

## Data Insights: Consumer Price Index, Producer Price Index

Friday, June 10, 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	+8.58%	+10.7%	+12.3%		
Core	+6.02%	+6.3%	+7.8%		
OER	+5.1%	+6.1%	+7.5%		
All less OER	+9.4%	+12.4%	+13.8%		
Core less OER	+6.5%	+6.4%	+8.1%		
Energy	+34.4%	+58.7%	+58.4%		
All less energy	+6.6%	+7.2%	+8.9%		
Food	+9.7%	+12.4%	+14.5%		
All less food	+8.3%	+10.3%	+11.9%		
Health care	+3.7%	+5.7%	+4.9%		
All less health care	+9.0%	+11.1%	+13.0%		

Source: BLS Consumer Price Index, TrendMacro calculations

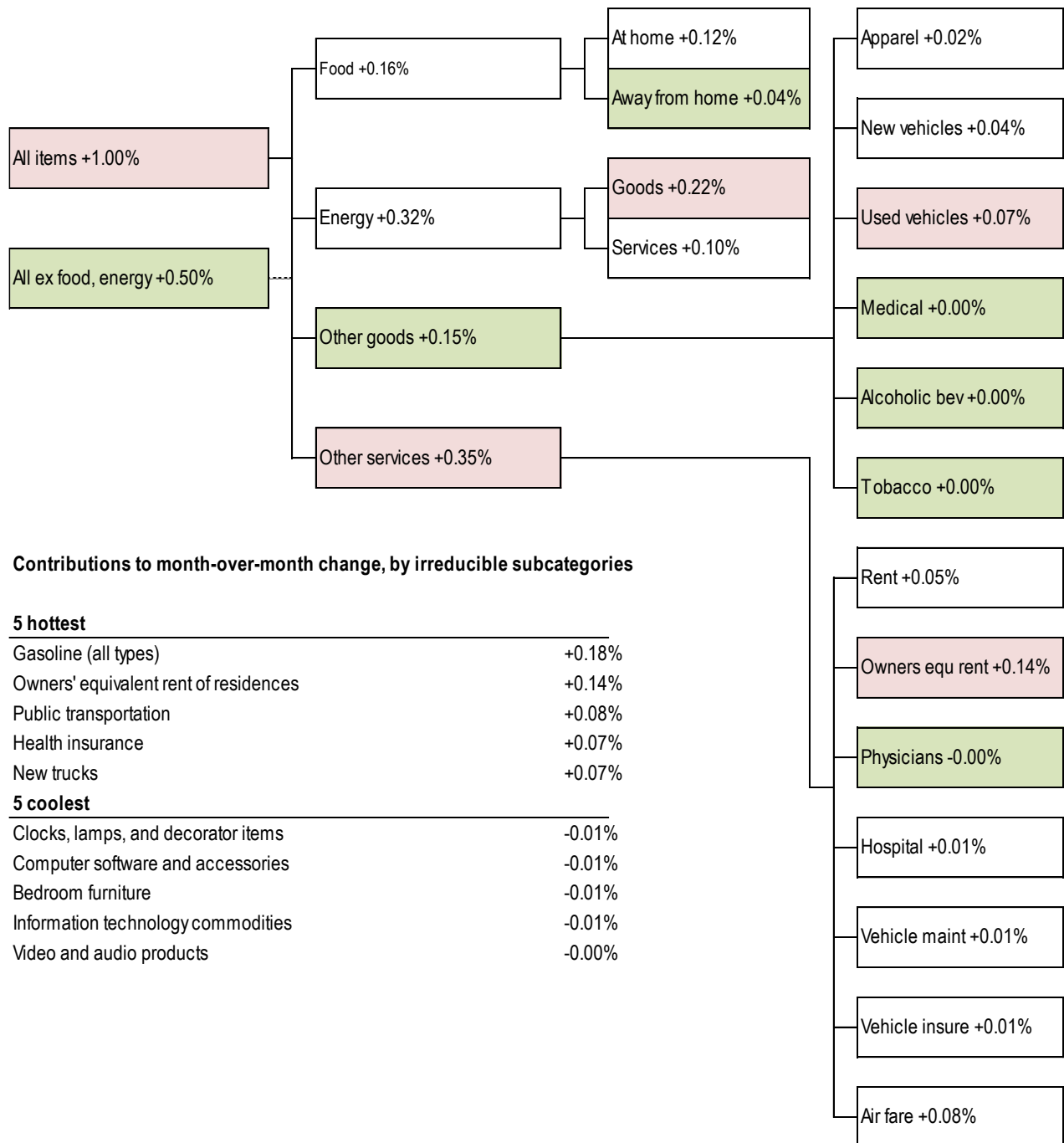
#### For more information contact us:

Donald Luskin: 312 273 6766 [don@trendmacro.com](mailto:don@trendmacro.com)  
 Thomas Demas: 704 552 3625 [tdemas@trendmacro.com](mailto:tdemas@trendmacro.com)

