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

Wednesday, April 10, 2024

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	+3.15%	+3.99%	+5.44%		$\overline{\ }$		
Core	+3.75%	+4.18%	+4.39%				
OER	+5.97%	+5.75%	+5.13%				
All less OER	+2.14%	+3.27%	+4.55%		$\overline{}$		
Core less OER	+2.41%	+3.21%	+3.92%				
Energy	-1.74%	+4.53%	+30.74%		$\sim$		
All less energy	+3.54%	+3.93%	+3.78%				
Food	+2.25%	+2.42%	+0.20%				
All less food	+3.31%	+4.23%	+6.27%				
Health care	+1.41%	+3.29%	-0.31%				
All less health care	+3.32%	+4.06%	+5.95%				
Goods	+0.28%	+0.40%	+5.24%		$\sim$		
Services	+4.97%	+6.38%	+5.82%				

Source: BLS Consumer Price Index, TrendMacro calculations

For more information contact us:

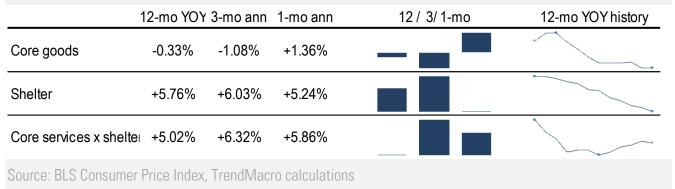
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### Today's CPI data: what Fed chair Jerome Powell thinks you need to know

"To assess what it will take to get inflation down, it is useful to break core inflation into three component categories: core goods inflation, housing services inflation, and inflation in core services other than housing." *CPI equivalent of the Fed's preferred Personal Consumption Expenditures inflation* 



### Today's CPI data: what NY Fed president John Williams thinks you need to know

"I will start to peel the 'inflation onion'... The outermost layer consists of prices of globally traded commodities... The middle layer of the inflation onion is made up of products – especially durable goods... the innermost layer: underlying inflation...Prices for services..."

CPI equivalent of the Fed's preferred Personal Consumption Expenditures inflation

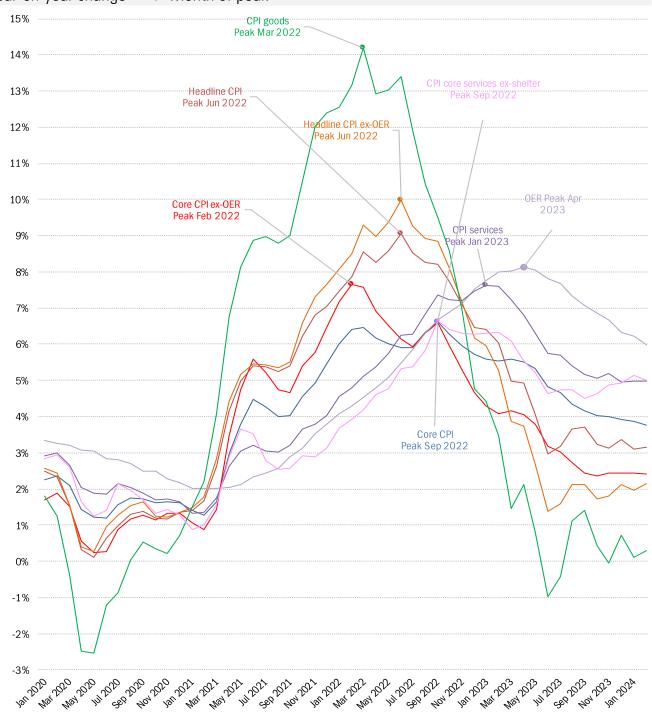
	12-mo YOY 3-	-mo ann	1-mo ann	12 / 3/ 1-mo	12-mo YOY history
Core commodities	-4.73% -	-6.64%	-3.49%		
Durable goods	-1.57% -	-3.50%	-0.72%		
Services	+4.97% +	+6.38%	+5.82%		

