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Data Insights: Consumer Price Index, Producer Price Index

Friday, August 10, 2018

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	+2.95%	+2.1%	+2.1%		
Core	+2.35%	+2.3%	+3.0%		
OER	+3.4%	+3.2%	+3.5%		
All less OER	+2.6%	+1.5%	+1.0%		
Core less OER	+1.8%	+1.8%	+2.6%		
Energy	+11.9%	+0.4%	-5.9%		
All less energy	+2.2%	+2.2%	+2.8%		
Food	+1.4%	+1.3%	+1.5%		
All less food	+3.1%	+2.2%	+2.1%		
Health care	+1.9%	+1.8%	-0%		
All less health care	+3.0%	+2.1%	+2.5%		
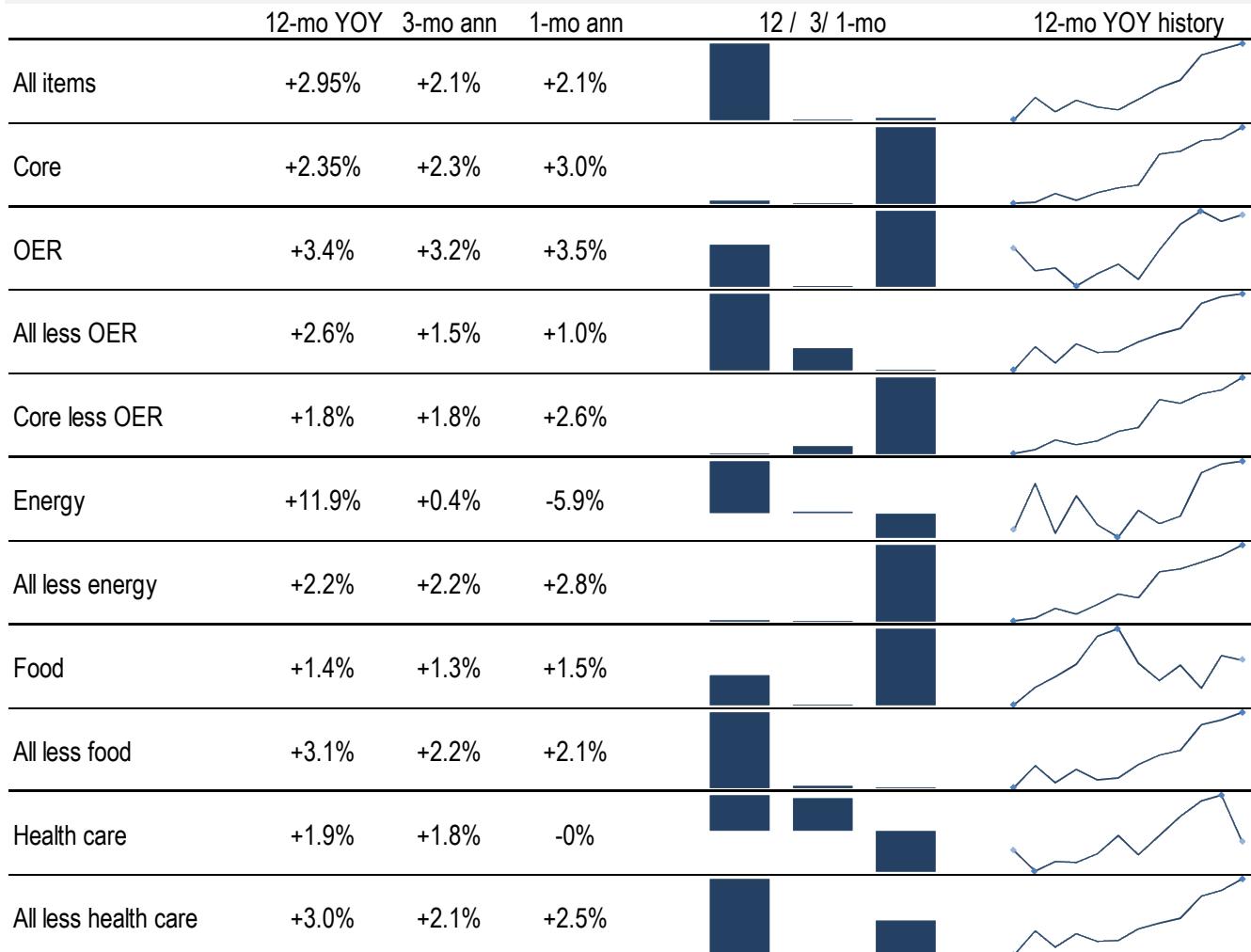
Source: BLS Consumer Price Index, TrendMacro calculations

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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 +1.76%

