

13.Sep.2022

CPI: Surprise Increase, Despite Lower Gasoline Prices

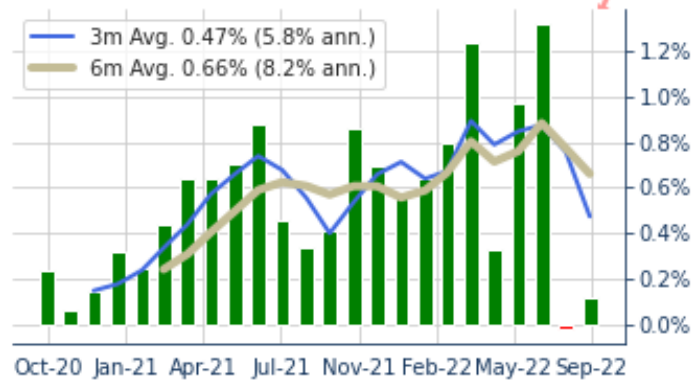
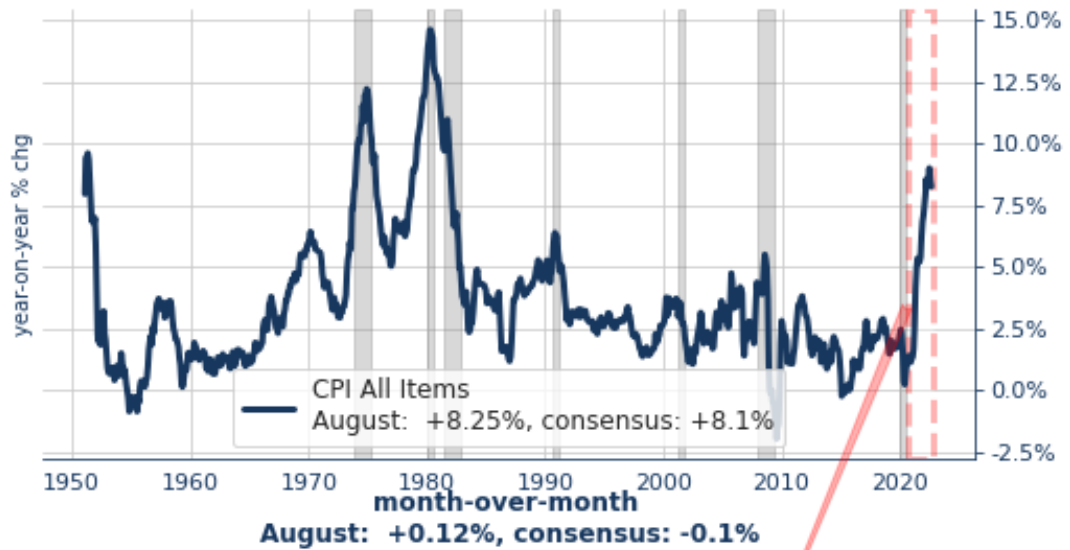
Bottom Line: CPI rose slightly in August, countering expectations for a decline due to lower gasoline prices, as core CPI jumped sharply, up 0.6% on the month.

Owner's Equivalent Rent (OER), a key measure of shelter prices and nearly a third of core CPI, rose at its fastest pace in this cycle, up over 0.7% on the month and 8.5% annualized over the last three months, accelerating relative to the 12-month pace of 6.4% as the lagged impact of higher home prices worked through the CPI methodology. Medical care services prices, the most significant contributor to volatility before the pandemic but quiet until recently, jumped nearly 0.8%, its largest increase in years. Airfares and used car prices were lower, but not nearly enough to offset the surprises in those two large categories.

Overall, while consumers saw some welcome relief in energy prices in August, price pressures remained stubborn, with higher medical care service prices hurting consumers. Medical care services are a big concern for the trend, potentially offsetting some of the deceleration in OER that should come later this year based on historic lags with home prices.