Source: BLS Producer Price Index (may be lagged one month), Consumer Price Index, TrendMacro calculations

### Today's CPI data: what Nobel laureate Milton Friedman thinks you need to know

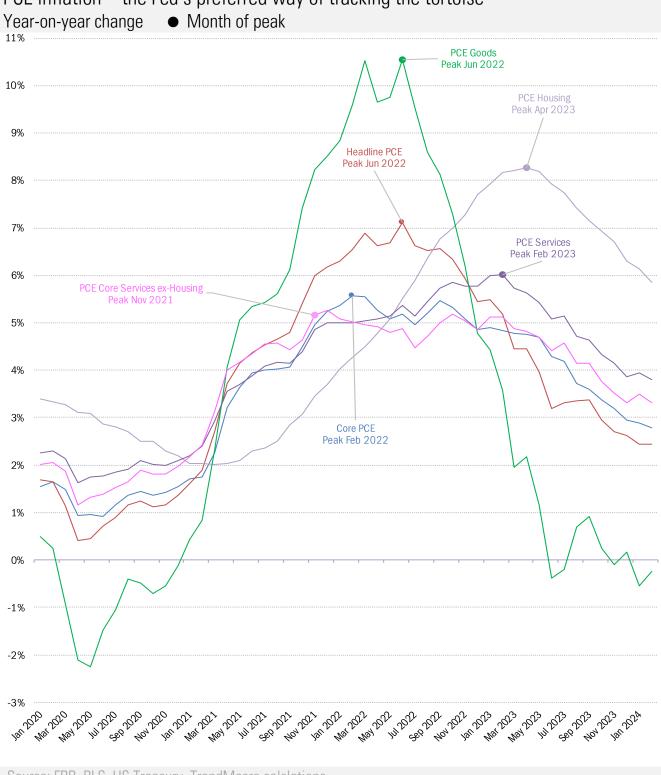
"...inflation is always and everywhere a monetary phenomenon in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output. However, there are many different possible reasons for monetary growth, including gold discoveries, financing of government spending, and financing of private spending..."



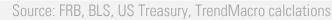


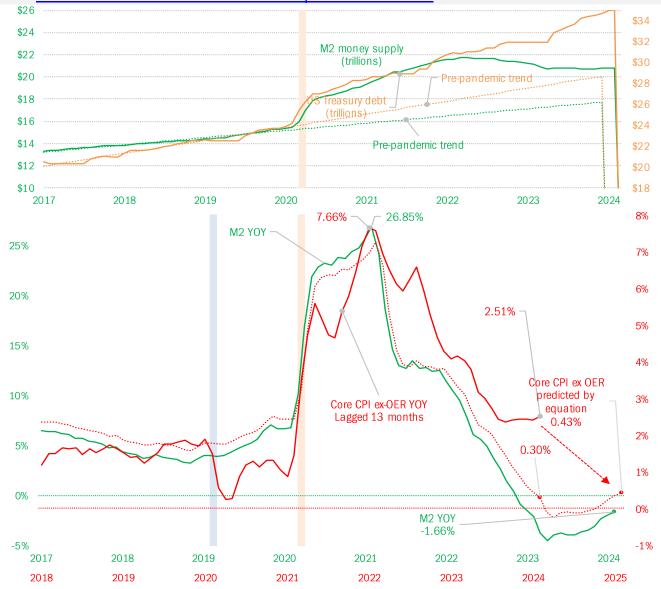
Slow and steady wins the race – the CPI tortoise on the track, in his many variations Year-on-year change • Month of peak