CAGR +1.37%

CPI

CAGR -2.13%

Energy
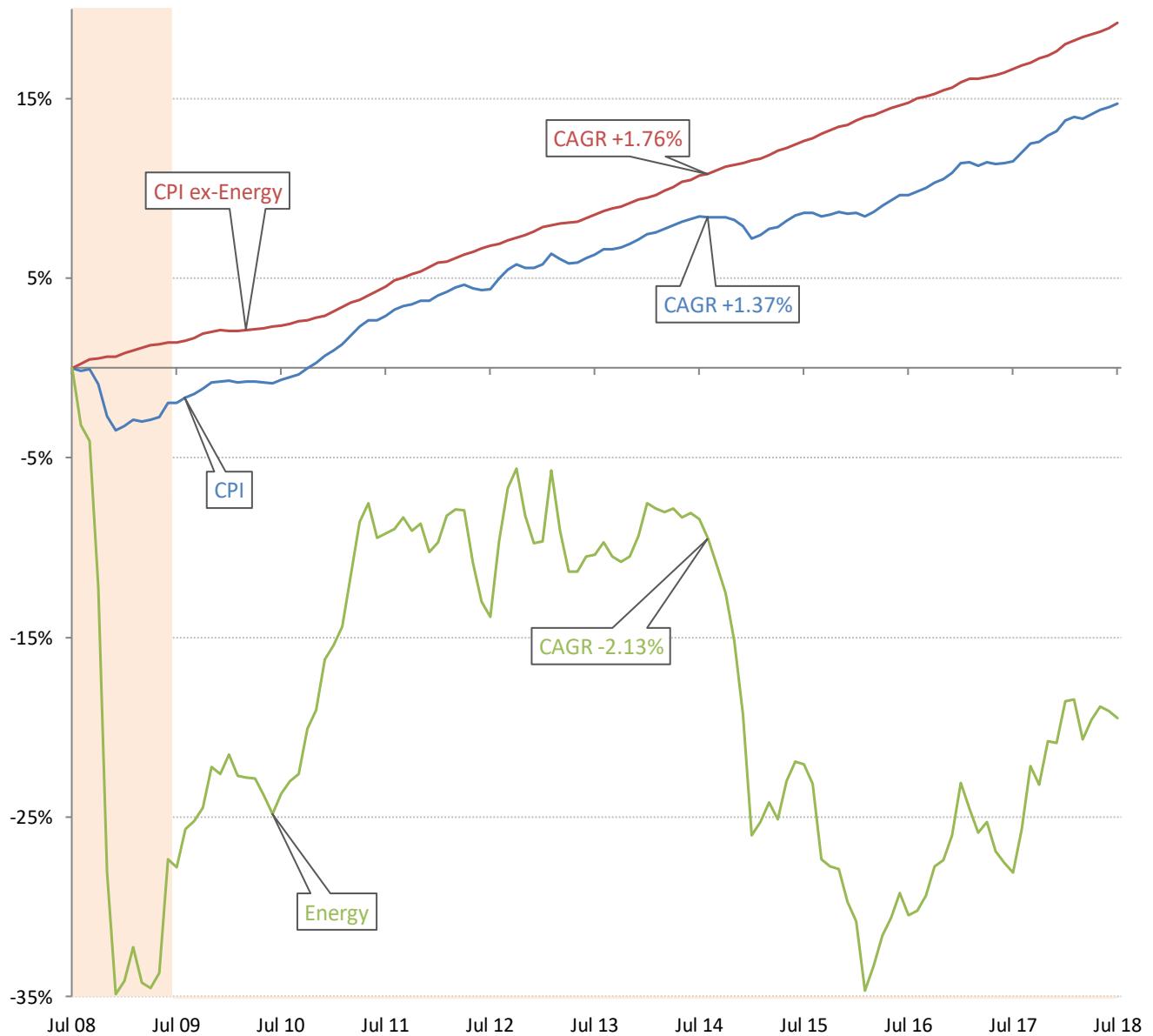
Source: Bloomberg, TrendMacro calclations

World round-up: CPI year-on-year

Venezuela 180.9%
Argentina 27.2%
Angola 20.7%
Turkey 12.2%
Nigeria 11.6%
Ukraine 11.7%
Egypt 11.4%
Ghana 9.8%
Iran 9.7%
Zambia 7.8%
Tunisia 7.7%
Uruguay 7.2%
Barbados 7.1%
Lebanon 6.5%
Kazakhstan 6.2%
Mongolia 6.1%
Bangladesh 5.8%
Algeria 5.7%
Romania 5.4%
Nicaragua 5.2%
Jordan 5.1%
Fiji 5.1%
India 4.9%
Philippines 4.6%
Mexico 4.5%
Dominican Rep. 4.5%
South Africa 4.4%
Belarus 4.4%
Pakistan 4.2%
Guatemala 4.1%
Nepal 4.1%
Honduras 4.0%
Kenya 4.0%
Sri Lanka 4.0%
Namibia 3.8%
World 3.6%
Paraguay 3.5%
U.A.E. 3.5%
Abu Dhabi 3.4%
Myanmar 3.4%
Botswana 3.3%
Colombia 3.2%
Bolivia 3.2%
Indonesia 3.2%
Azerbaijan 3.2%
Jamaica 3.1%
Macau 3.0%
Estonia 3.0%
U.S. 3.0%
Brazil 2.9%
Lithuania 2.9%
Bahrain 2.8%
Moldova 2.8%
Hungary 2.8%
Bahamas 2.7%
Zimbabwe 2.7%
Slovak Repub. 2.6%
Bulgaria 2.6%
Saudi Arabia 2.5%
Georgia 2.5%
Russia 2.4%
U.K. 2.4%
Cambodia 2.3%
Norway 2.3%
Latvia 2.3%
Czech Repub. 2.2%
Canada 2.2%
Germany 2.2%
Hong Kong 2.1%
Spain 2.1%
Serbia 2.1%
Costa Rica 2.0%
Chile 2.0%
Bermuda 2.0%
Slovenia 2.0%
Iceland 2.0%
France 2.0%
Australia 1.9%
Sweden 1.9%
Croatia 1.9%
Austria 1.9%
Euro Region 1.9%
Malaysia 1.8%
China 1.8%
Belgium 1.8%
Uganda 1.7%
Timor-Leste 1.7%
Poland 1.7%
Netherlands 1.7%
Malta 1.7%
Taiwan 1.6%
Thailand 1.5%
S. Korea 1.5%
Armenia 1.5%
Luxembourg 1.3%
Puerto Rico 1.1%
New Zealand 1.1%
Denmark 1.1%
Switzerland 1.0%
Portugal 1.0%
Italy 1.0%
Peru 0.9%
Trinidad and Tobago 0.8%
Panama 0.8%
El Salvador 0.8%
Oman 0.8%
Japan 0.7%
Greece 0.6%
Senegal 0.5%
Israel 0.5%
Tajikistan 0.5%
Kuwait 0.4%
Singapore 0.4%
Ireland 0.4%
Kyrgyzstan -0.3%
Belize -0.5%
Ecuador -1.0%
Maldives -2.1%
BosniaHerzegovina -2.9%

