
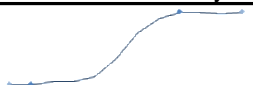

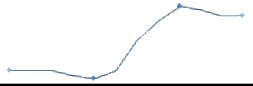

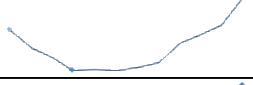

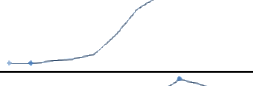

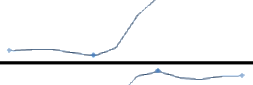

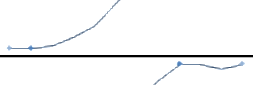

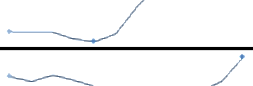

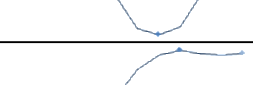

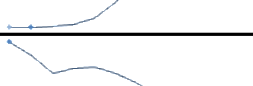


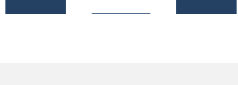



Data Insights: Consumer Price Index, Producer Price Index

Wednesday, October 13, 2021

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	+5.39%	+4.7%	+5.1%		
Core	+4.03%	+2.7%	+3.0%		
OER	+2.9%	+4.0%	+5.3%		
All less OER	+5.5%	+5.0%	+4.9%		
Core less OER	+4.7%	+2.1%	+1.7%		
Energy	+24.8%	+21.4%	+16.5%		
All less energy	+4.1%	+3.6%	+4.2%		
Food	+4.5%	+8.1%	+11.0%		
All less food	+5.5%	+4.1%	+4.0%		
Health care	+0.4%	+1.9%	-0%		
All less health care	+5.9%	+5.0%	+5.6%		

Source: BLS Consumer Price Index, TrendMacro calculations

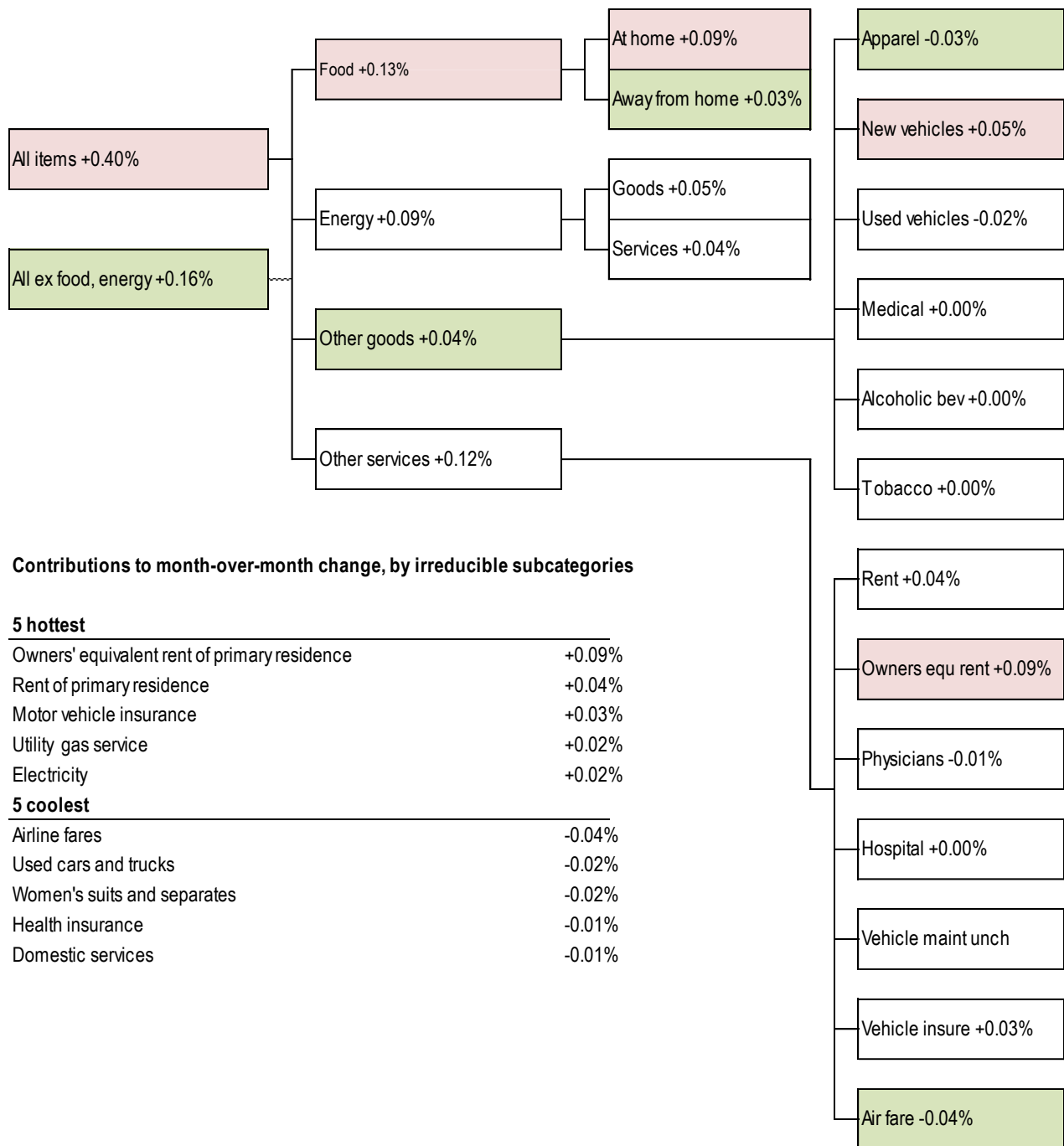
For more information contact us:

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

Deconstructing today's CPI data: what explains this month's inflation?

