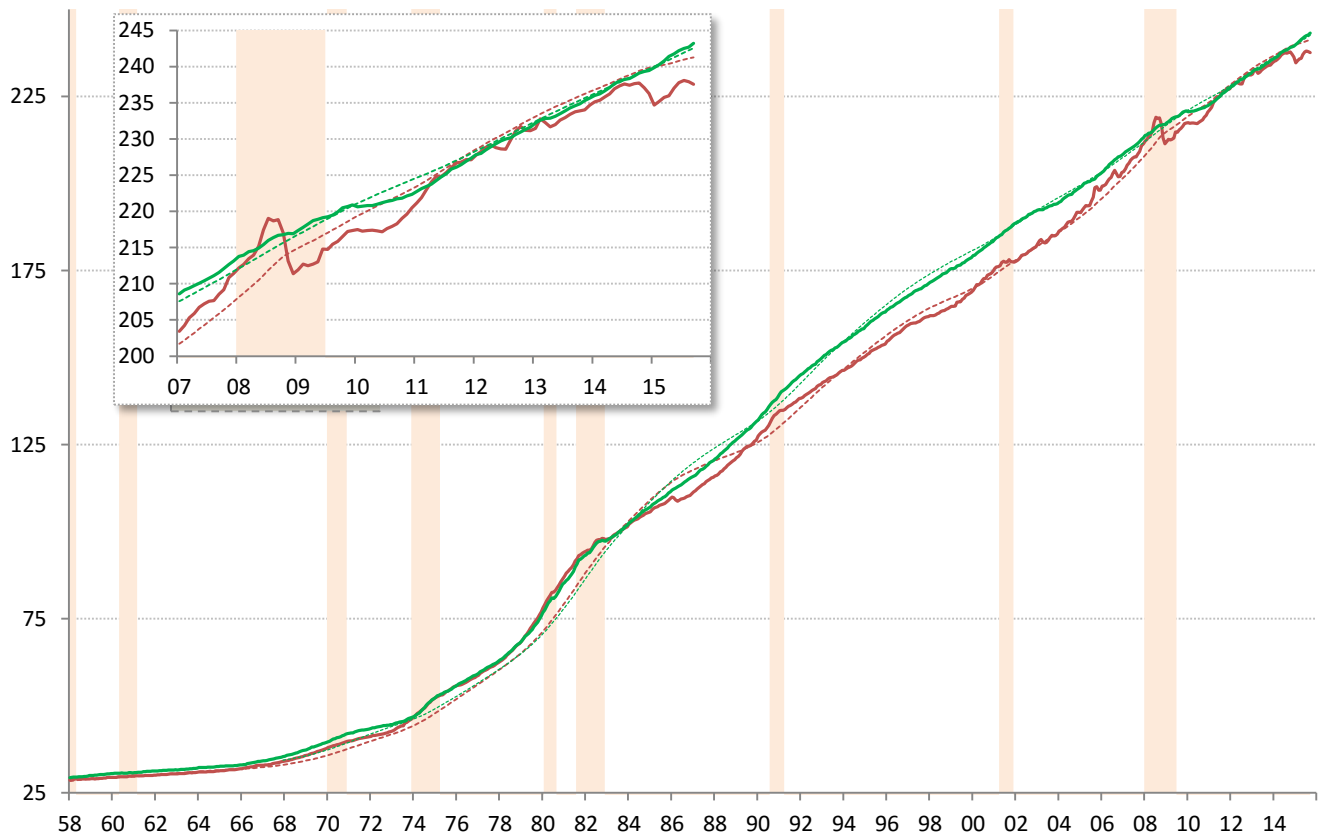
Source: Cleveland Fed, TrendMacro calculations