Source: FRB, BLS, US Treasury, TrendMacro calclations



# PCE inflation - the Fed's preferred way of tracking the tortoise

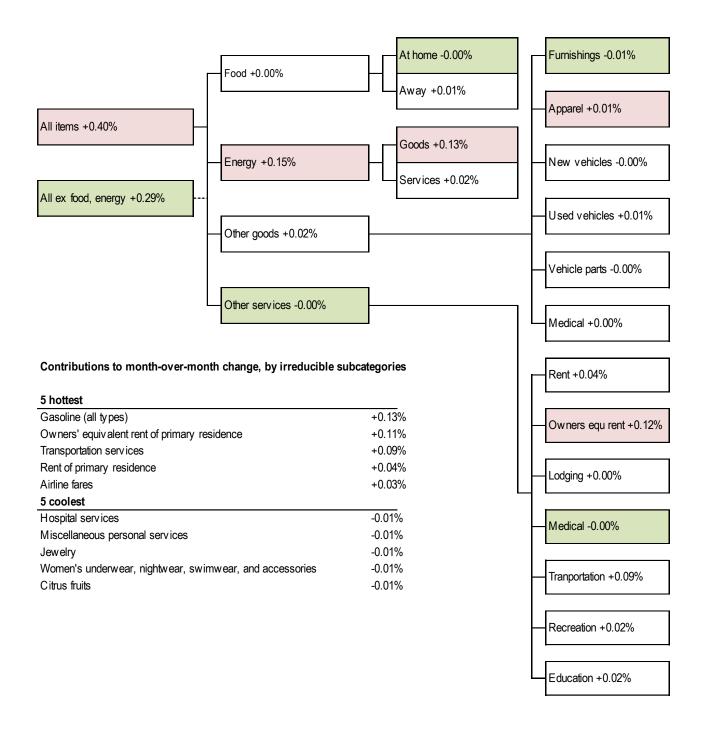




Relation of Treasury debt, M2 money supply and core CPI inflation rate (ex OER) and <u>TrendMacro's monetarist inflation prediction model</u>

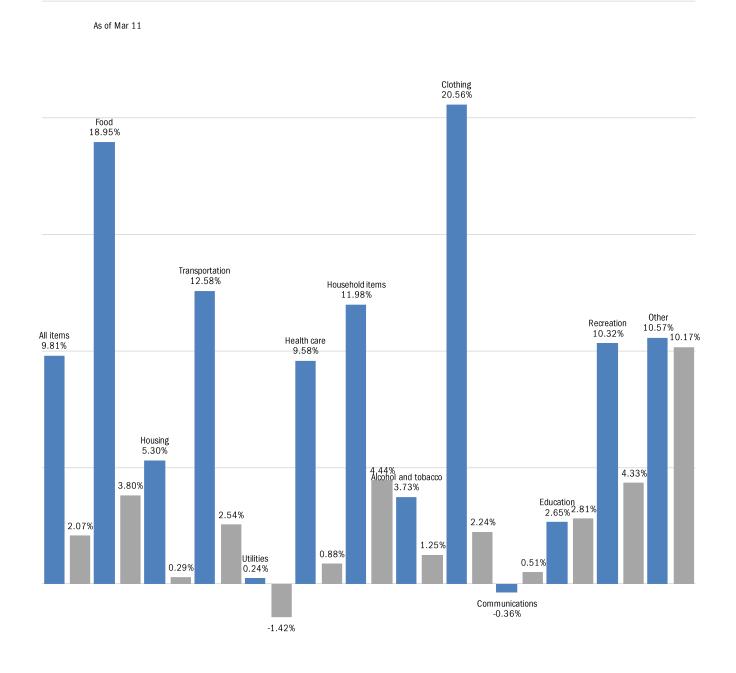
Source: FRB, BLS, US Treasury, TrendMacro calclations

Deconstructing today's CPI data: what explains this month's inflation? Weighted contribution by subcategory Biggest change per detail-level: positive negative



