
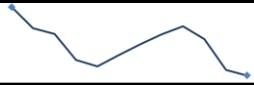

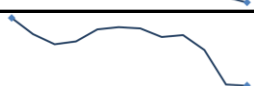

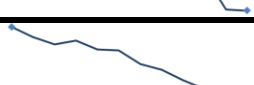


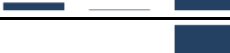




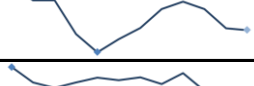

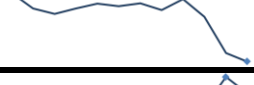

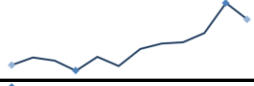

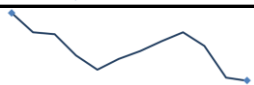

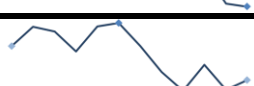
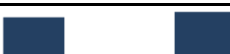





Data Insights: Consumer Price Index, Producer Price Index

Tuesday, May 13, 2025

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	+2.31%	+1.56%	+2.68%		
Core	+2.78%	+2.10%	+2.88%		
OER	+4.30%	+3.47%	+3.30%		
All less OER	+1.87%	+1.69%	+3.39%		
Core less OER	+1.73%	+1.14%	+2.58%		
Energy	-3.48%	-6.04%	+8.31%		
All less energy	+2.78%	+2.10%	+2.31%		
Food	+2.69%	+2.15%	-0.87%		
All less food	+2.27%	+1.47%	+3.27%		
Health care	+2.74%	+3.94%	+6.06%		
All less health care	+2.30%	+1.35%	+2.38%		
Goods	-0.13%	-1.46%	-0.19%		
Services	+3.72%	+3.40%	+4.31%		

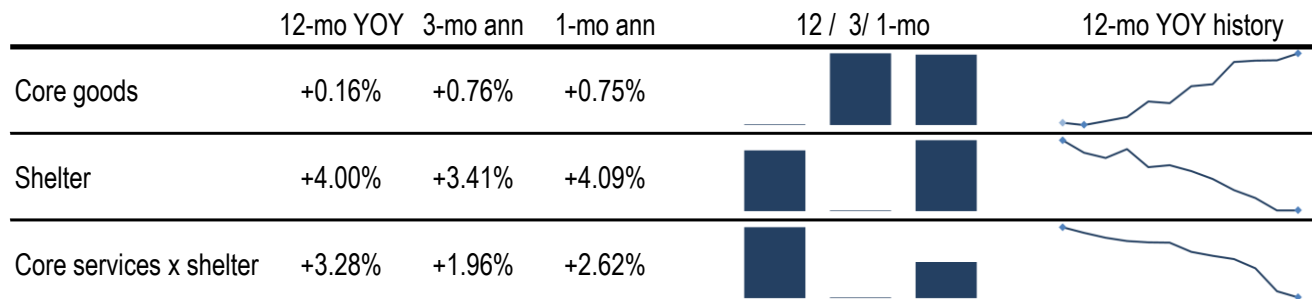
Source: BLS Consumer Price Index, TrendMacro calculations

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Donald Luskin: 214 550 2020 don@trendmacro.com
Thomas Demas: 704 552 3625 tdemas@trendmacro.com

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

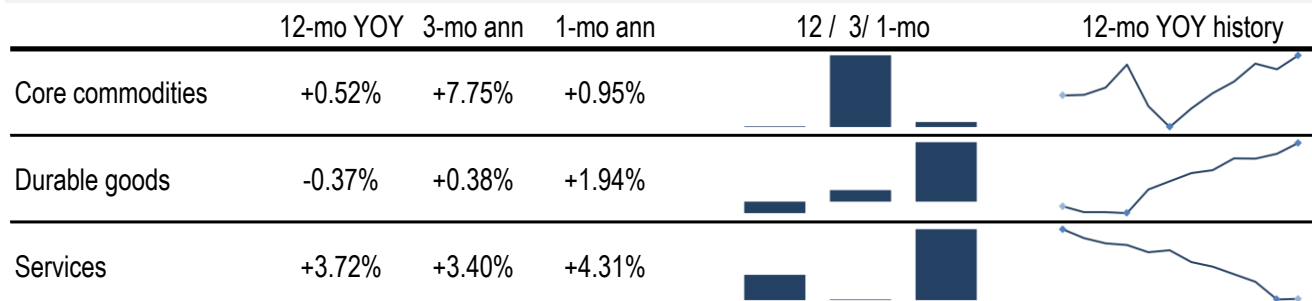
"To assess what it will take to get inflation down, it is useful to break core inflation into three component categories: core goods inflation, housing services inflation, and inflation in core services other than housing."
CPI equivalent of the Fed's preferred Personal Consumption Expenditures inflation



Source: BLS Consumer Price Index, TrendMacro calculations

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

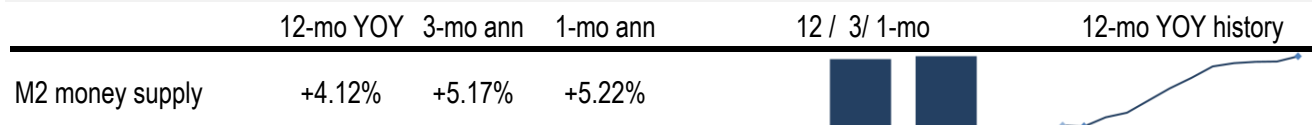
"I will start to peel the 'inflation onion'... The outermost layer consists of prices of globally traded commodities... The middle layer of the inflation onion is made up of products – especially durable goods... the innermost layer: underlying inflation... Prices for services..."
CPI equivalent of the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



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](#)

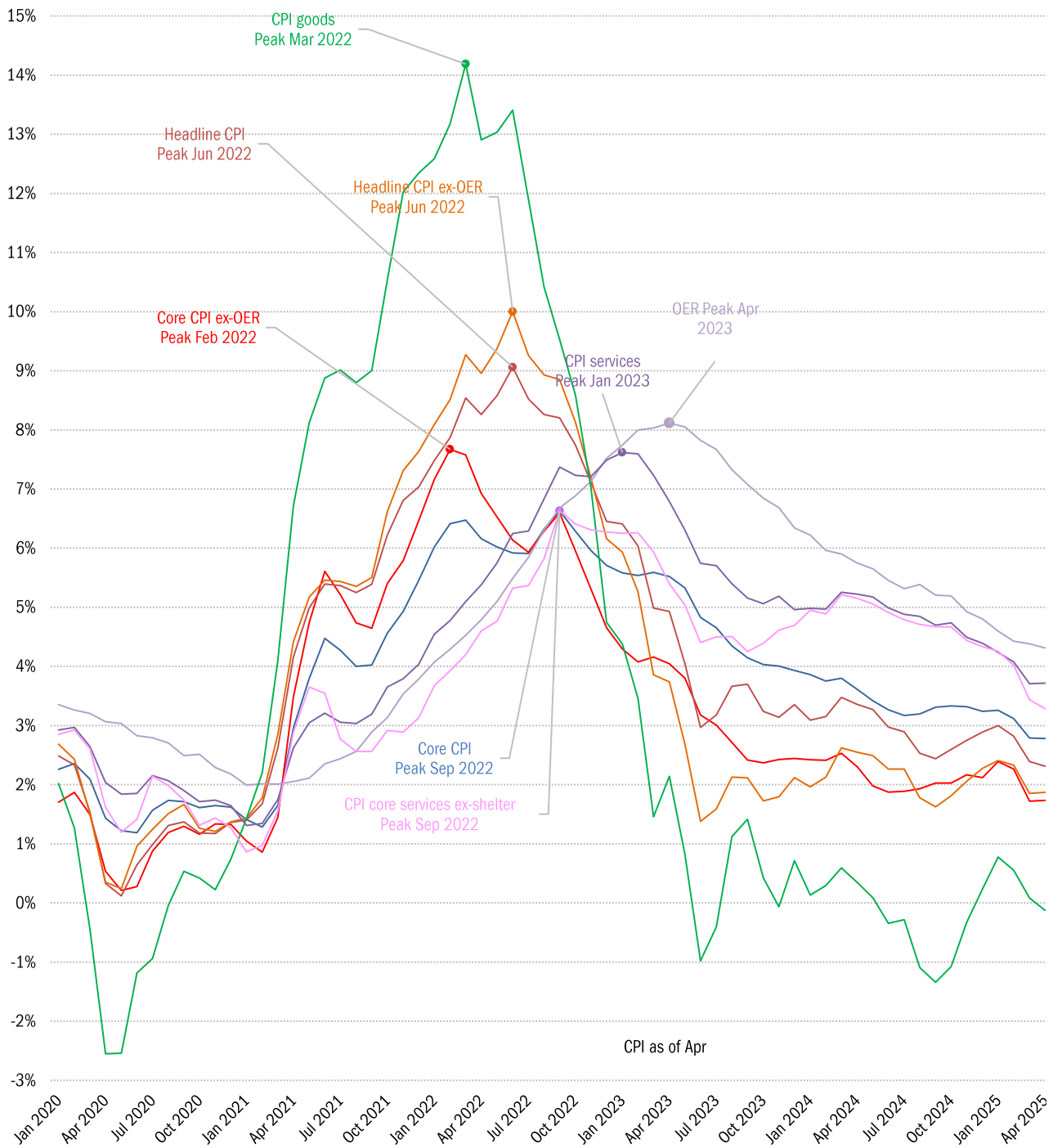
"...inflation is always and everywhere a monetary phenomenon in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output. However, there are many different possible reasons for monetary growth, including gold discoveries, financing of government spending,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