-10%   -5%   0%   5%   10%   15%   20%   25%   75%   125%   175%

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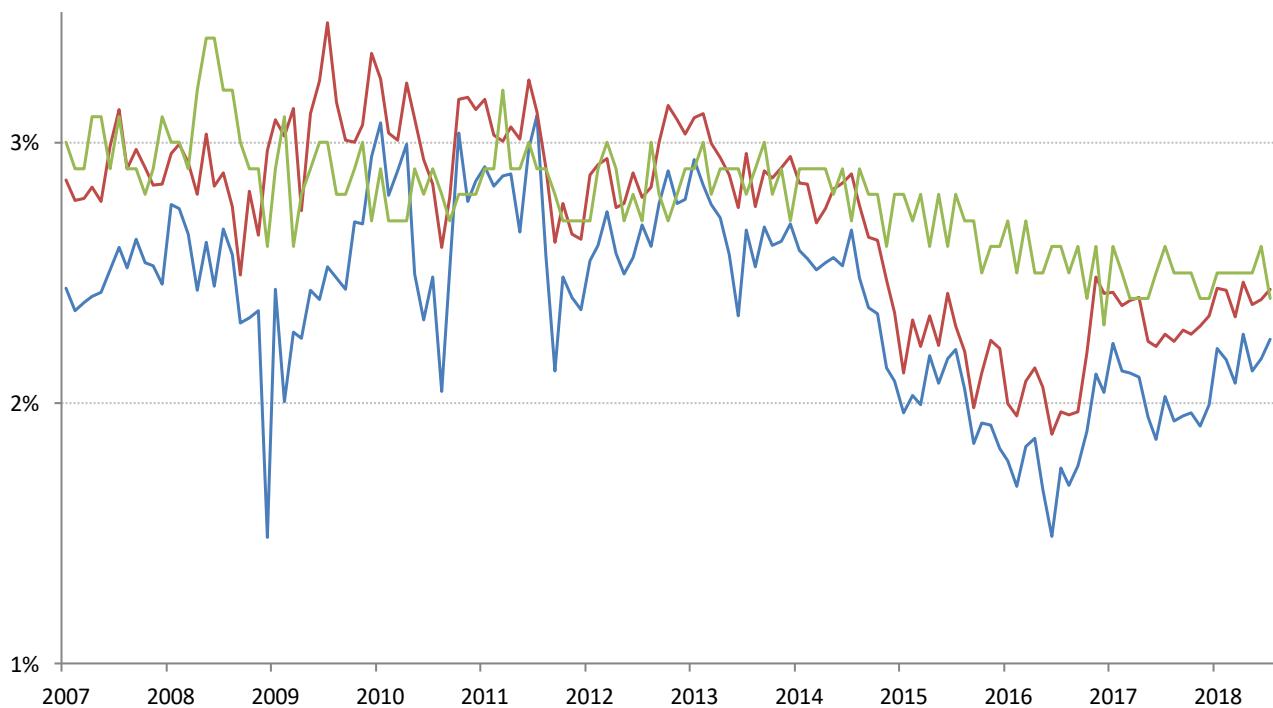