Weighted contribution by subcategory

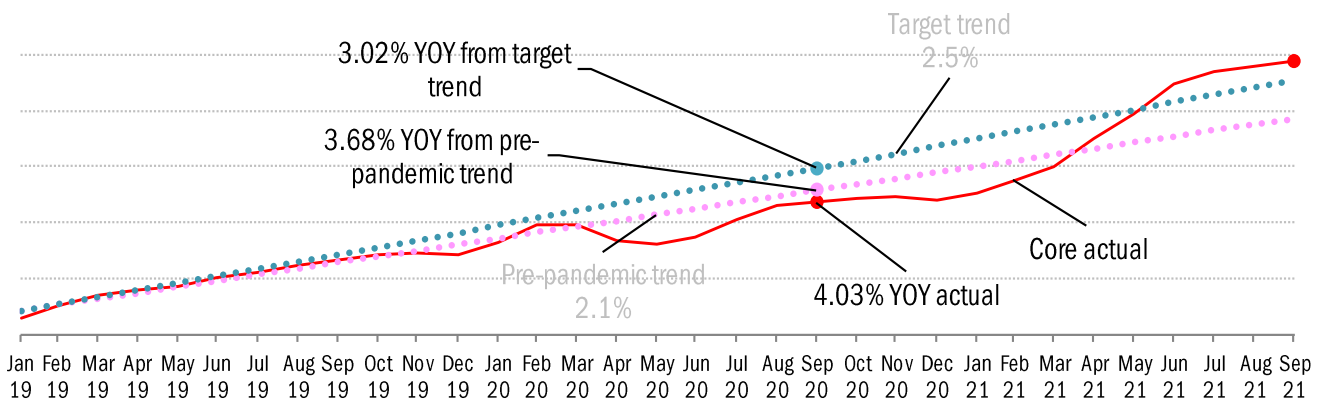
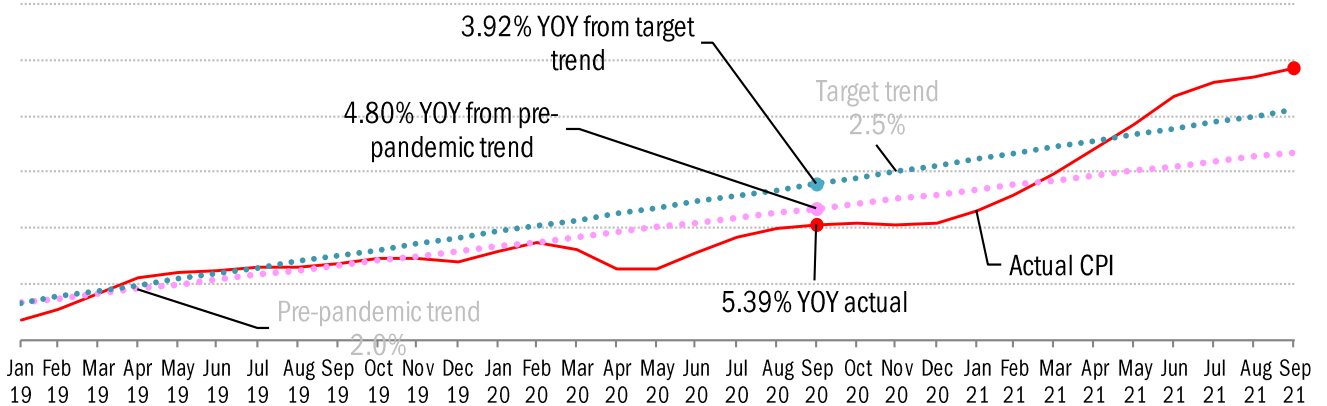
Biggest change per detail-level: ■ positive ■ negative



Source: BLS Consumer Price Index, TrendMacro calculations

“Transitory,” “base-effect” or “optimal control?”

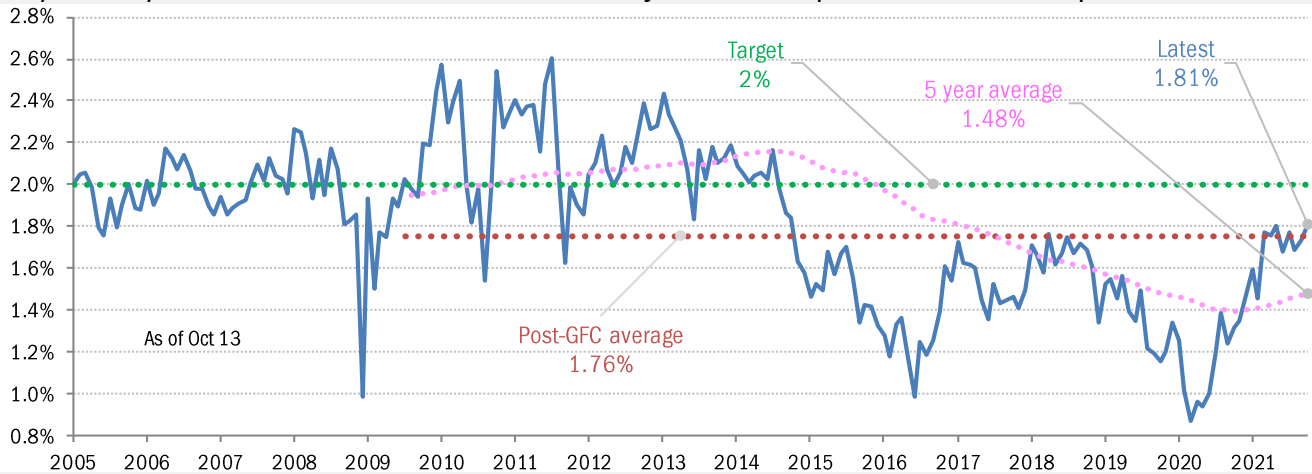
This month’s data in context with the pre-pandemic and ideal 12-month trends



Source: Bureau of Labor Statistics, TrendMacro calculations

Unhinged? Or too hinged?