Source: Federal Reserve Board (lagged one month), TrendMacro calculations

Slow and steady wins the race

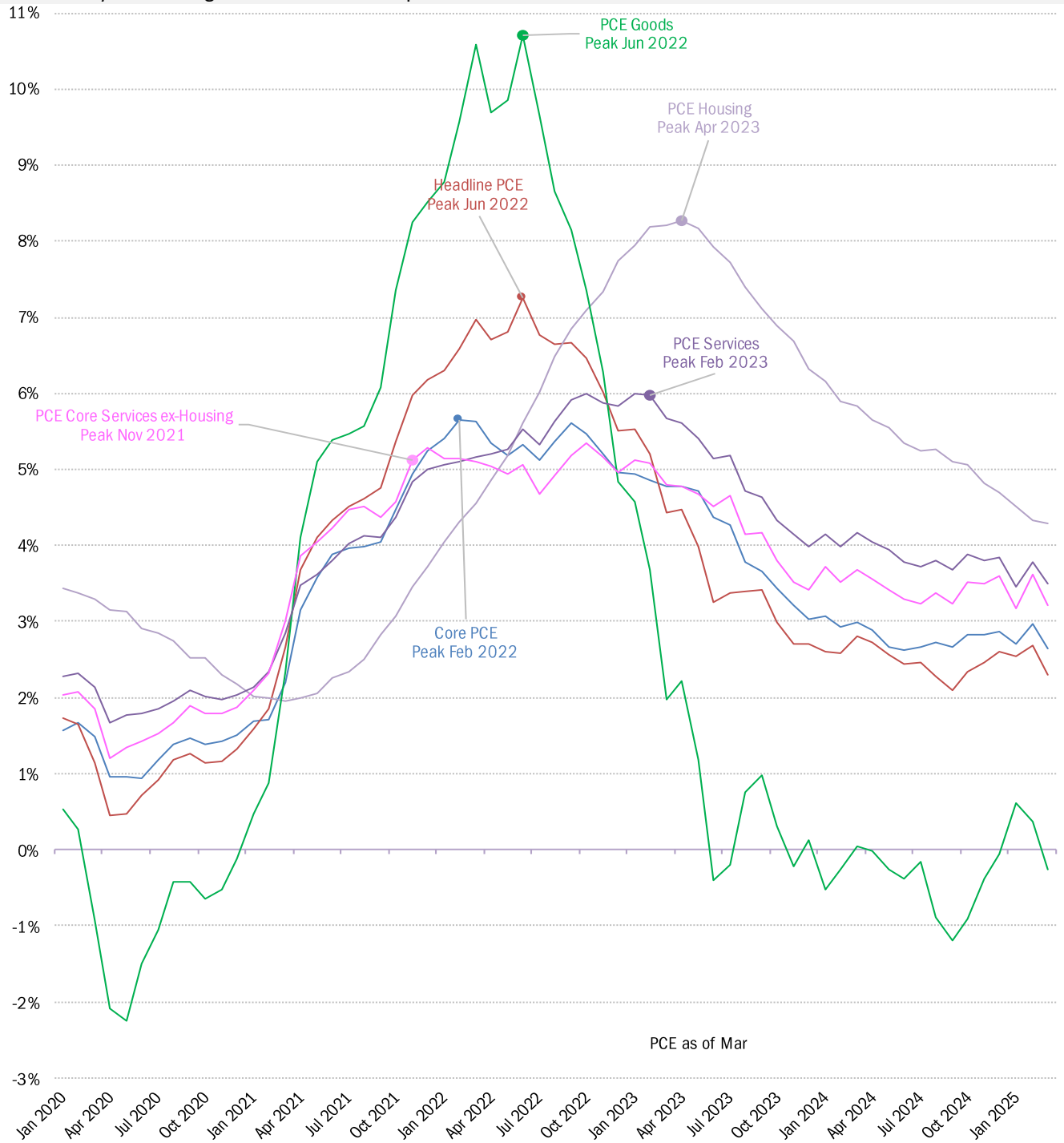
Year-on-year change ● Month of peak



Source: FRB, BLS, US Treasury, TrendMacro calculations

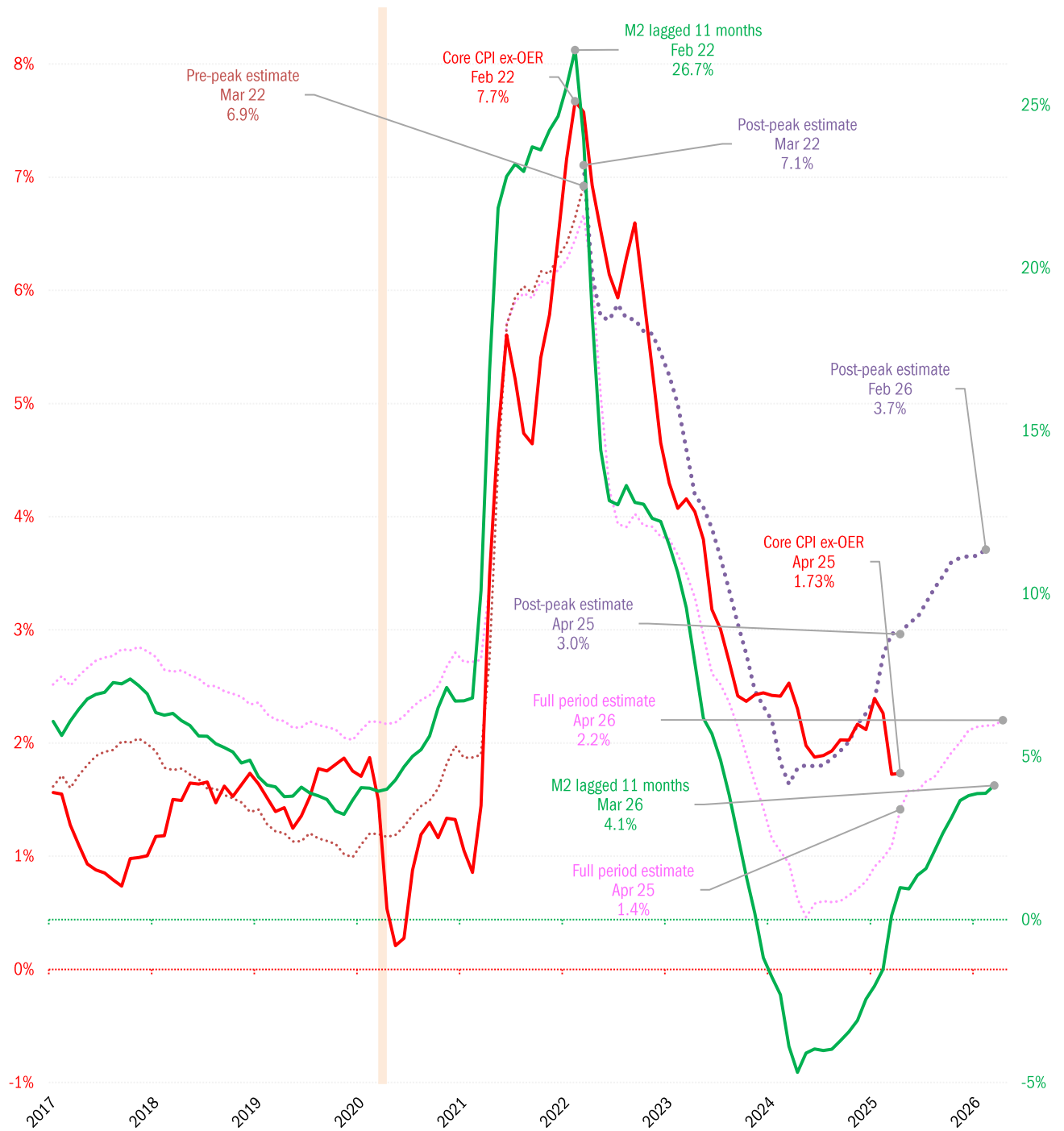
PCE inflation – the Fed's preferred way of tracking inflation