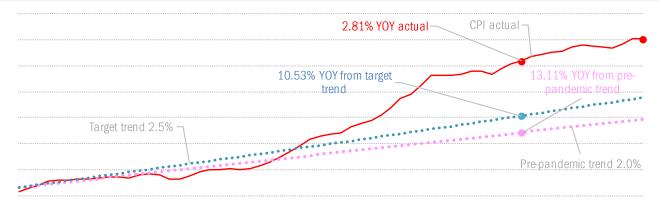
Source: BLS Consumer Price Index, TrendMacro calculations

### Inflation in real time, based on Truflation's daily telemetry ■ Trailing 31-day consumer price inflation, annual rate ■ Trailing 365-day

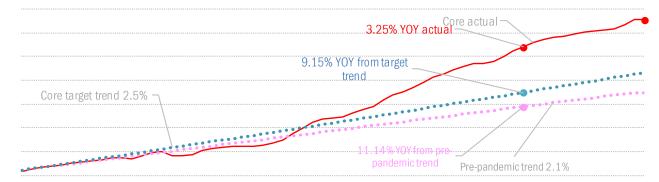


#### Source: Truflation, TrendMacro calculations

"Transitory," "base-effect" or "optimal control"? This month's data in context with the pre-pandemic and ideal 12-month trends



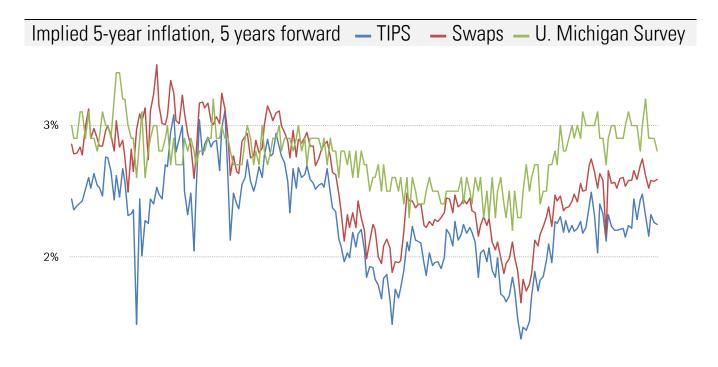
Jan 19Apr 19 Jul 19 Oct 19 Jan 20 Apr 20 Jul 20 Oct 20 Jan 21 Apr 21 Jul 21 Oct 21 Jan 22 Apr 22 Jul 22 Oct 22 Jan 23 Apr 23 Jul 23 Oct 23 Jan 24



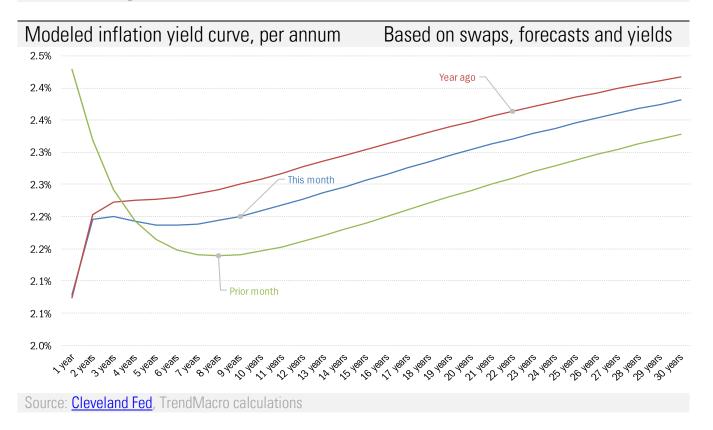
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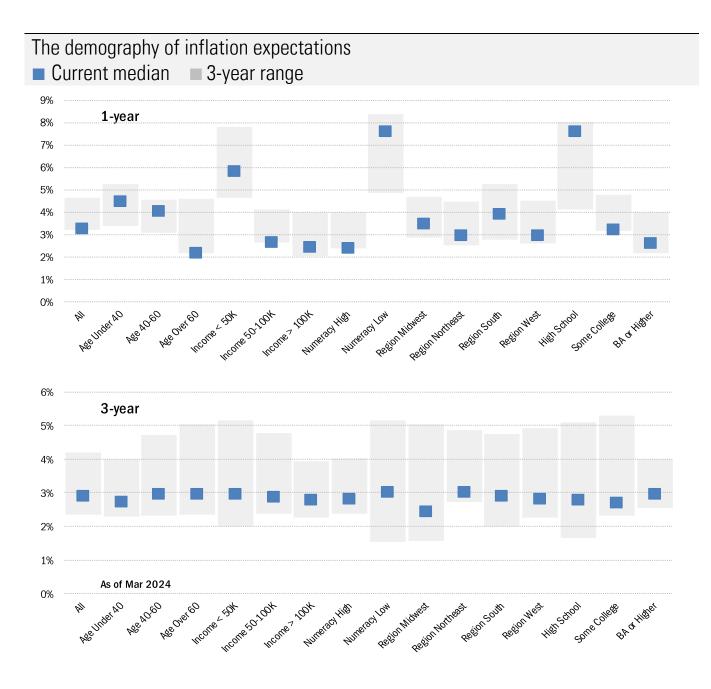
Unhinged? Or too hinged? 5-year 5-year-forward TIPS breakeven 3.2% Latest Fed target in CPI terms 3.0% 2.28% Apr 2022 2.5% 2.67% 2.8% 2.6% 2.4% 2.2% 2.0% Post-GFC average As of Apr 10 1.8% 5-yr average 2.26% 1.6% 1.4% 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 Source: Bloomberg, TrendMacro calclations

