

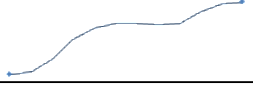


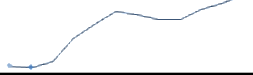


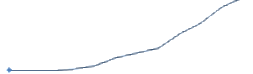



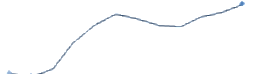










Data Insights: Consumer Price Index, Producer Price Index

Wednesday, January 12, 2022

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	+7.04%	+9.1%	+5.8%				
Core	+5.45%	+6.9%	+6.8%				
OER	+3.8%	+5.2%	+4.9%				
All less OER	+7.6%	+9.9%	+5.9%				
Core less OER	+6.4%	+7.9%	+7.9%				
Energy	+29.6%	+35.9%	-4.6%				
All less energy	+5.6%	+7.2%	+6.7%				
Food	+6.0%	+8.3%	+6.1%				
All less food	+7.3%	+9.2%	+5.7%				
Health care	+2.2%	+4.1%	+3.5%				
All less health care	+7.6%	+9.6%	+6.0%				

Source: BLS Consumer Price Index, TrendMacro calculations

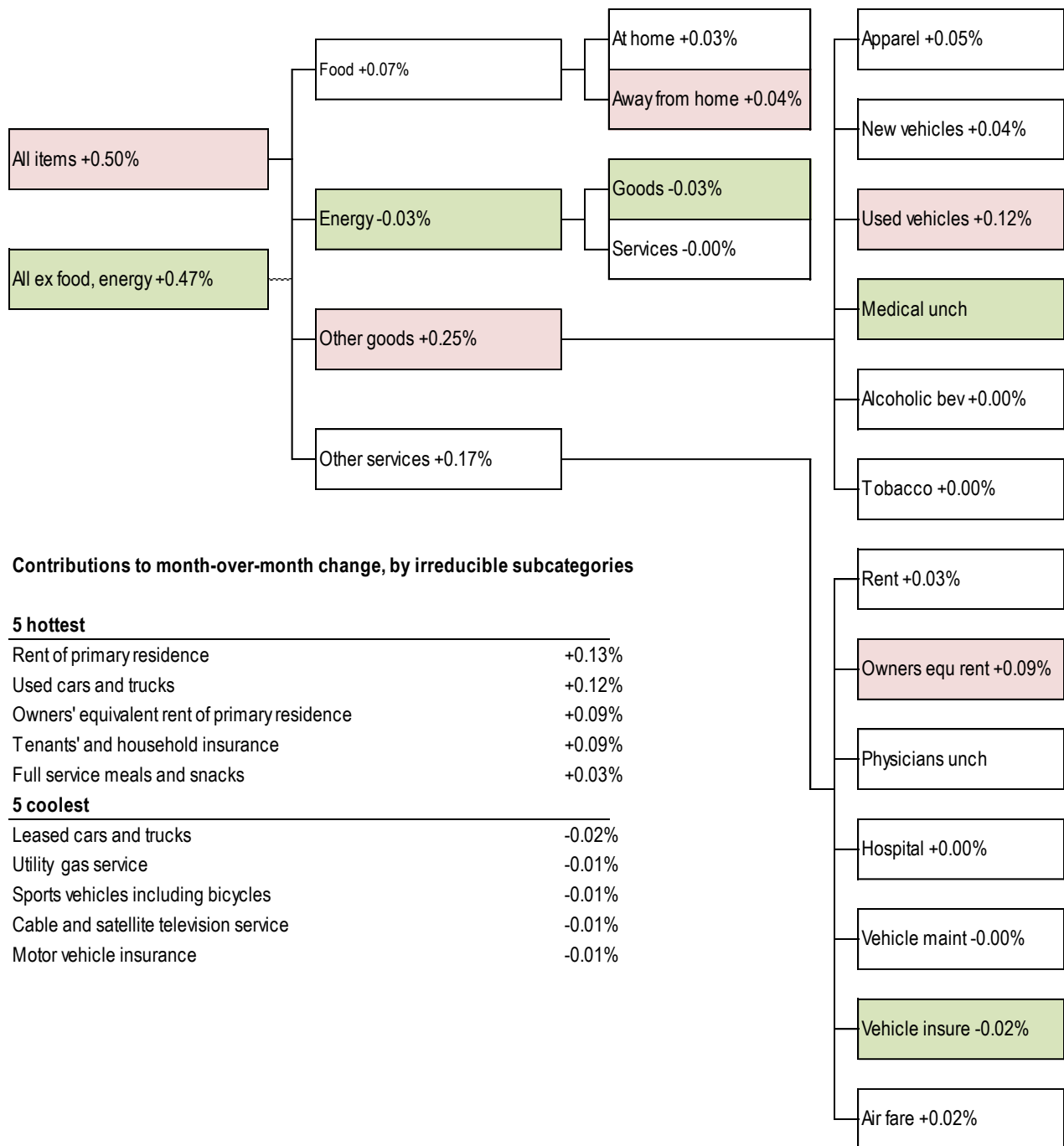
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Deconstructing today's CPI data: what explains this month's inflation?

Weighted contribution by subcategory

Biggest change per detail-level: ■ positive ■ negative



Contributions to month-over-month change, by irreducible subcategories

5 hottest

Rent of primary residence	+0.13%
Used cars and trucks	+0.12%
Owners' equivalent rent of primary residence	+0.09%
Tenants' and household insurance	+0.09%
Full service meals and snacks	+0.03%