Year-on-year change ● Month of peak



Source: FRB, BLS, US Treasury, TrendMacro calculations

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

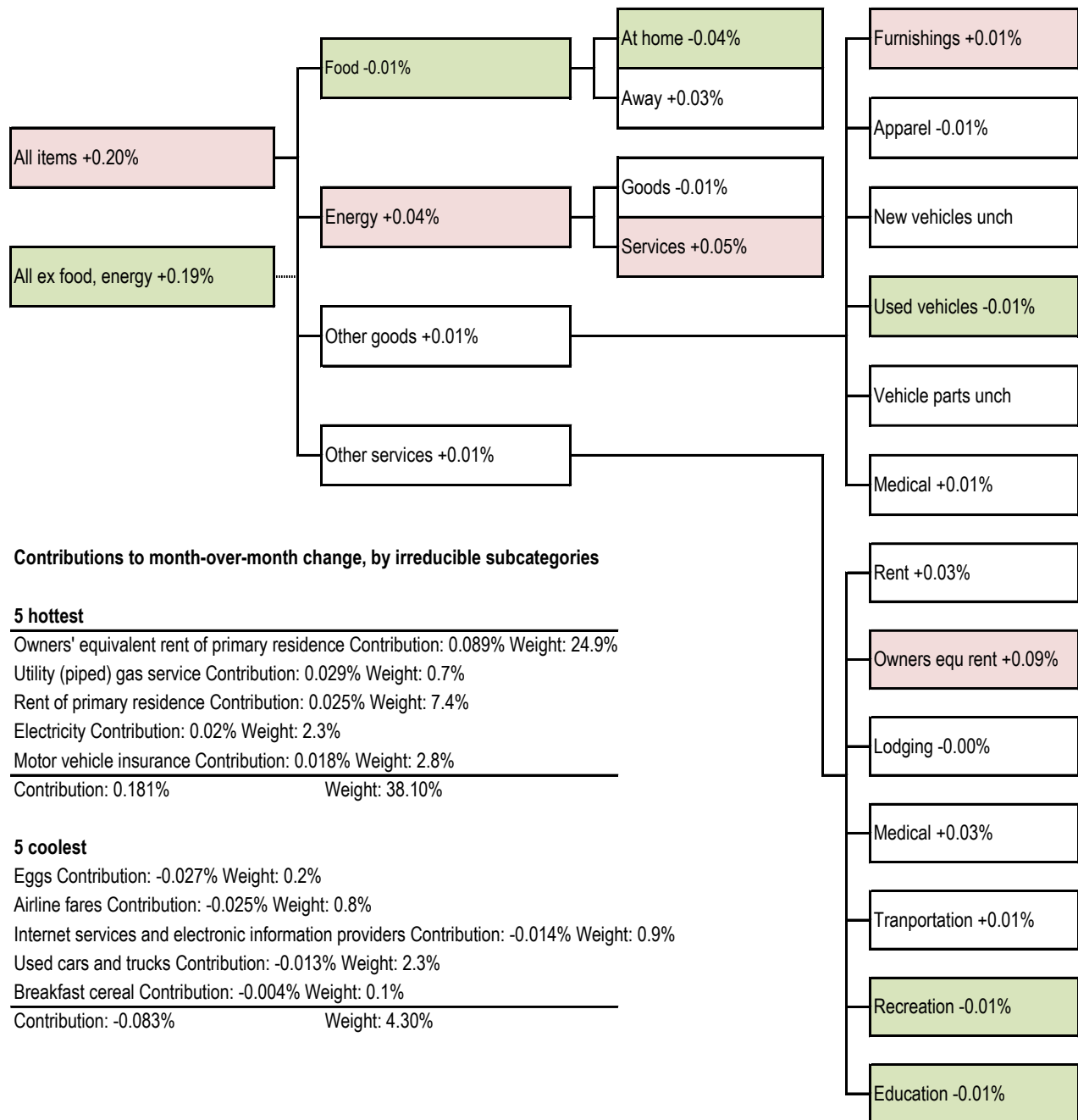


Source: FRB, BLS, US Treasury, TrendMacro calculations

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

Weighted contribution by subcategory

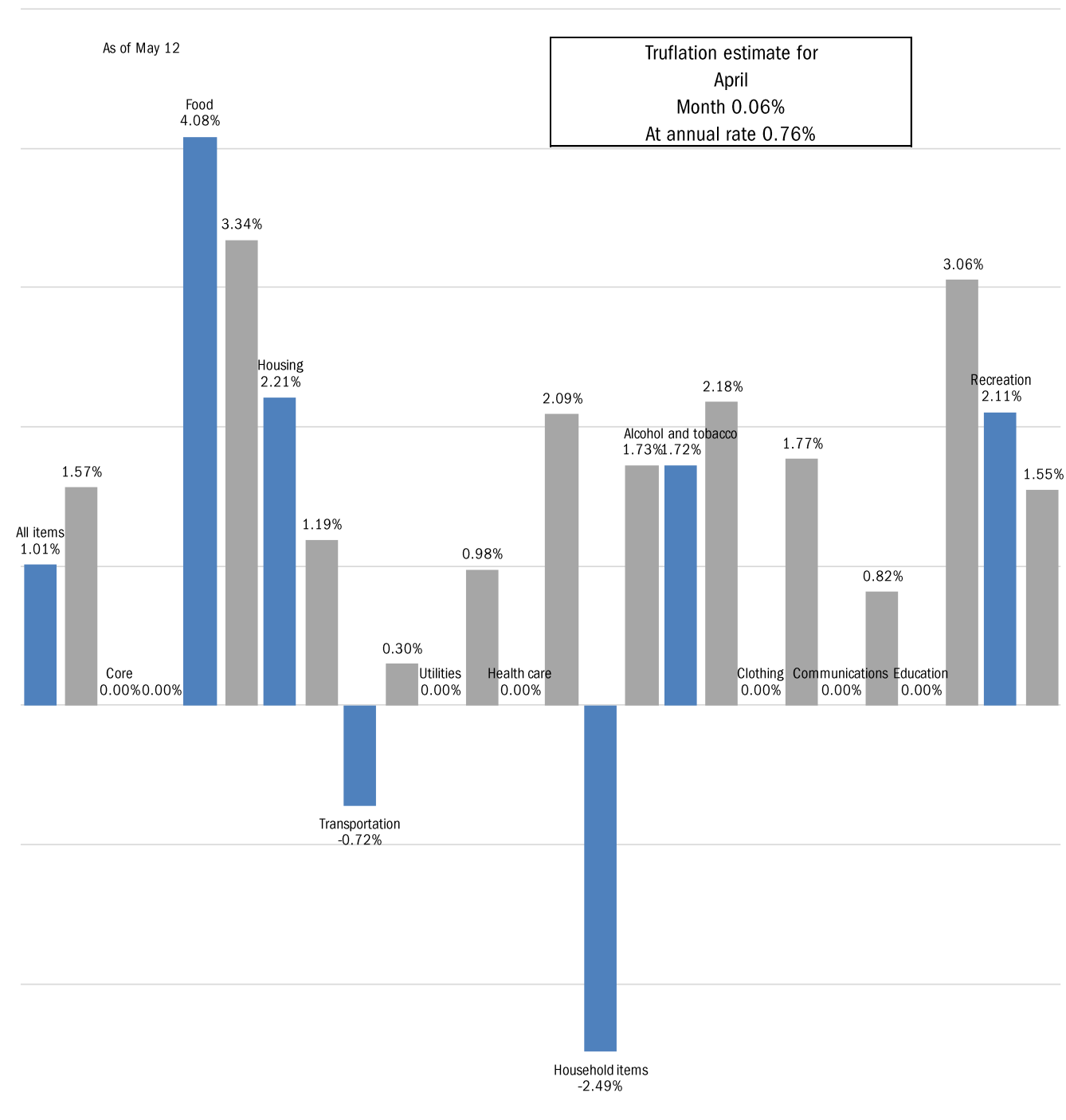
Biggest change per detail-level: ■ positive ■ negative