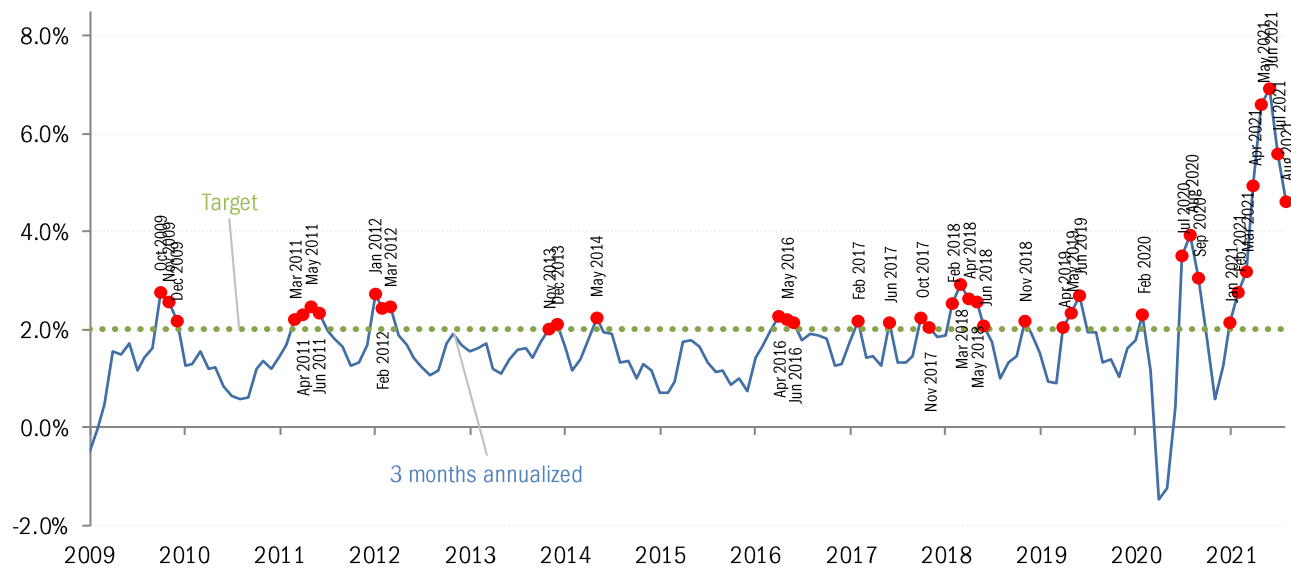
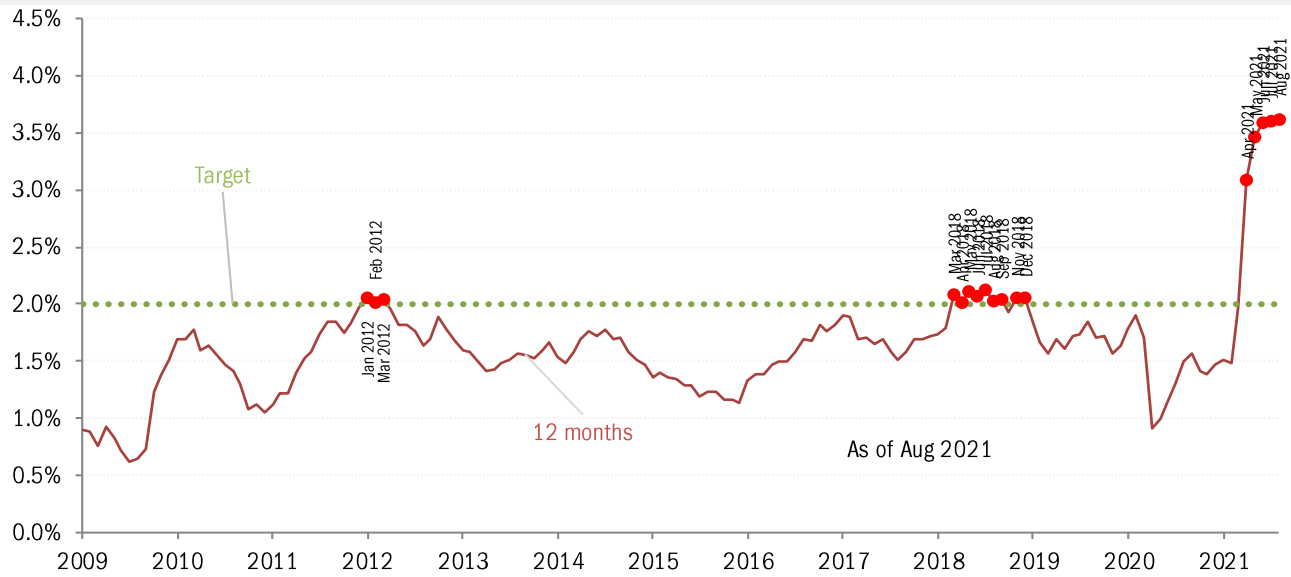
5-year 5-year-forward TIPS breakeven, adjusted 50 bp down to PCE equivalent



Source: Bloomberg, TrendMacro calculations

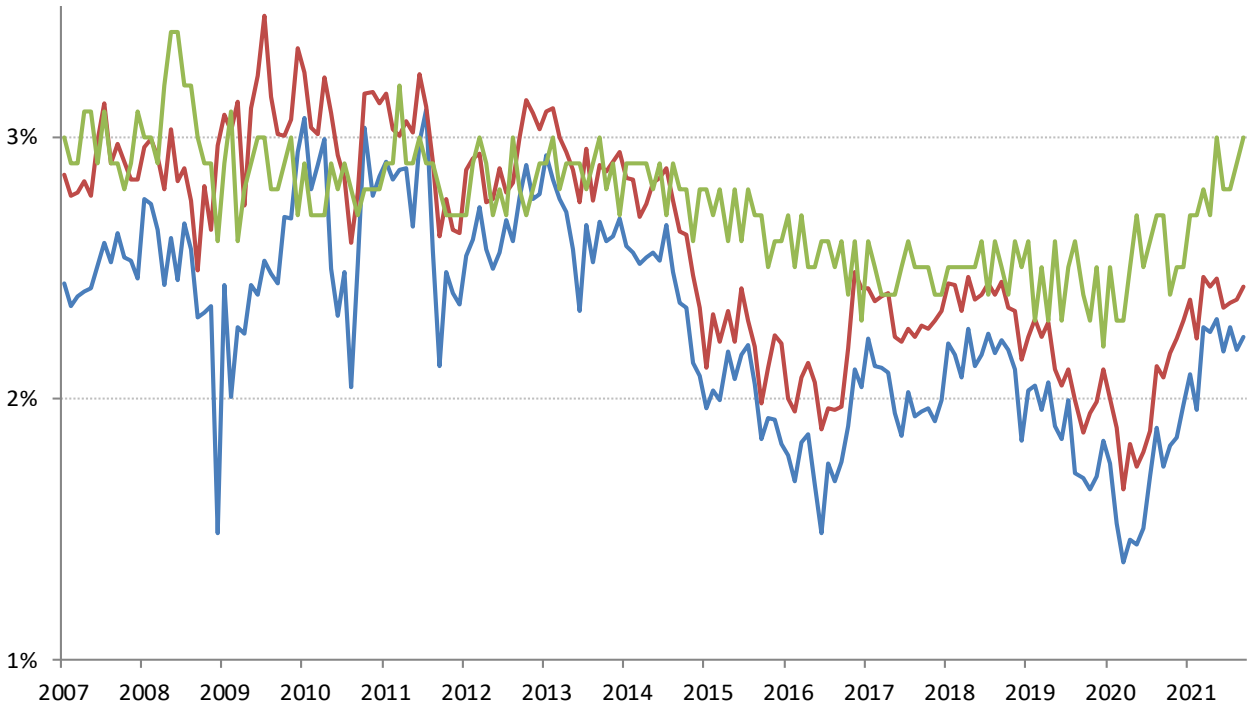
The Fed-eye view of inflation (or lack thereof)