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



Source: BLS Consumer Price Index, TrendMacro calculations

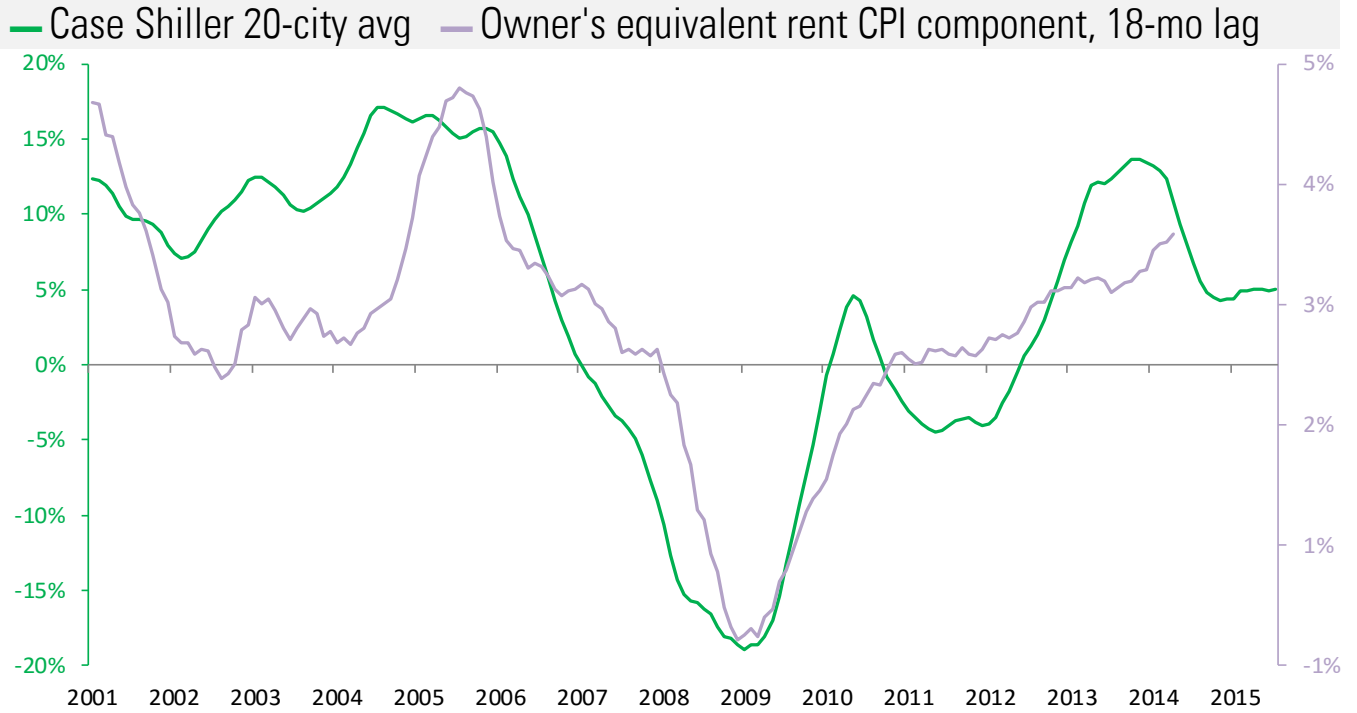
US CPI Core — Level ... 20-year trend ■ Recession