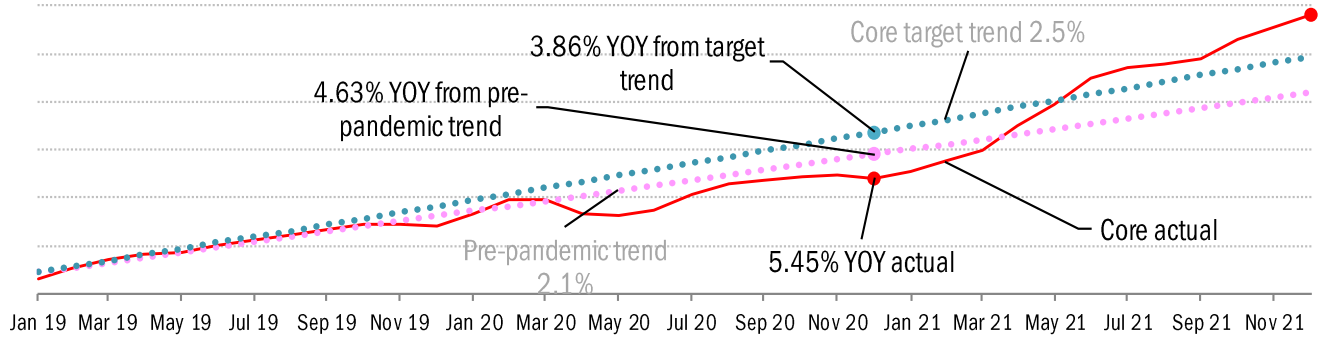
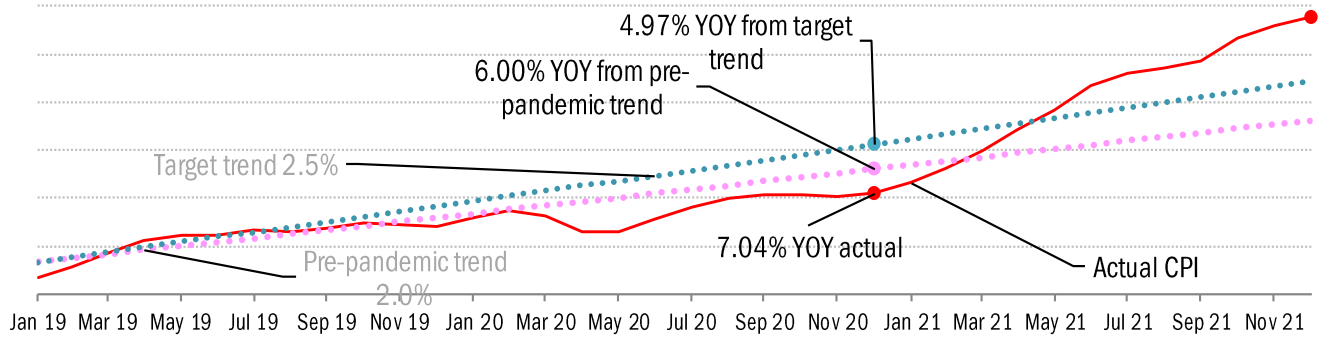
5 coolest

Leased cars and trucks	-0.02%
Utility gas service	-0.01%
Sports vehicles including bicycles	-0.01%
Cable and satellite television service	-0.01%
Motor vehicle insurance	-0.01%

Source: BLS Consumer Price Index, TrendMacro calculations

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

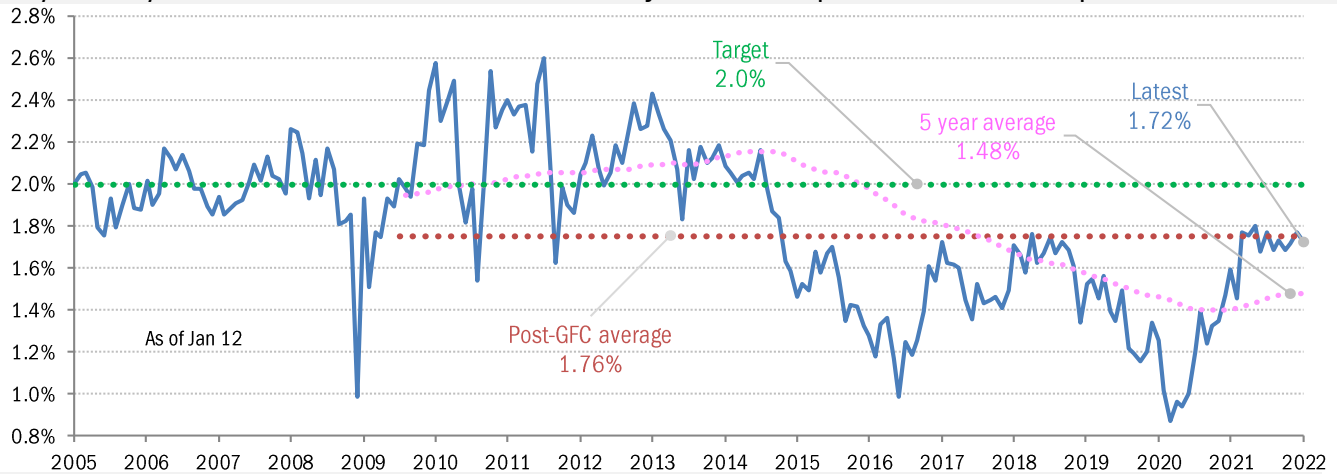
This month’s data in context with the pre-pandemic and ideal 12-month trends



Source: Bureau of Labor Statistics, TrendMacro calculations

Unhinged? Or too hinged?