Source: Bloomberg, TrendMacro calculations

## Swap-implied inflation yield curve, per annum
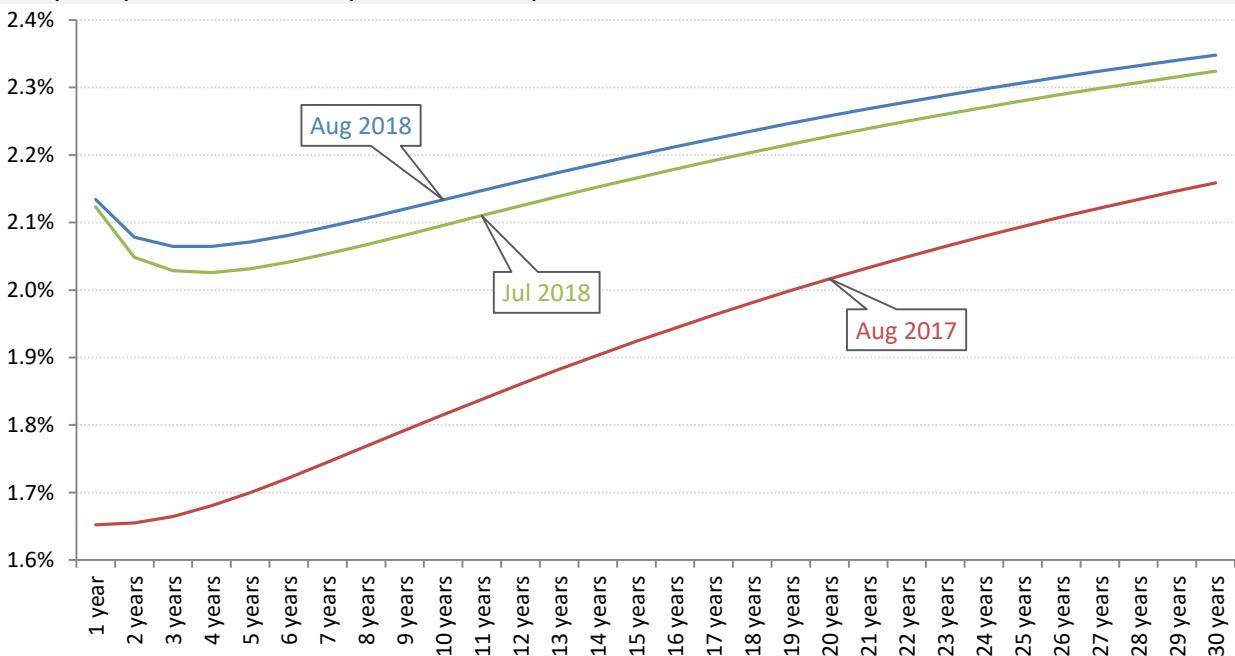
Source: Cleveland Fed, TrendMacro calculations

US CPI inflation by sector (SAAR) ■ 12-month ■ 3-month ■ 1-month
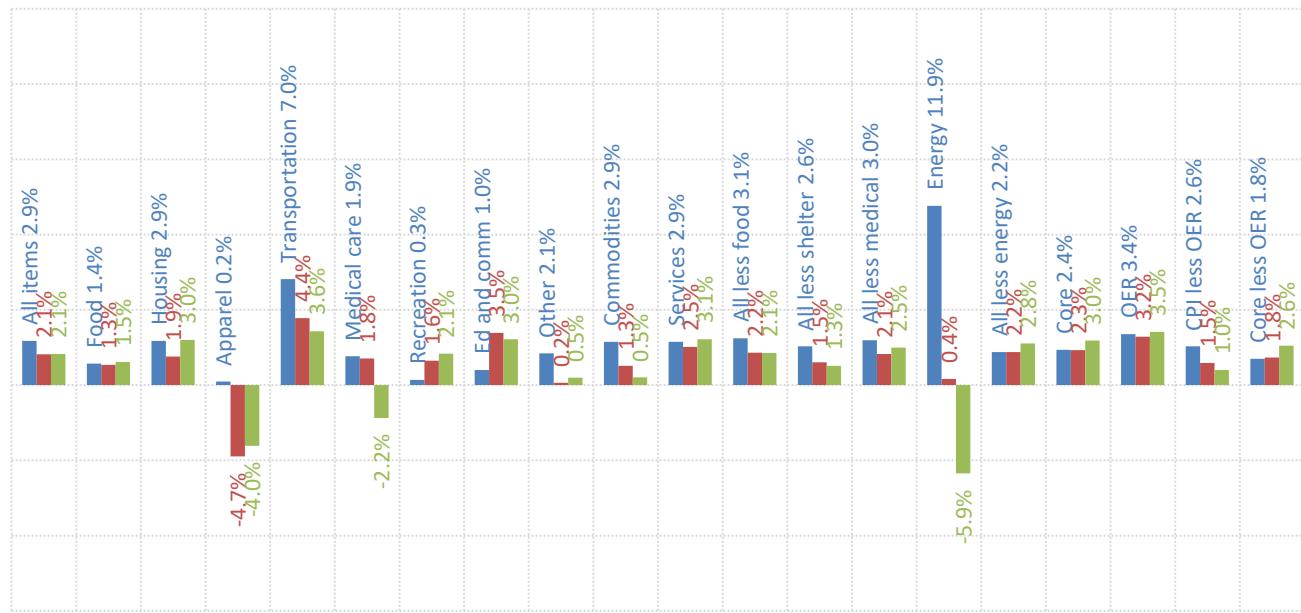
Source: BLS Consumer Price Index, TrendMacro calculations