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

Weighted contribution by subcategory

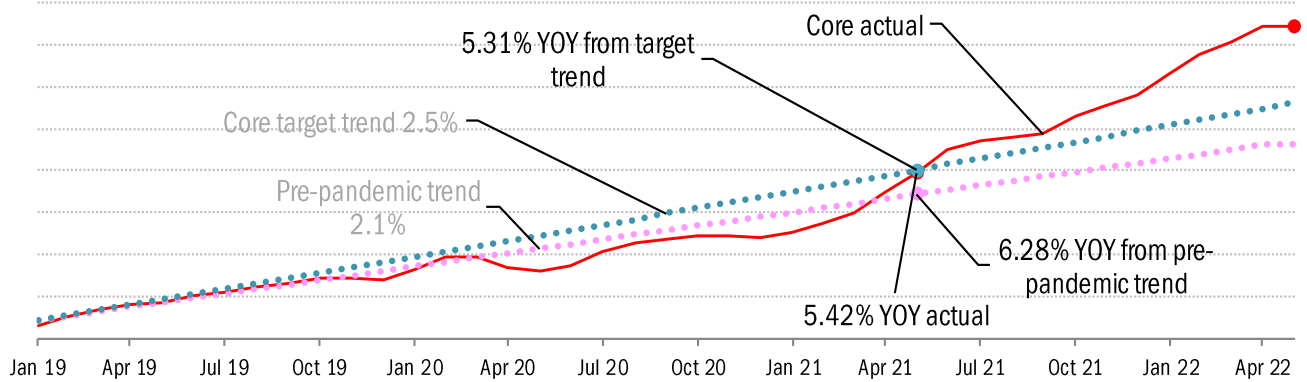
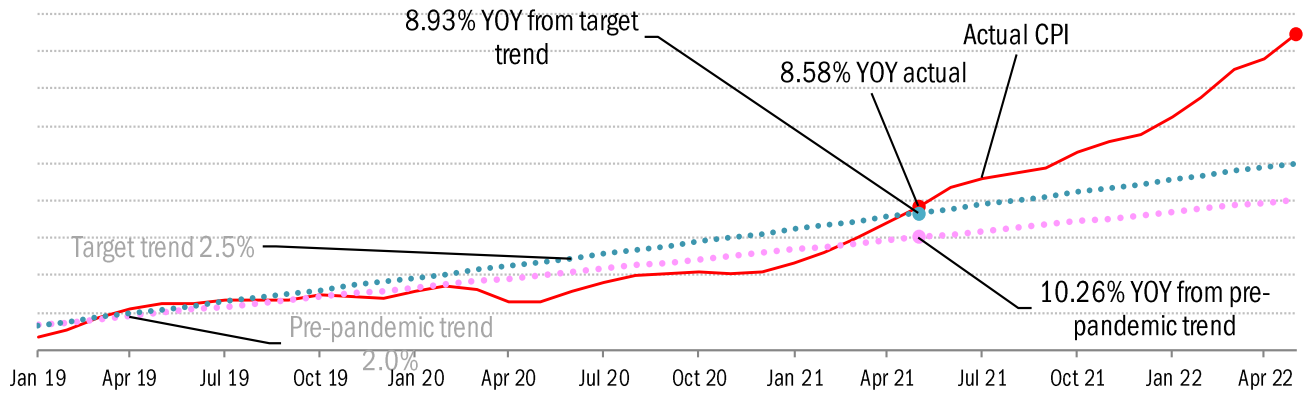
Biggest change per detail-level: ■ positive ■ negative



Source: BLS Consumer Price Index, TrendMacro calculations

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

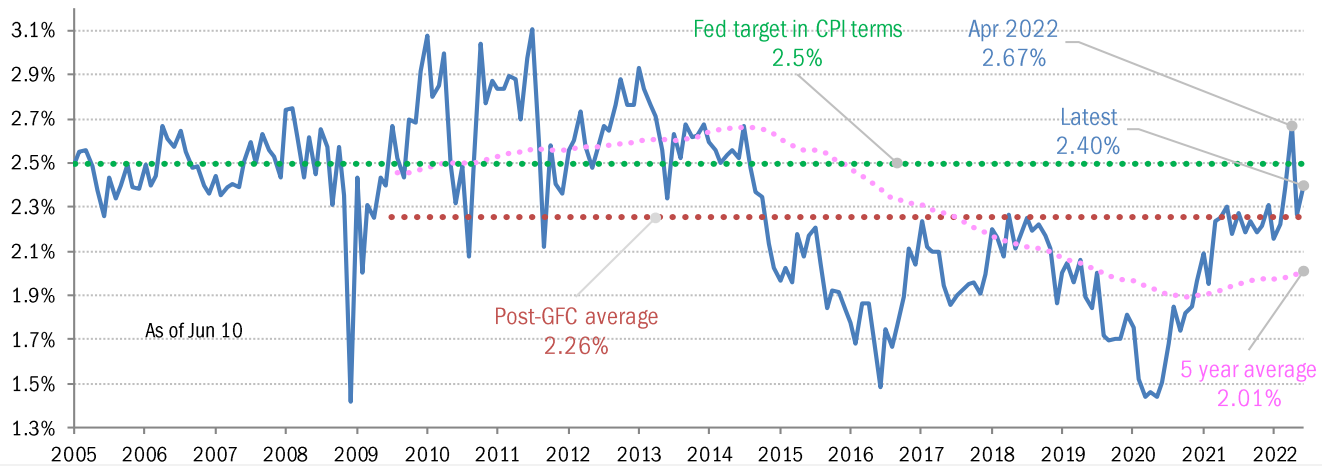
This month’s data in context with the pre-pandemic and ideal 12-month trends



