

Data Insights: Consumer Price Index, Producer Price Index

Tuesday, December 13, 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	+7.11%	+3.7%	+1.2%		
Core	+5.96%	+4.3%	+2.4%		
OER	+7.1%	+8.7%	+8.4%		
All less OER	+7.2%	+1.8%	-2.0%		
Core less OER	+5.3%	+1.8%	-0.8%		
Energy	+13.0%	-7.4%	-17.4%		
All less energy	+6.6%	+4.8%	+3.0%		
Food	+10.3%	+7.7%	+6.3%		
All less food	+6.6%	+3.1%	+0.4%		
Health care	+4.2%	-0%	-0%		
All less health care	+7.4%	+4.2%	+1.8%		

Source: BLS Consumer Price Index, TrendMacro calculations

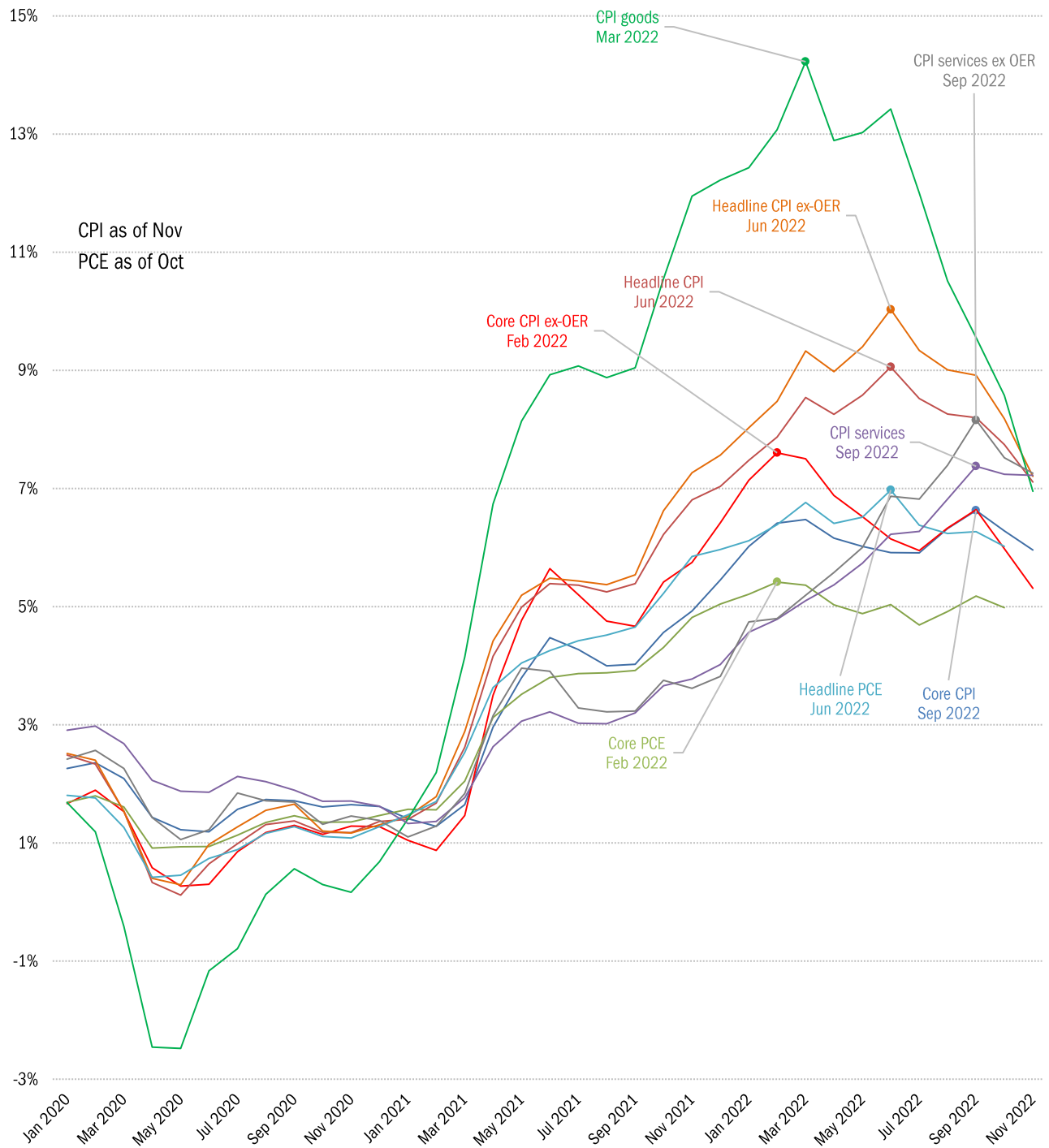
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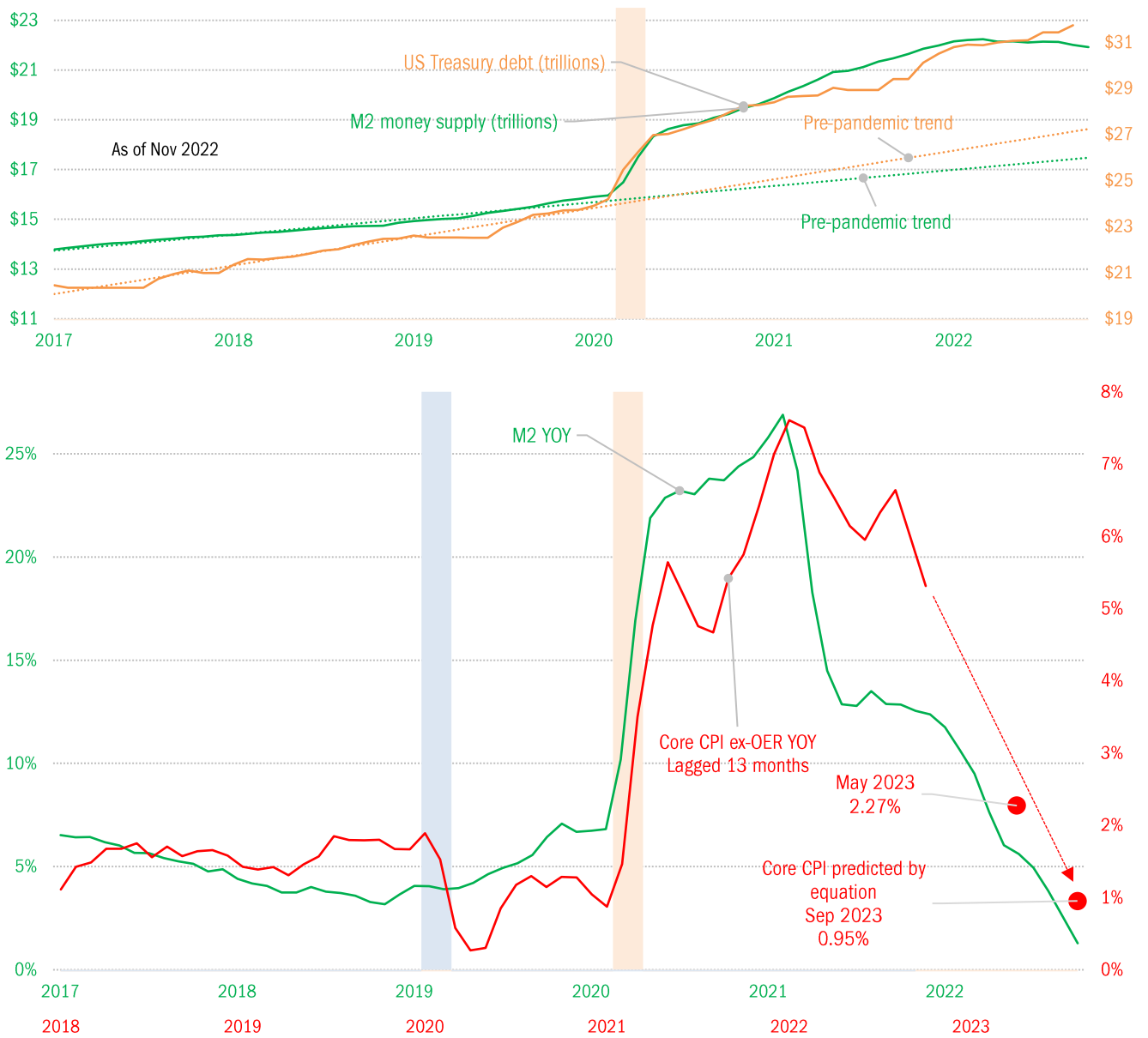
Slow and steady wins the race – the tortoise on the track, in his many variations