Source: Bureau of Labor Statistics, TrendMacro calclations

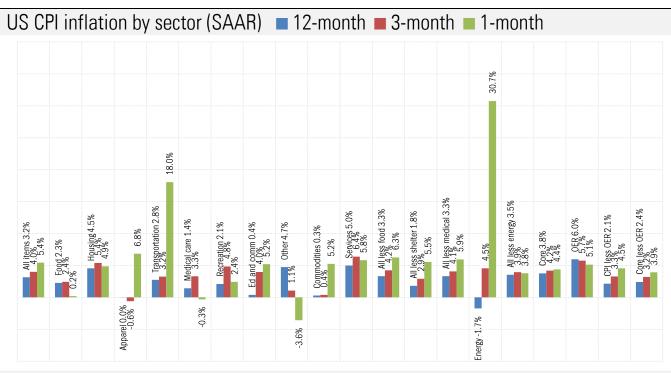


1% 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 Source: Bloomberg, TrendMacro calculations

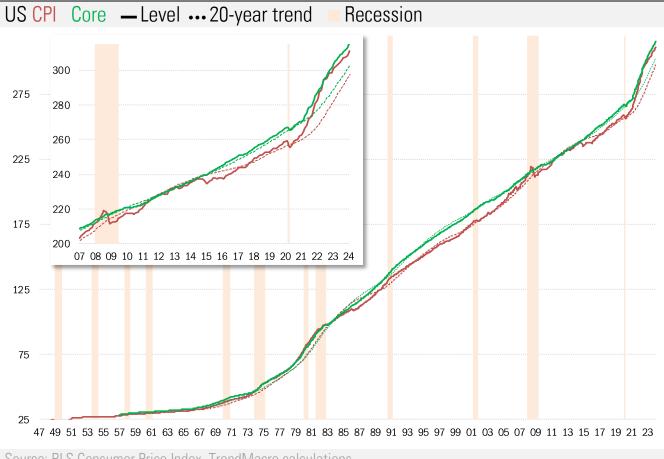




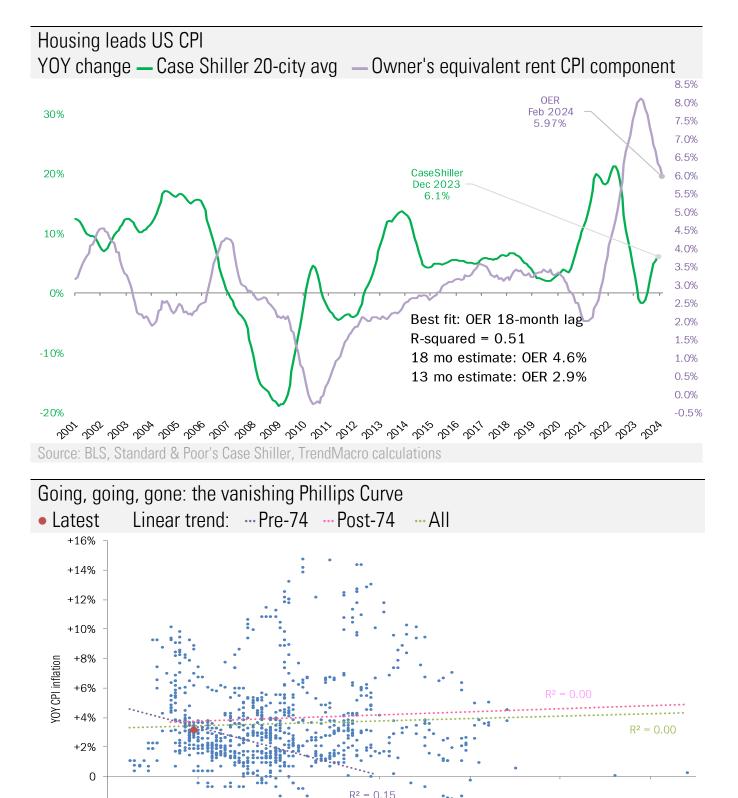
Source: New York Fed Survey of Consumer Expectations, TrendMacro calclations