Core PCE Price Index



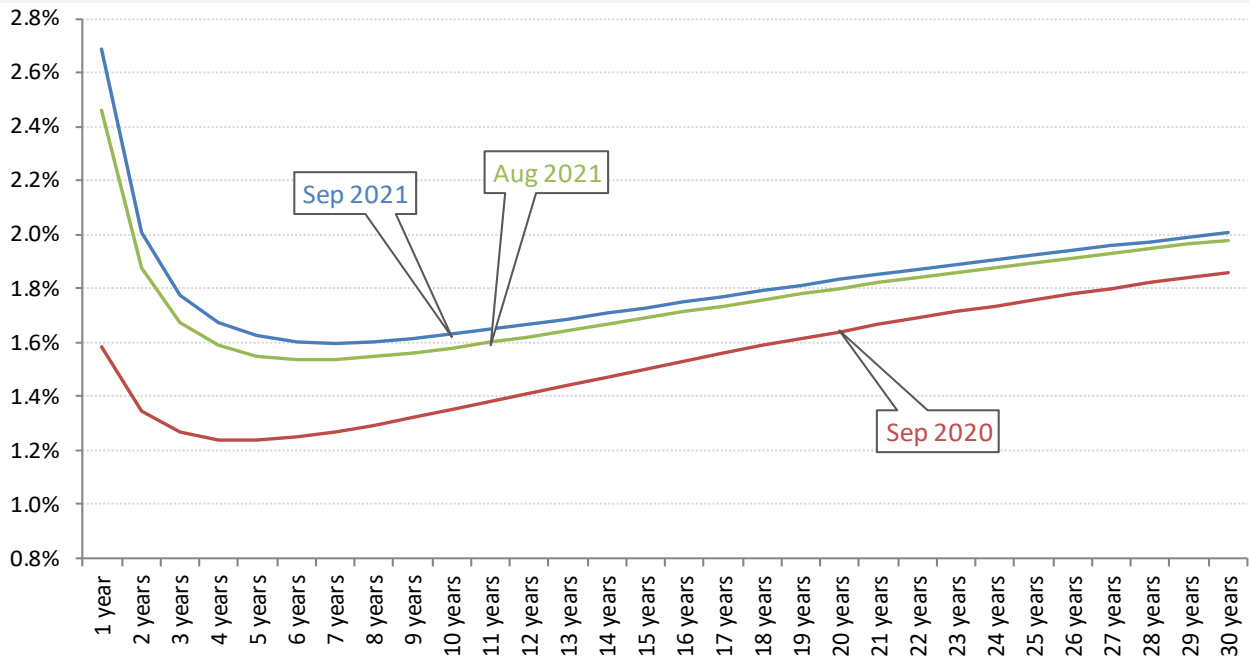
Source: Bureau of Economic Analysis, TrendMacro calculations

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



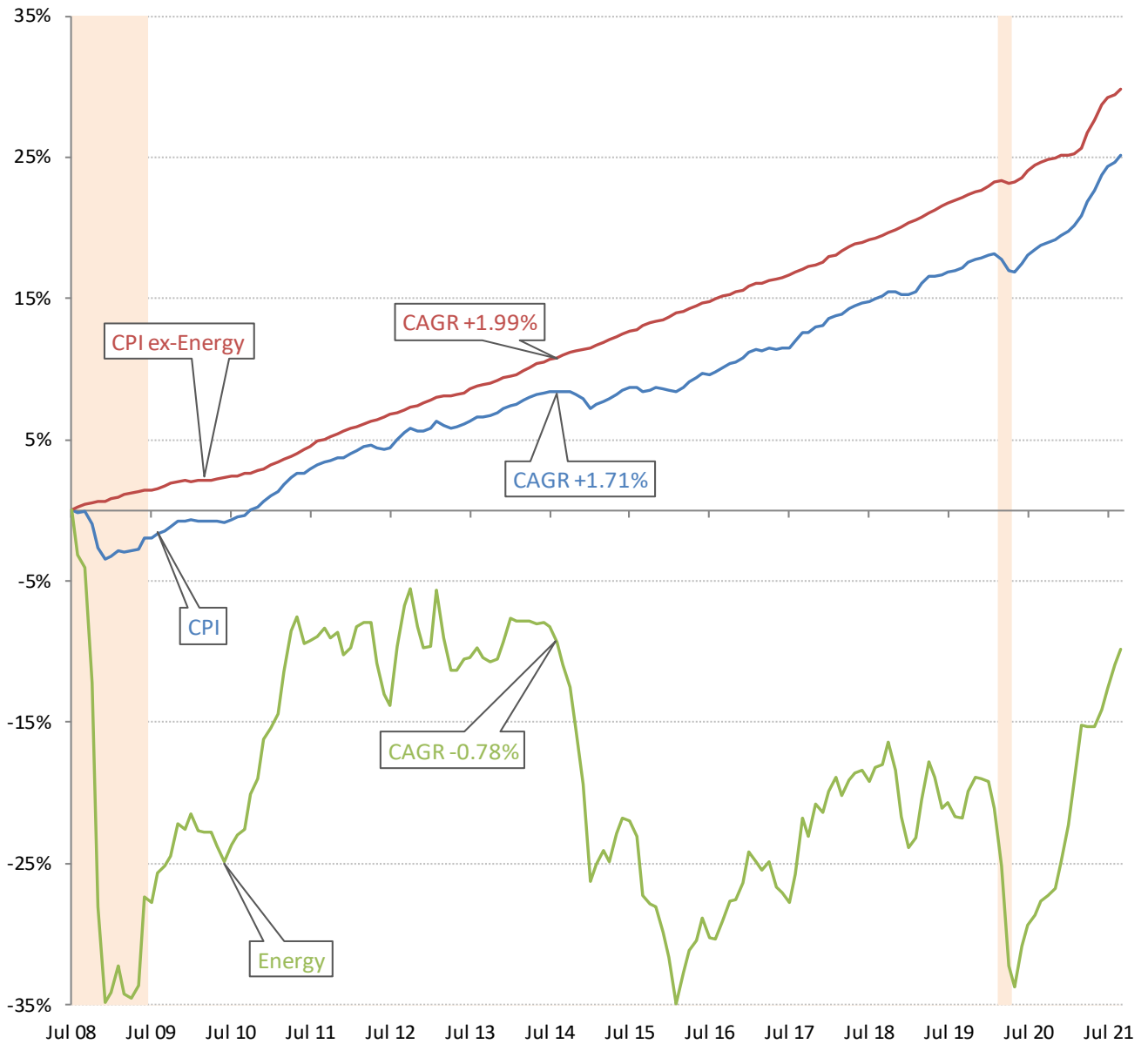
Source: Bloomberg, TrendMacro calculations