Source: BLS Consumer Price Index, TrendMacro calculations

Inflation in real time, based on Truflation's daily telemetry

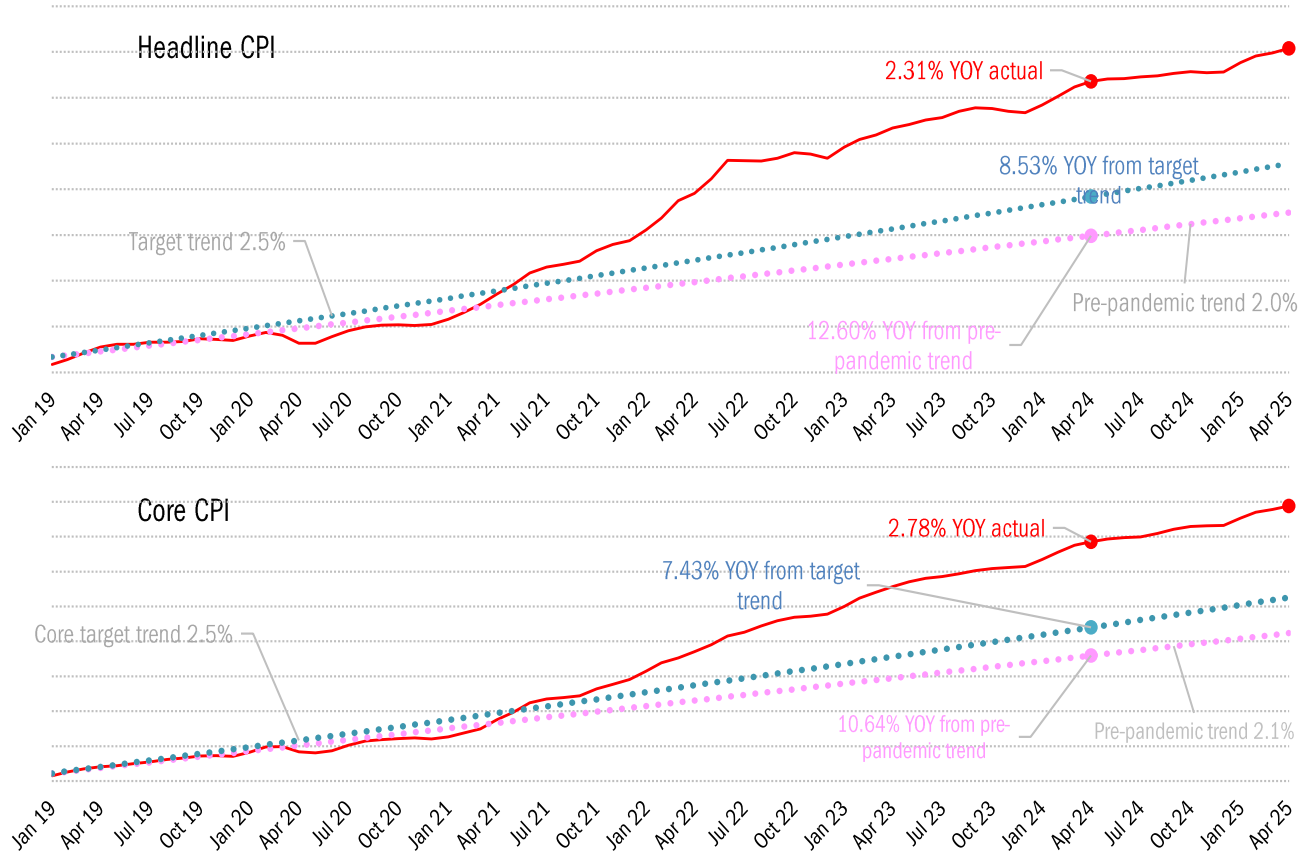
■ Trailing 31-day consumer price inflation, annual rate ■ Trailing 365-day



Source: [Truflation](#), TrendMacro calculations

"Transitory," "base-effect" or "optimal control"?

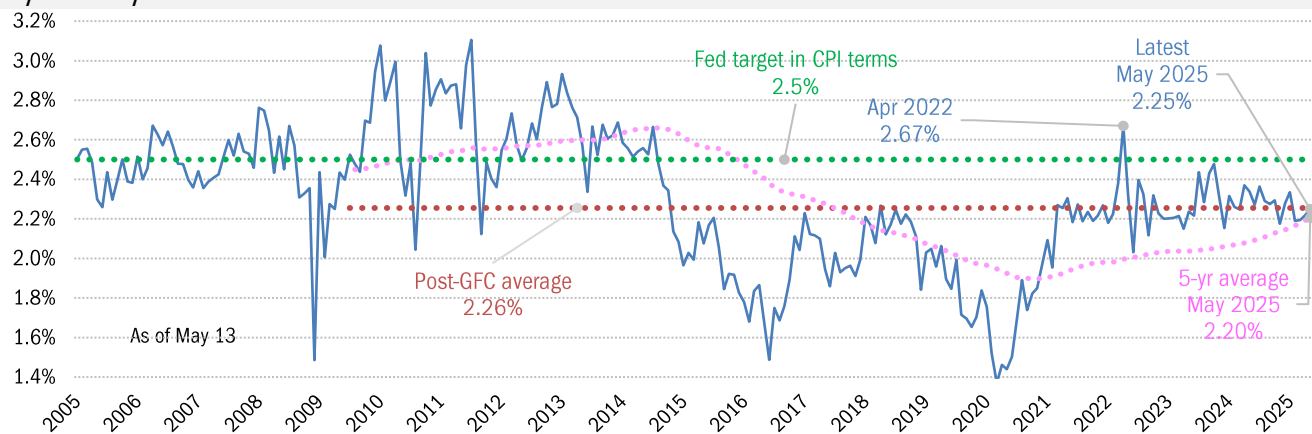
This month's data in context with the pre-pandemic and ideal 12-month trends



Source: Bureau of Labor Statistics, TrendMacro calculations

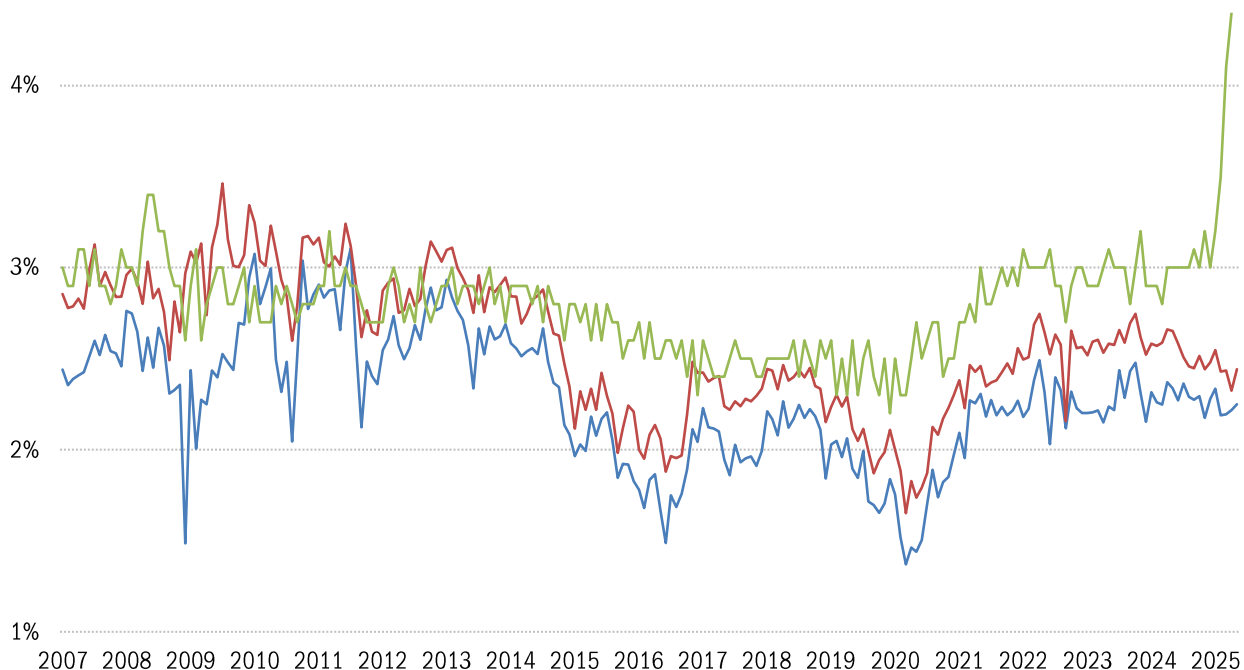
Unhinged? Or *too* hinged?

5-year 5-year-forward TIPS breakeven



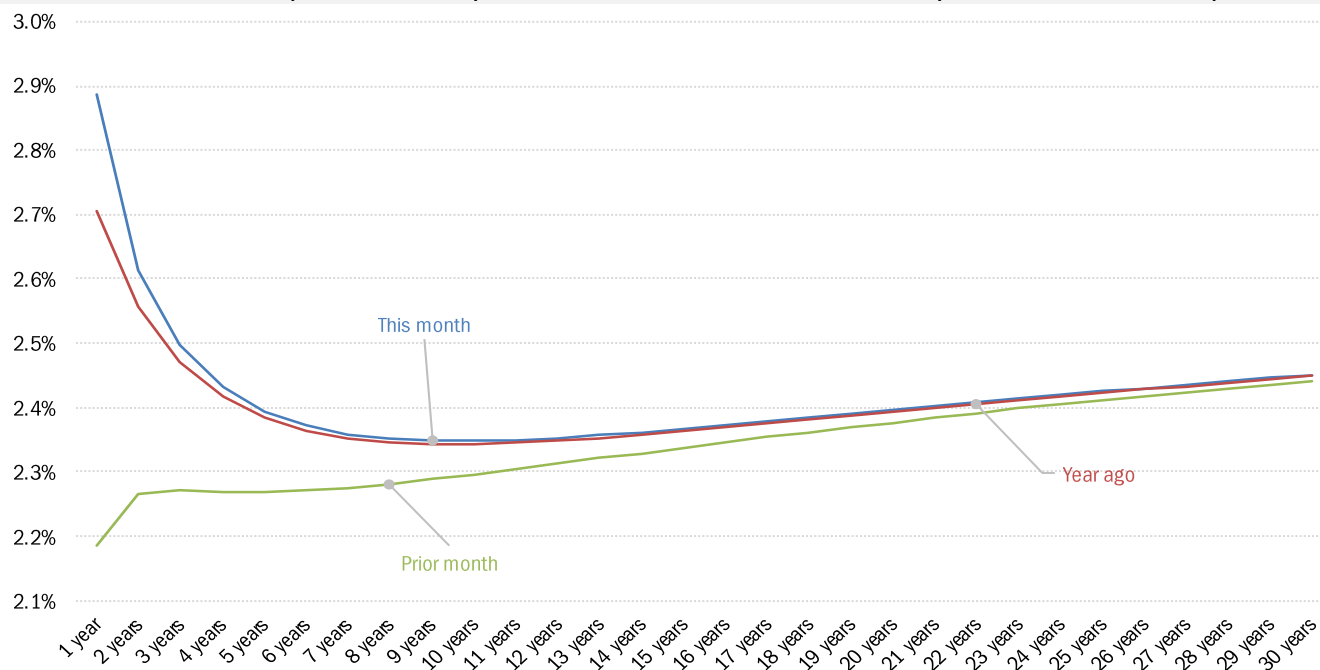
Source: Bloomberg, TrendMacro calculations