Source: Bureau of Labor Statistics, TrendMacro calculations

## Unhinged? Or too hinged?

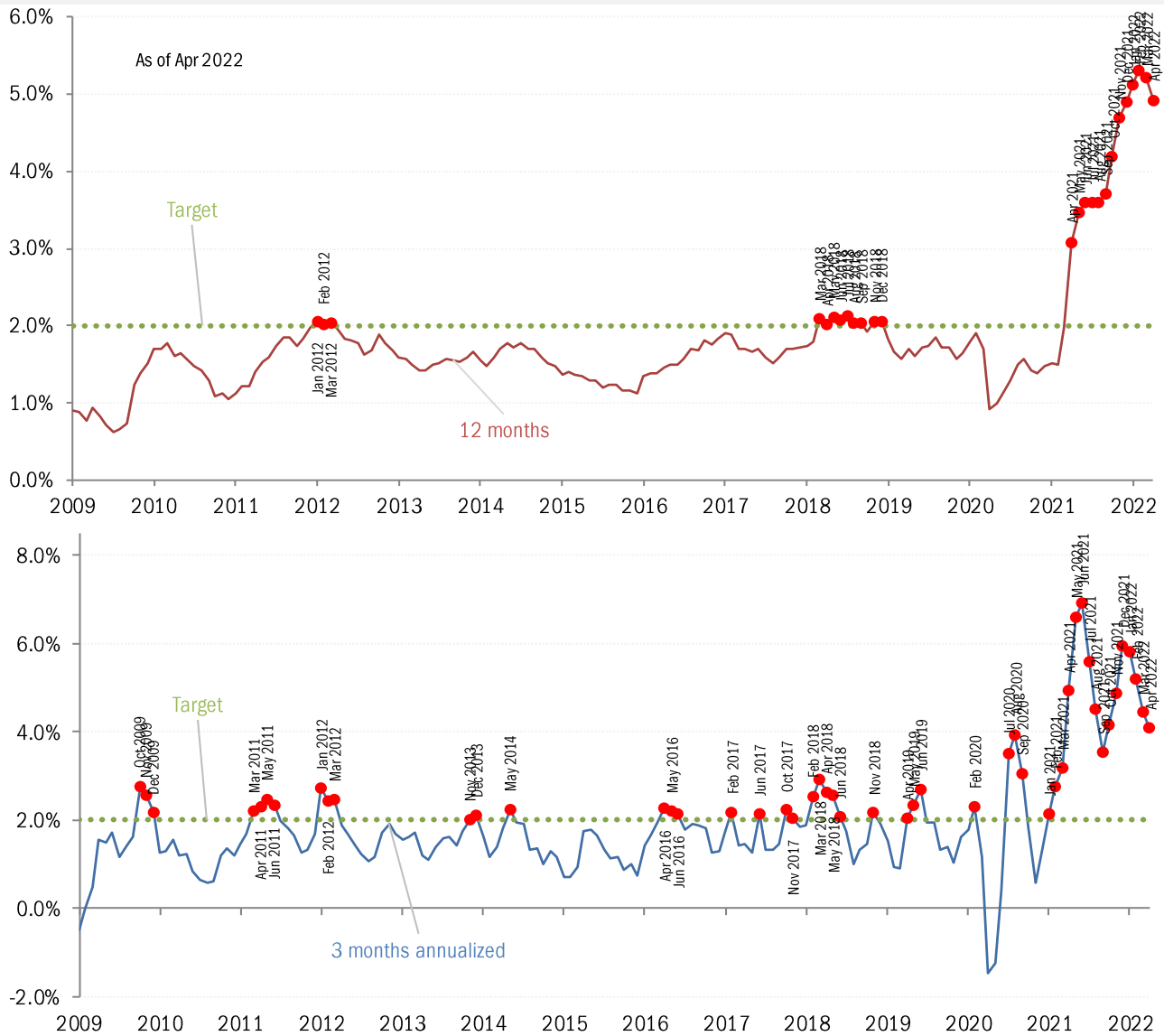
5-year 5-year-forward TIPS breakeven, adjusted 50 bp down to PCE equivalent



Source: Bloomberg, TrendMacro calculations

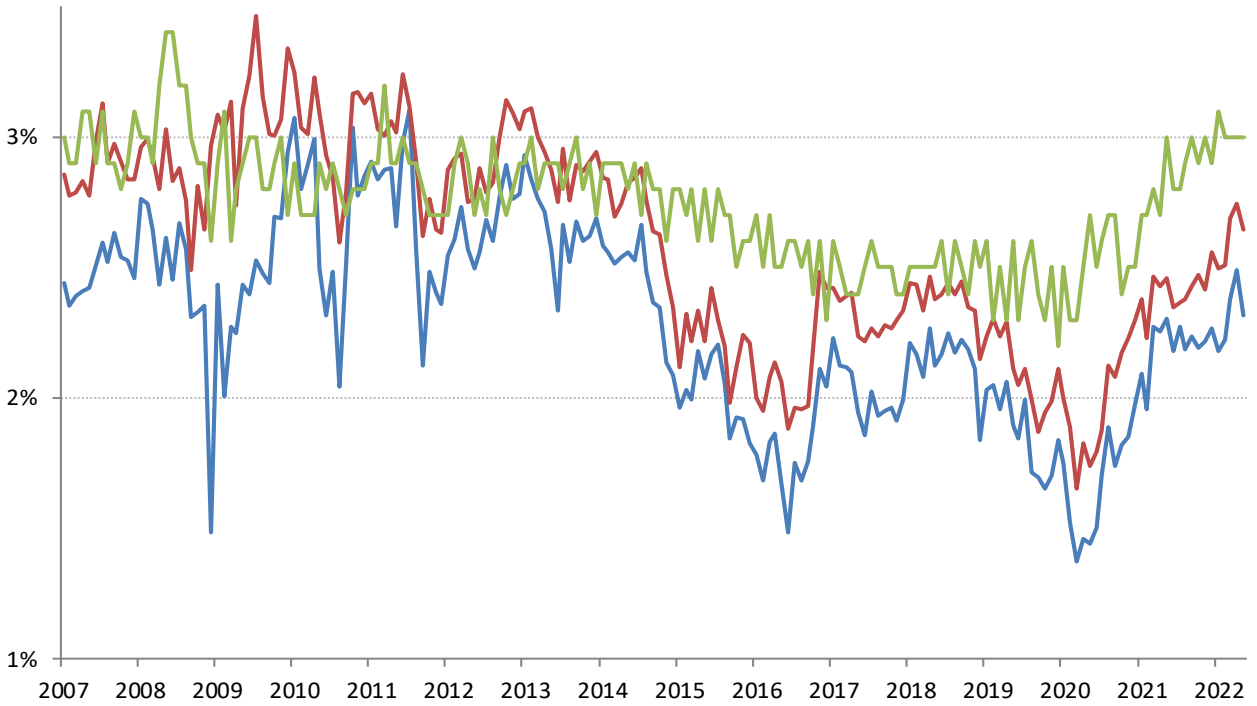
# The Fed-eye view of inflation (or lack thereof)