Source: BLS Consumer Price Index, TrendMacro calculations



Source: BLS Consumer Price Index, TrendMacro calculations



Source: BLS Consumer Price Index, Current Population Survey

+6%

+8%

Unemployment rate

+10%

+12%

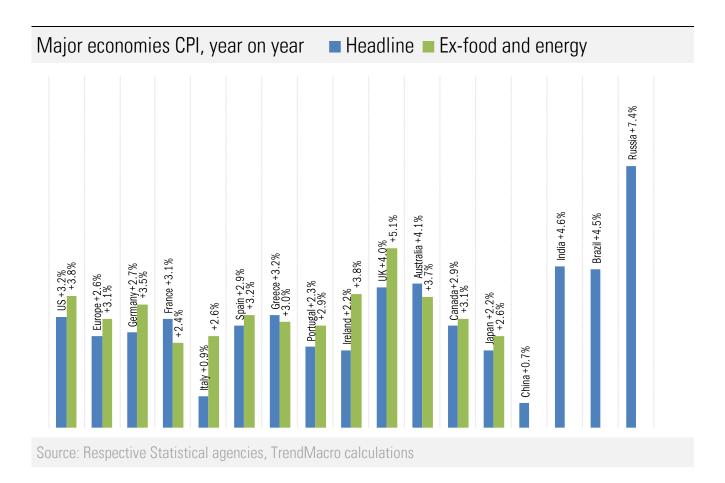
+4%

-2%

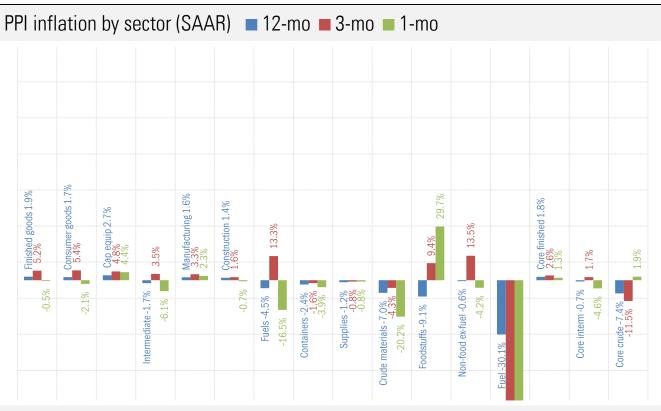
-4% <sup>\_\_</sup> +2%

+14%

/orld CPI, headline, year-on-year	Source: Bloomberg, TrendMacro calclation
'orld CPI, headline, year-on-year	Argentina 264.5%   Venezuela 75.9%   Urrkey 67.7%   Zimbabwe 47.6%   Eqvot 35.7%   Eqvot 35.7%   Nitoeria 29.9%   Ohana 23.7%   Pakistan 23.7%   Ancola 22.0%   Azerbaian 13.9%   Zambia 13.5%   Zambia 13.9%   Colombia 7.7%   Banoladesh 7.7%   Banoladesh 7.7%   Banoladesh 7.7%   Russia 7.4%   Jamaica 6.3%   Alceria 6.3%   Alceria 6.3%   Mauritius 6.2%   Sir Lanka 5.9%   Nicaraqua 5.8%   Mauritius 5.9%   Nicaraaua 5.8%   Varaa 5.3%   Moduna 4.7%   Fiii 4.6%   Brazil 4.5%   Brazil
	Slovenia 3.4% Finland 3.3% Dominican Republic 3.3% Guatemala 3.3% Peru 3.3% Kuwait 3.3% Belaium 3.3% United States of America 3.2% United States of America 3.2% South Korea 3.1% Talwan 3.1% Tanzania 3.0% Qatar 3.0% Greece 2.9% Canada 2.9%