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



Source: Bloomberg, TrendMacro calculations

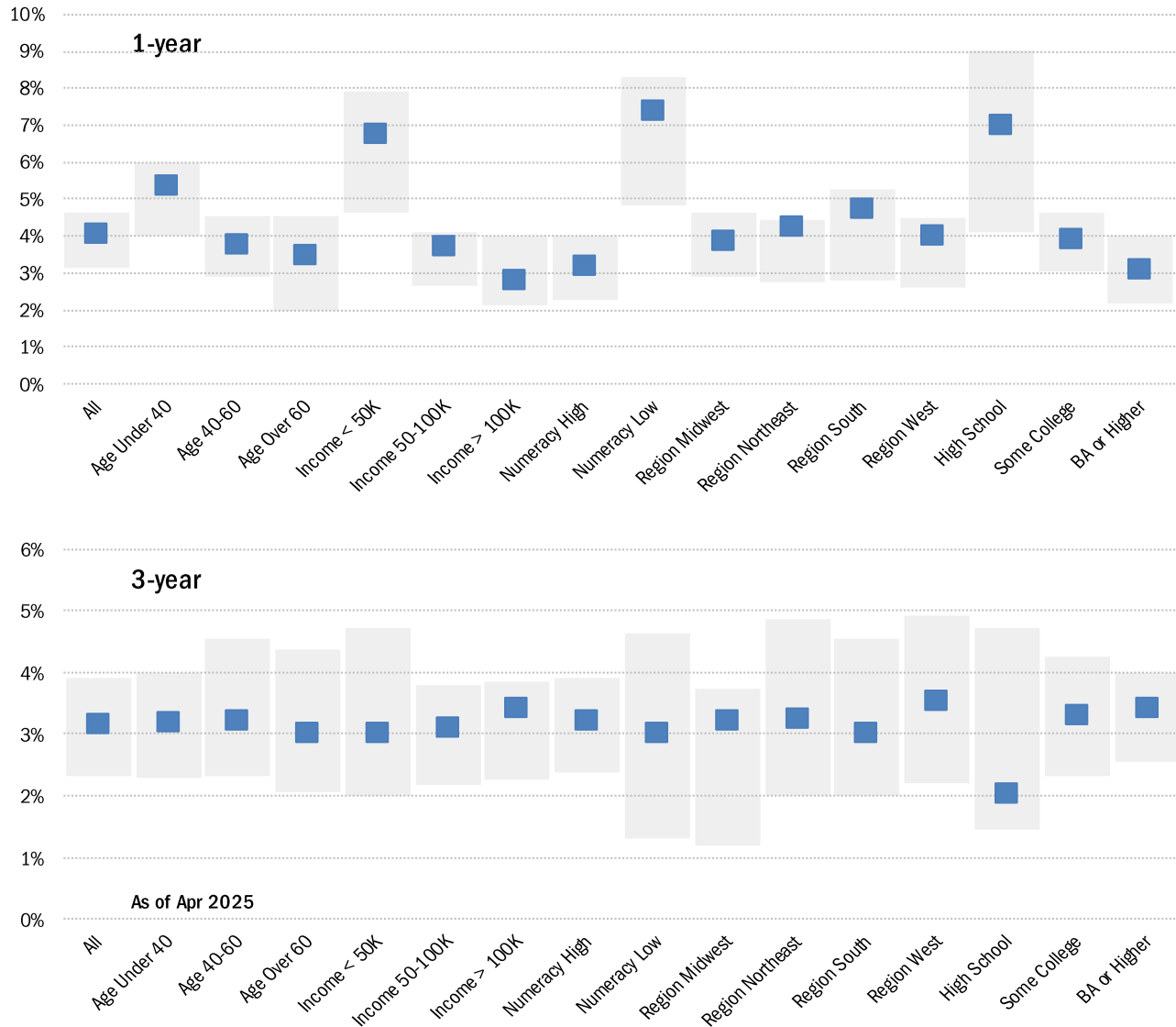
Modeled inflation yield curve, per annum — Based on swaps, forecasts and yields



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

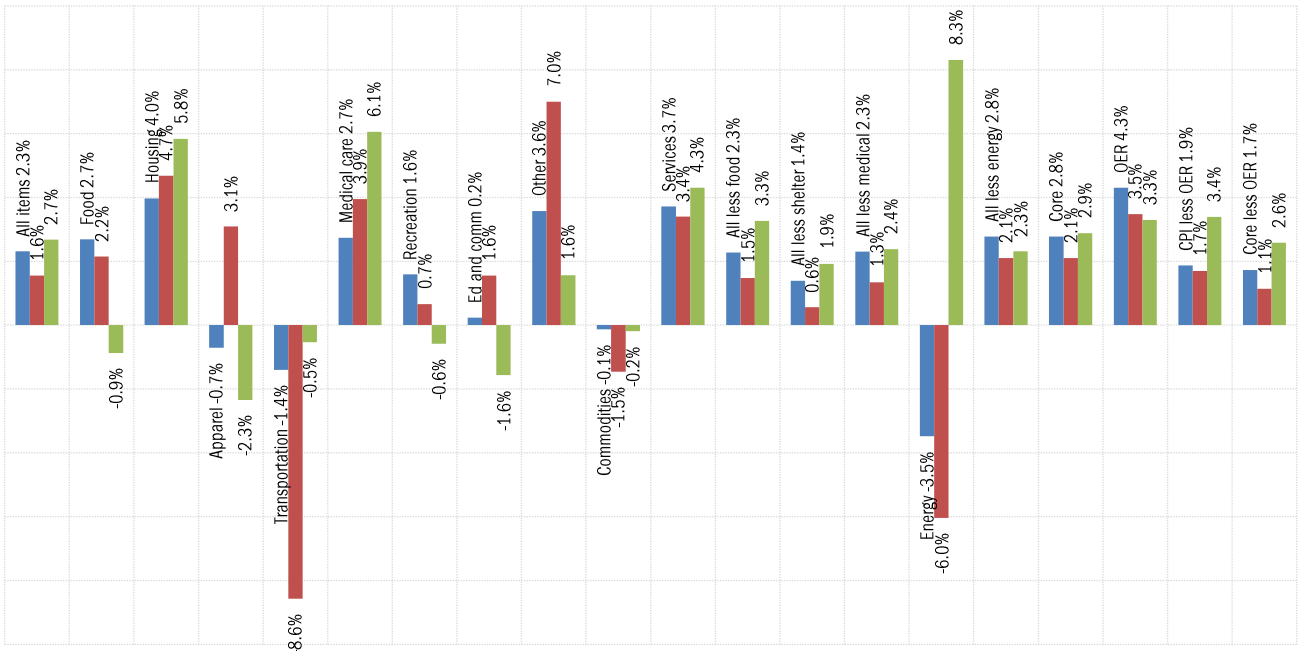
The demography of inflation expectations

