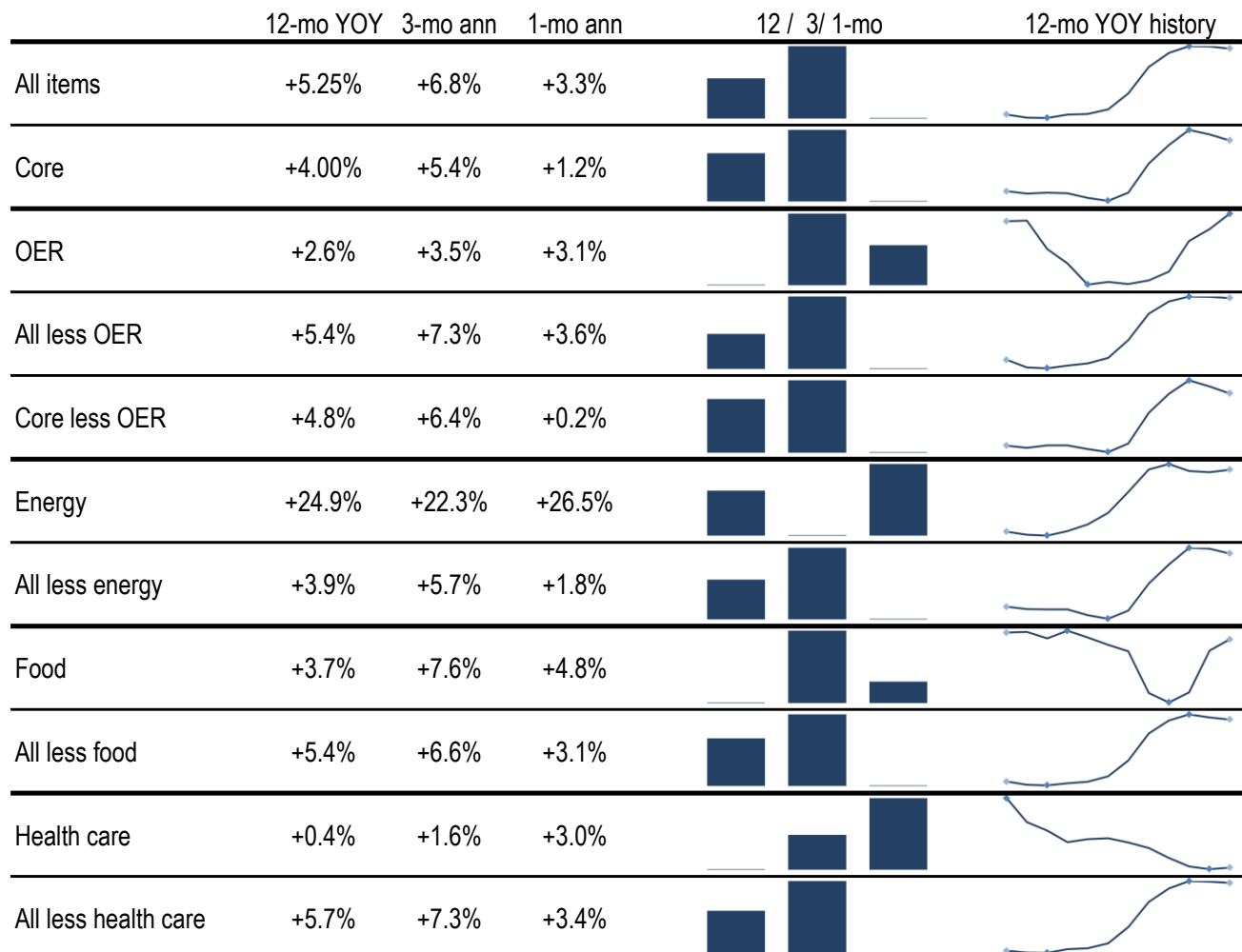


Data Insights: Consumer Price Index, Producer Price Index

Tuesday, September 14, 2021

Today's CPI data: what you need to know



Source: BLS Consumer Price Index, TrendMacro calculations

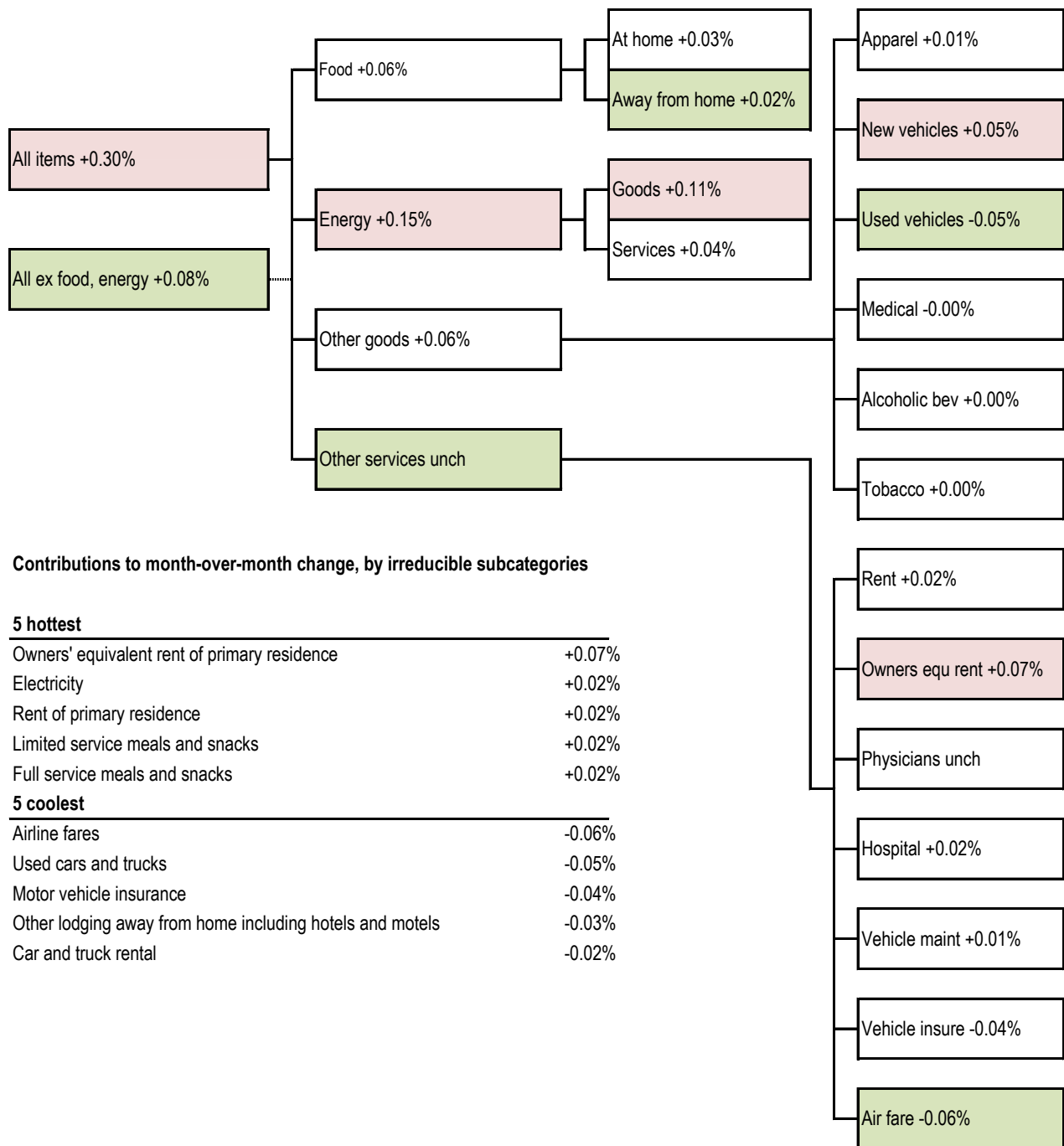
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 Thomas Demas: 704 552 3625 tdemas@trendmacro.com