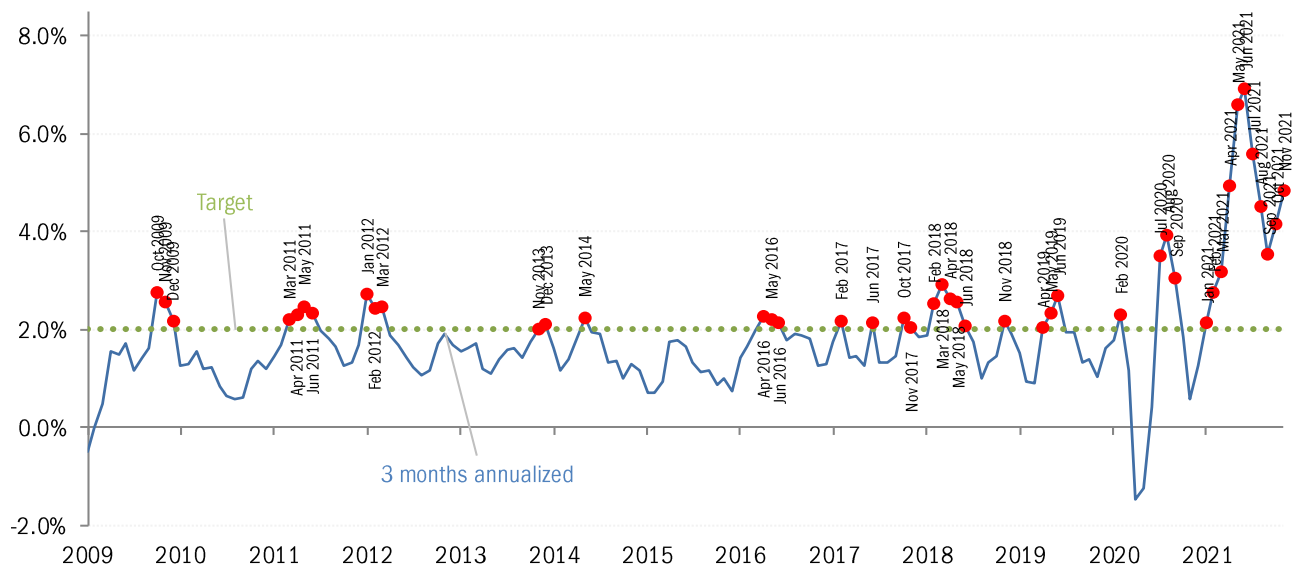
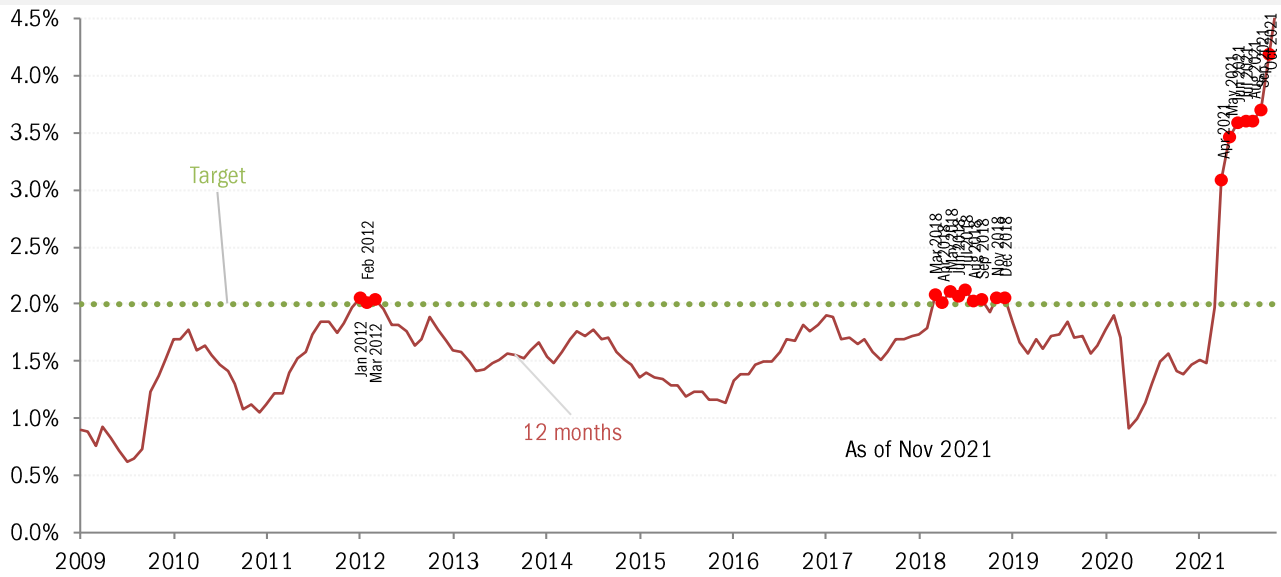
5-year 5-year-forward TIPS breakeven, adjusted 50 bp down to PCE equivalent



Source: Bloomberg, TrendMacro calculations

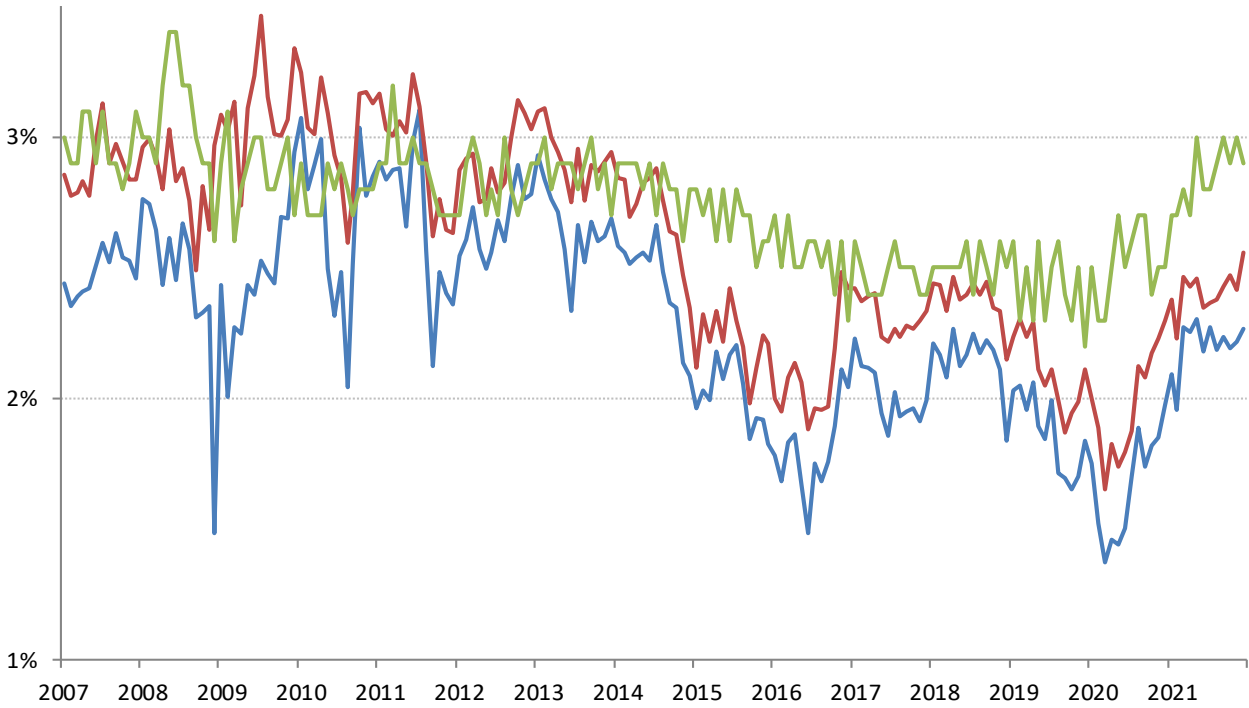
The Fed-eye view of inflation (or lack thereof)