■ Current median ■ 3-year range



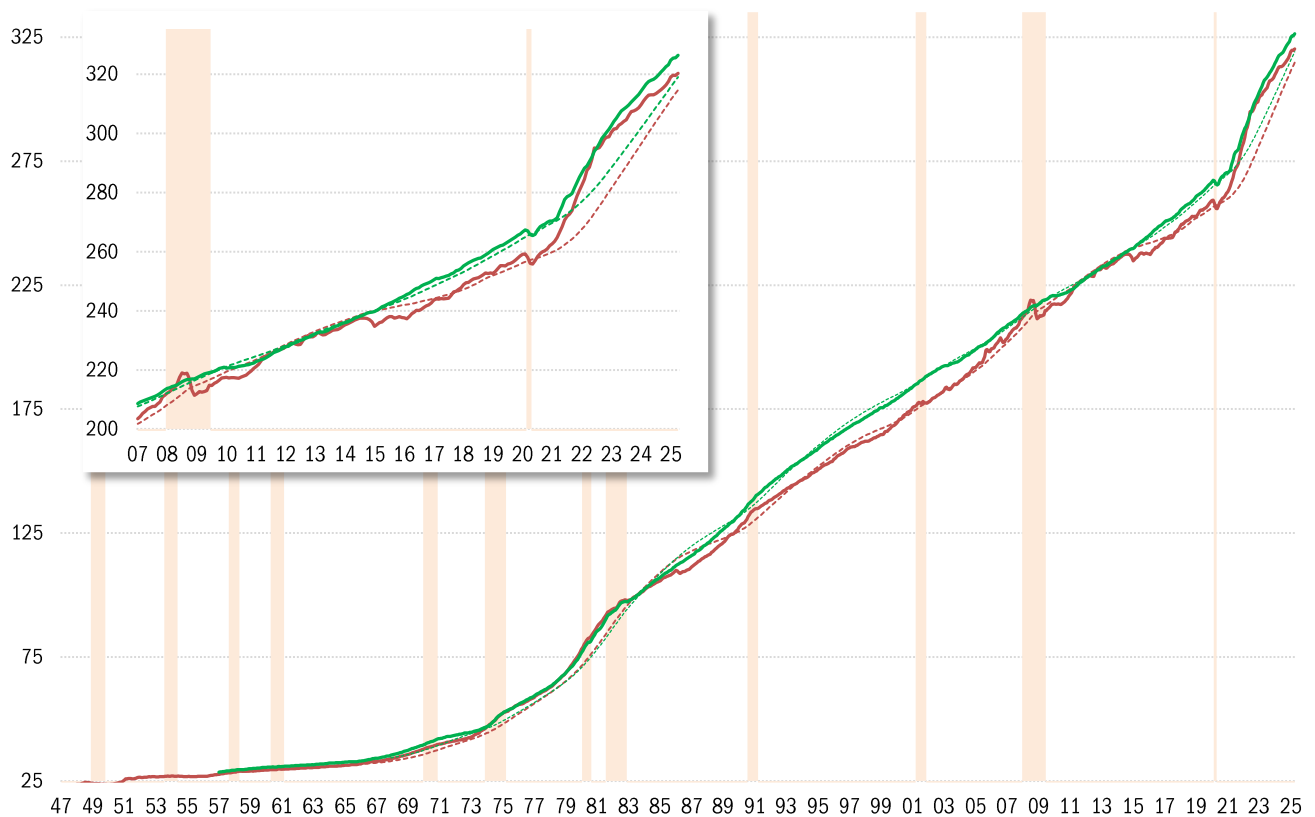
Source: [New York Fed Survey of Consumer Expectations](#), TrendMacro calculations

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



Source: BLS Consumer Price Index, TrendMacro calculations

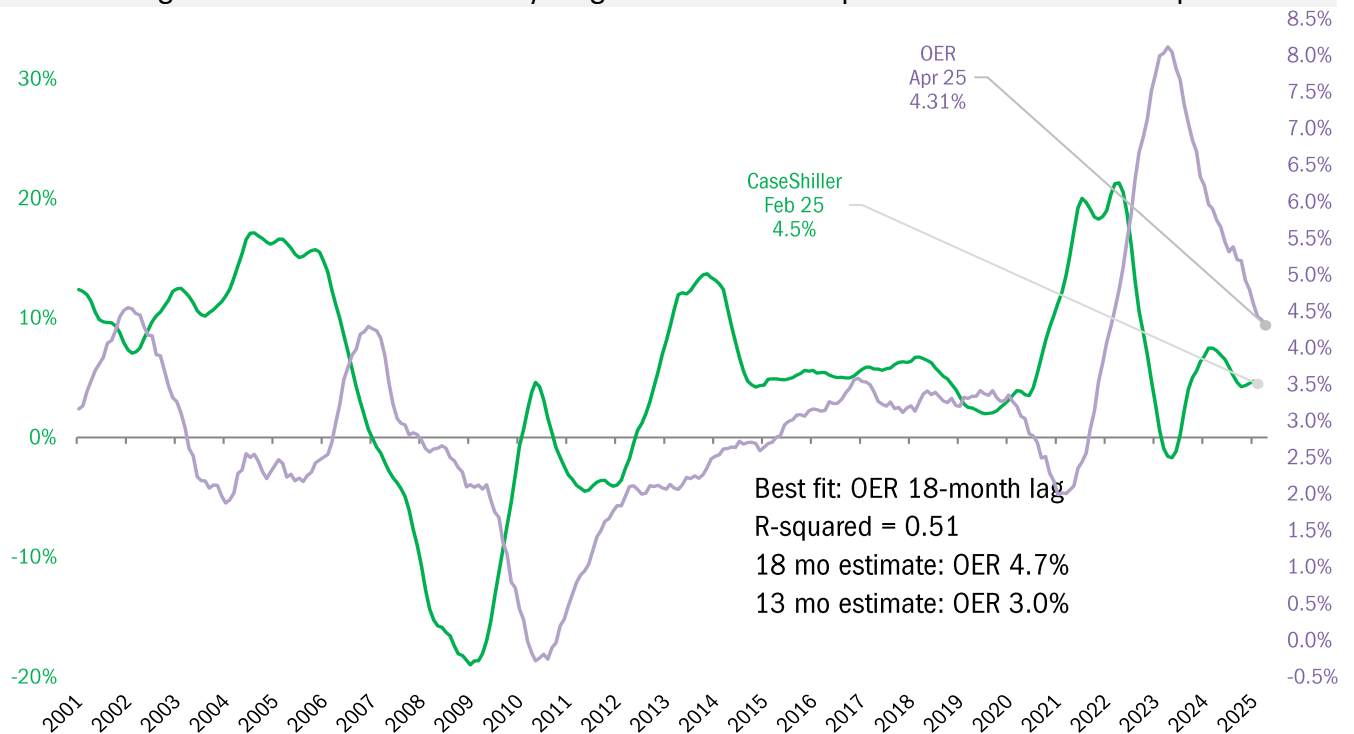
US CPI Core — Level ... 20-year trend ■ Recession



Source: BLS Consumer Price Index, TrendMacro calculations

Housing leads US CPI

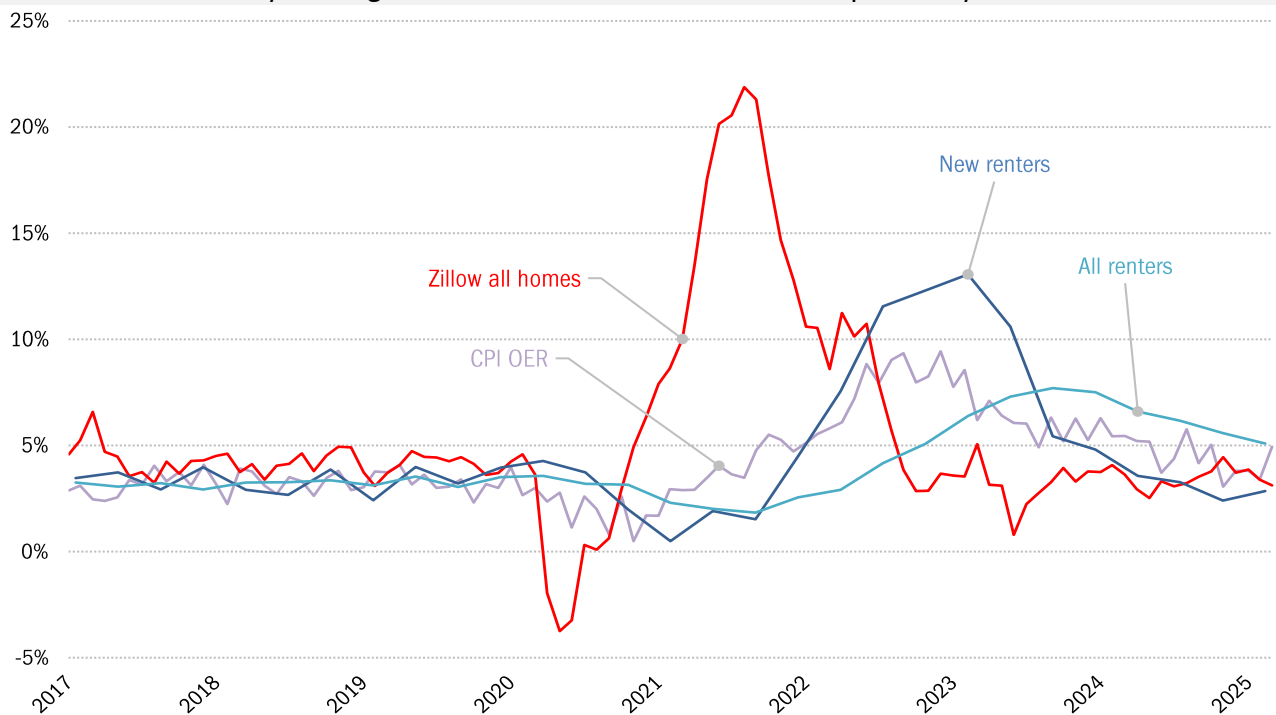
YOY change — Case Shiller 20-city avg — Owner's equivalent rent CPI component