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

Weighted contribution by subcategory

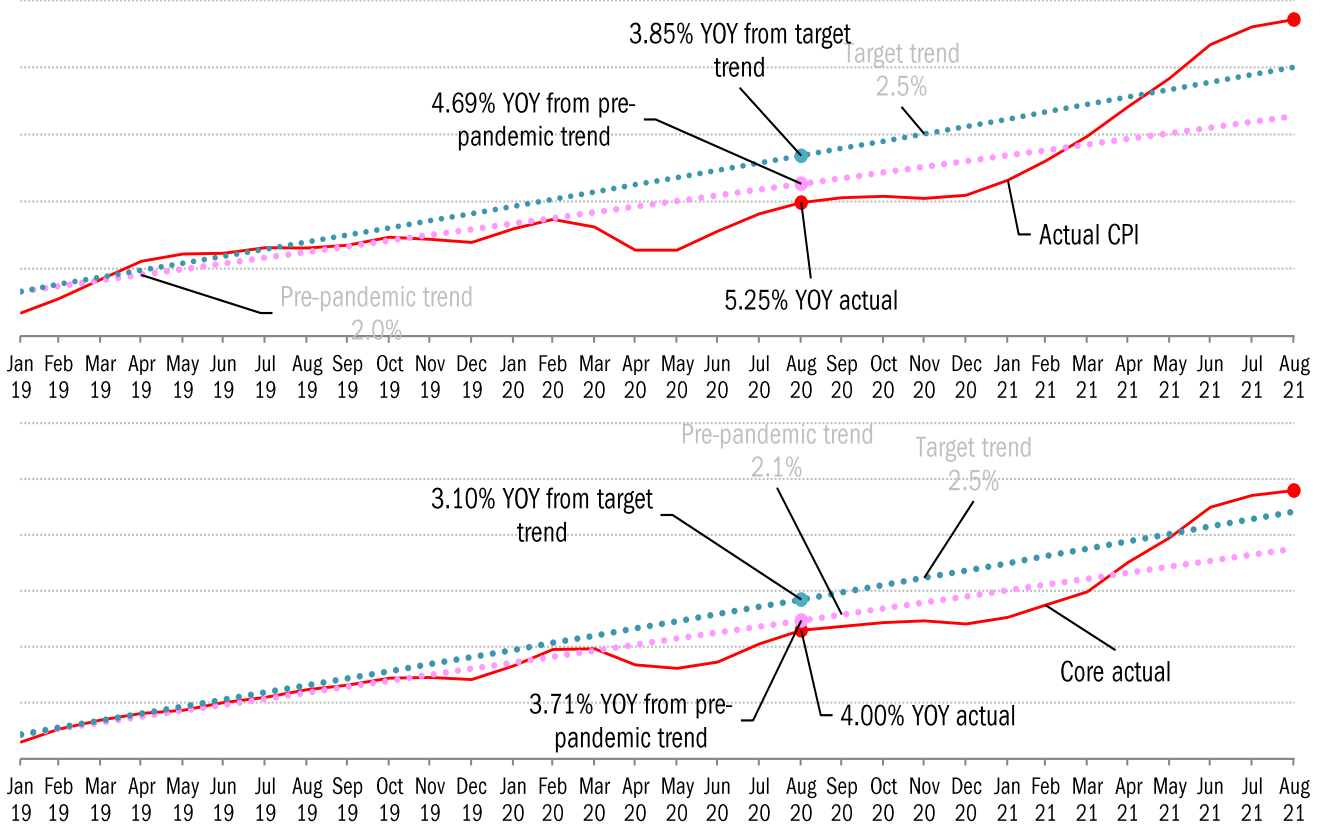
Biggest change per detail-level: ■ positive ■ negative



Source: BLS Consumer Price Index, TrendMacro calculations

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

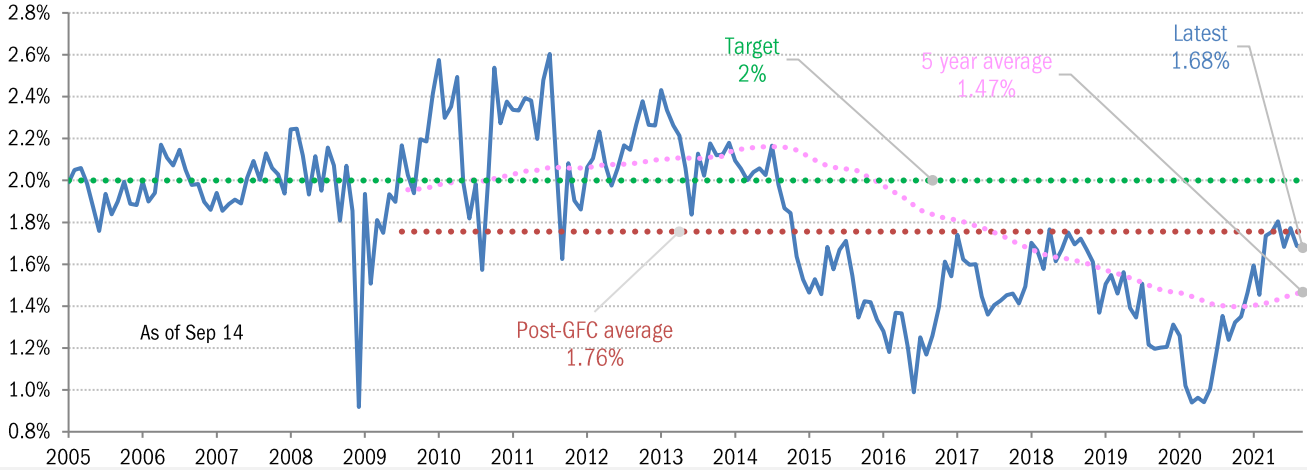
This month’s data in context with the pre-pandemic and ideal 12-month trends