US CPI Core — Level ••• 20-year trend ▮ Recession
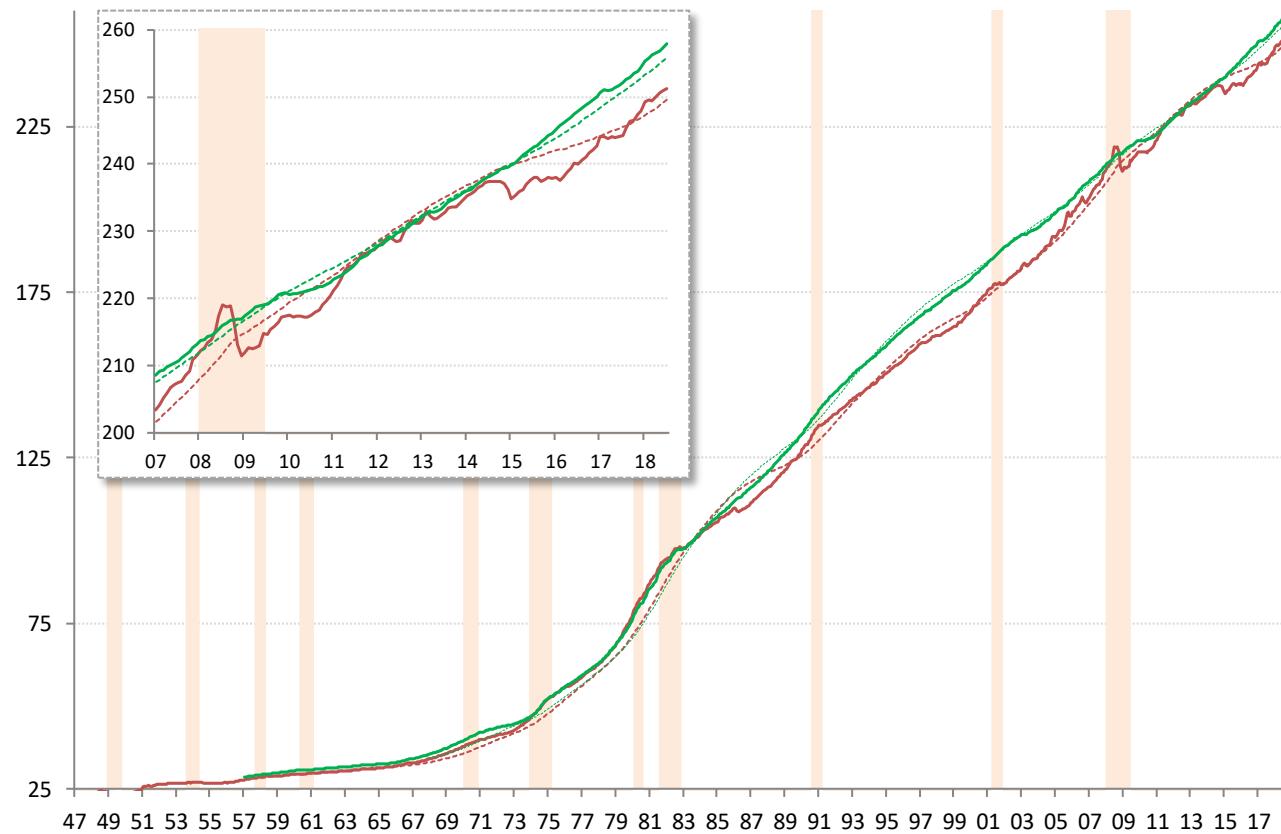
Source: BLS Consumer Price Index, TrendMacro calculations

Housing leads US CPI

Year-over-year change

— Case Shiller 20-city avg — Owner's equivalent rent CPI component, 18-mo lag
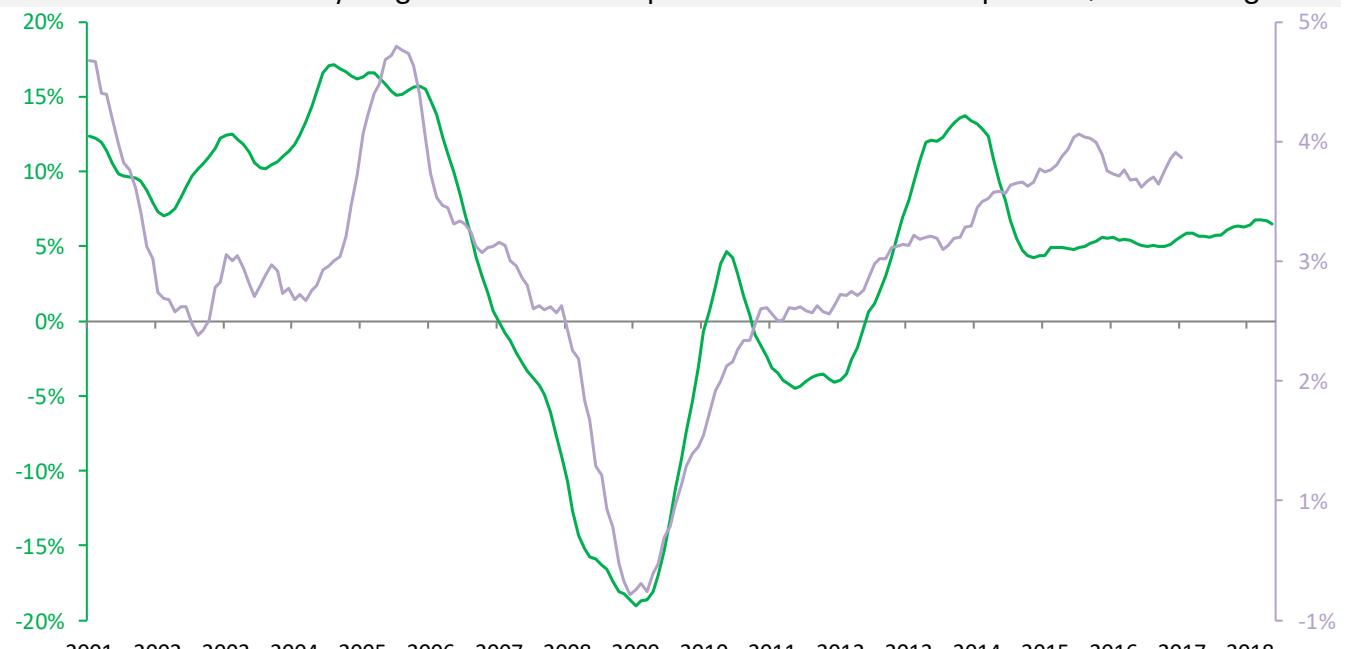
The world is flat: the vanishing Phillips Curve