Source: BLS Consumer Price Index, TrendMacro calculations

Housing leads US CPI

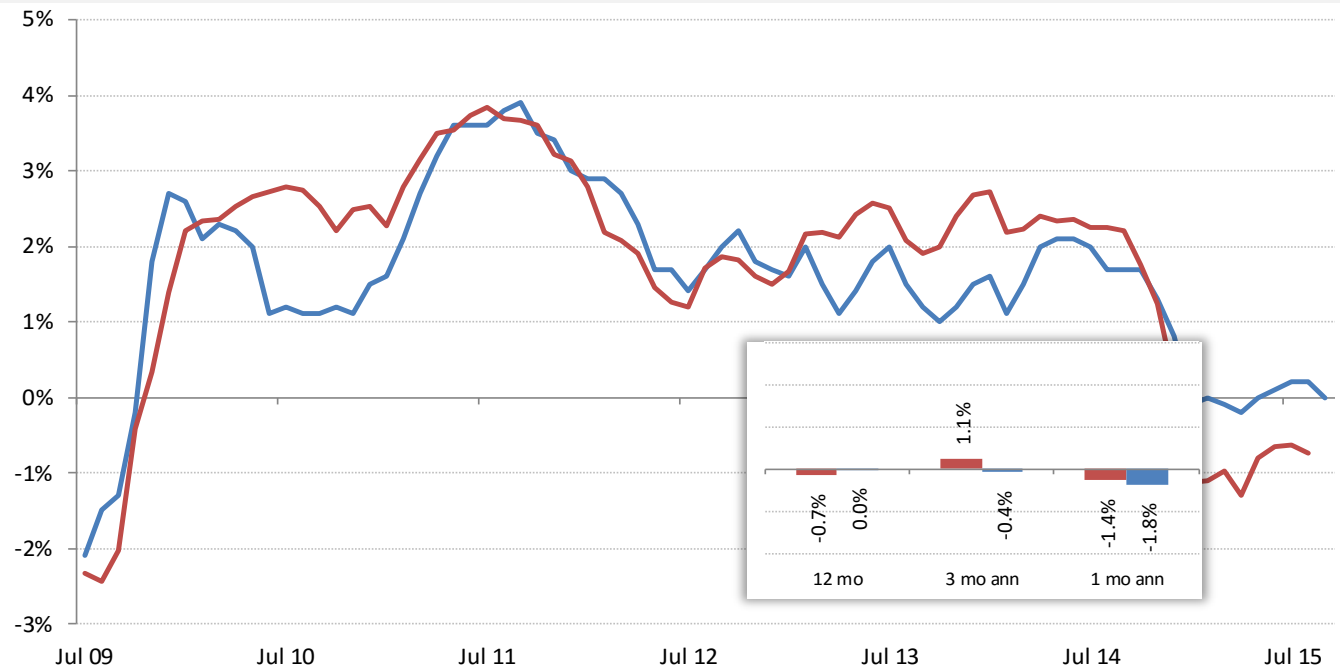
Year-over-year change



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

Does the Internet know more than the US Labor Department?

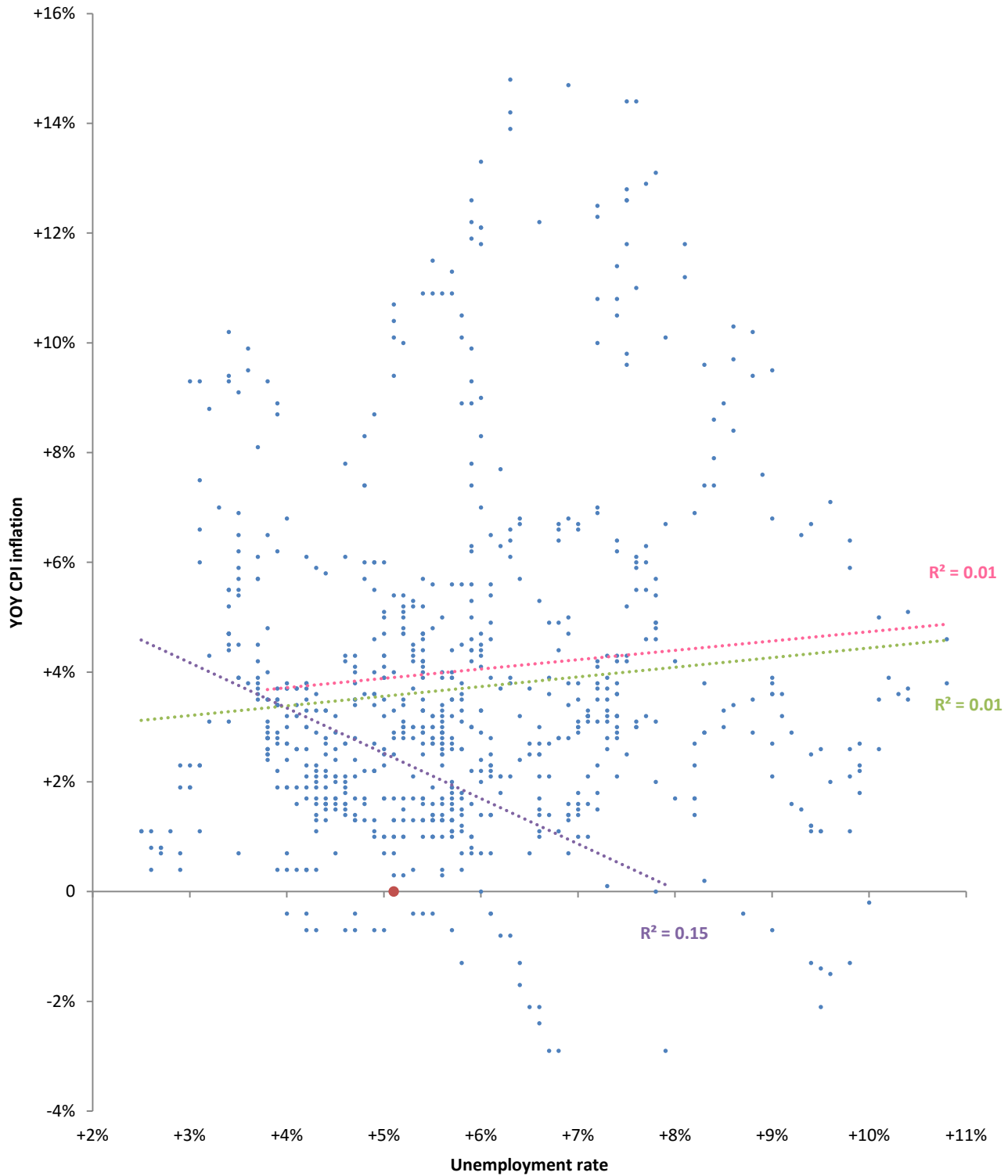
YOY inflation as of 8/15/15: — MIT Billion Prices Project — CPI