Modelled inflation yield curve, per annum — Based on swaps, forecasts and yields



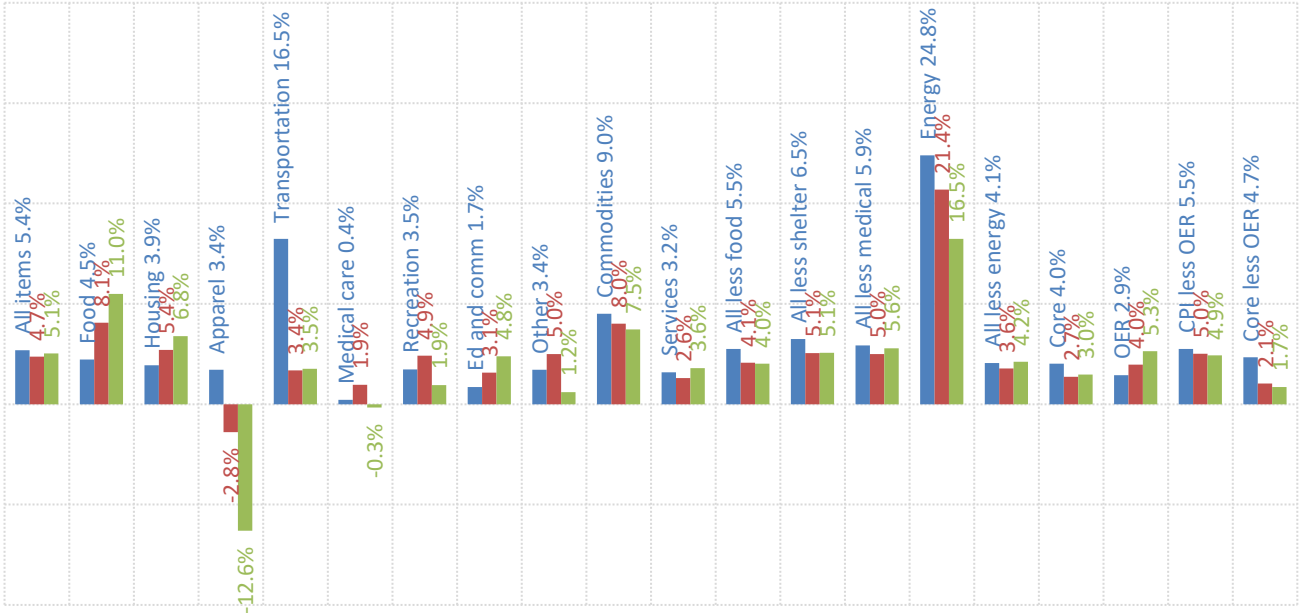
Source: [Cleveland Fed](#), TrendMacro calculations

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 Recession



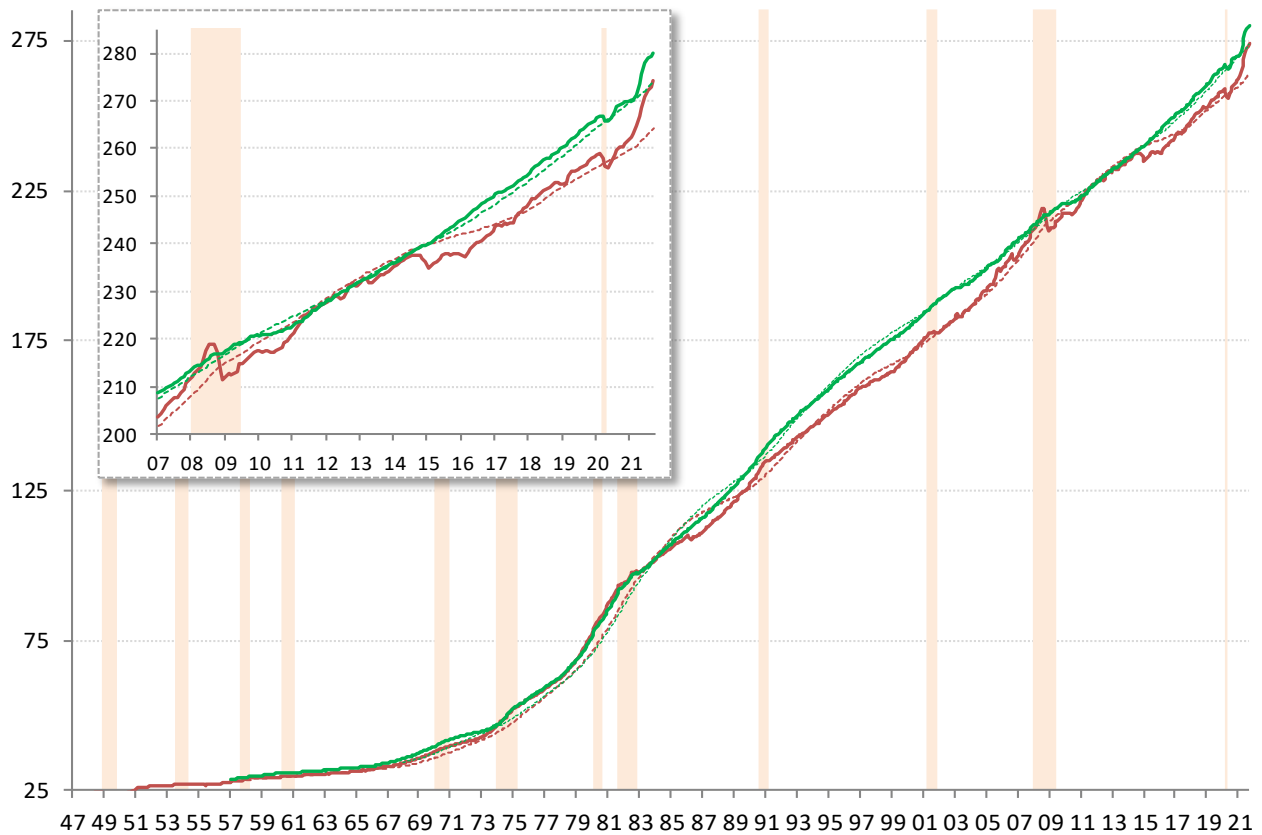
Source: Bloomberg, TrendMacro calculations