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

$R^2 = 0.02$

$R^2 = 0.01$

$R^2 = 0.15$

YOY CPI inflation

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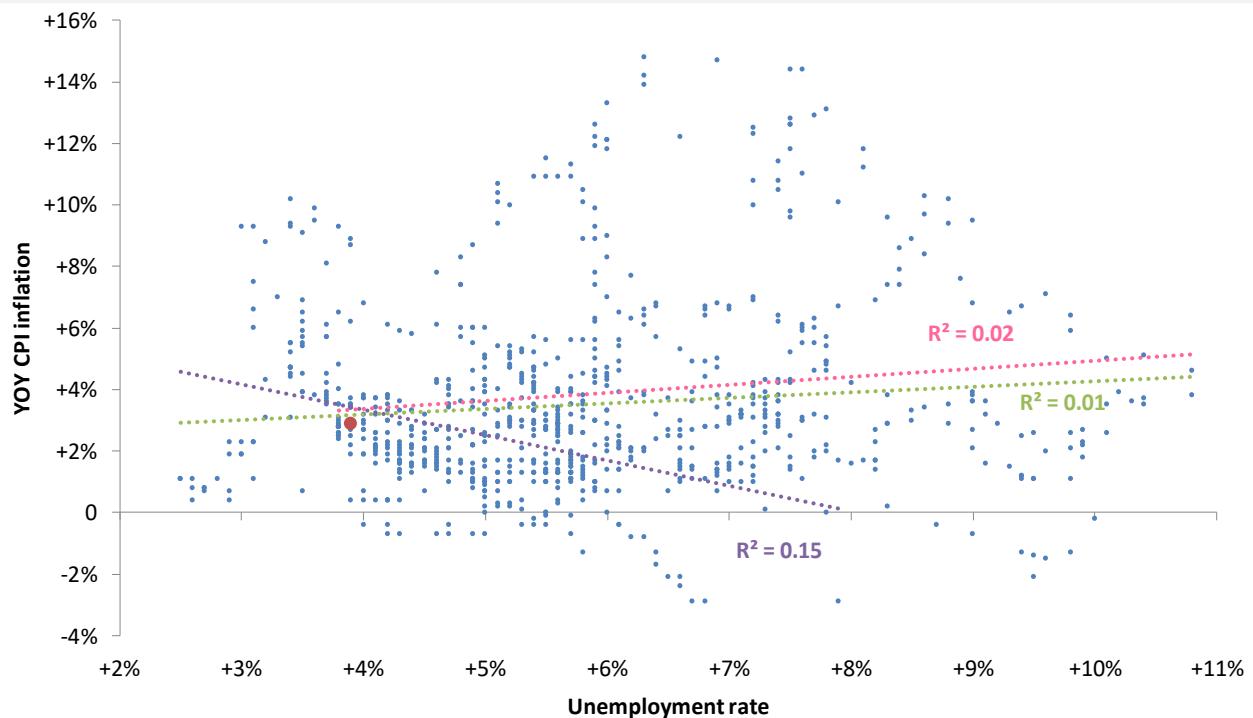
Major economies CPI, year on year ■ Headline ■ Ex-food and energy