## Core PCE Price Index



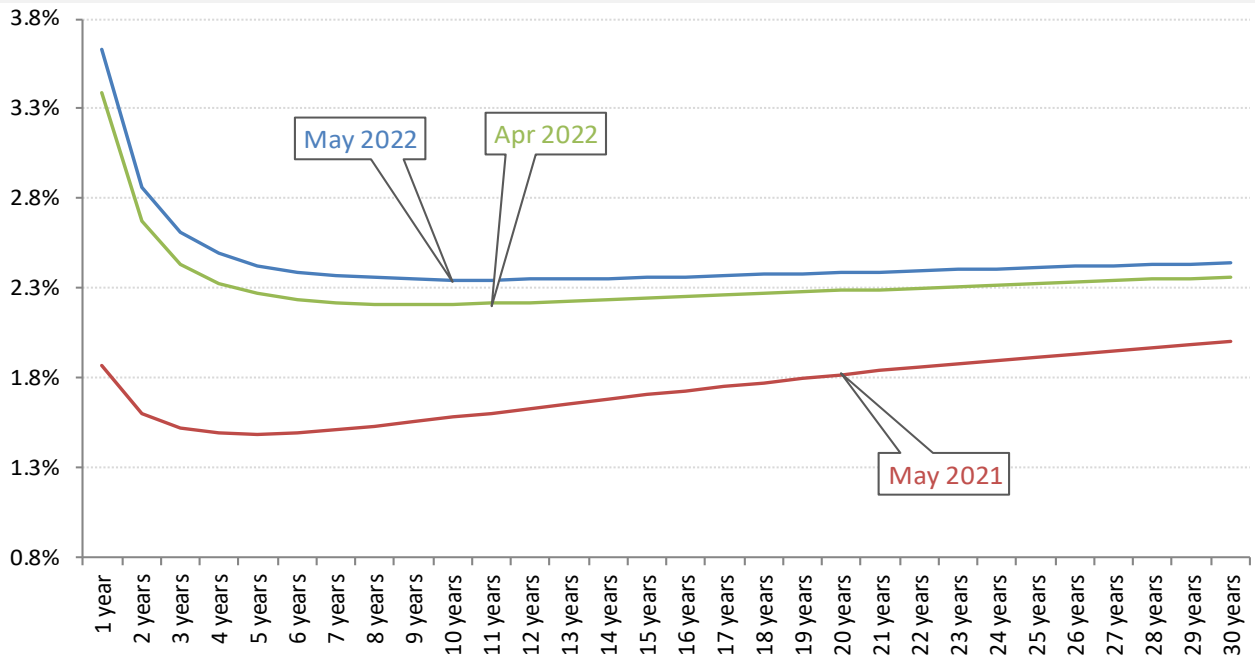
Source: Bureau of Economic Analysis, TrendMacro calculations

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



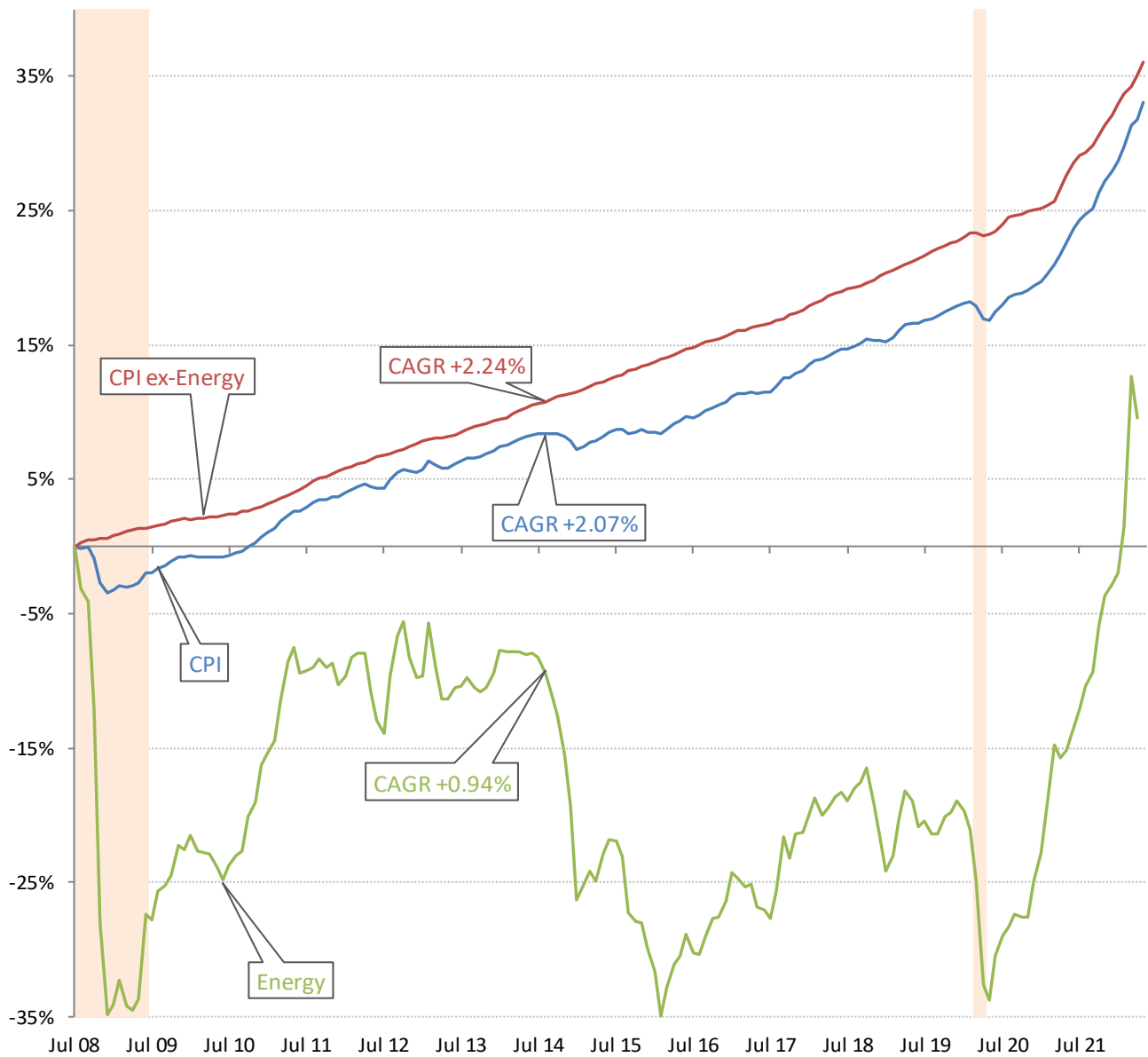
Source: Bloomberg, TrendMacro calculations