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

Speeding up the laggy OER calculation

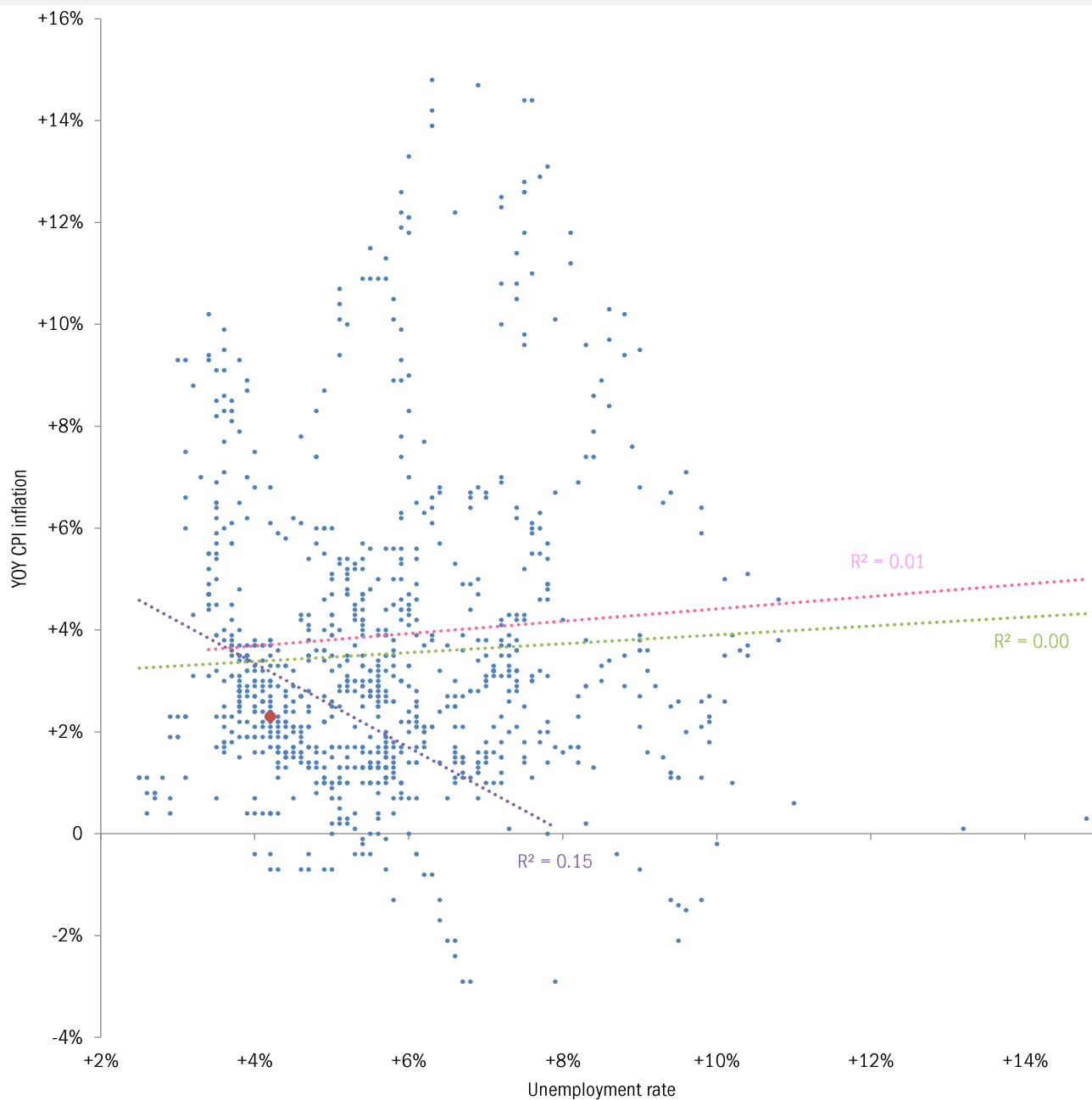
Annualized monthly change in OER and Zillow data and quarterly Cleveland Fed data



Source: BLS, Zillow, Cleveland Fed, TrendMacro calculations

Going, going, gone: the vanishing Phillips Curve

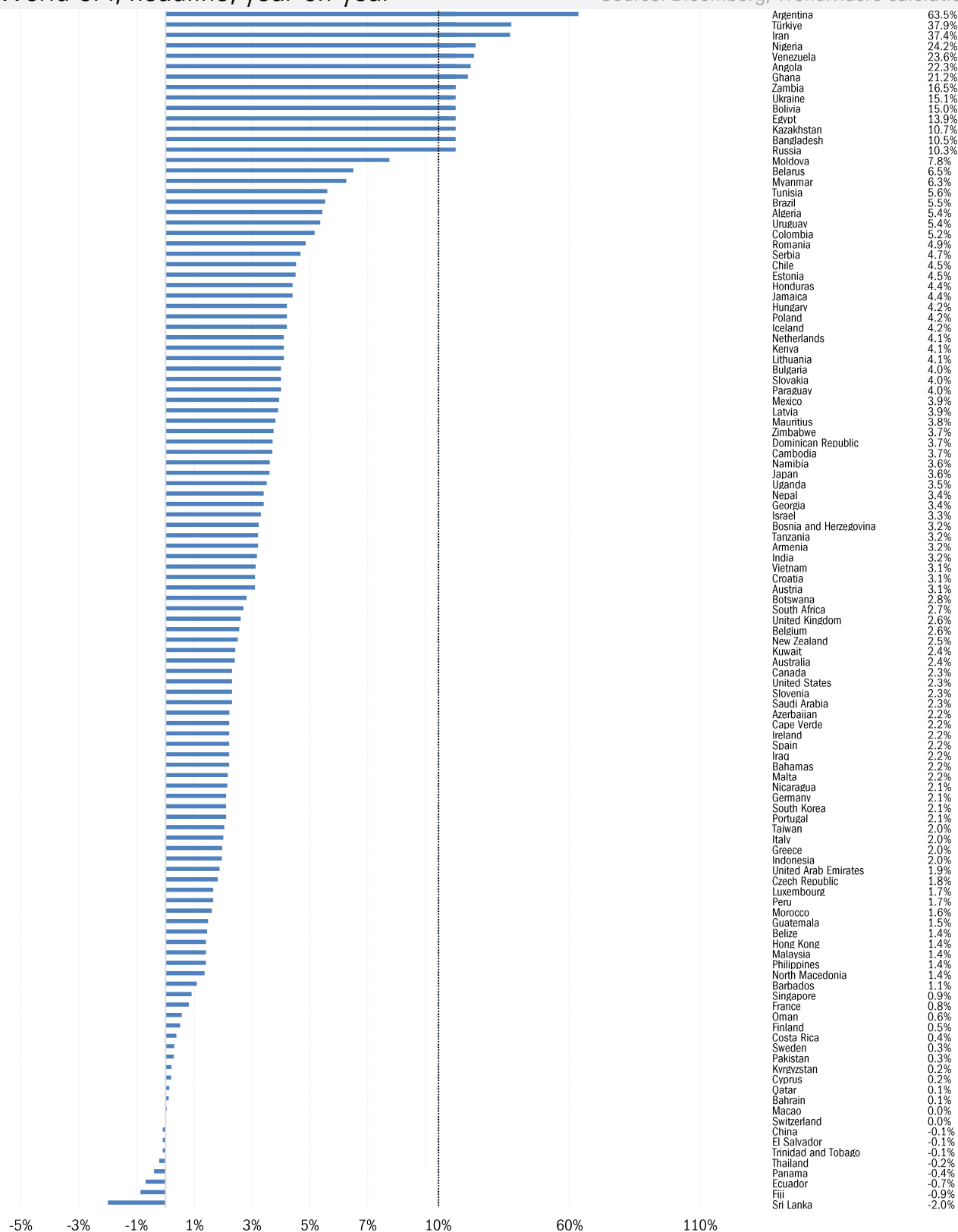
● Latest Linear trend: ● Pre-74 ● Post-74 ● All