US +2.9% / +2.4%
Europe +2.1% / +1.1%
Germany +2.1% / +1.2%
France +2.6% / +1.0%
Italy +1.9% / +1.0%
Spain +2.3% / +1.0%
Greece +0.8%
Portugal +2.2% / +1.5%
Ireland +0.7% / +0.1%
UK +2.4% / +2.1%
Australia +2.1% / +1.7%
Canada +2.5% / +1.8%
Japan +0.7% / None
China +2.1%
India +3.9%
8.2%
Russia +2.5%
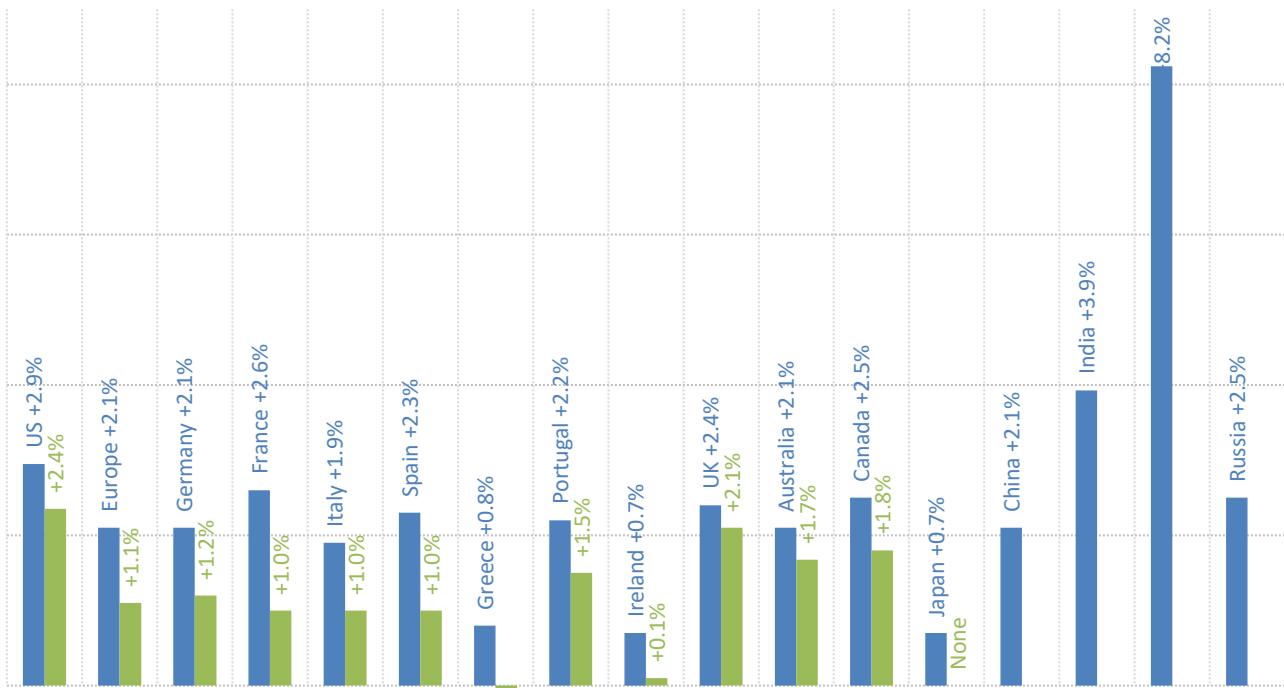
Source: Respective Statistical agencies, TrendMacro calculations

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	+3.2%	+3.2%	unch				
Core	+2.7%	+2.8%	+1.0%				
Intermediate processed	+6.8%	+9.0%	-0.6%				
Core	+5.3%	+7.6%	+4.2%				
Intermediate unprocessed	+8.2%	+21.1%	+31.6%				
Core	+5.7%	-6.5%	-15.9%				
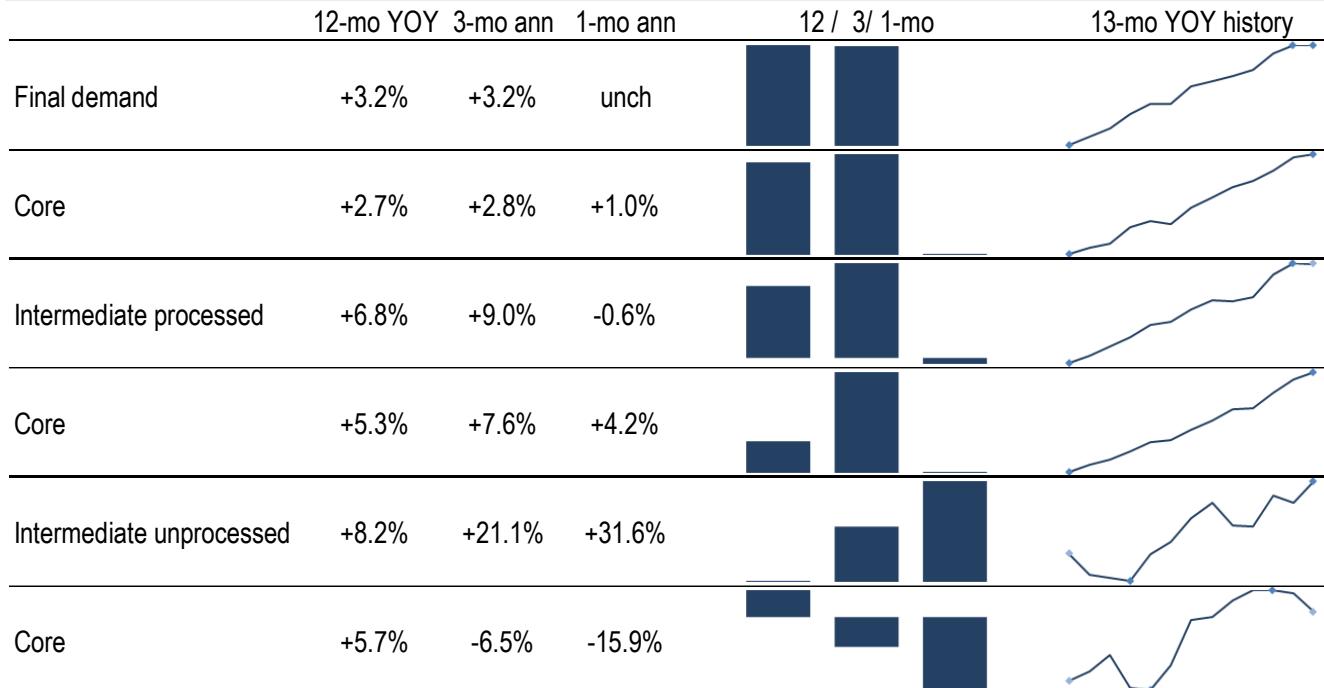
Source: BLS Producer Price Index, TrendMacro calculations