Source: Bureau of Labor Statistics, TrendMacro calculations

Unhinged? Or too hinged?

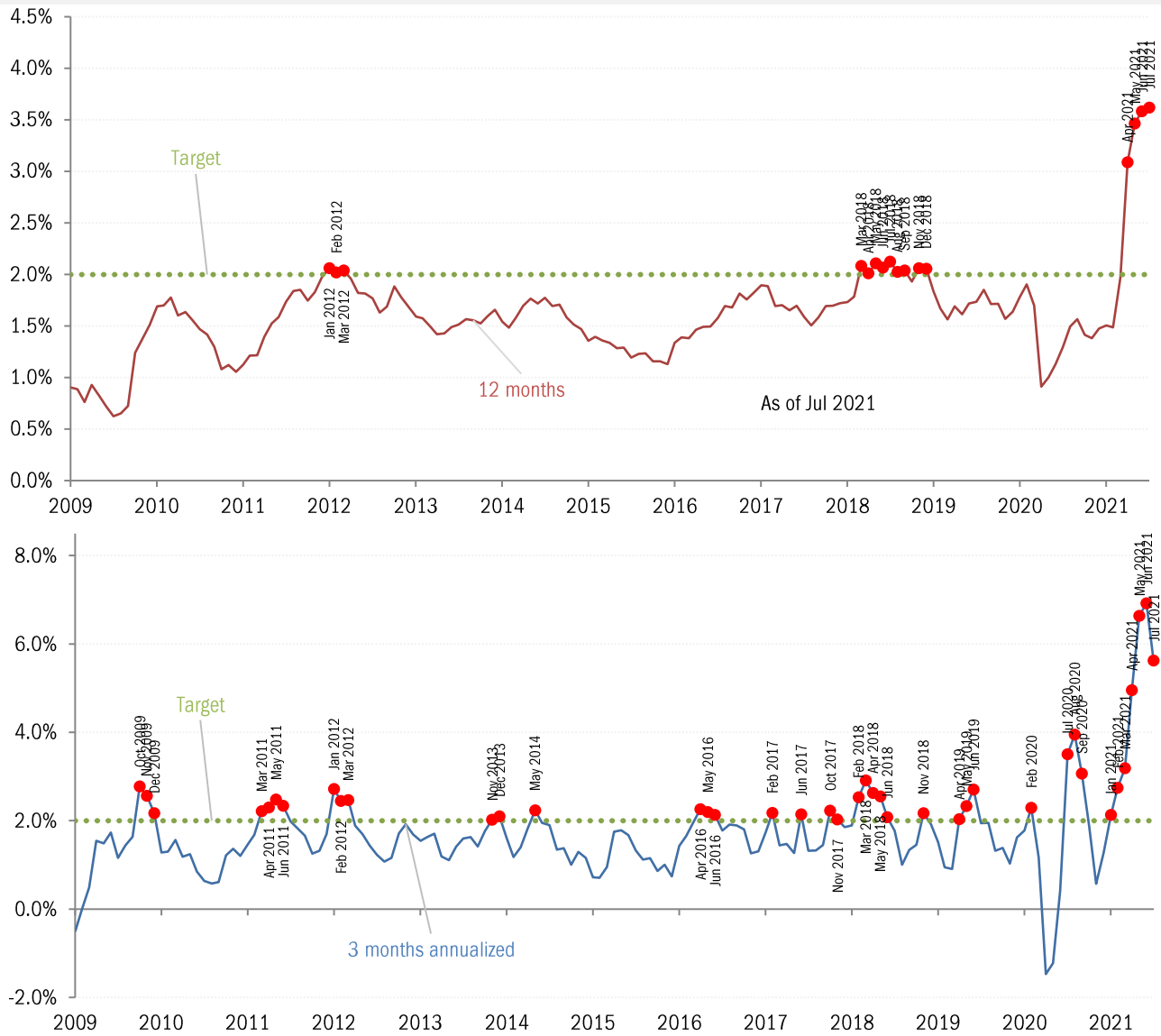
5-year 5-year-forward TIPS breakeven, adjusted 50 bp down to PCE equivalent