Year-on-year change ● Month of peak



Source: FRB, BLS, US Treasury, TrendMacro calculations

Relation of Treasury debt, M2 money supply and core CPI inflation rate (ex OER) and [TrendMacro's monetarist inflation prediction model](#)

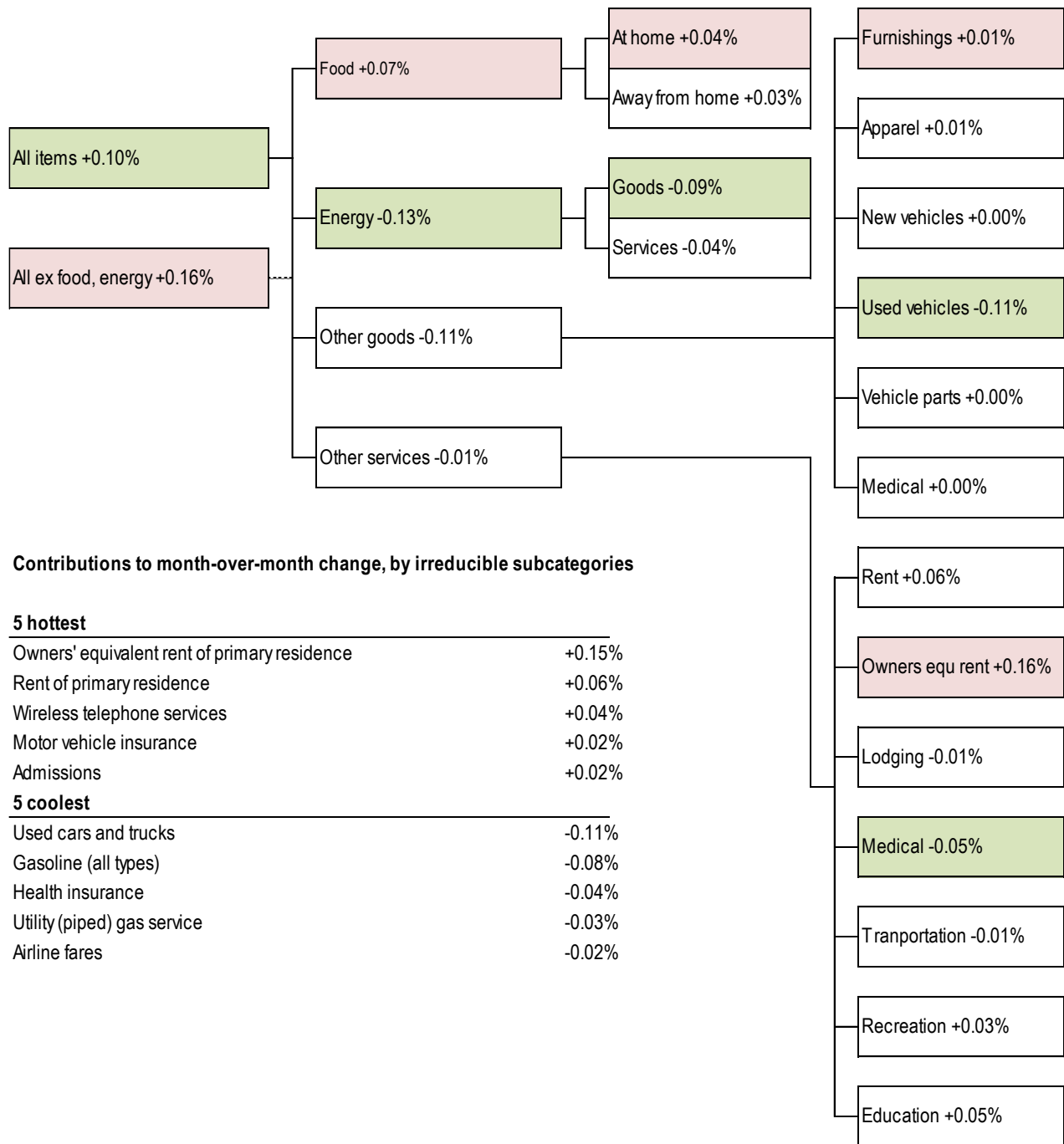


Source: FRB, BLS, US Treasury, TrendMacro calculations

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

Weighted contribution by subcategory

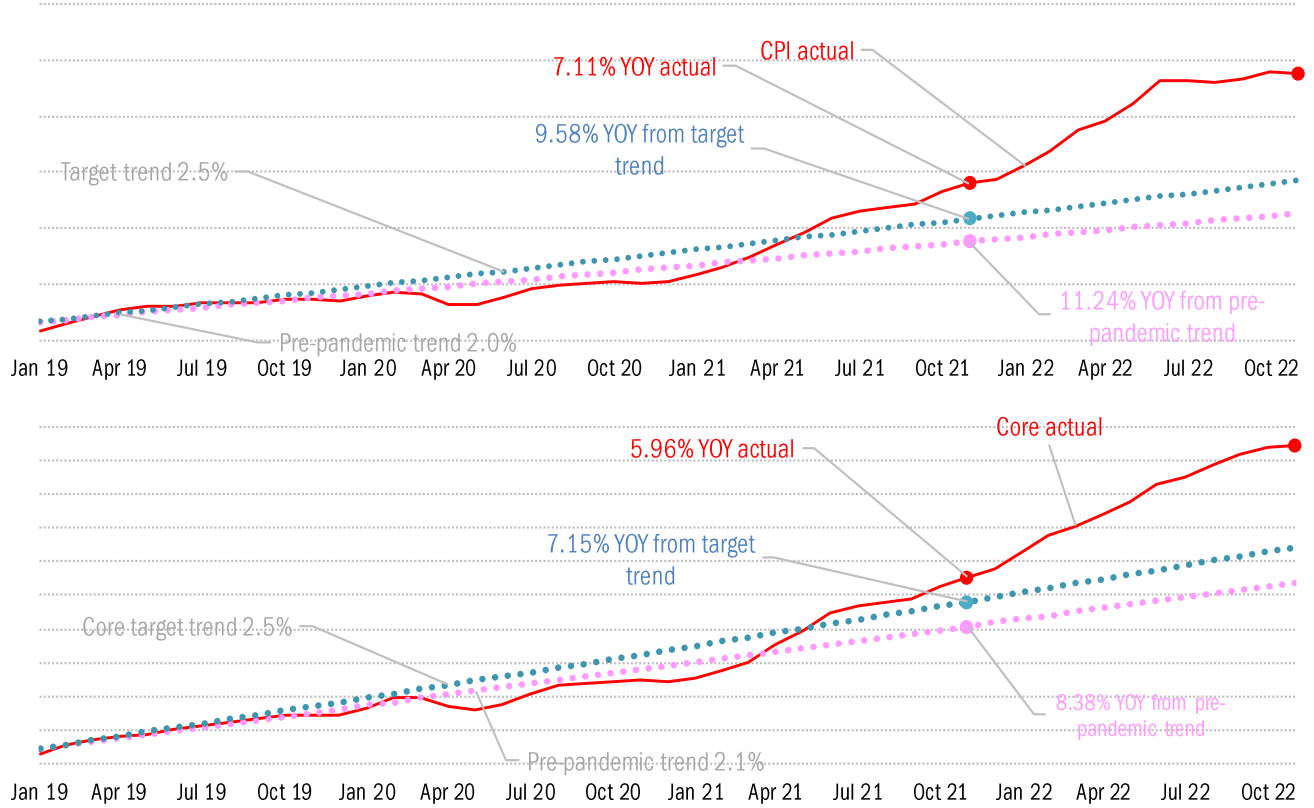
Biggest change per detail-level: ■ positive ■ negative