Core PCE Price Index



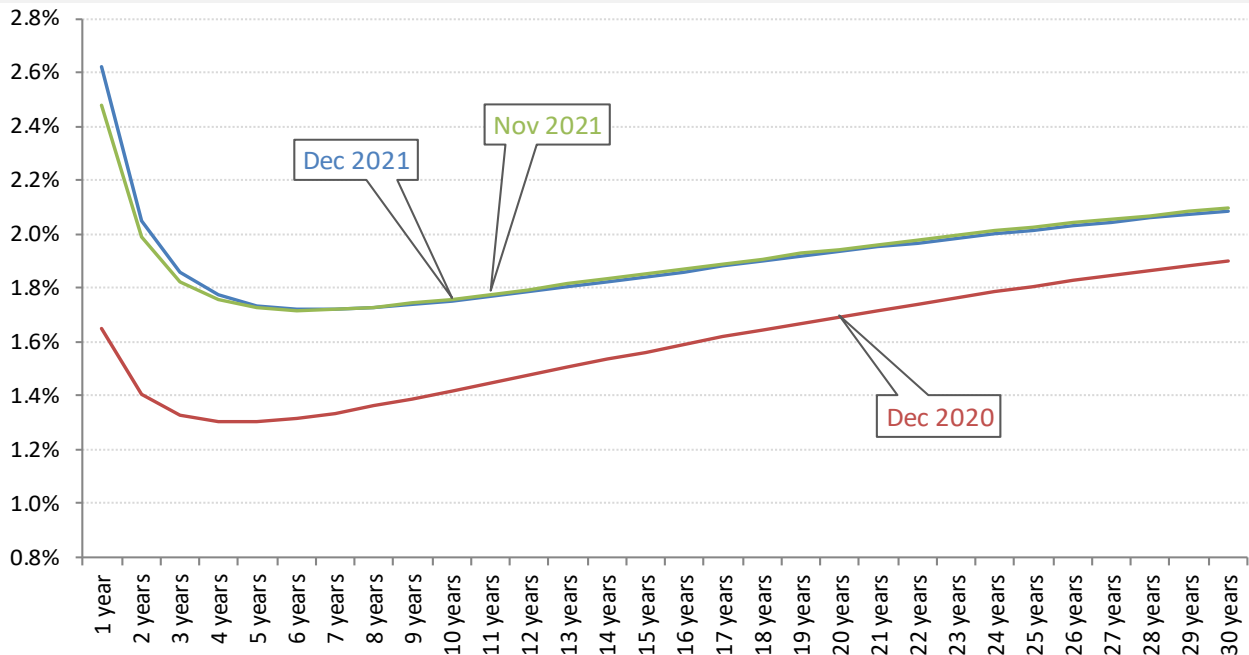
Source: Bureau of Economic Analysis, TrendMacro calculations

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



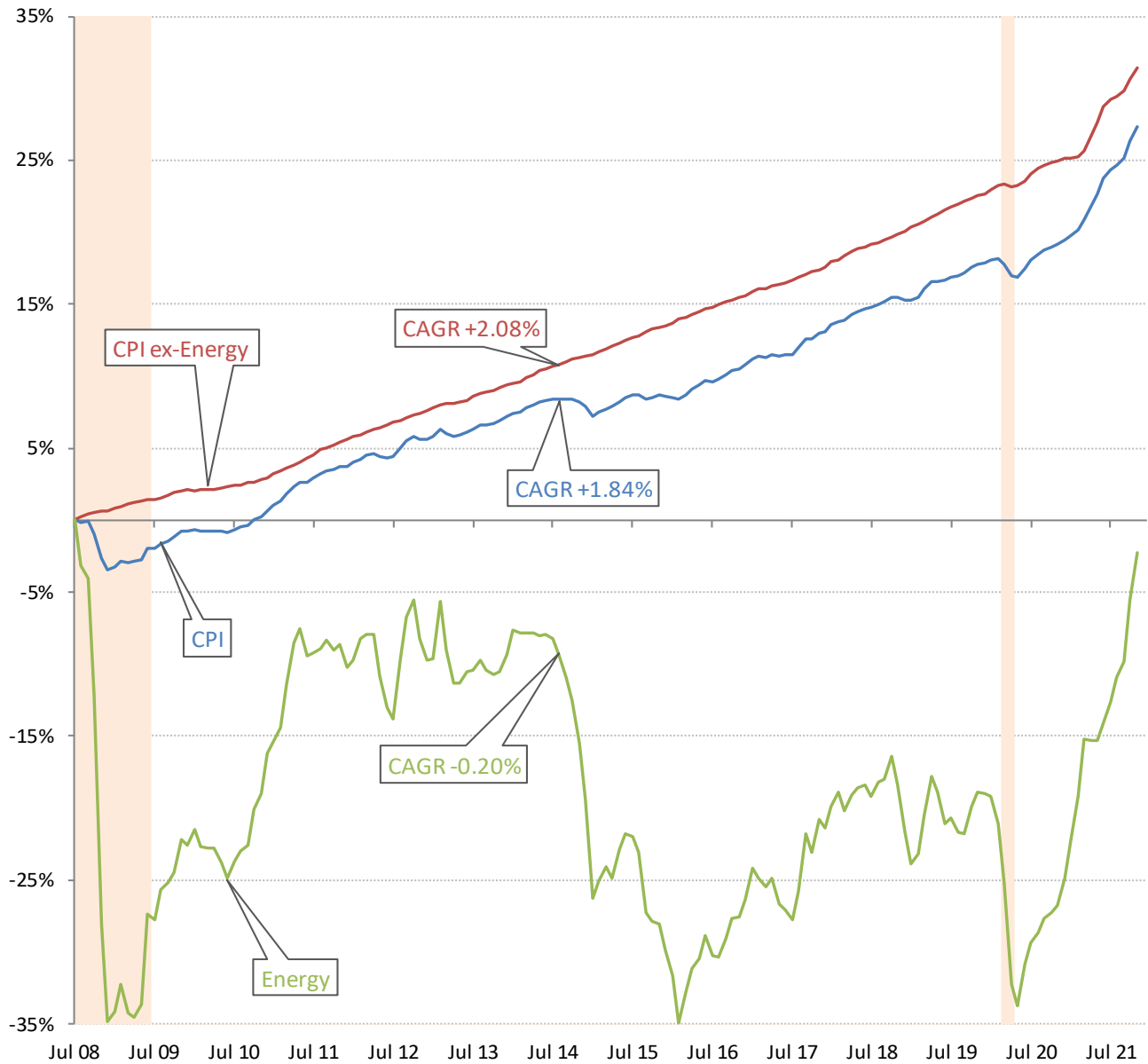
Source: Bloomberg, TrendMacro calculations