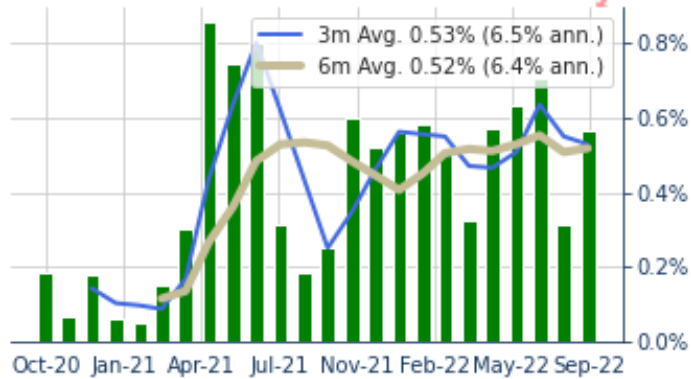
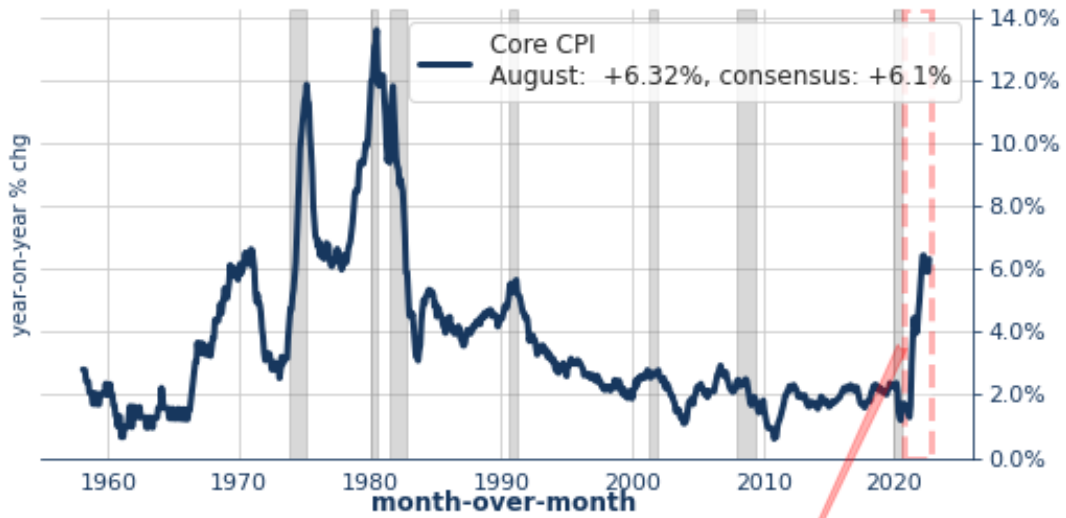
CPI All Items

August: +8.25%, consensus: +8.1%



Core CPI

August: +6.32%, consensus: +6.1%



Contingent Macro Advisors 2022 source: US BEA

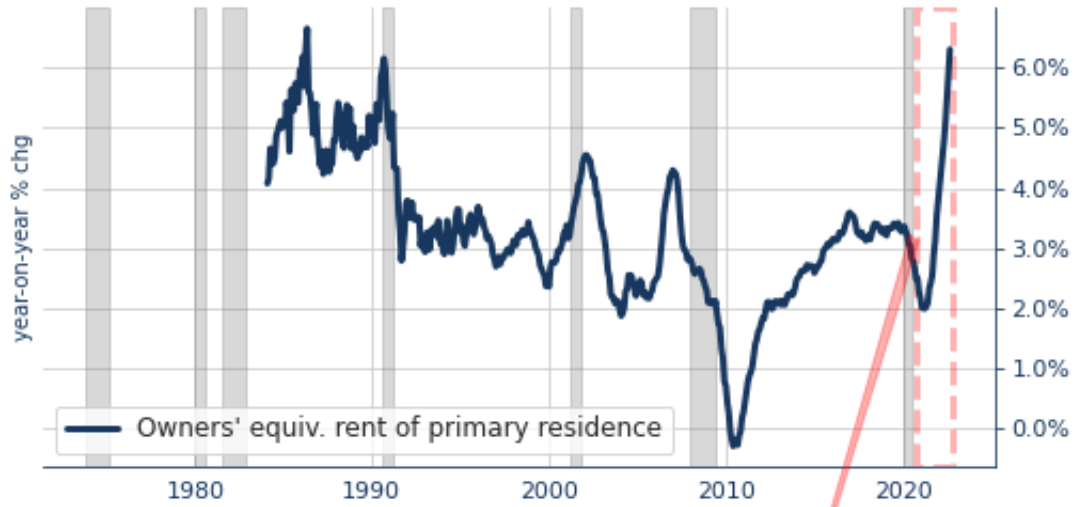
The CPI ROSE by 0.12% in August, compared with market expectations for a decline of 0.10%.