Source: Bloomberg, TrendMacro calculations

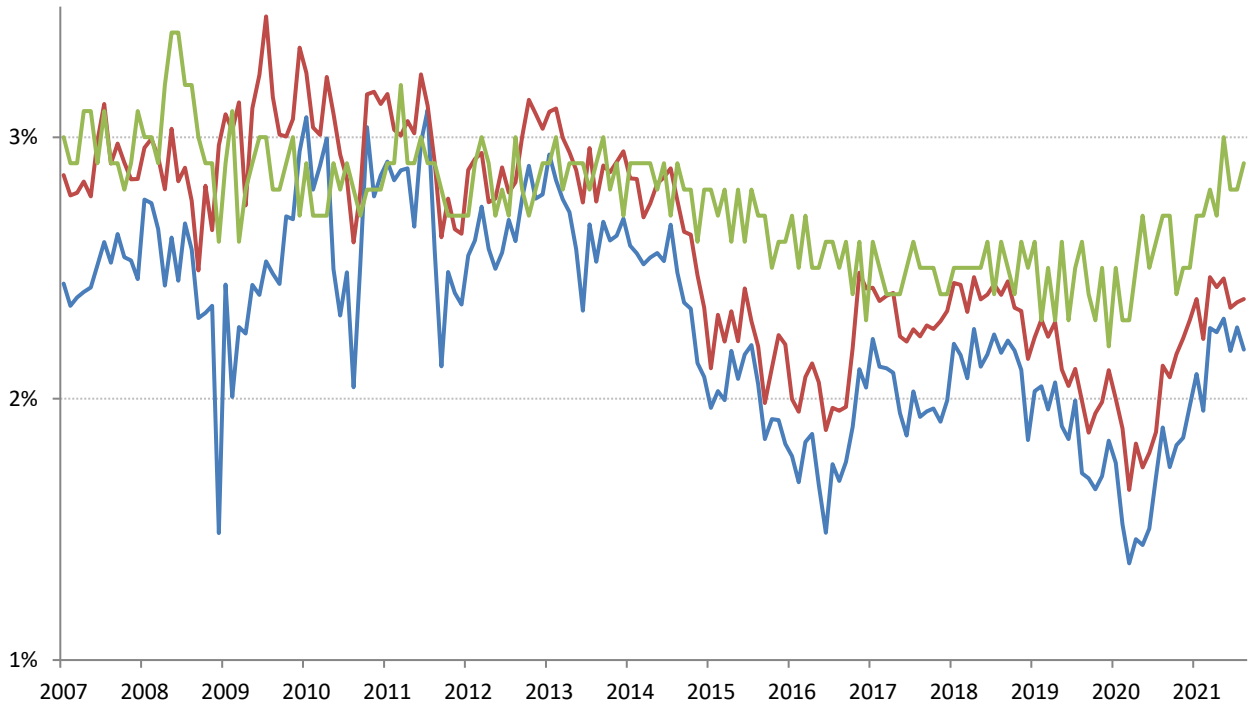
The Fed-eye view of inflation (or lack thereof)

Core PCE Price Index



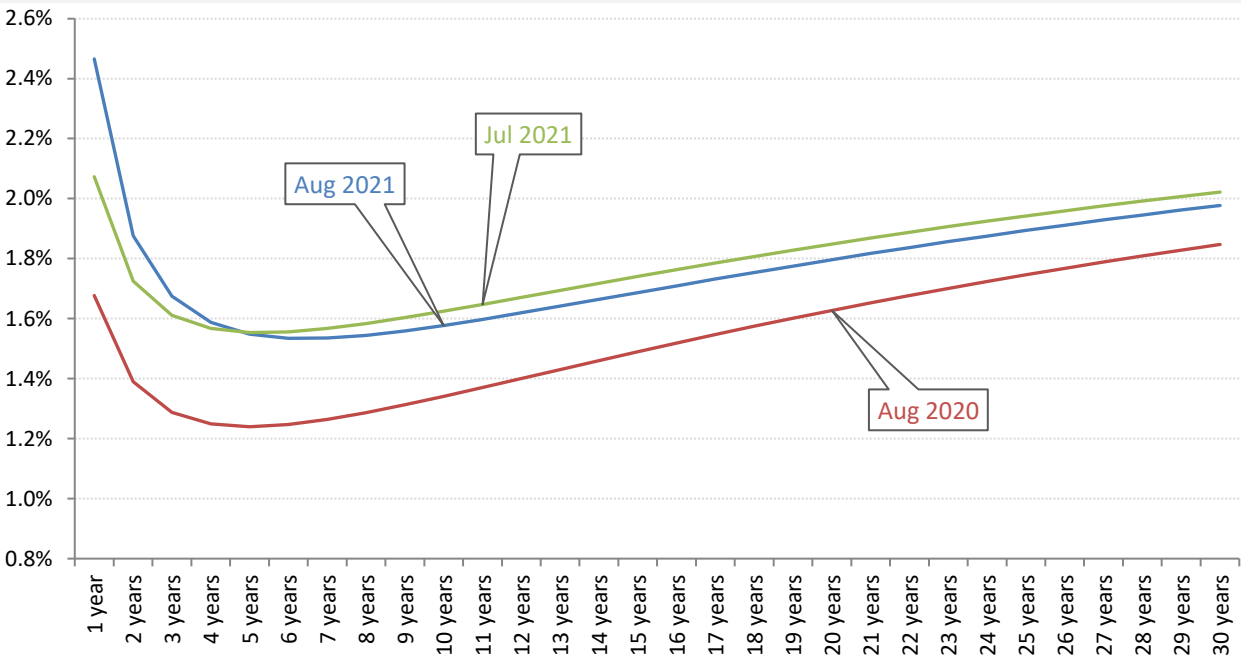
Source: Bureau of Economic Analysis, TrendMacro calculations

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



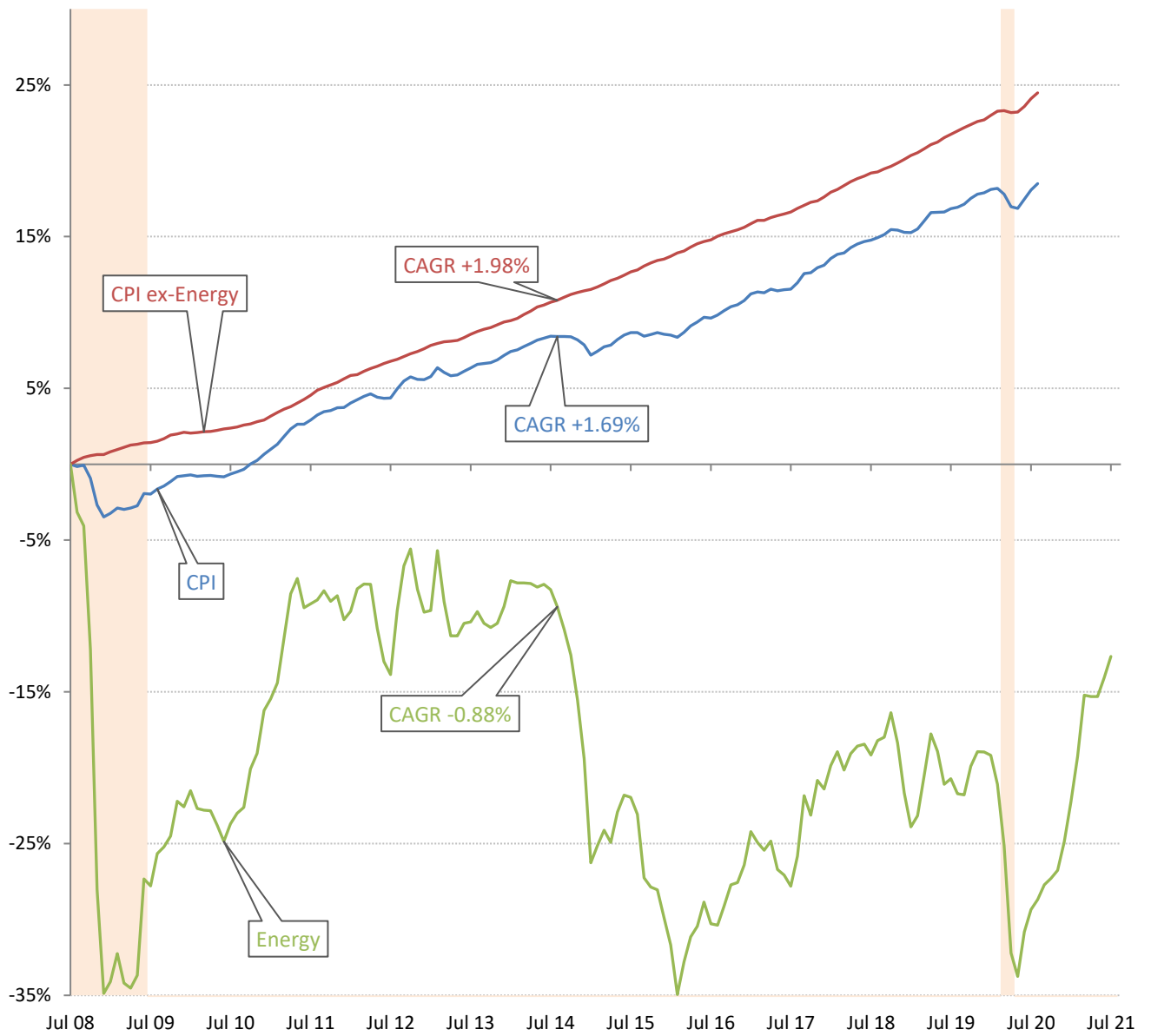
Source: Bloomberg, TrendMacro calculations