Source: BLS Consumer Price Index, TrendMacro calculations

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

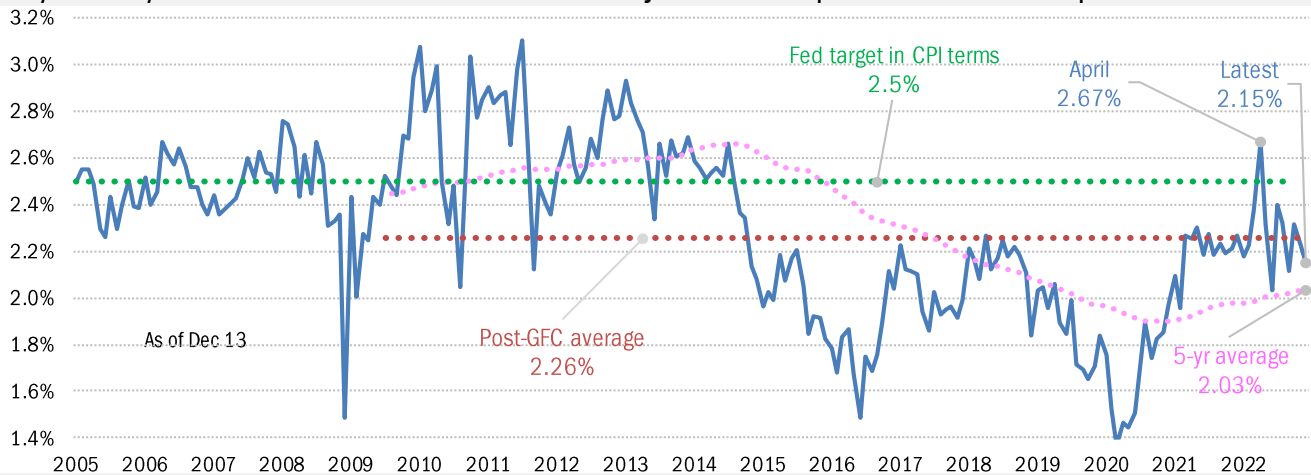
This month’s data in context with the pre-pandemic and ideal 12-month trends



Source: Bureau of Labor Statistics, TrendMacro calculations

Unhinged? Or too hinged?

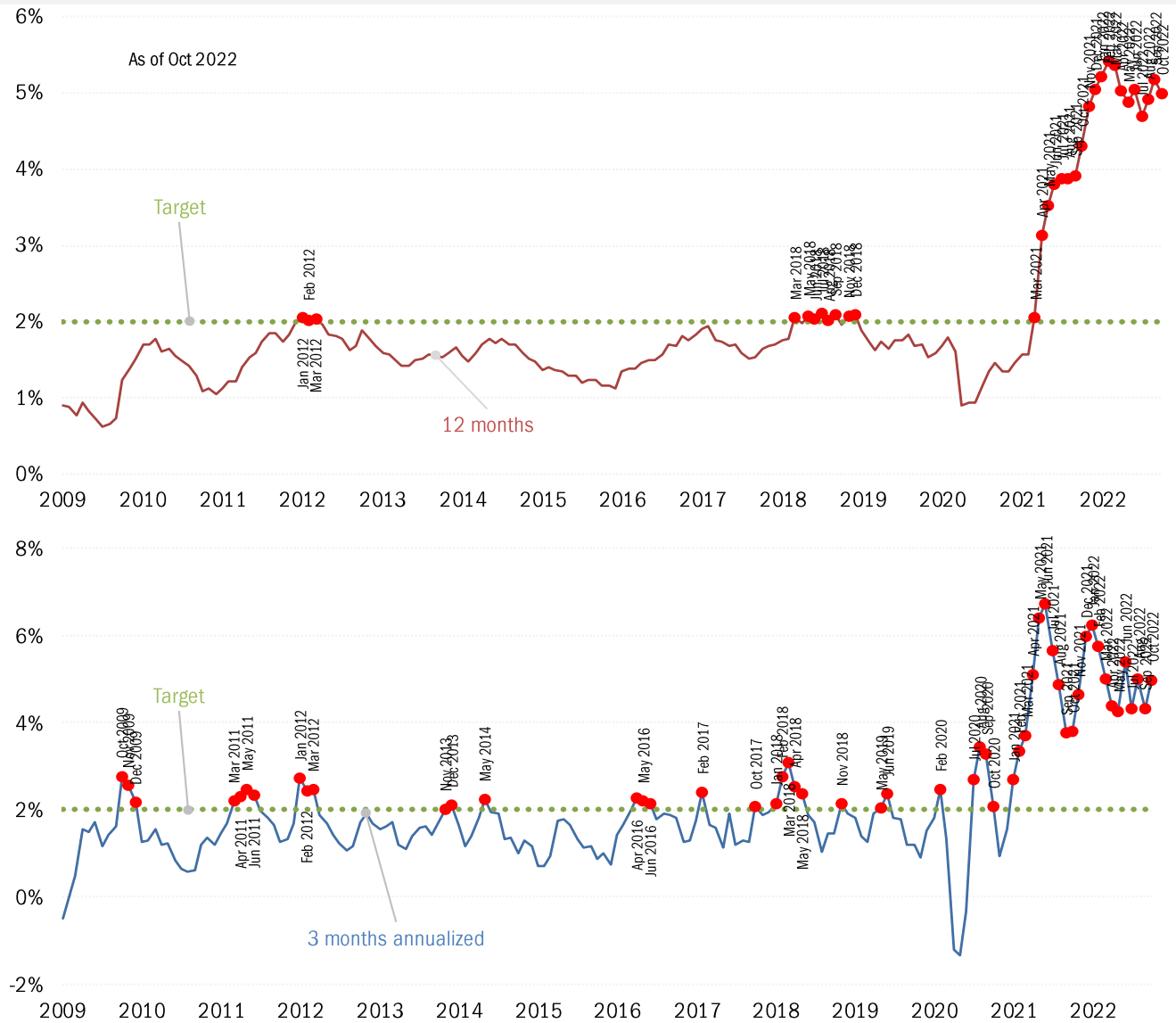
5-year 5-year-forward TIPS breakeven, adjusted 50 bp down to PCE equivalent