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



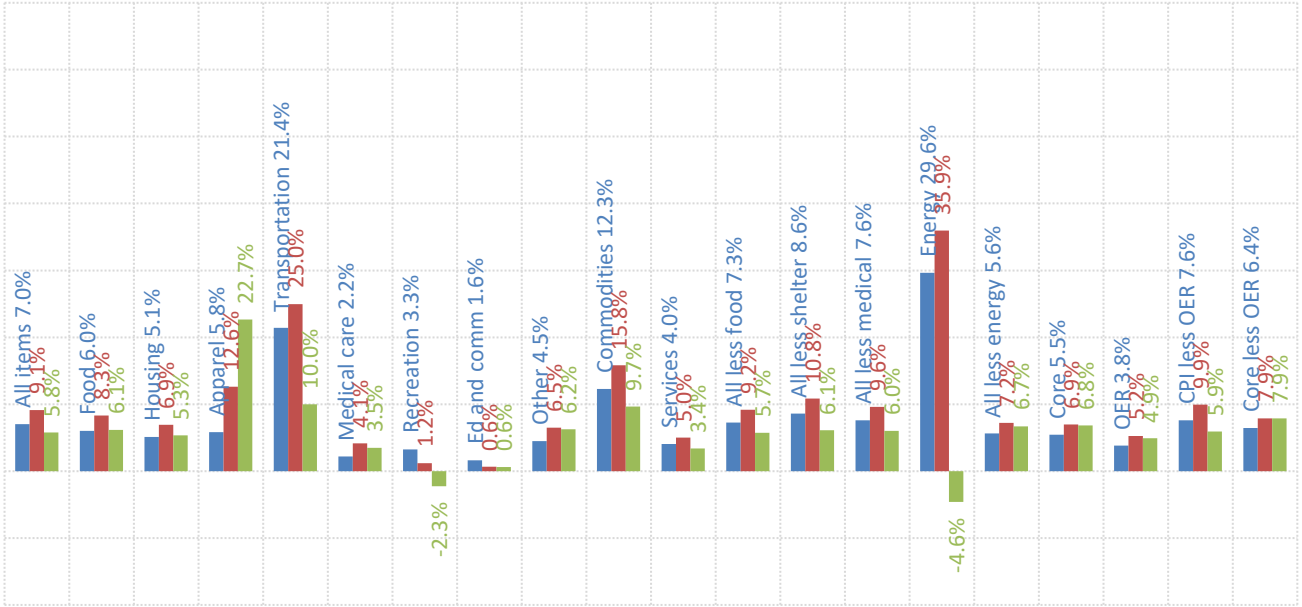
Source: [Cleveland Fed](#), TrendMacro calculations

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



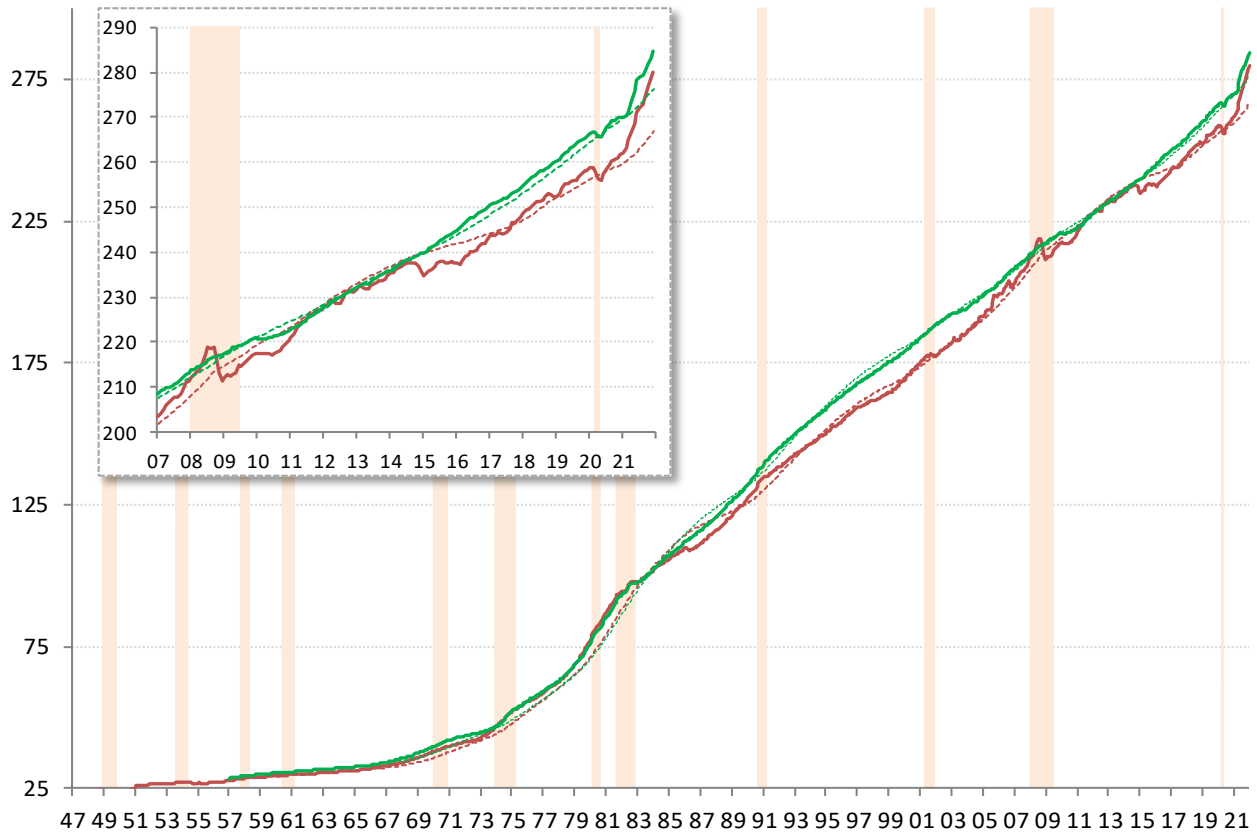
Source: Bloomberg, TrendMacro calculations