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



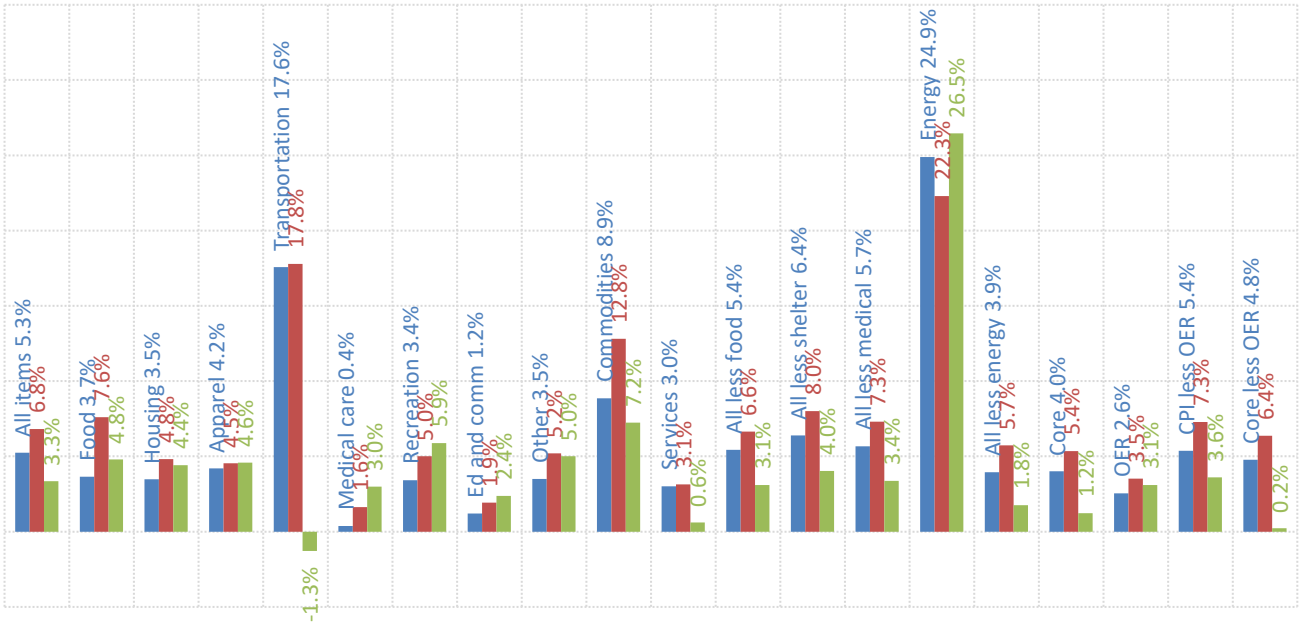
Source: [Cleveland Fed](#), TrendMacro calculations

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



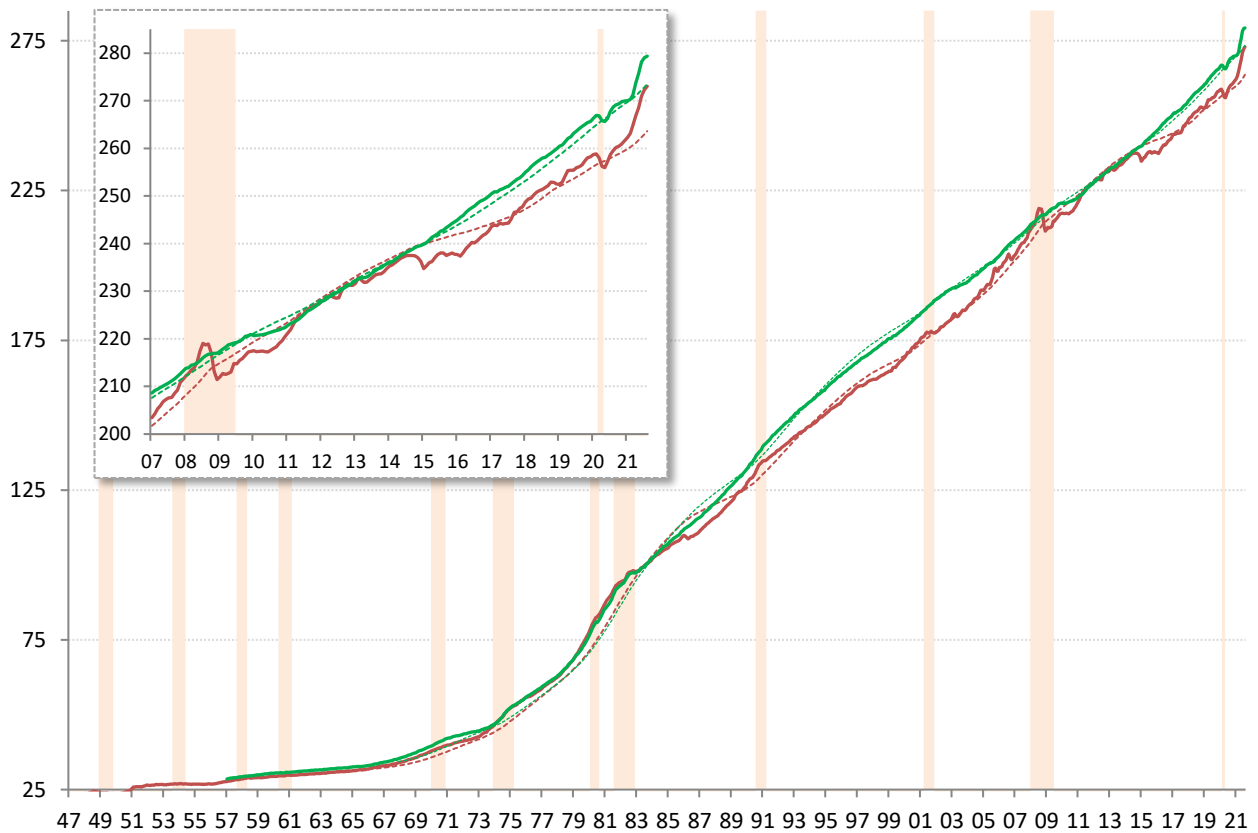
Source: Bloomberg, TrendMacro calculations