Source: Bloomberg, TrendMacro calculations

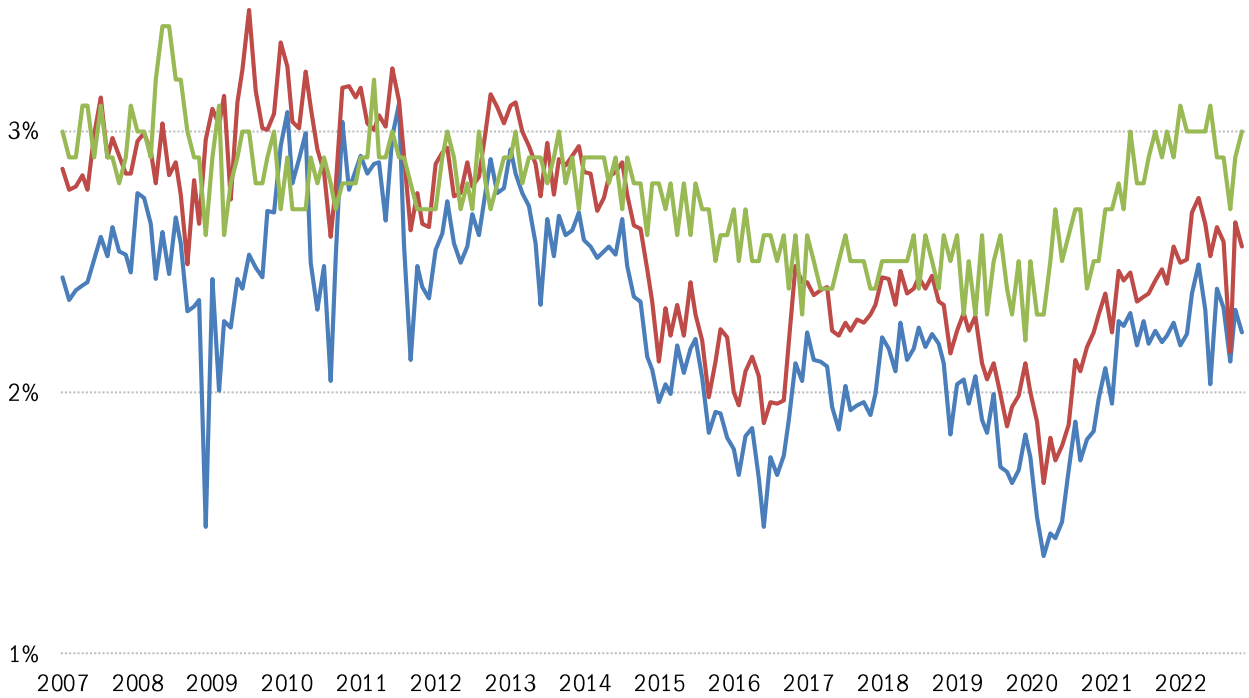
The Fed-eye view of inflation (or lack thereof)

Core PCE Price Index



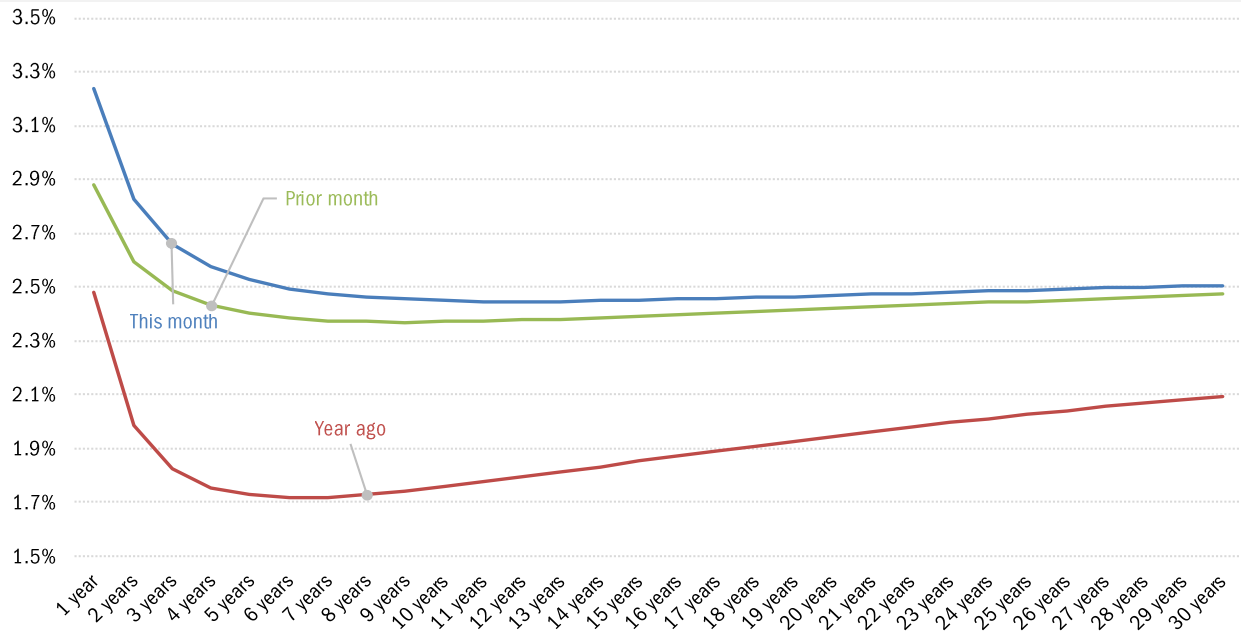
Source: Bureau of Economic Analysis, TrendMacro calculations

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



Source: Bloomberg, TrendMacro calculations

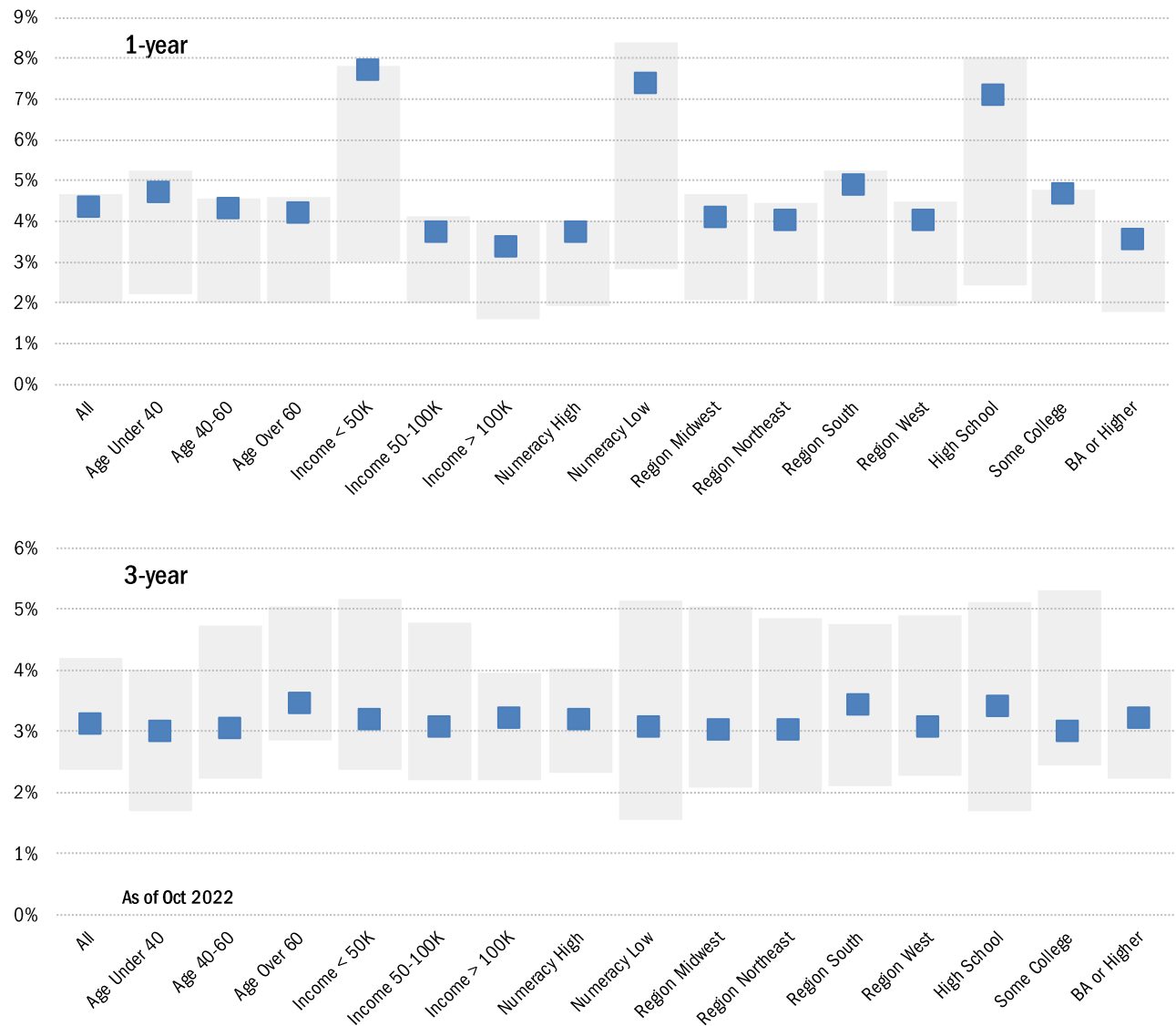
Modeled inflation yield curve, per annum — Based on swaps, forecasts and yields