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

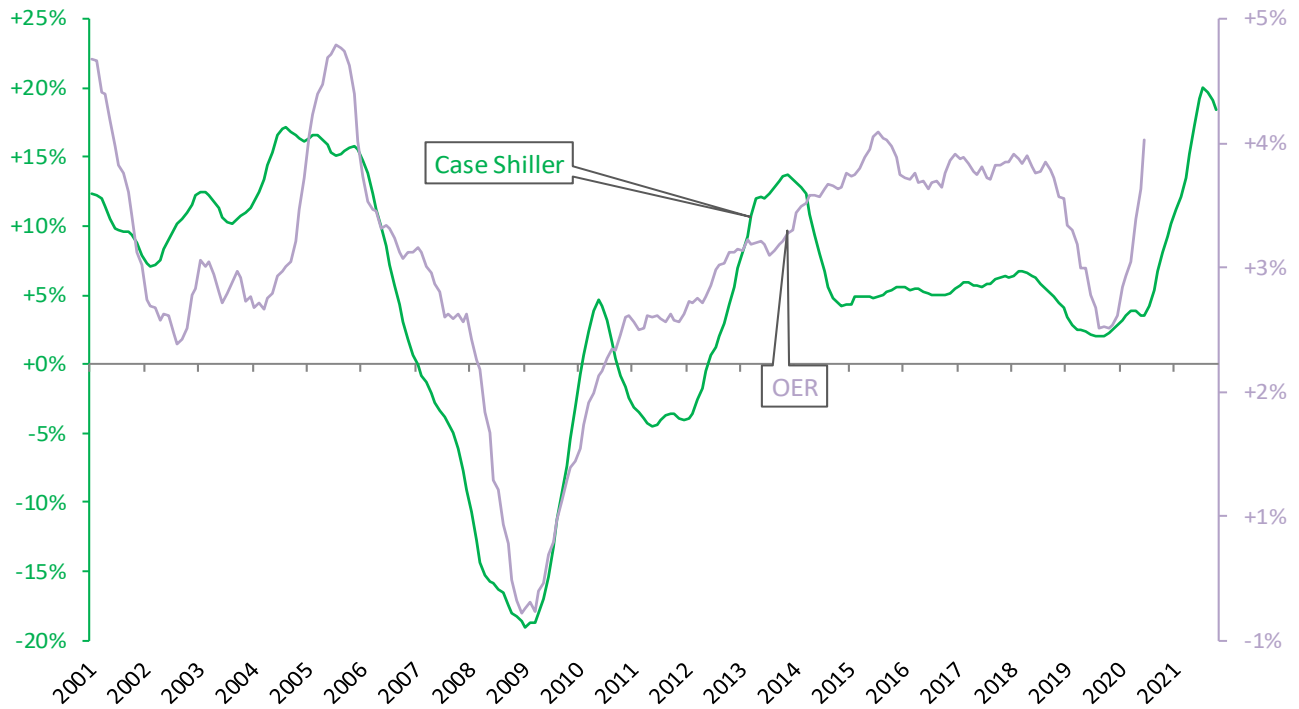


Source: BLS Consumer Price Index, TrendMacro calculations

Housing leads US CPI

Year-over-year change

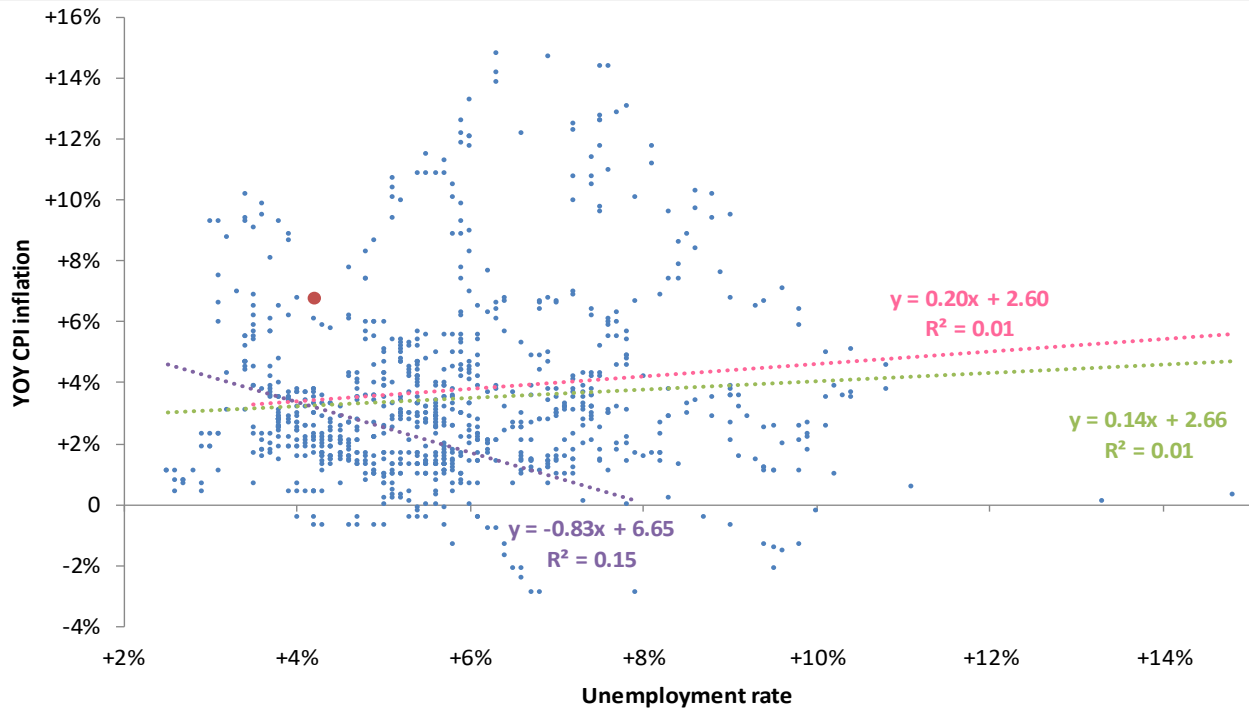
— Case Shiller 20-city avg — Owner's equivalent rent CPI component, 18-mo lag