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

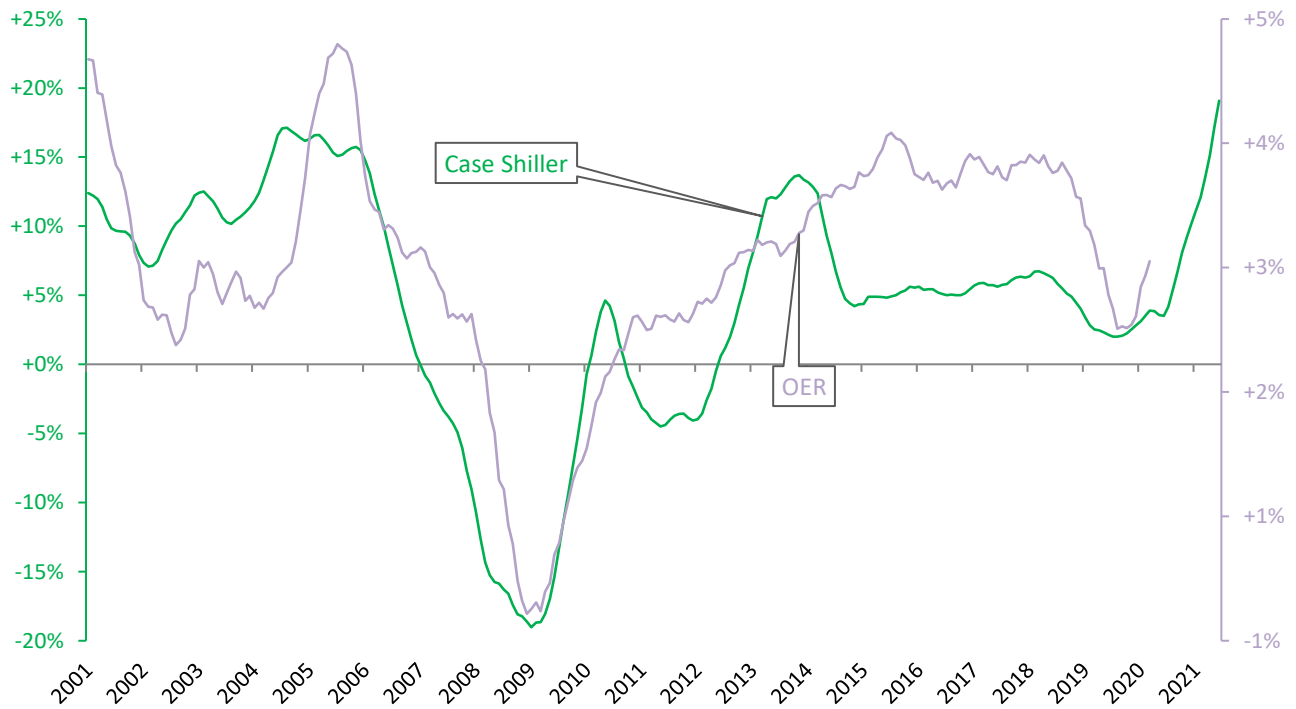


Source: BLS Consumer Price Index, TrendMacro calculations

Housing leads US CPI

Year-over-year change

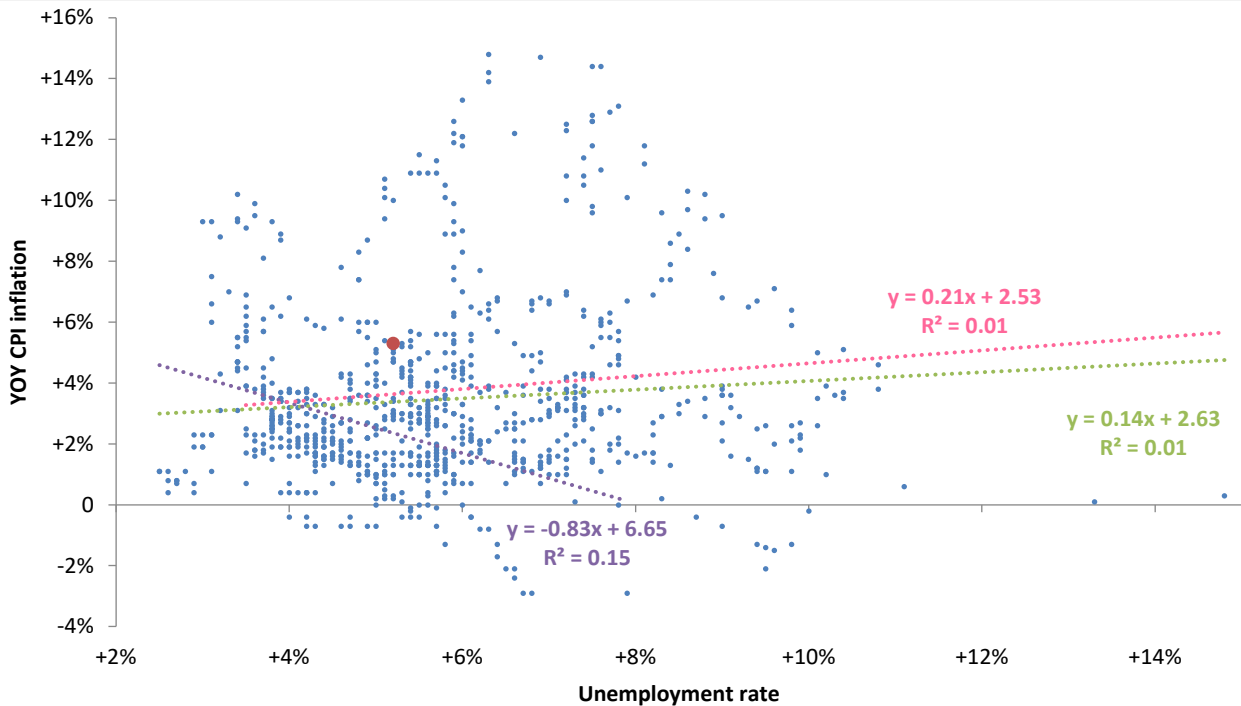
— Case Shiller 20-city avg — Owner's equivalent rent CPI component, 18-mo lag