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

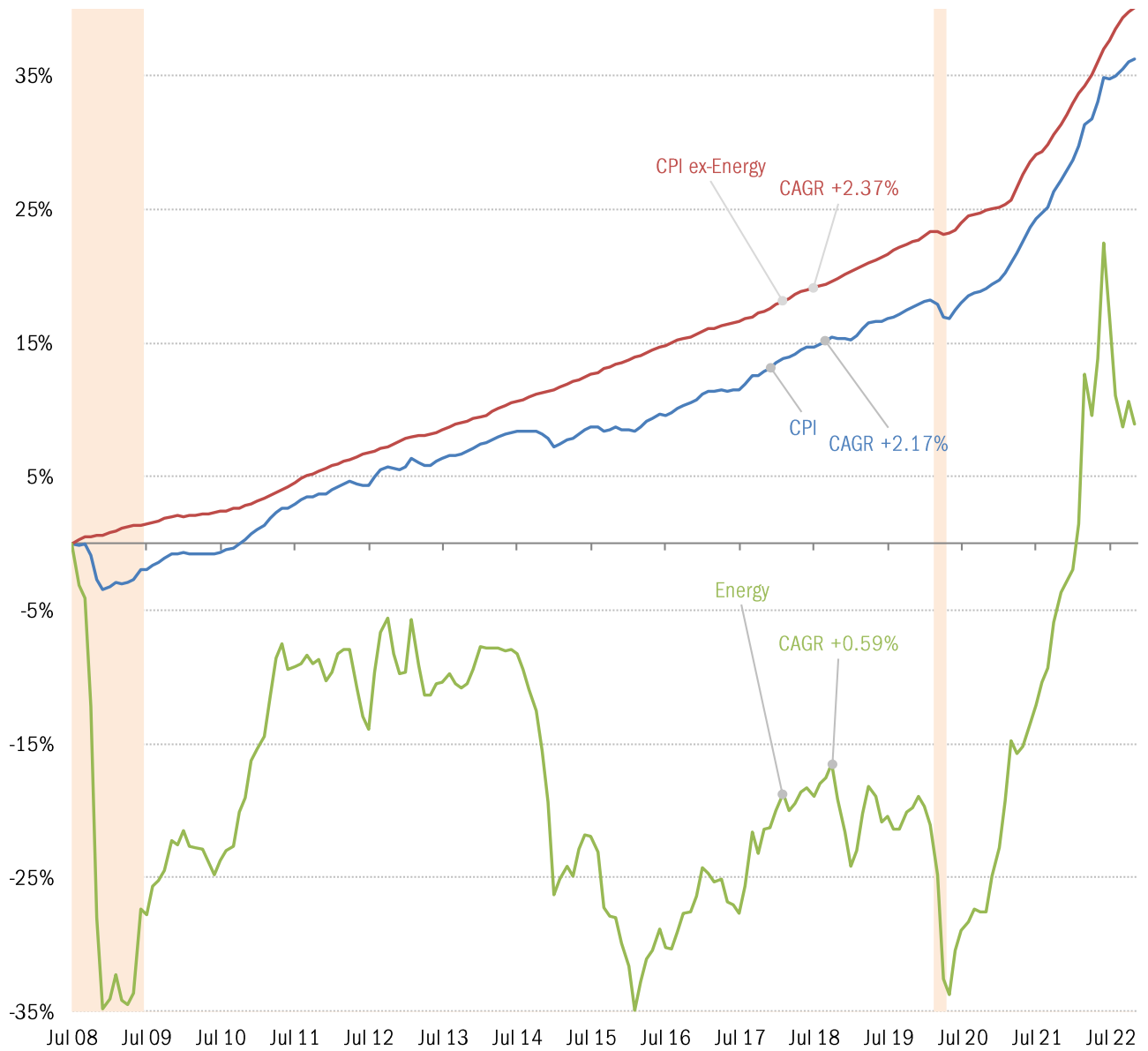
The demography of inflation expectations

■ Current median ■ 3-year range



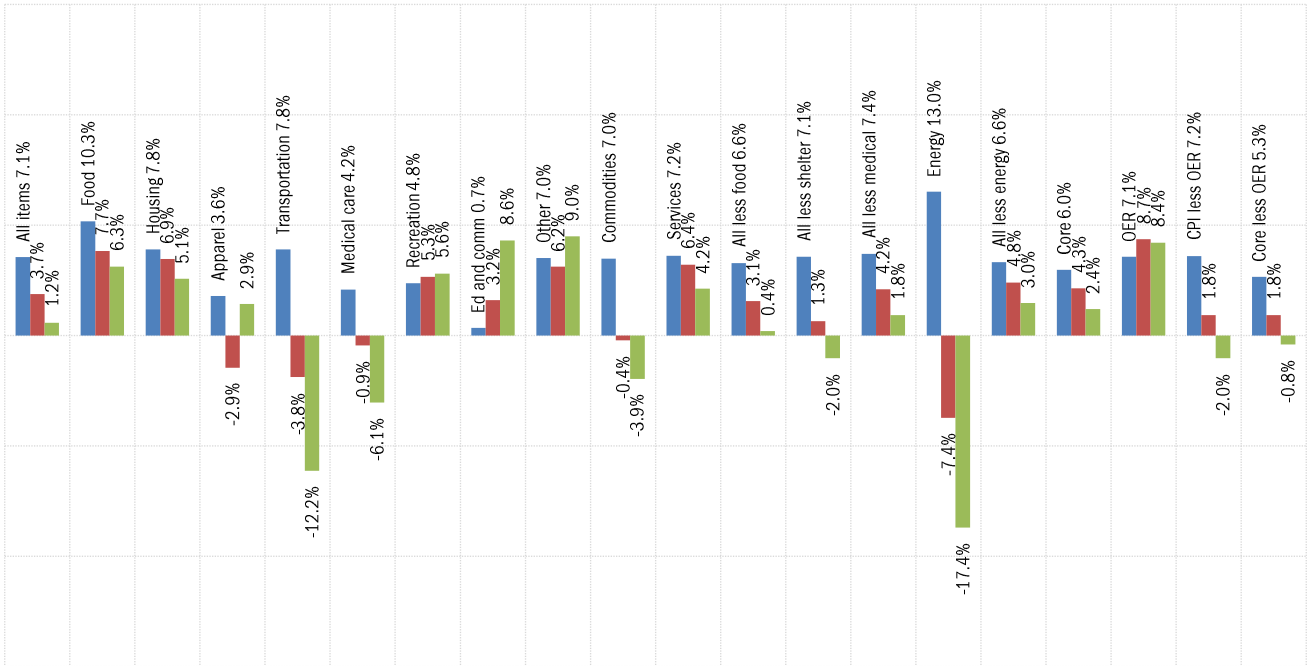
Source: [New York Fed Survey of Consumer Expectations](#), TrendMacro calculations