Source: BLS, BEA, TrendMacro calculations

The world is flat: the vanishing Phillips Curve

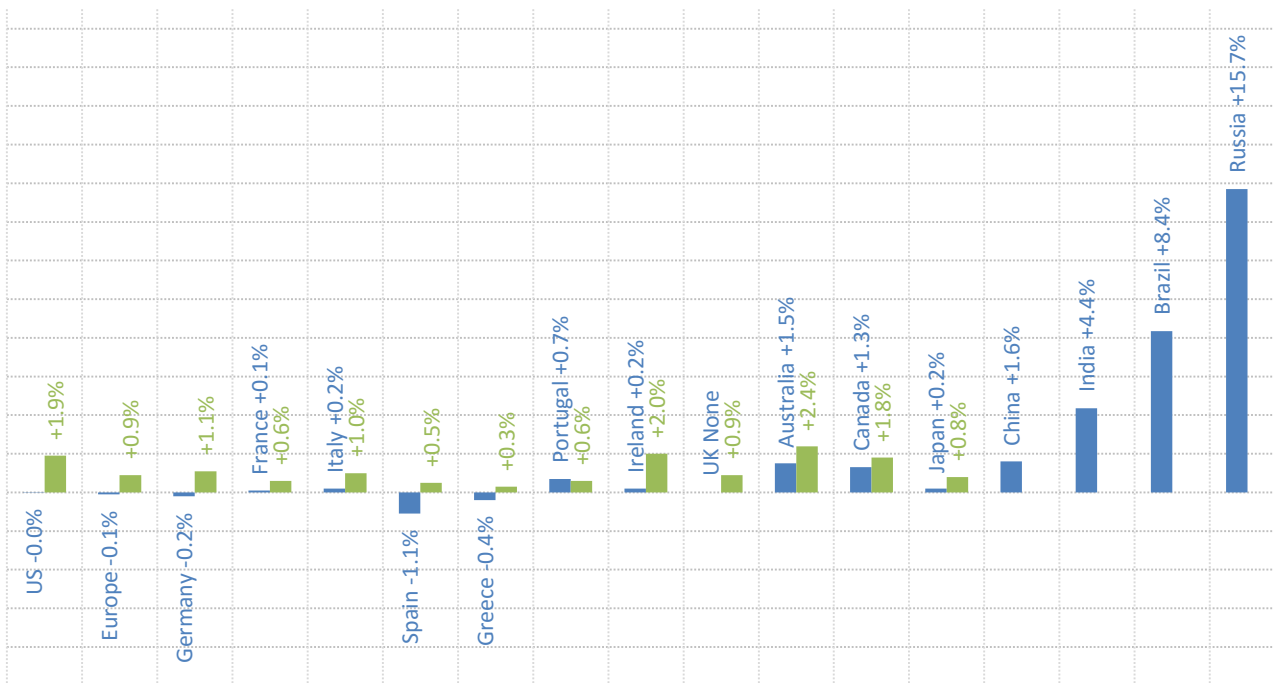
● Latest Linear trend: ● Pre-74 ● Post-74 ● All