- **Food** prices increased by 0.79% while energy prices fell by 5.0%. Prices for gasoline fell by 10.6% while prices for fuel oil declined by 2.4%, prices for electricity climbed by 1.5%, and prices for natural gas rose by 3.5%.
- **Energy** prices are now 23.9% ABOVE their year-ago level.

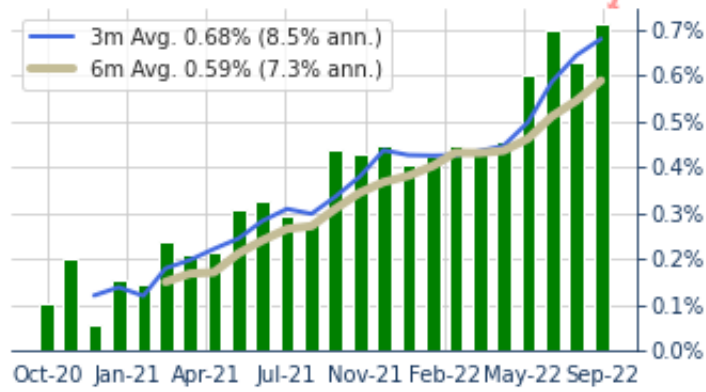
Overall consumer prices are now 8.2% ABOVE their year-ago level; in August 2021, consumer prices were 5.2% ABOVE their year-ago level.

The Core CPI ROSE by 0.57%, compared with market expectations for an increase of 0.30%. Prices for commodities excluding food and energy commodities rose by 0.5%.

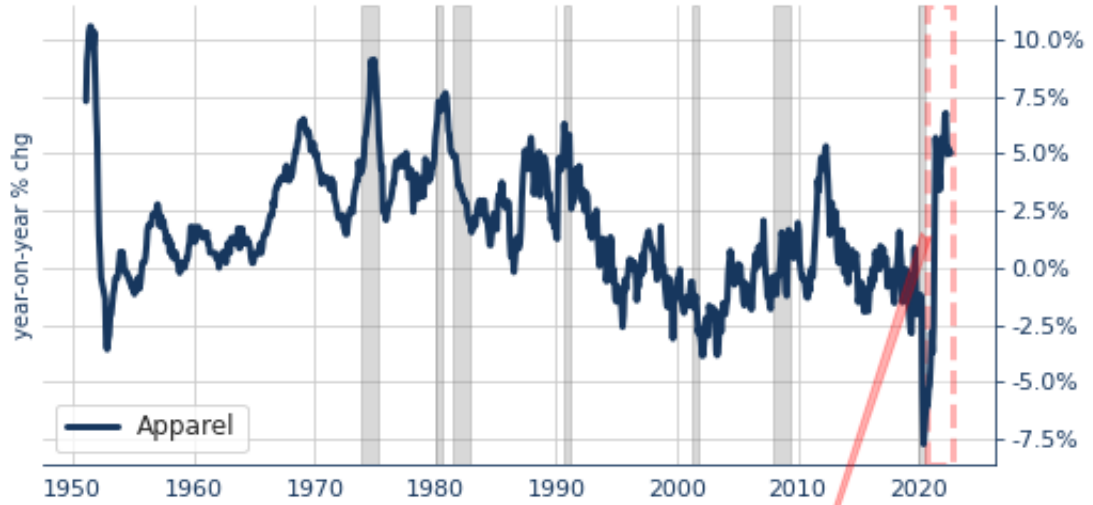
Owners' equiv. rent of primary residence