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



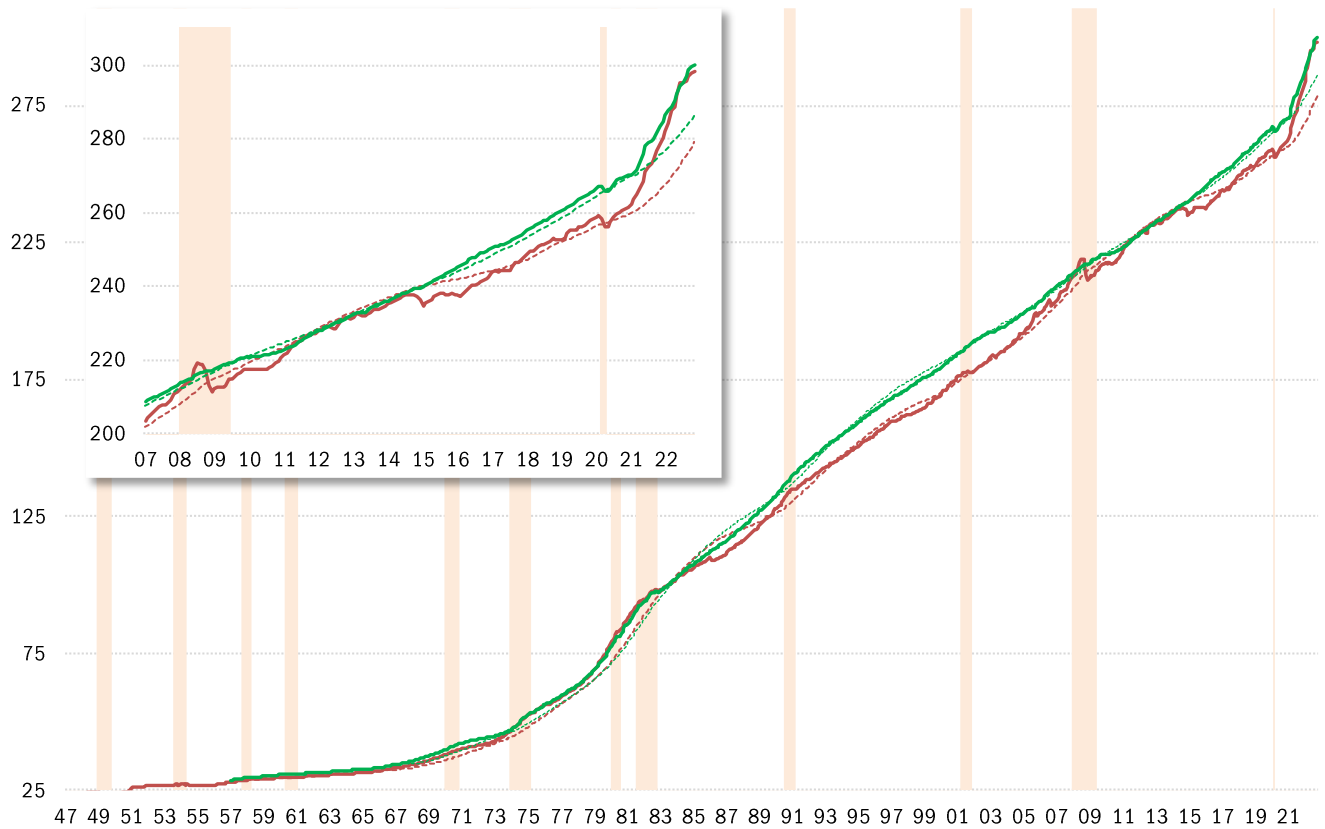
Source: Bloomberg, TrendMacro calculations

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



Source: BLS Consumer Price Index, TrendMacro calculations

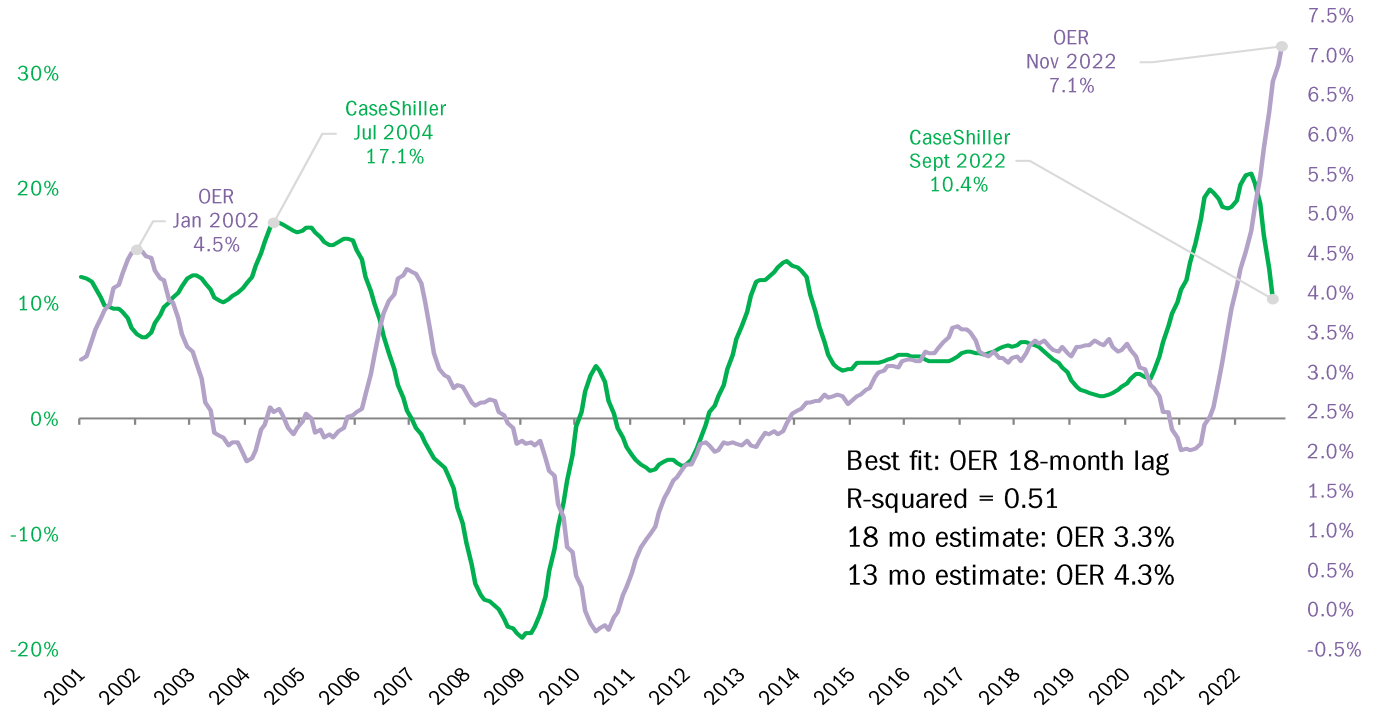
US CPI Core — Level ... 20-year trend ■ Recession