Source: BLS Consumer Price Index, Current Population Survey

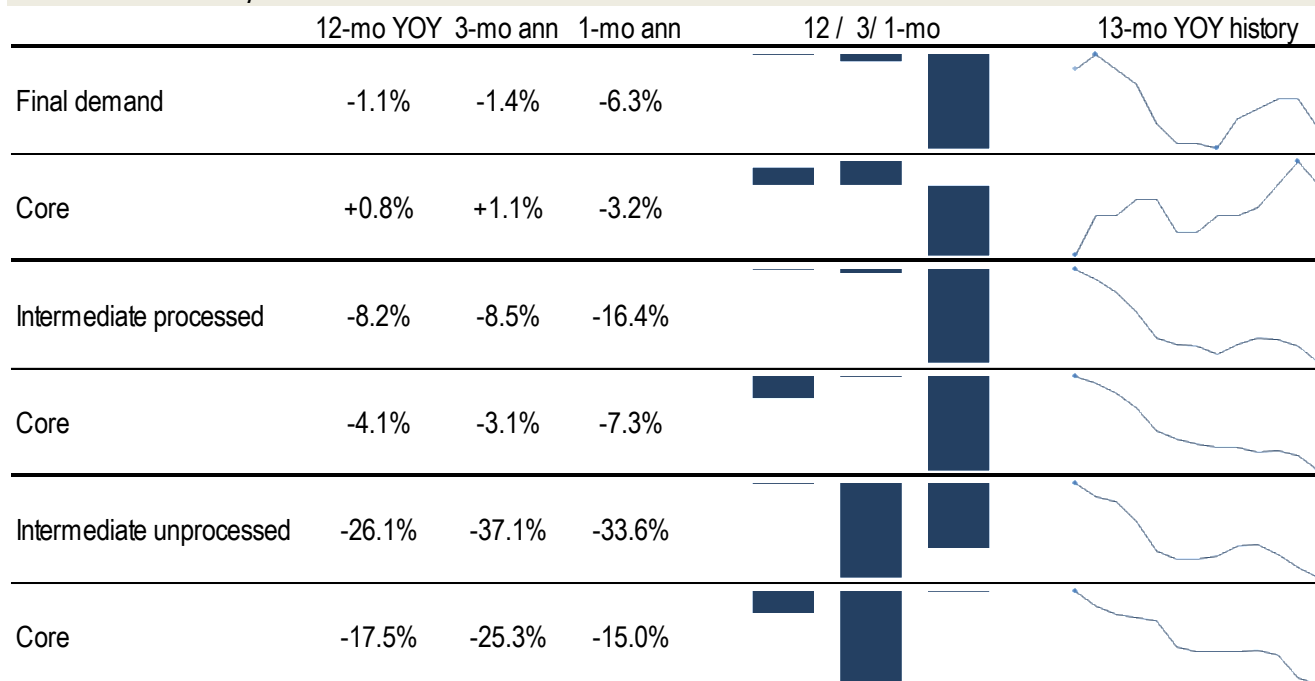
Major economies CPI, year on year

■ Headline ■ Ex-food and energy



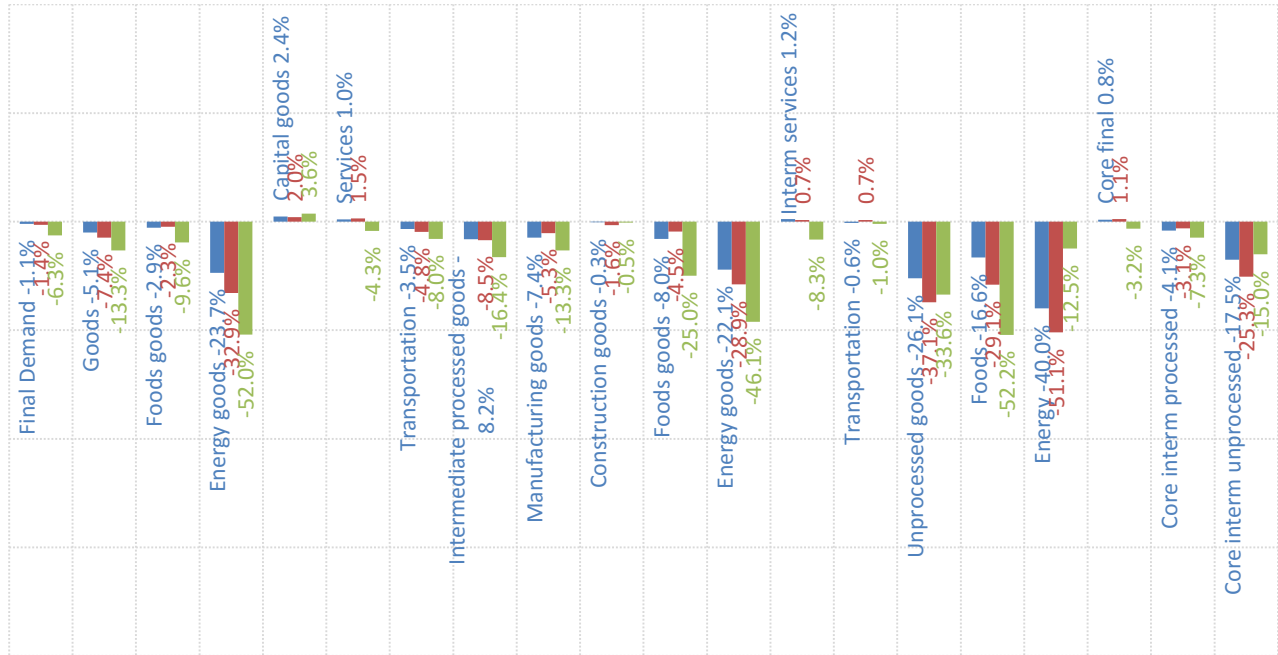