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

Final Demand 3.2% · 3.2% · 0.0%
Goods 4.4% · 4.6% · 1.0%
Foods goods -1.0% · -4.4% · -1.0%
Energy goods 16.8% · 20.9% · -6.2%
Capital goods 1.4% · -0.4% · -4.5%
Services 2.6% · 2.4% · -1.0%
Transportation 6.3% · 6.5% · 4.0%
Intermediate processed goods 6.8% · 9.0% · -0.6%
Manufacturing goods 5.4% · 7.3% · 2.6%
Construction goods 6.3% · 6.7% · -1.9%
Foods goods 0.2% · -4.0% · -11.6%
Energy goods 15.9% · 38.6% · -7.0%
Interm services 3.0% · 2.0% · 2.0%
Transportation 4.5% · 3.6% · 2.9%
Unprocessed goods 8.2% · 21.1% · 31.6%
Foods -5.8% · 1.0% · -25.3%
Energy 26.3% · 67.3% · 164.5%
Core final 2.7% · 2.8% · 1.0%
Core interm processed 5.3% · 7.6% · 4.2%
Core interm unprocessed 5.7% · -6.5% · -15.9%

Source: BLS Producer Price Index, TrendMacro calculations

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

Stage 1: 7.3% · 8.6% · 2.1%
Stage 2: 6.9% · 10.5% · 17.9%
Stage 3: 5.5% · 7.5% · 0.0%
Stage 4: 3.8% · 3.5% · -1.0%
Finished: 3.2% · 3.2% · 0.0%
Consumer: 2.9% · 2.1% · 2.1%
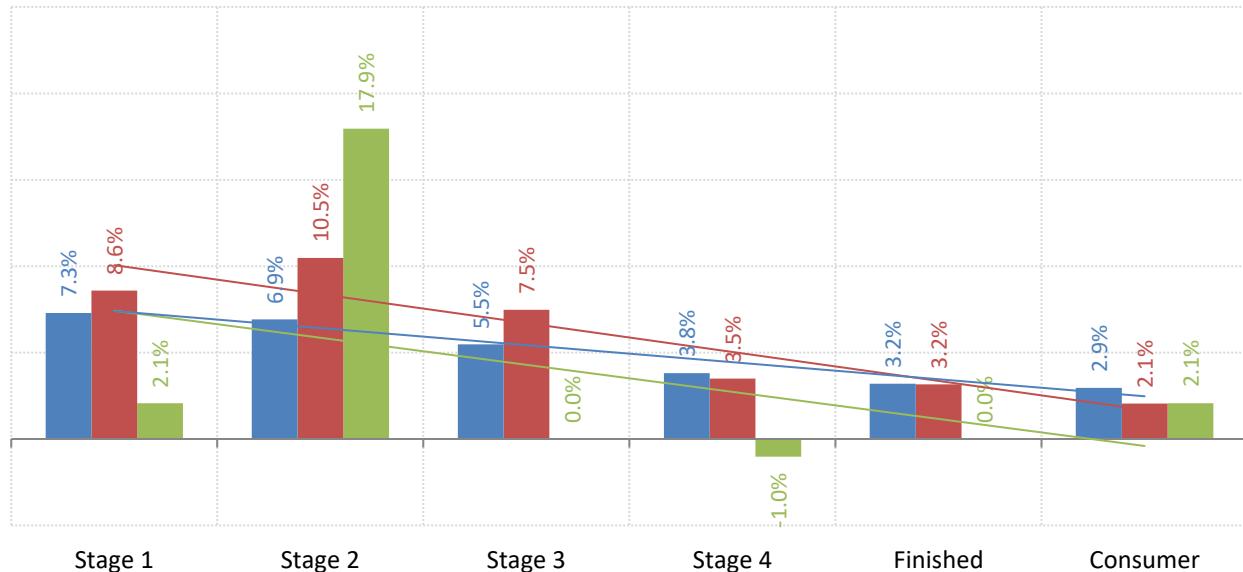
Source: BLS Producer Price Index and Consumer Price Index, TrendMacro calculations