Source: BLS Consumer Price Index, TrendMacro calculations

Housing leads US CPI

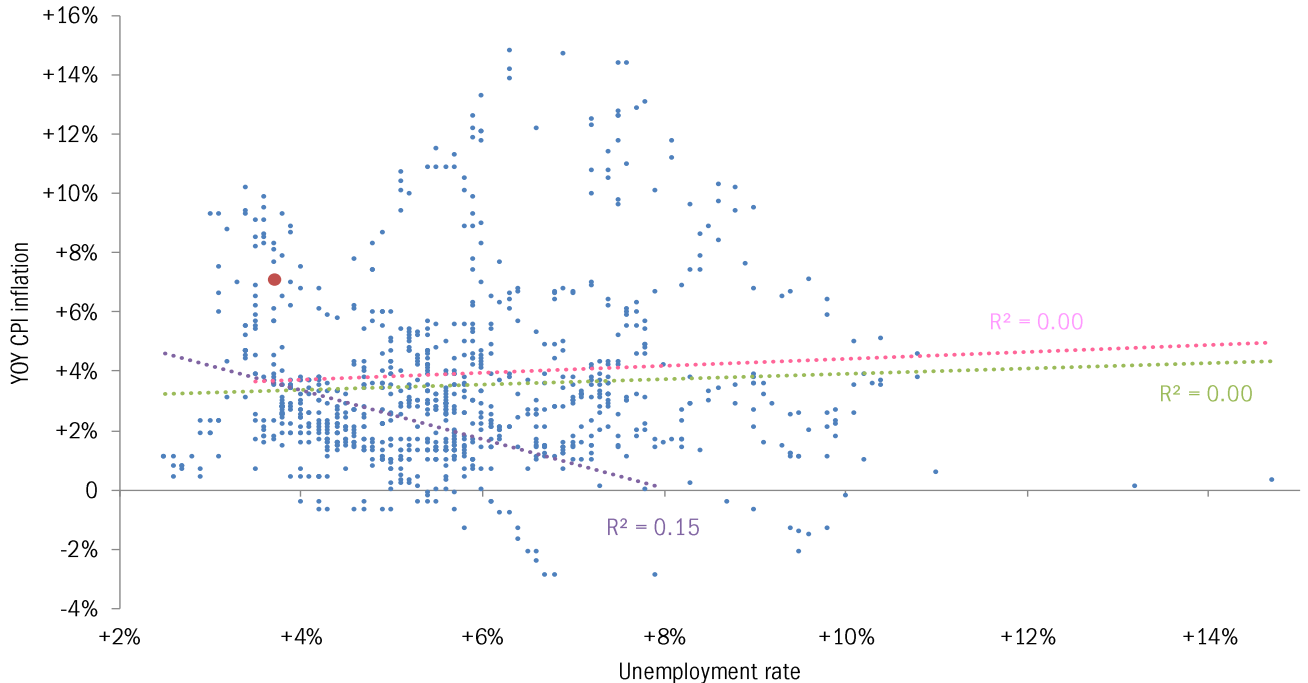
YOY change — Case Shiller 20-city avg — Owner's equivalent rent CPI component



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

Going, going, gone: the vanishing Phillips Curve

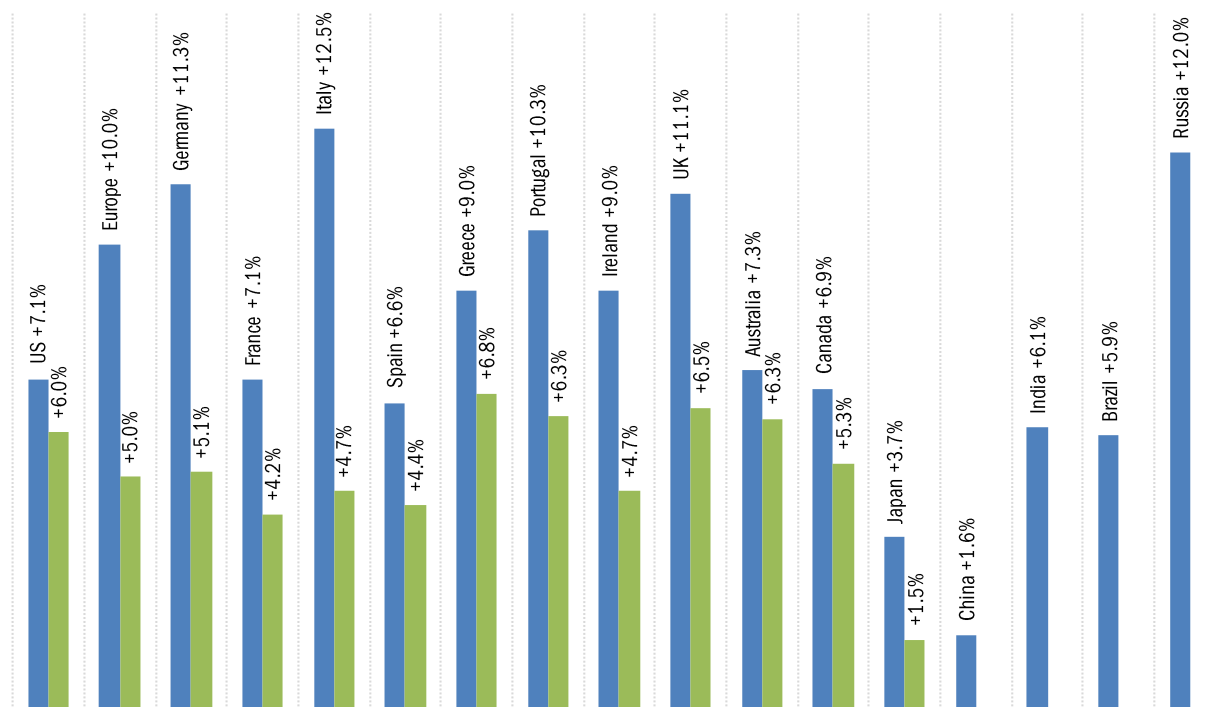
● Latest Linear trend: — Pre-74 — Post-74 — All