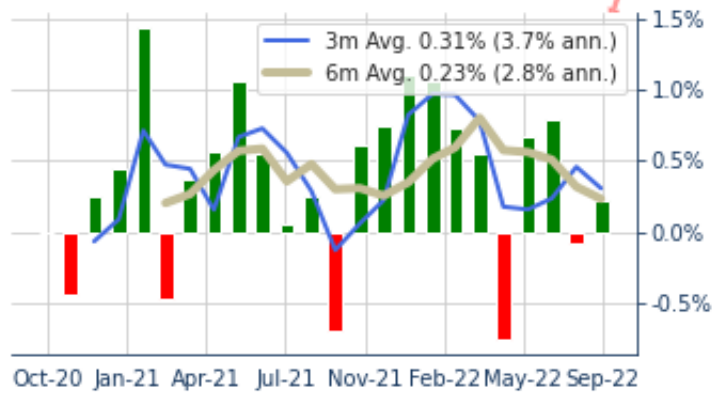
month-over-month % change



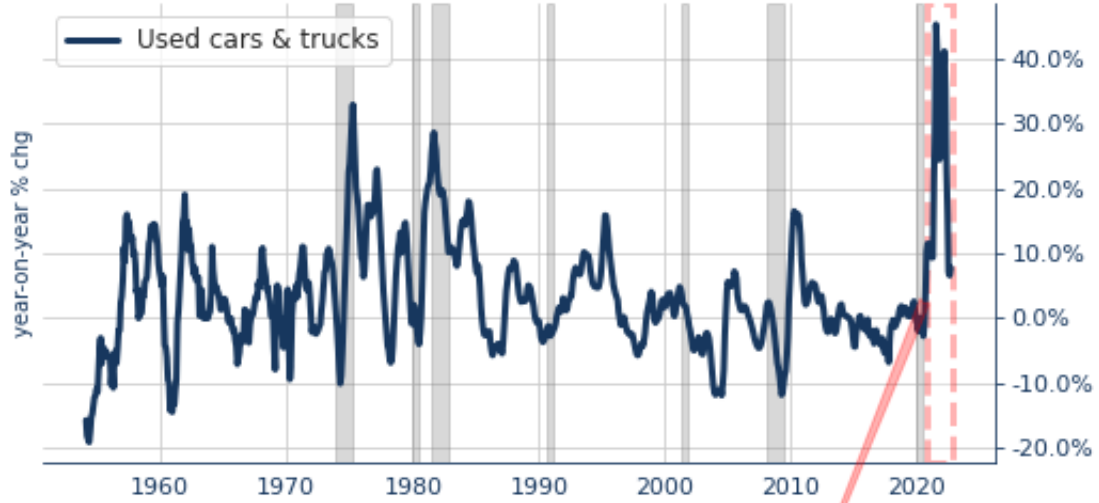
Apparel



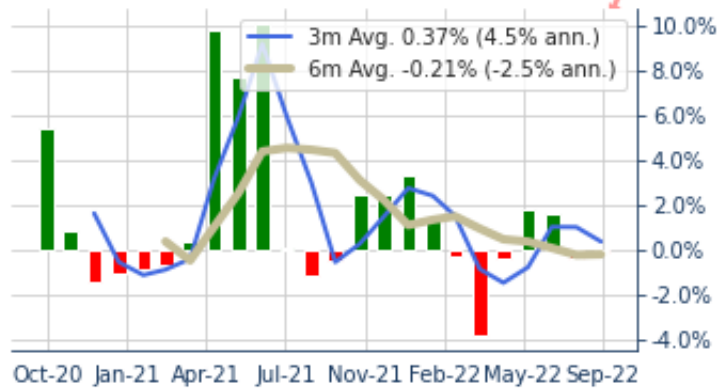
month-over-month % change



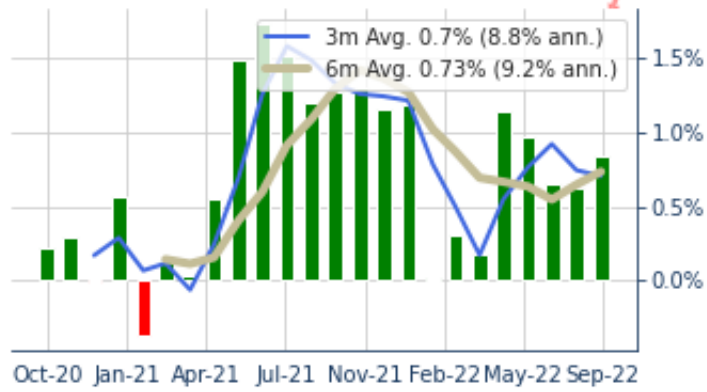
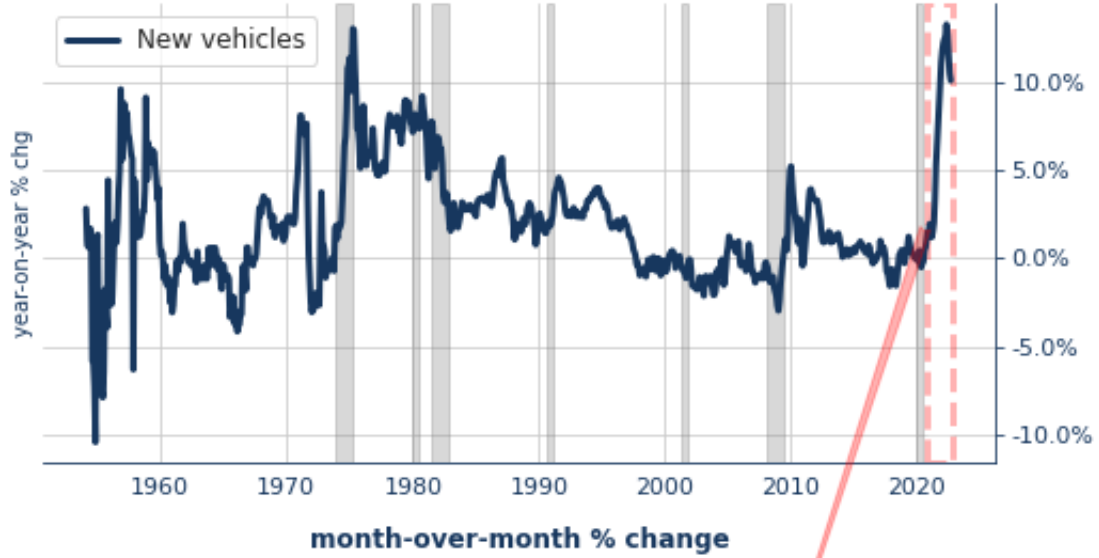
Used cars & trucks