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



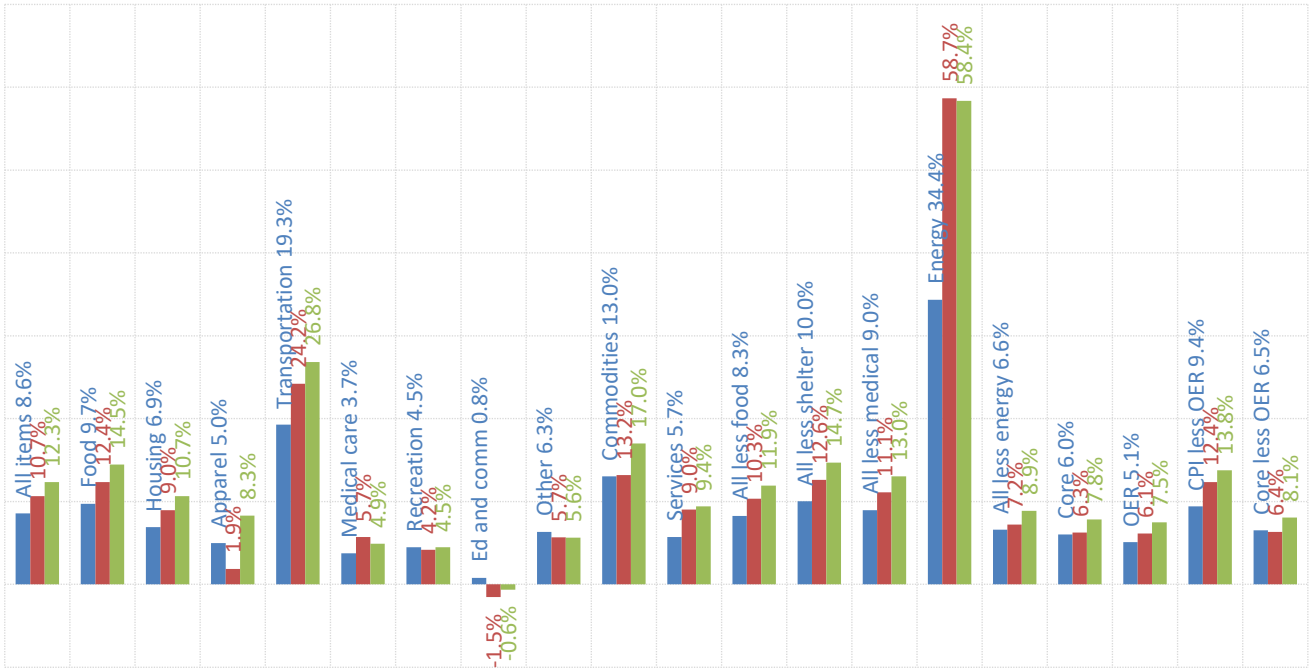
Source: [Cleveland Fed](#), TrendMacro calculations