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

The world is flat: the vanishing Phillips Curve

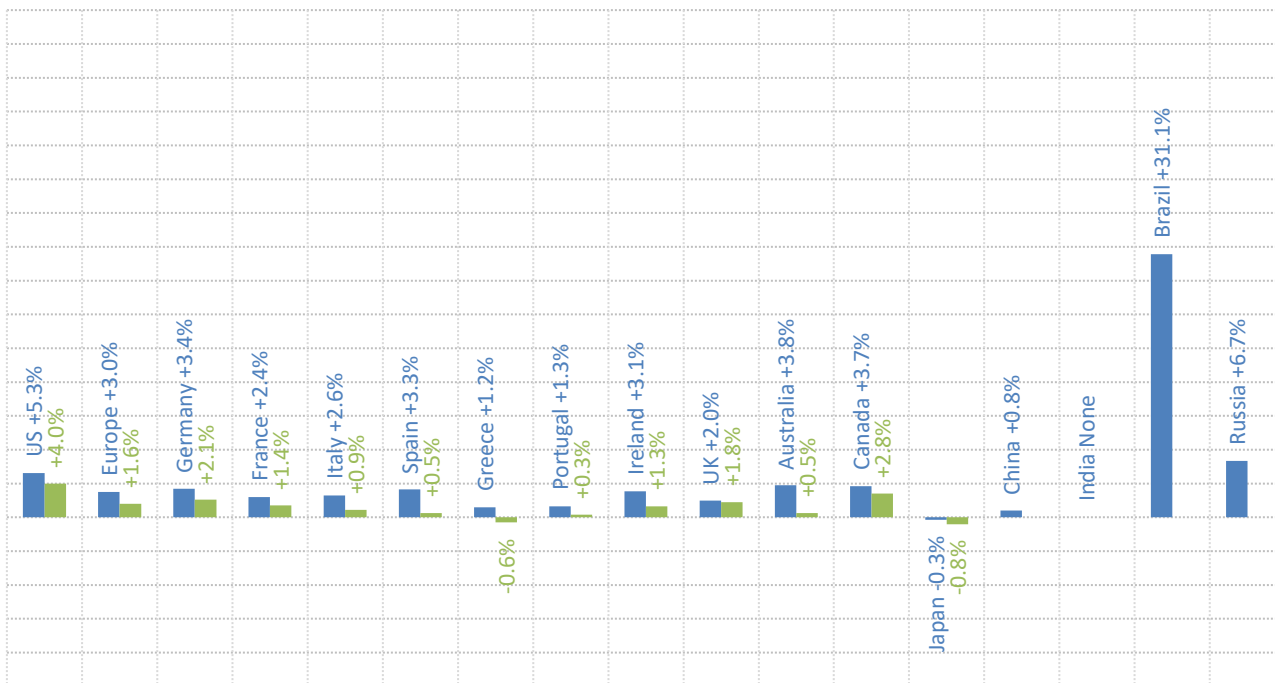
● Latest Linear trend: — Pre-74 — Post-74 — All