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

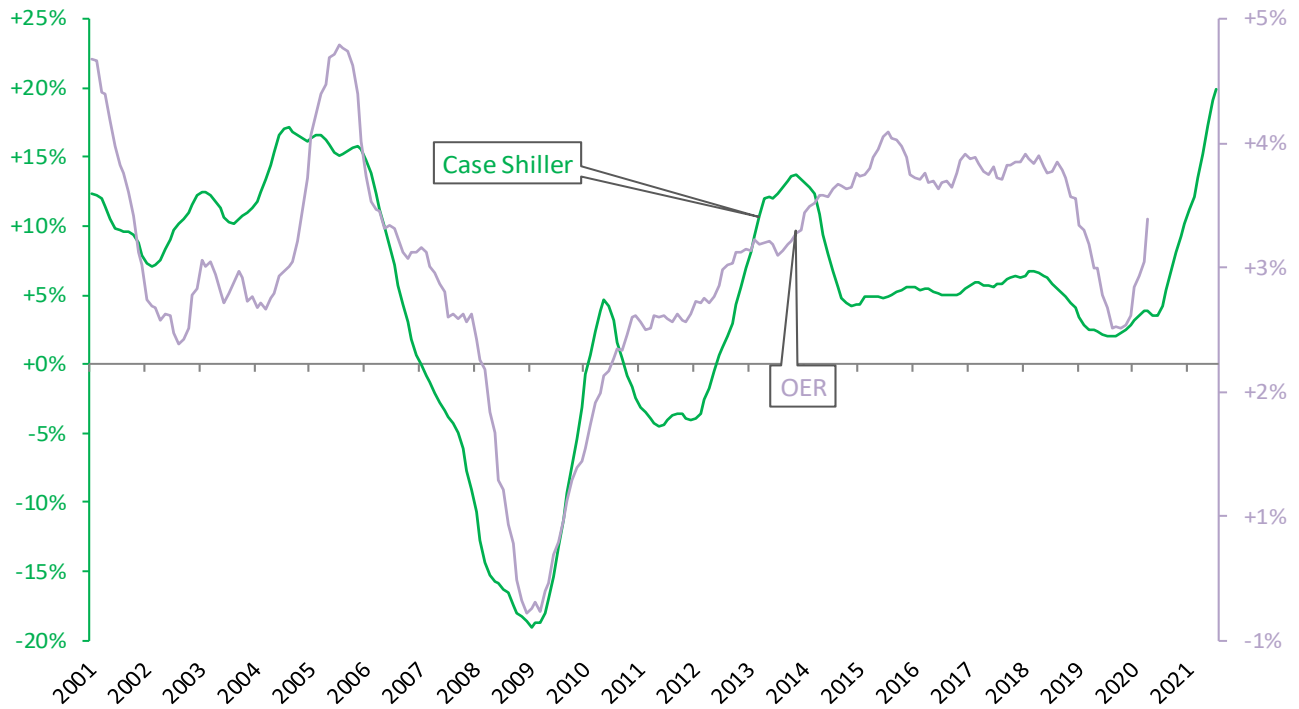


Source: BLS Consumer Price Index, TrendMacro calculations

Housing leads US CPI

Year-over-year change

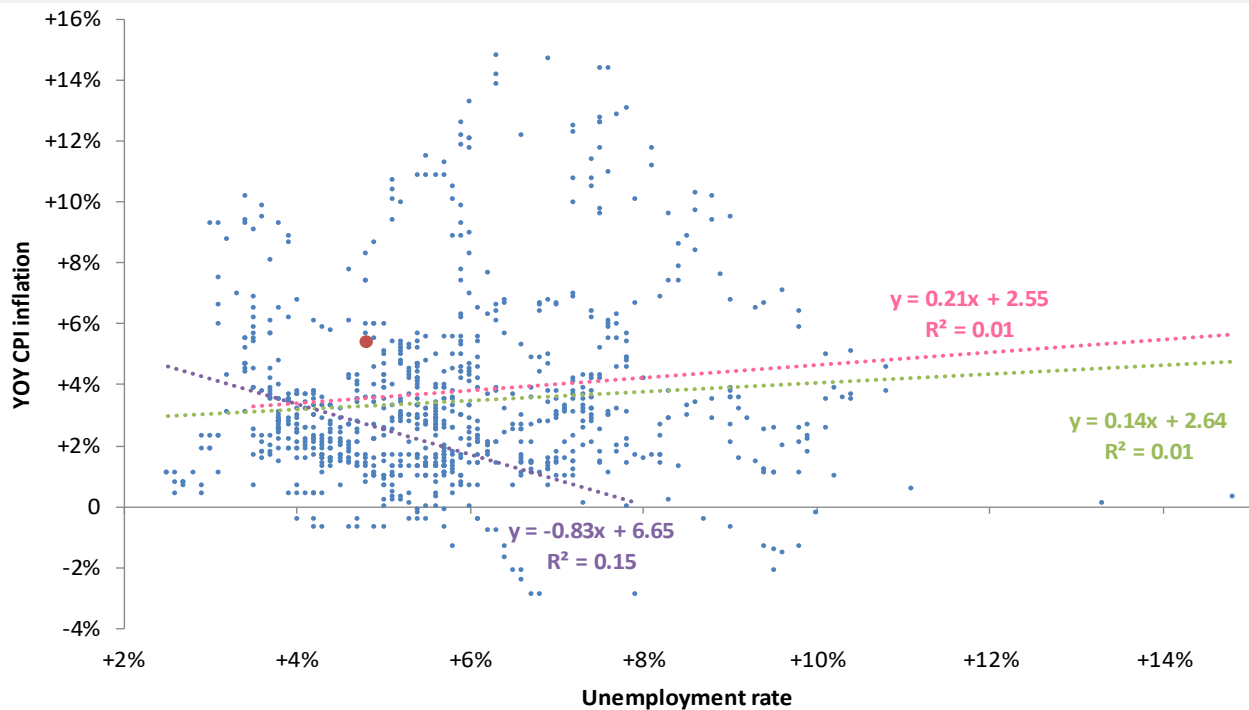
— Case Shiller 20-city avg — Owner's equivalent rent CPI component, 18-mo lag