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



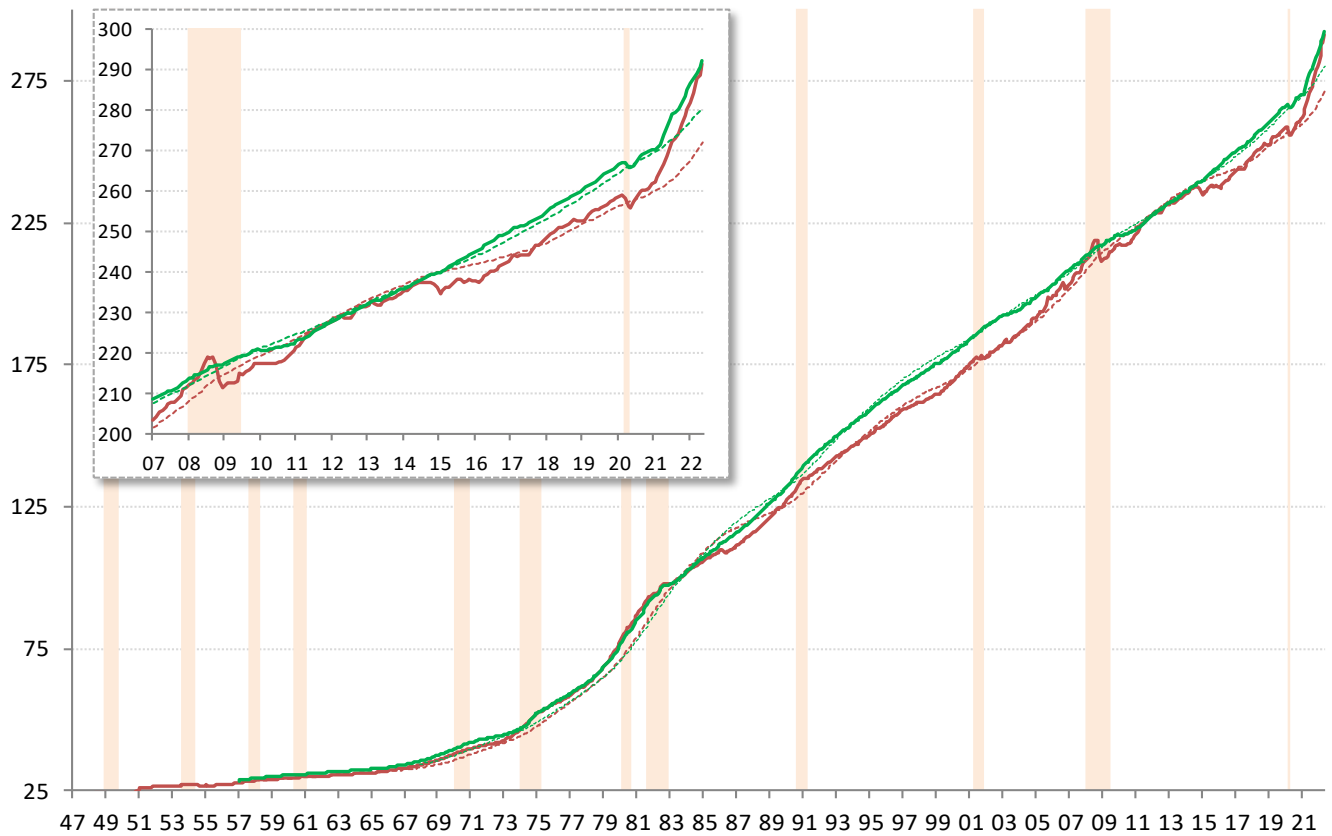
Source: Bloomberg, TrendMacro calculations

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



Source: BLS Consumer Price Index, TrendMacro calculations

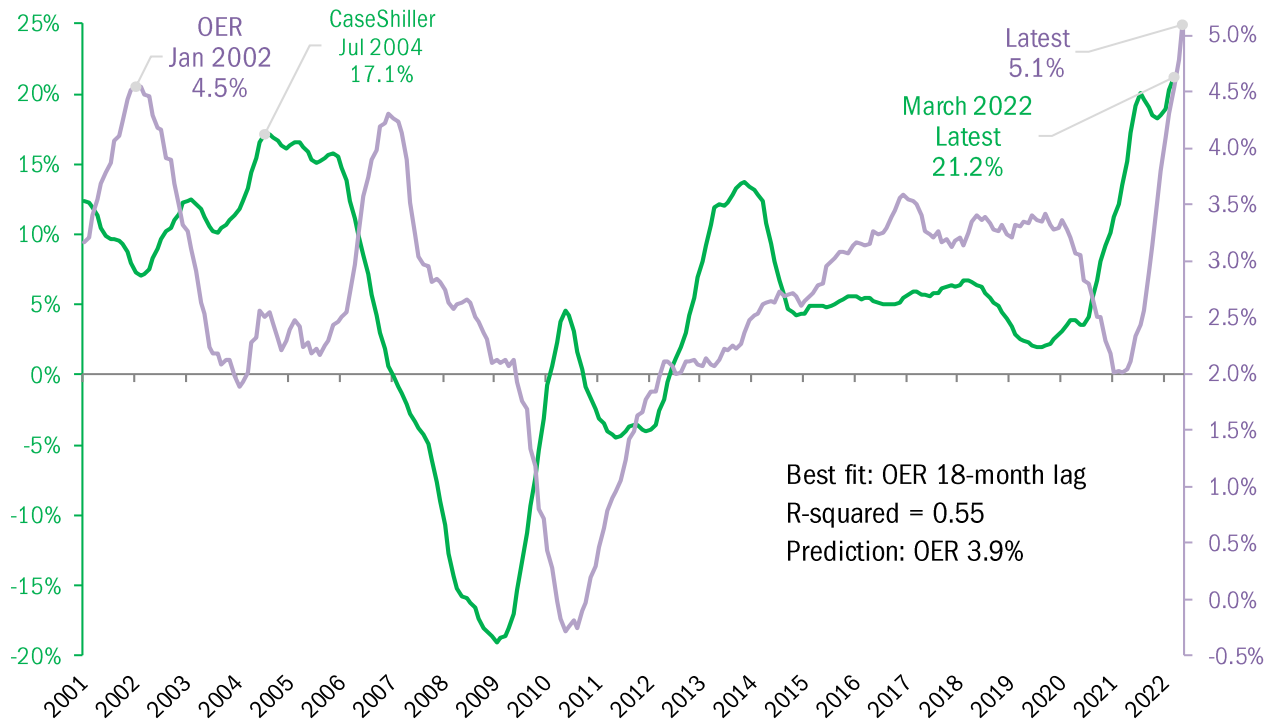
## US CPI Core — Level ... 20-year trend ■ Recession