Source: BLS Consumer Price Index, Current Population Survey

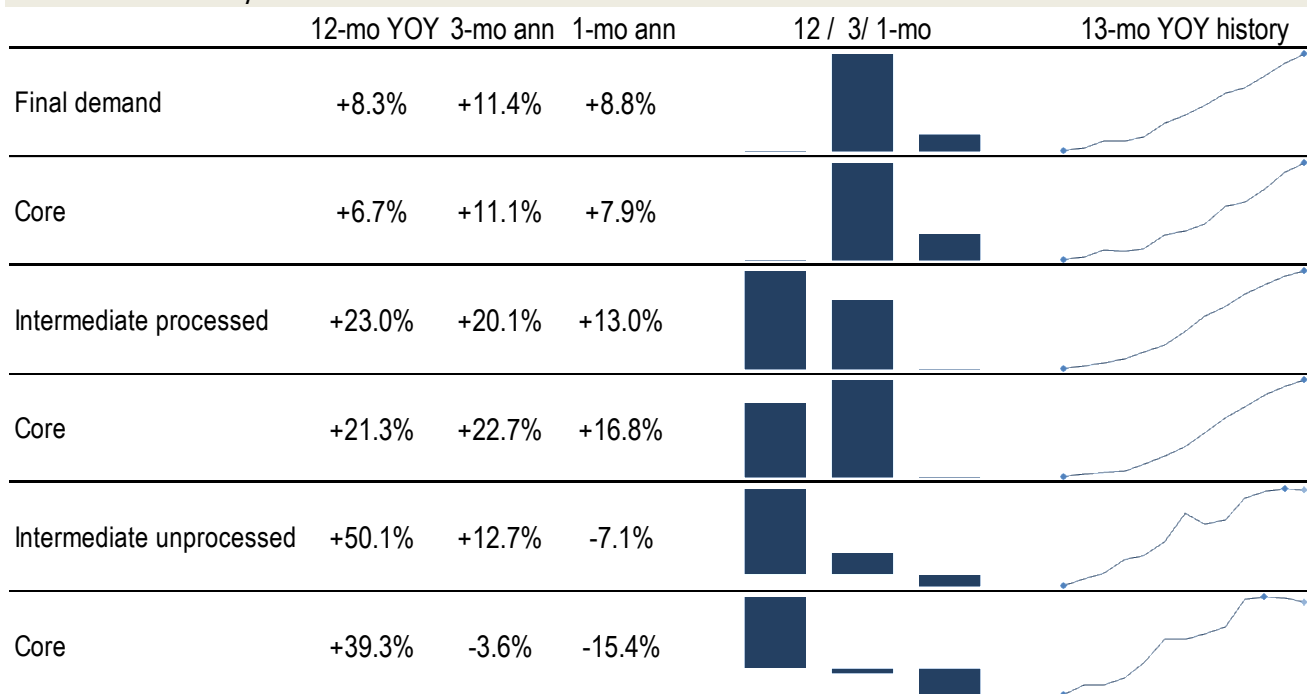
Major economies CPI, year on year

■ Headline ■ Ex-food and energy



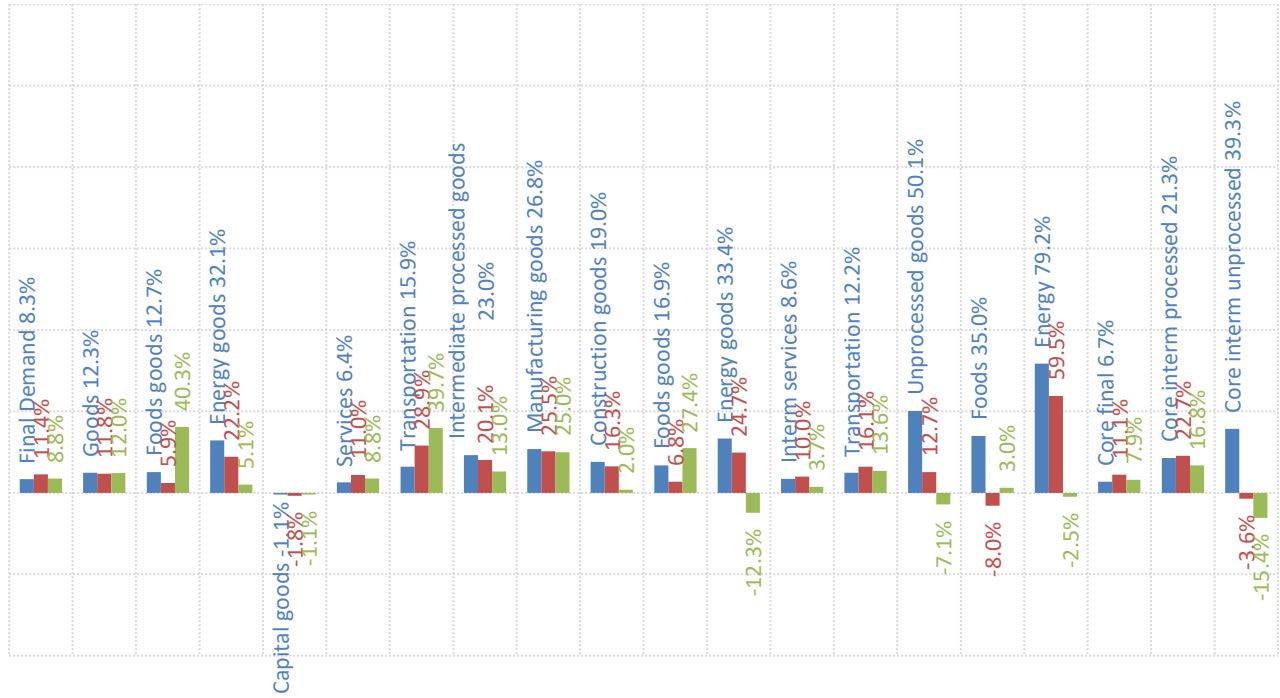
Source: Respective Statistical agencies, TrendMacro calculations

PPI data: what you need to know



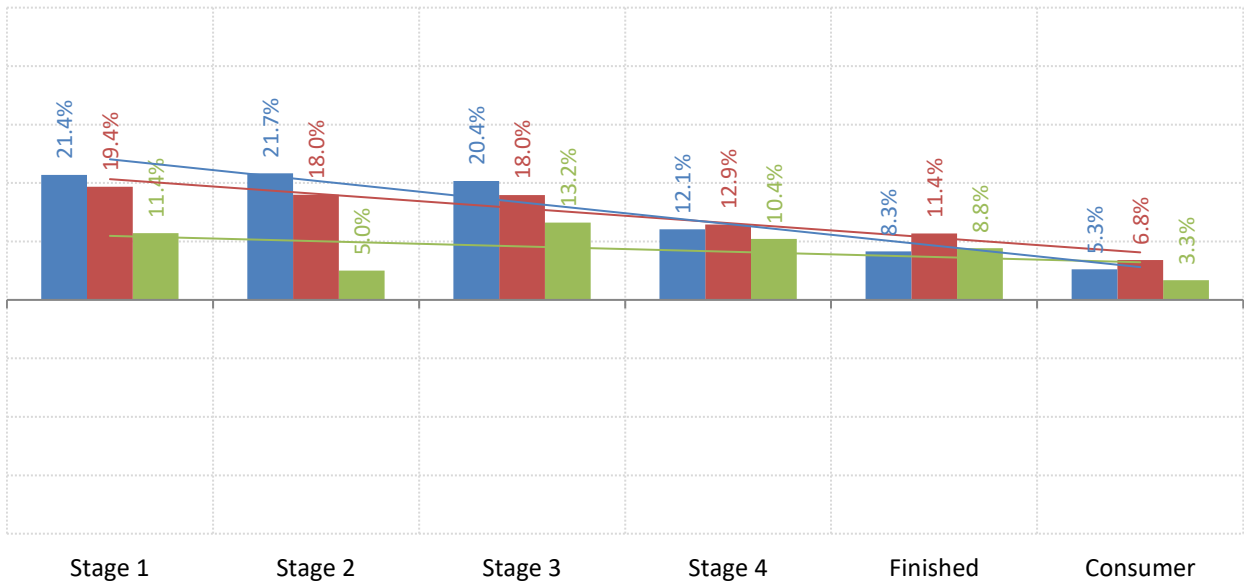
Source: BLS Producer Price Index, TrendMacro calculations

PPI inflation by sector (SAAR) ■ 12-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