Source: BLS Consumer Price Index, Current Population Survey

World CPI, headline, year-on-year

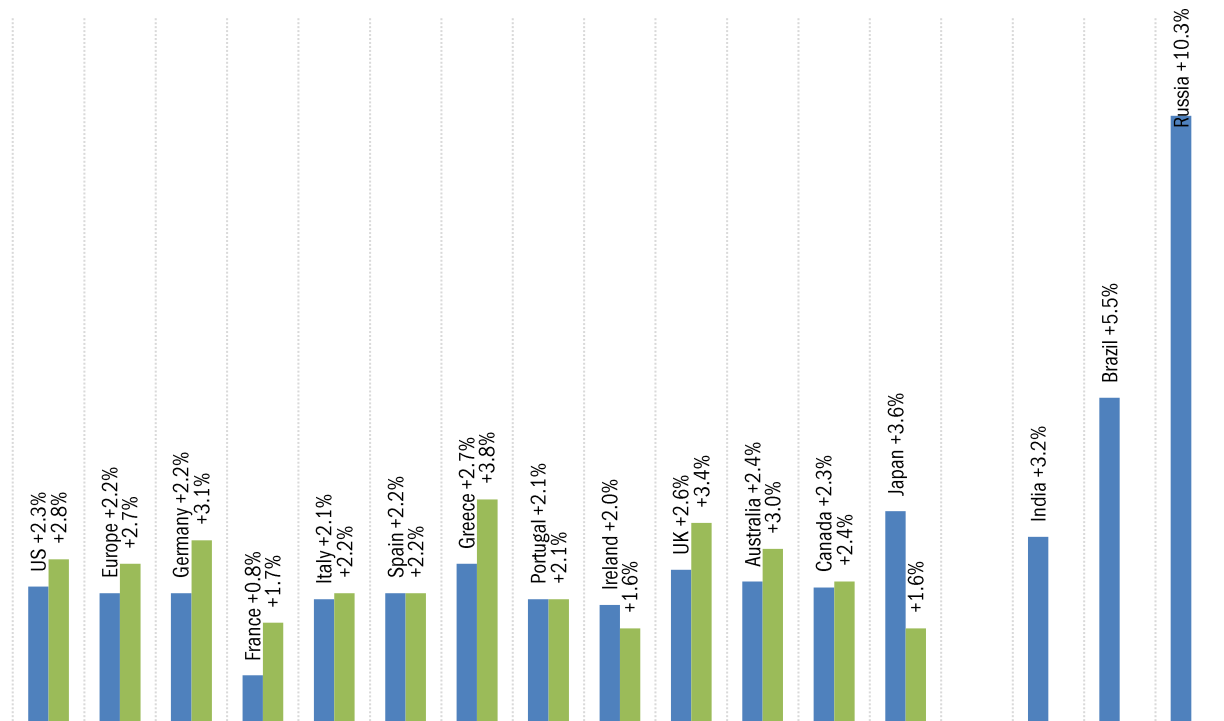
Source: Bloomberg, TrendMacro calculations



Major economies CPI, year on year

■ Headline

■ Ex-food and energy



Source: Respective Statistical agencies, TrendMacro calculations

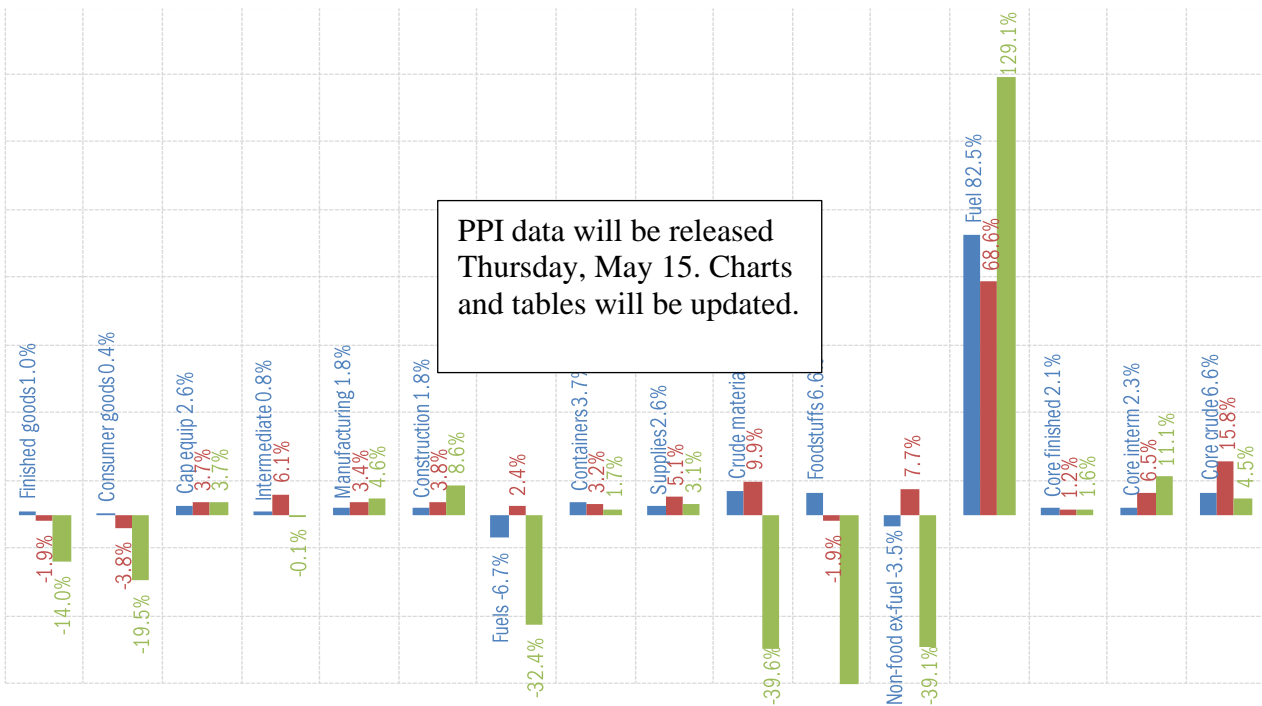
PPI data: what you need to know

	12-mo YOY	3-mo ann	1-mo ann	12 / 3 / 1-mo	13-mo YOY history
Final demand	+2.75%	+1.08%	-4.61%		
Core	+3.30%				
Intermediate processed	+0.84%				
Core	+2.26%	+6.52%	+11.08%		
Intermediate unprocessed	+7.12%	+17.73%	-35.25%		
Core	+6.68%	+29.98%	+10.40%		

PPI data will be released Thursday, May 15. Charts and tables will be updated.

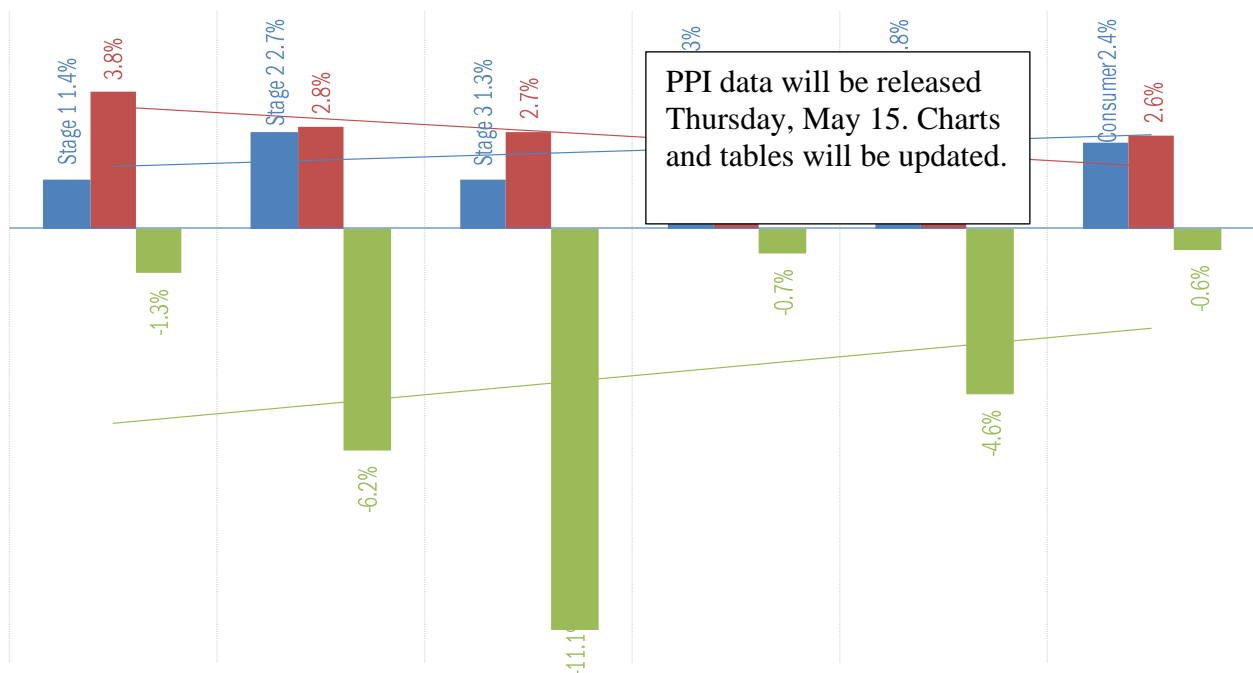
Source: BLS Producer Price Index, TrendMacro calculations

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