month-over-month % change



New vehicles

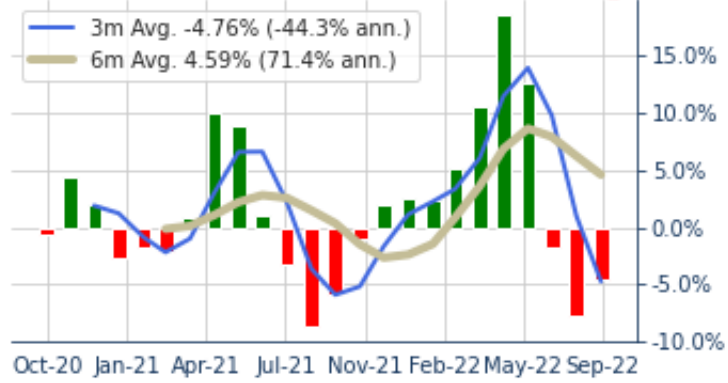


Contingent Macro Advisors 2022 source: US BEA

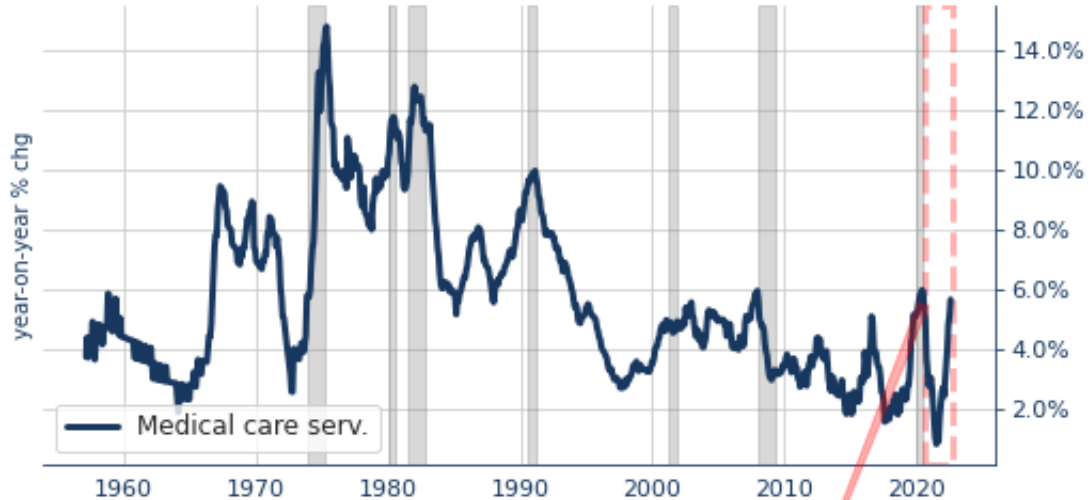
Airline fare



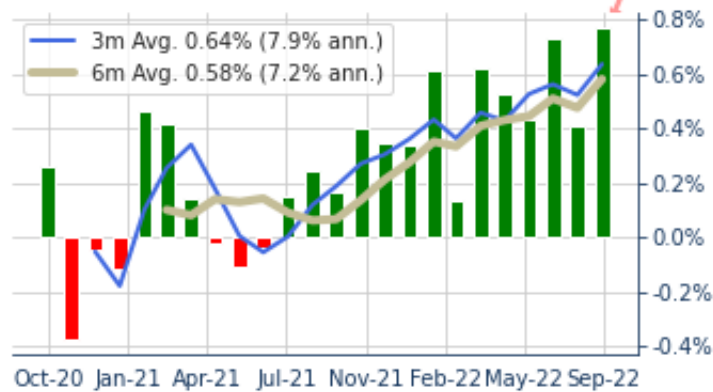
month-over-month % change



Medical care serv.



month-over-month % change



Contingent Macro Advisors 2022 source: US BEA

US Consumer Price Inflation	Aug-22	Jul-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
CPI All Items	0.12%	-0.02%	5.81%	8.21%	8.25%	7.10%	1.28%	3.86%
Core CPI (77.4%)	0.57%	0.31%	6.53%	6.40%	6.32%	5.48%	1.60%	3.35%
Motor fuel (5.3%)	-10.47%	-7.62%	-28.91%	13.32%	26.16%	49.24%	-15.39%	9.95%
Energy serv. (3.6%)	2.05%	0.12%	24.93%	26.20%	19.94%	10.14%	2.44%	5.93%
Food & bev. (13.4%)	0.77%	1.06%	11.72%	12.04%	10.90%	6.00%	3.84%	4.52%
Shelter (32.1%)	0.69%	0.54%	7.60%	7.16%	6.25%	4.18%	1.84%	3.60%
Medical care (8.2%)	0.68%	0.44%	7.40%	6.55%	5.37%	2.17%	1.78%	3.10%

New vehicles (4.0%)	0.84%	0.62%	8.77%	9.15%	10.05%	11.76%	1.94%	3.83%
Used cars & trucks (4.0%)	-0.10%	-0.41%	4.44%	-2.67%	7.78%	37.28%	10.02%	10.38%