	Cambodia 2.7% Israel 2.6% Bolivia 2.5% Germanv 2.5% Morocco 2.3% Japan 2.2% Portugal 2.2% Crucha 2.2% Cortugal 2.2% Cortugal 2.2% Cortugal 2.2% Cortugal 2.2% Cortugal 2.2% Bahamas 2.2% Cortugal 2.2% Cortugal 1.8% Bosnia and Herzegovina 1.8% Hong Kong 1.7% Saudi Arabia 1.5% Ecuador 1.4% North Macedonia 1.4% North Macedonia 1.4% Switzerland 1.2%
2% 0% 2% 4% 6% 8% 10%	Barbados 11% Macau 10% Trinidad and Tobago 10% Italv 08% Bahrain 0.8% Chirna 0.7% El Salvador 0.5% Latvia 0.4% Georoia 0.3% Gane Verde 0.03% Ornan -0.1% Kyrgvz Republic -0.4% Armenia -0.9% Costa Rica -11%

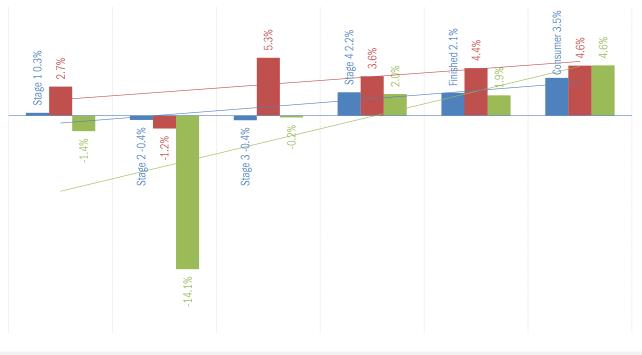


PPI data: what you need to know					
	12-mo YOY	3-mo ann	1-mo ann	12 / 3/ 1-mo	13-mo YOY history
Final demand	+2.10%	+4.37%	+1.86%		
Core	+2.38%	+4.17%	+2.75%		
Intermediate processed	-1.67%	+3.46%	-6.08%	_	
Core	-0.71%	+1.69%	-4.57%	_	
Intermediate unprocessed	-7.09%	+3.03%	-14.42%		
Core	-7.67%	-0.23%	+8.71%		
Source: BLS Producer Price Index, TrendMacro calculations					



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