Source: BLS Consumer Price Index, TrendMacro calculations

## Housing leads US CPI

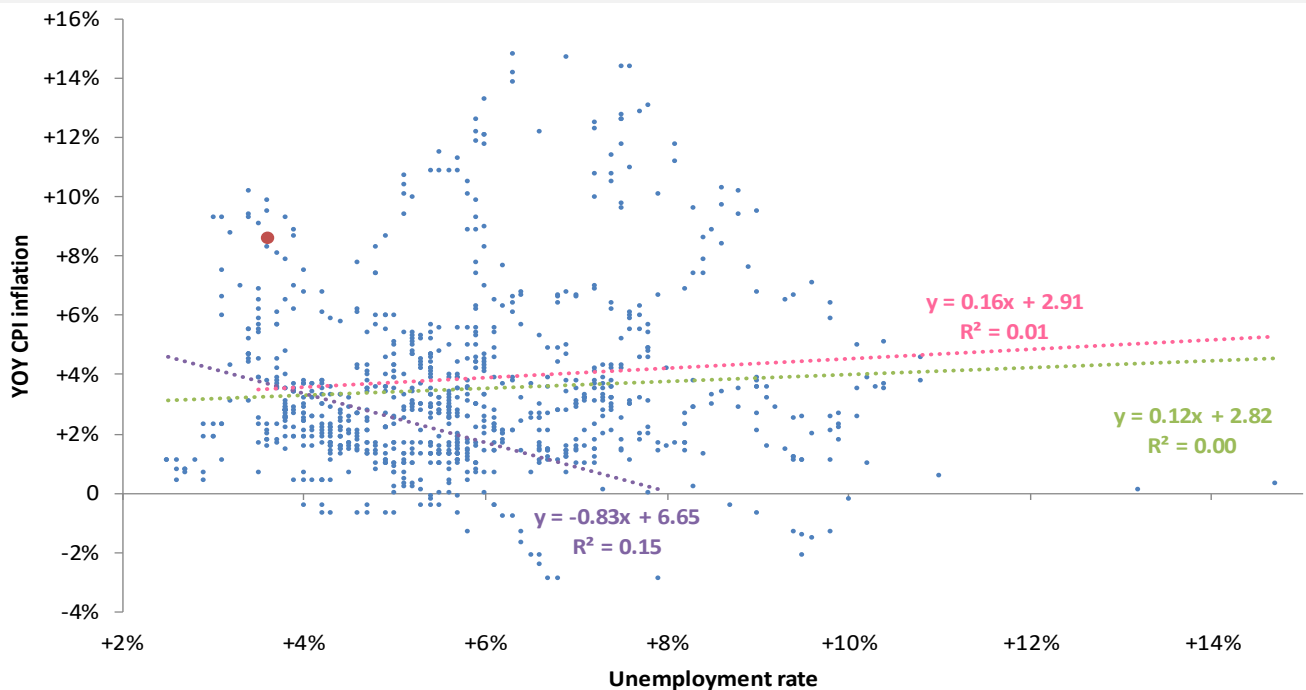
YOY change — Case Shiller 20-city avg — Owner's equivalent rent CPI component