Source: BLS Consumer Price Index, Current Population Survey

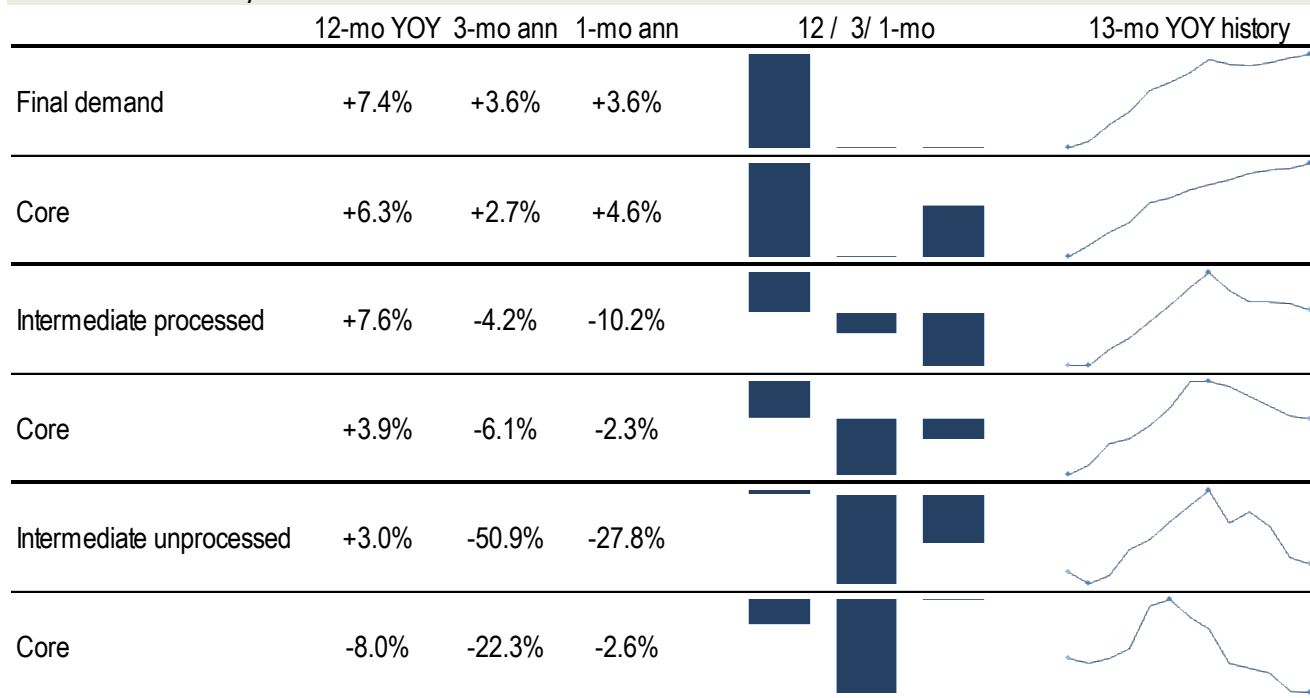
Major economies CPI, year on year

■ Headline ■ Ex-food and energy



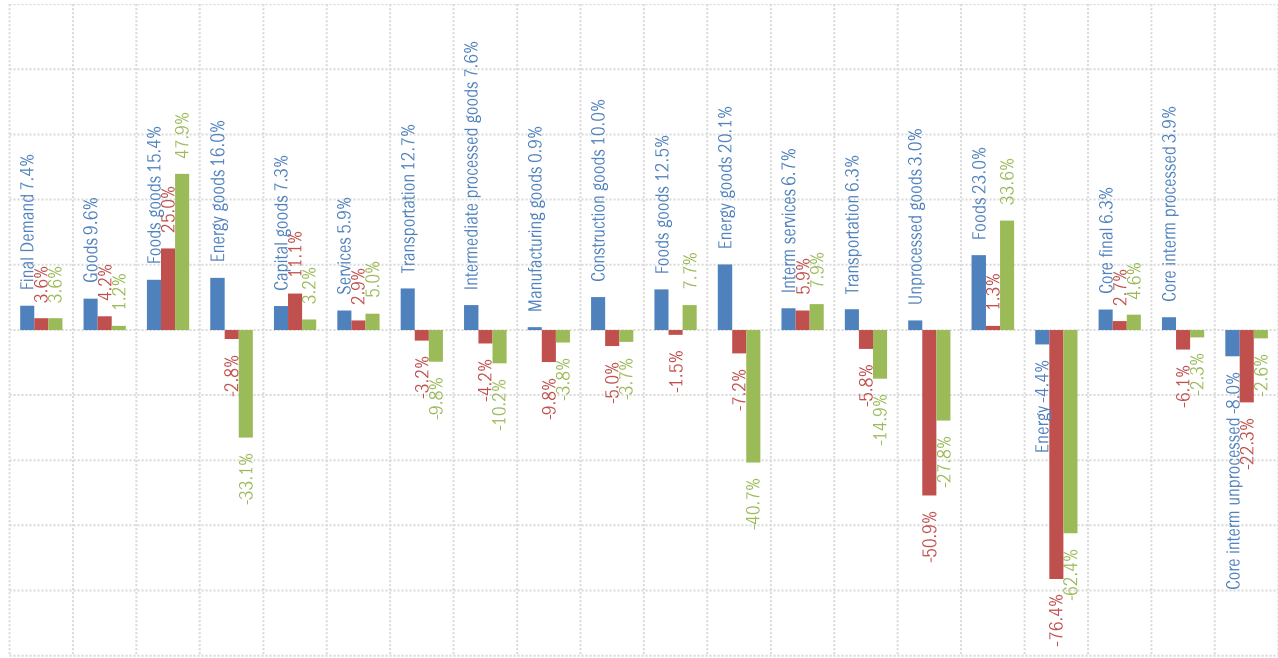
Source: Respective Statistical agencies, TrendMacro calculations

PPI data: what you need to know



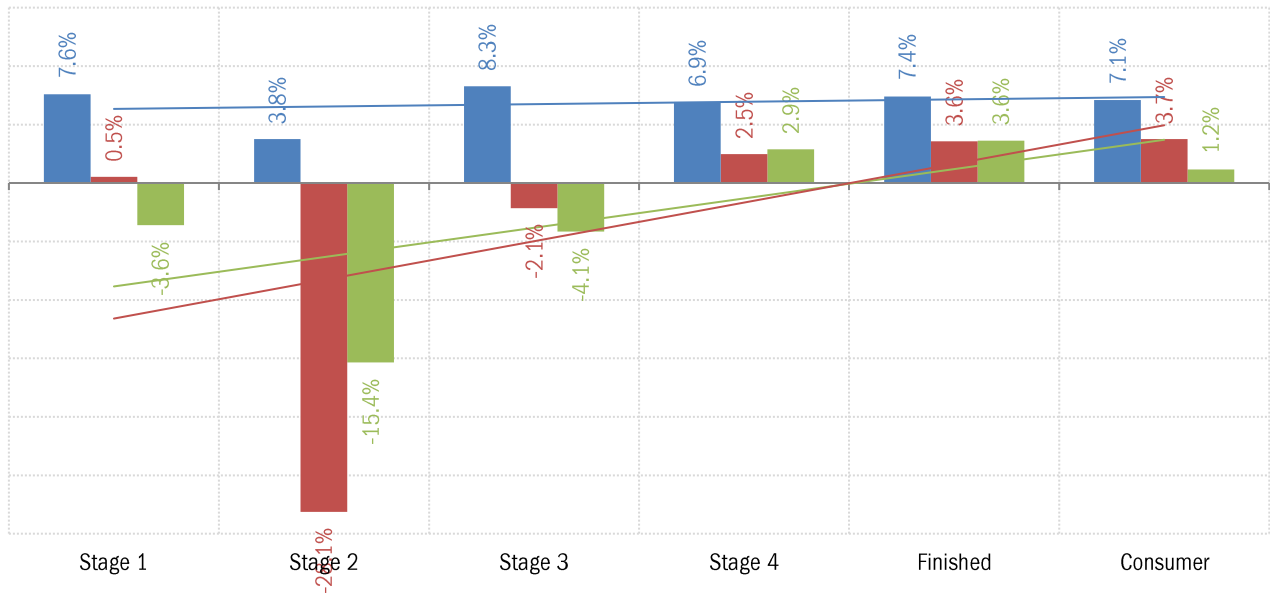
Source: BLS Producer Price Index, TrendMacro calculations

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