Source: Respective Statistical agencies, TrendMacro calculations

PPI data: what you need to know



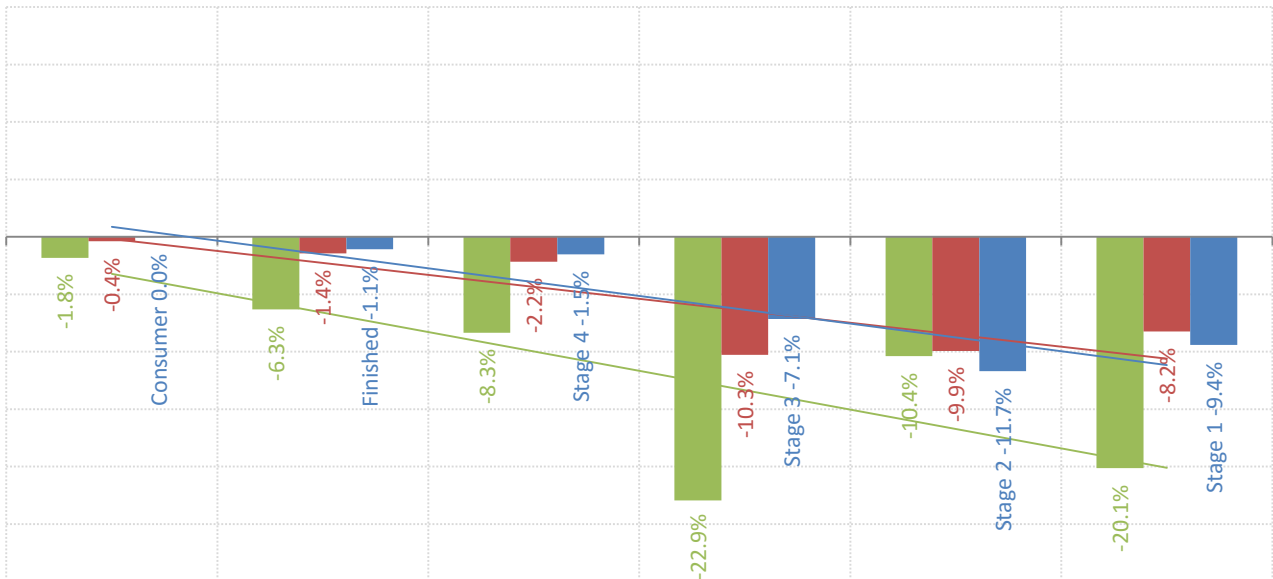
Source: BLS Producer Price Index, TrendMacro calculations

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