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

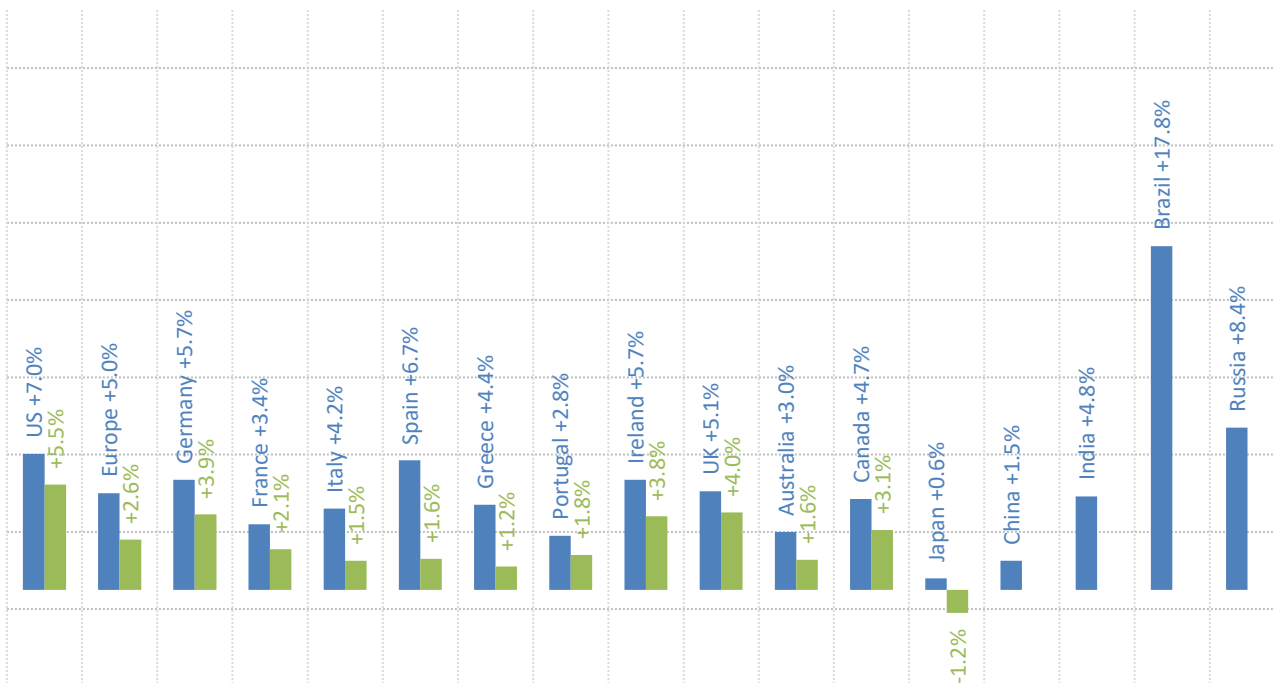


Source: BLS Consumer Price Index, Current Population Survey

Major economies CPI, year on year

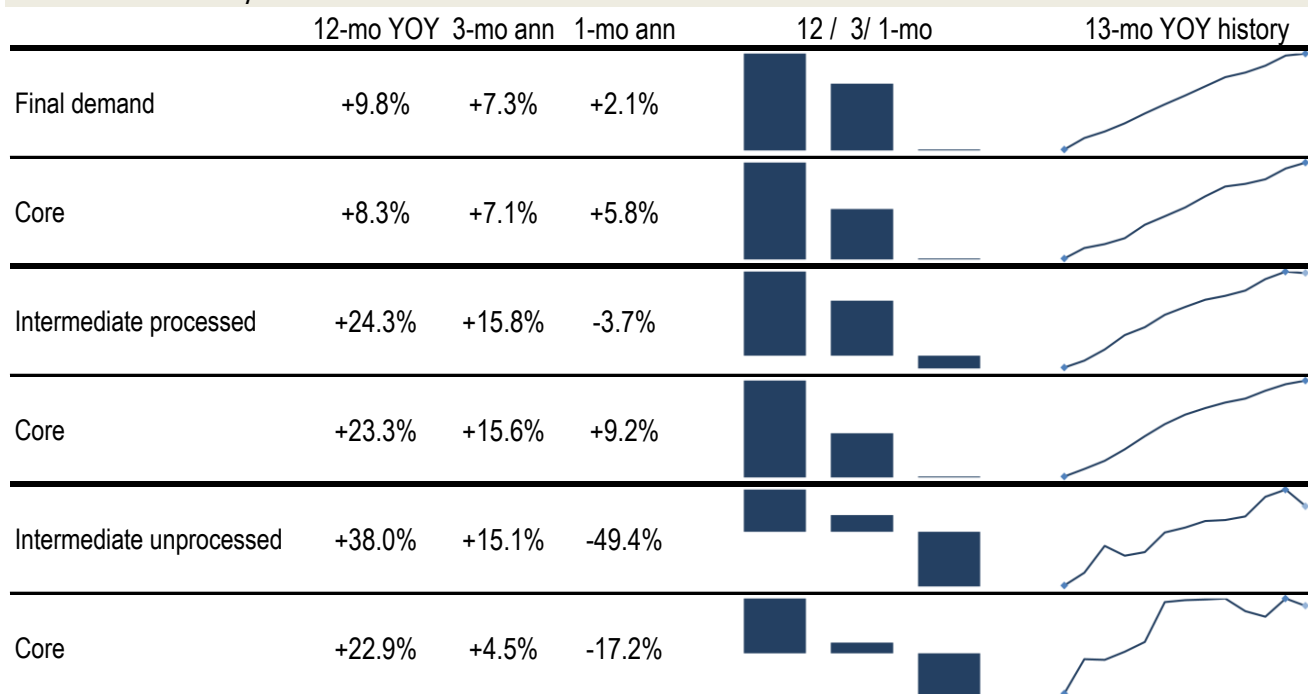
■ Headline

■ Ex-food and energy