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

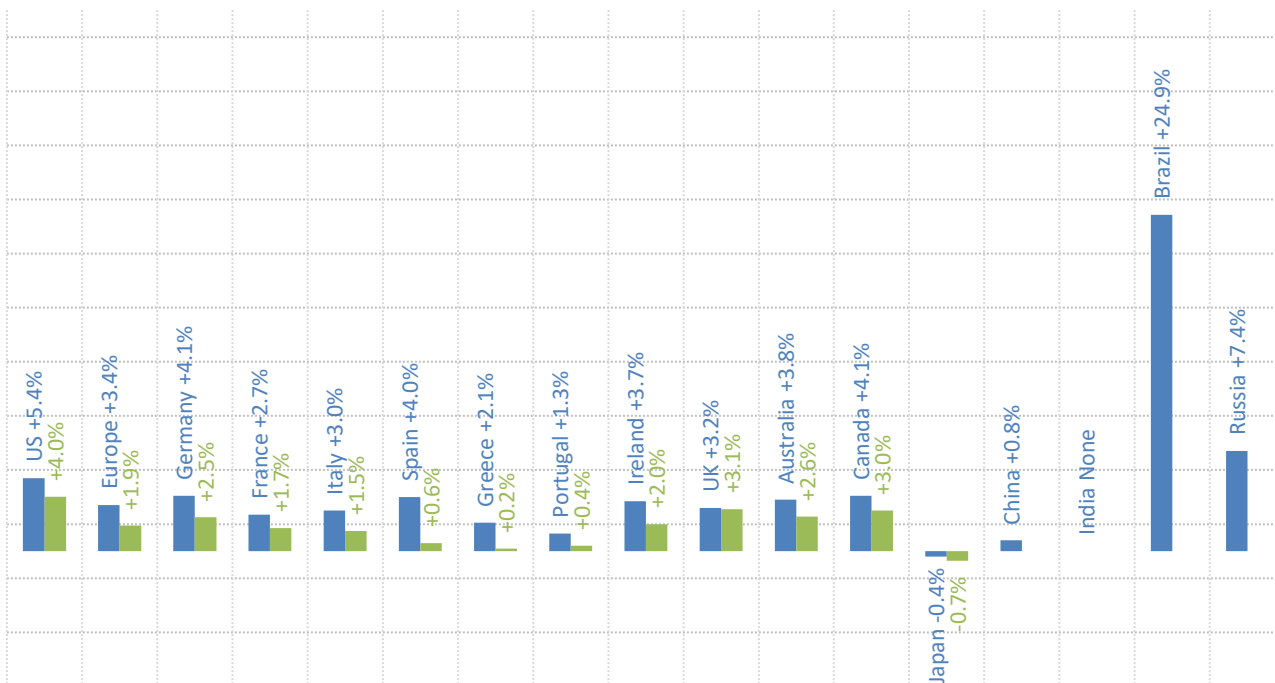
The world is flat: the vanishing Phillips Curve

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



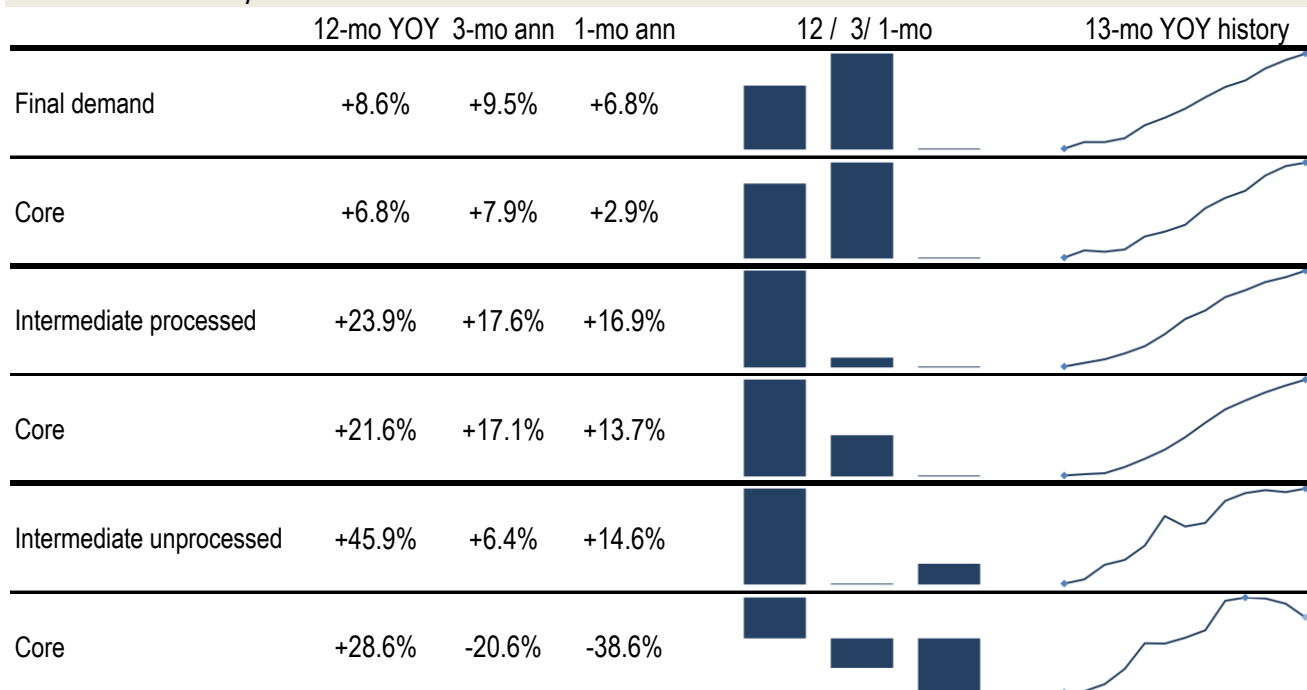
Source: BLS Consumer Price Index, Current Population Survey