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

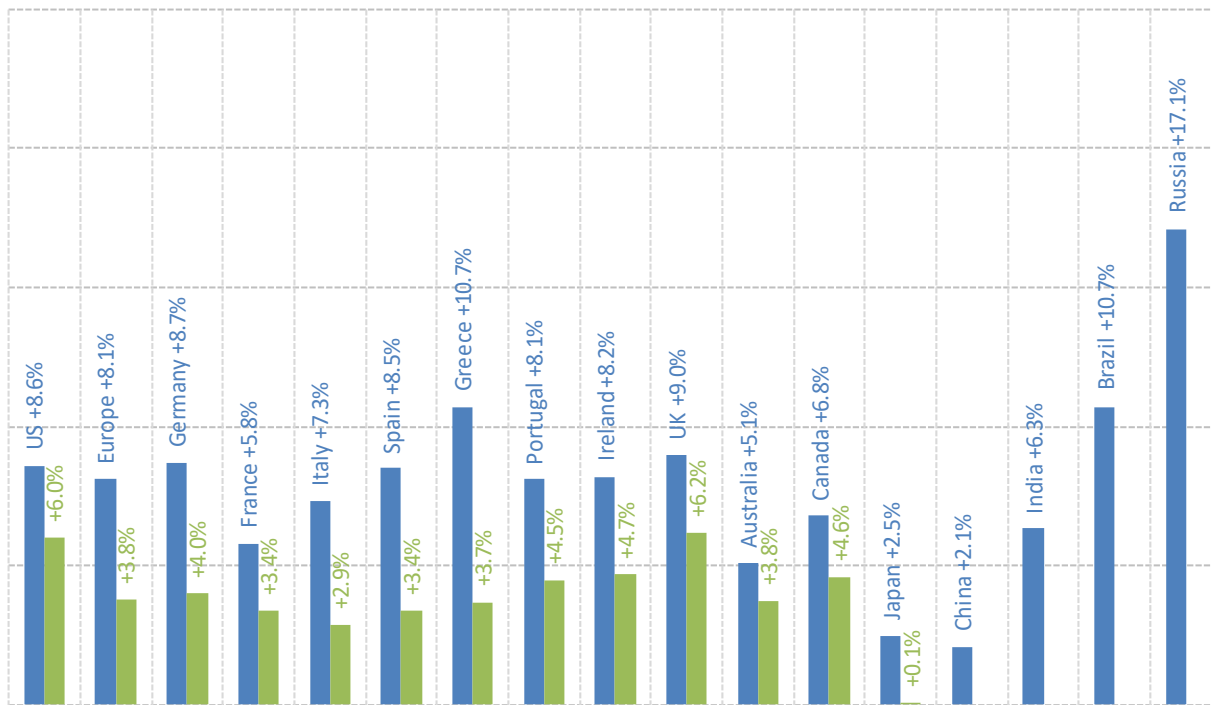


Source: BLS Consumer Price Index, Current Population Survey



## Major economies CPI, year on year

■ Headline ■ Ex-food and energy



Source: Respective Statistical agencies, TrendMacro calculations

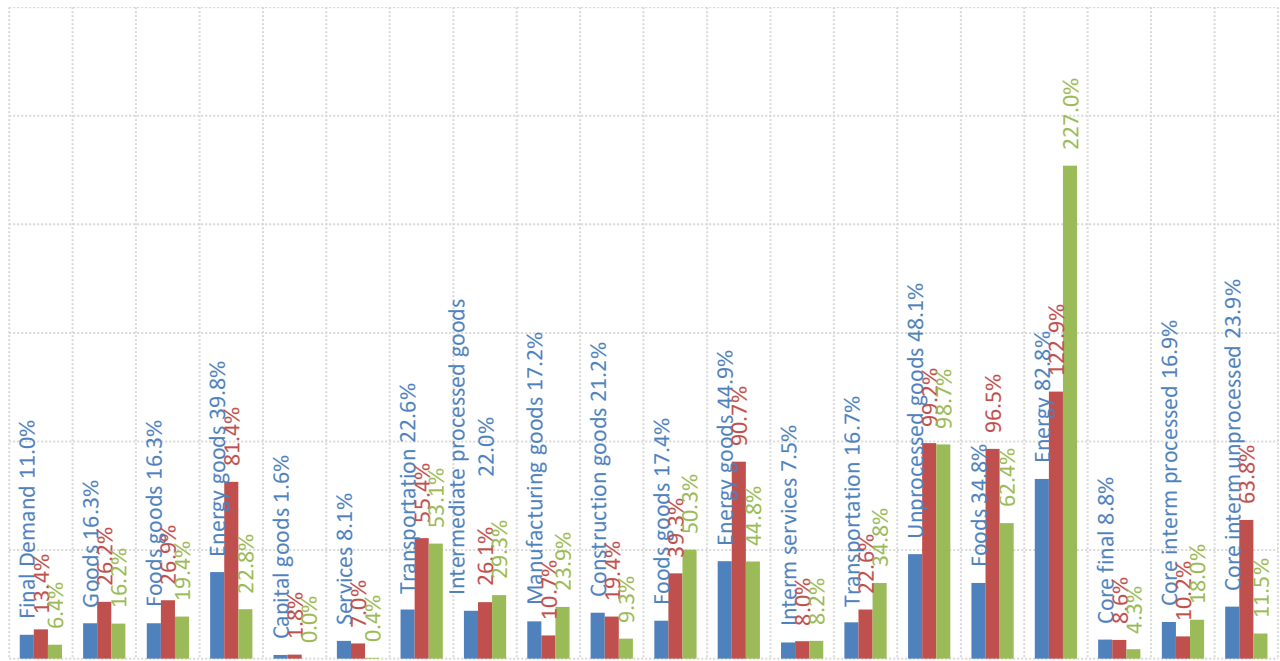
## PPI data: what you need to know

PPI data will be released on June 14, and these charts will be updated online.

	12-mo YOY	3-mo ann	1-mo	13-mo YOY history
Final demand	+11.0%	+13.4%	+6.0%	
Core	+8.8%	+8.6%	+4.3%	
Intermediate processed	+22.0%	+26.1%	+29.3%	
Core	+16.9%	+10.2%	+18.0%	
Intermediate unprocessed	+48.1%	+99.2%	+98.7%	
Core	+23.9%	+63.8%	+11.5%	

Source: BLS Producer Price Index, TrendMacro calculations

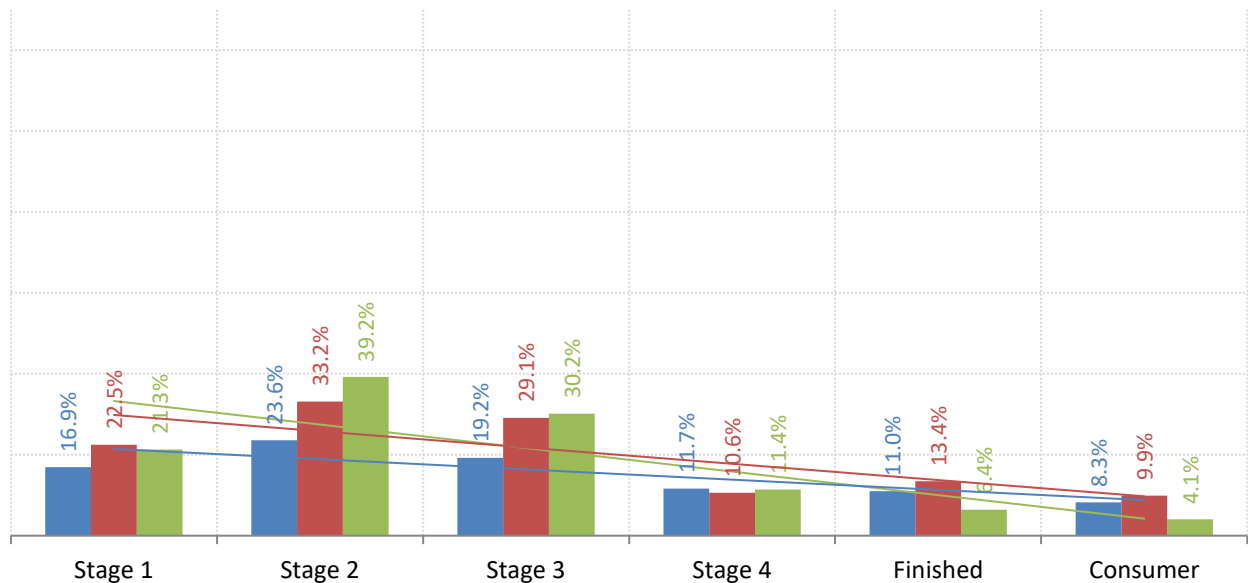
PPI inflation by sector (SAAR) ■ 12-mo ■ 3-mo ■ 1-mo



Source: BLS Producer Price Index, TrendMacro calculations

PPI data will be released on June 14, and these charts will be updated online.

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



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