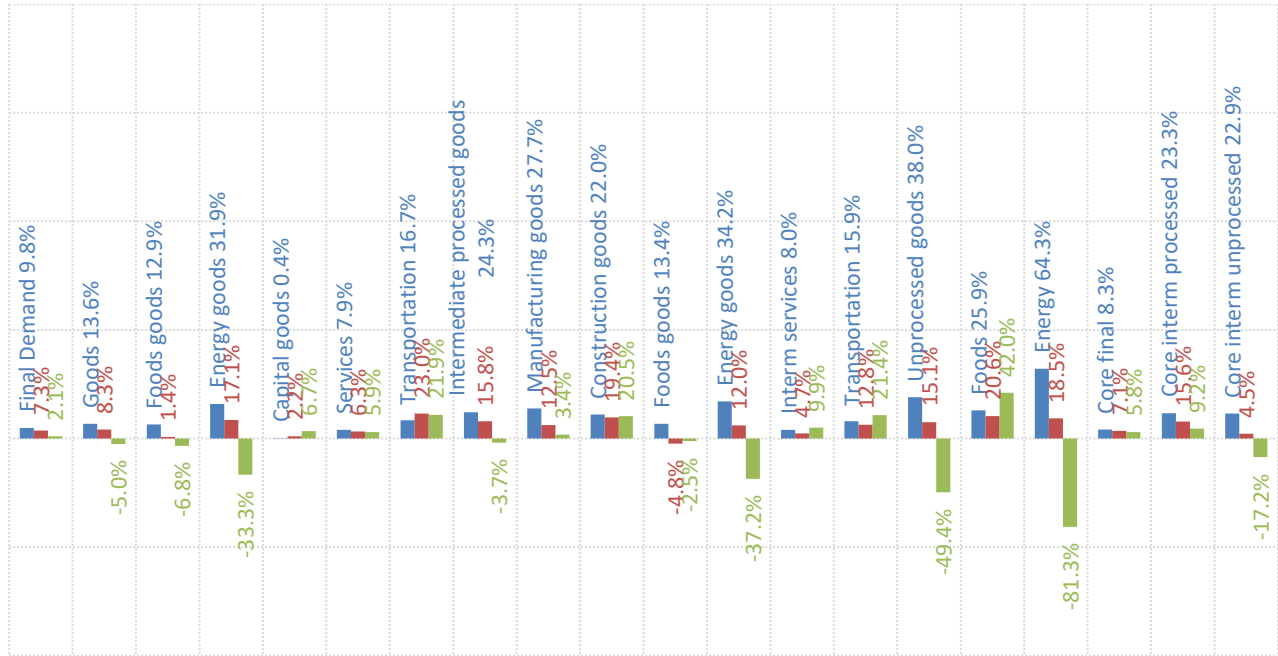
Source: Respective Statistical agencies, TrendMacro calculations

PPI data: what you need to know



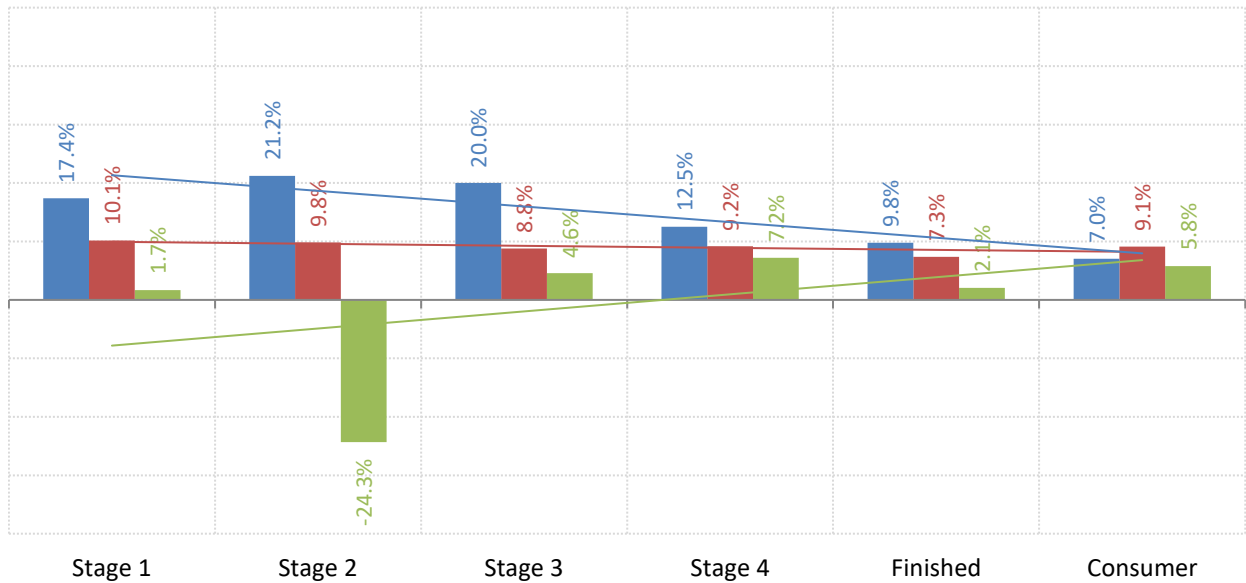
Source: BLS Producer Price Index, TrendMacro calculations

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