Major economies CPI, year on year



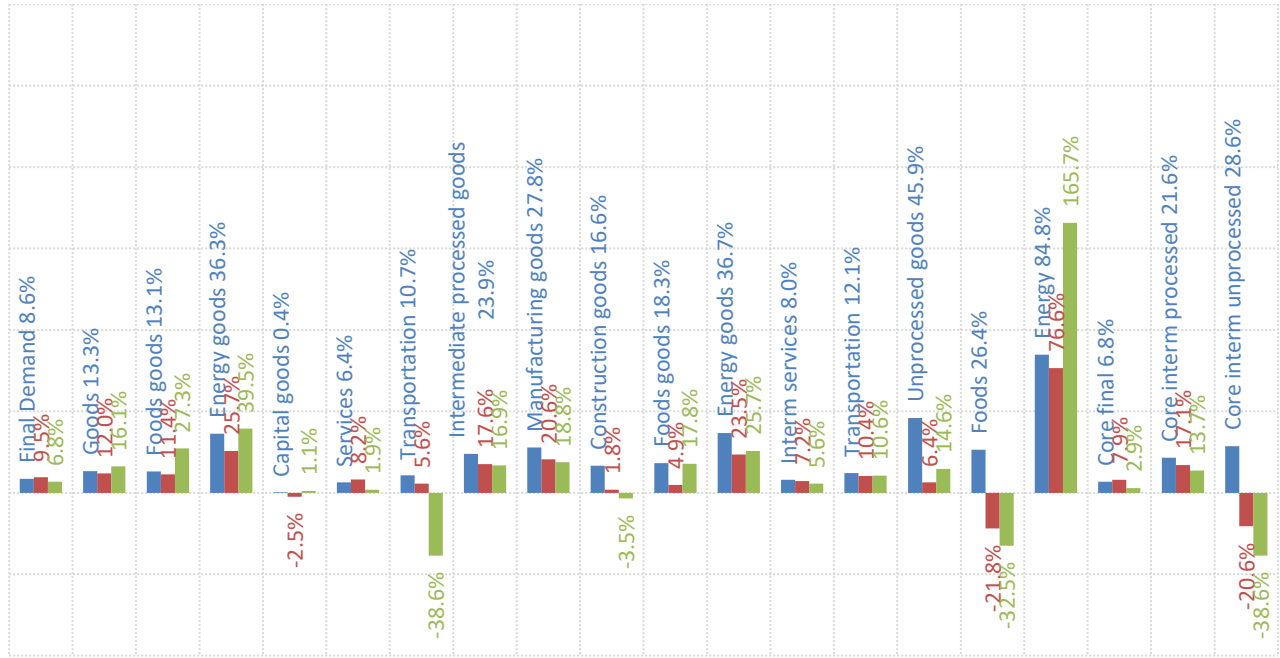
Source: Respective Statistical agencies, TrendMacro calculations

PPI data: what you need to know



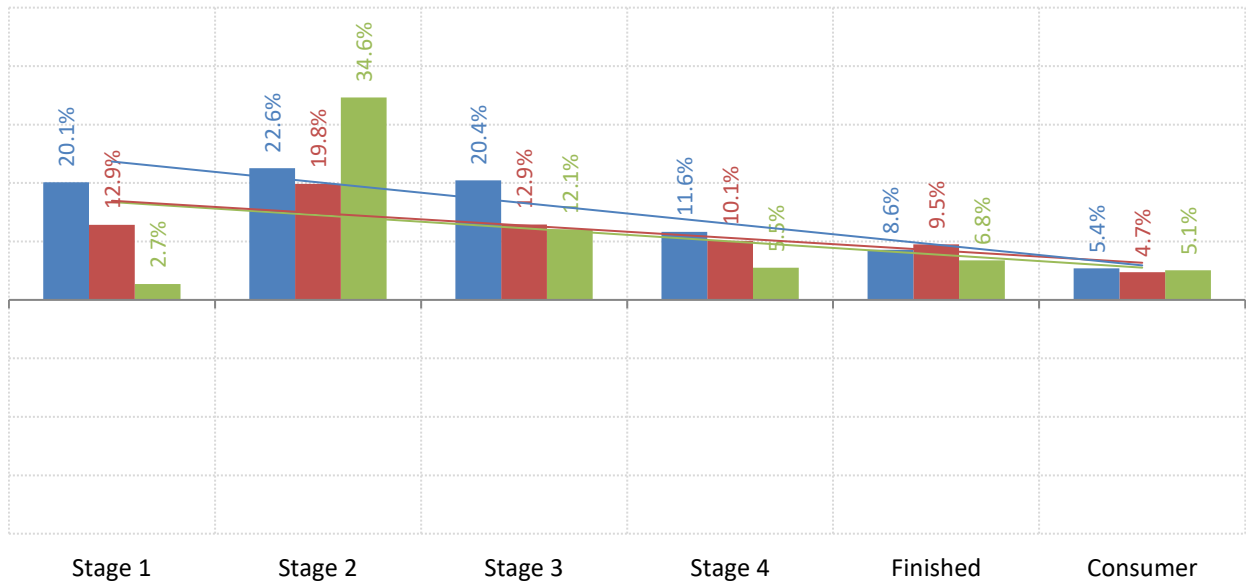
Source: BLS Producer Price Index, TrendMacro calculations

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



Source: BLS Producer Price Index, TrendMacro calculations

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



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