Public trans. (1.0%)	-3.19%	-6.09%	-32.81%	39.27%	21.08%	1.76%	-12.79%	1.70%
Education & communication (6.0%)	0.11%	-0.17%	0.42%	-0.56%	0.42%	1.63%	1.97%	1.02%
Recreation (5.0%)	0.21%	0.32%	3.36%	3.78%	4.11%	3.27%	0.94%	2.14%
Apparel (2.4%)	0.21%	-0.09%	3.72%	2.79%	5.03%	5.71%	-4.17%	0.62%
Other goods & serv. (2.7%)	0.73%	0.37%	6.45%	6.08%	6.65%	4.46%	2.40%	3.44%

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.

US CPI - Energy	Aug-22	Jul-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Fuels & utilities	1.51%	-0.27%	16.16%	21.62%	17.29%	9.36%	2.10%	5.65%
Household energy (3.9%)	1.77%	-0.45%	19.37%	27.31%	21.39%	11.33%	1.63%	6.27%
Motor fuel (5.3%)	-10.47%	-7.62%	-28.91%	13.32%	26.16%	49.24%	-15.39%	9.95%
Fuel oil & other fuels (0.3%)	-2.41%	-8.08%	-36.99%	46.41%	48.81%	37.69%	-13.50%	12.93%
Electricity (2.6%)	1.50%	1.57%	21.02%	19.65%	15.76%	6.20%	1.99%	4.45%
Utility (piped) gas service (1.0%)	3.54%	-3.59%	36.08%	46.34%	33.01%	23.96%	3.98%	11.06%

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.

US CPI - Housing Related	Aug-22	Jul-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Shelter (32.1% total CPI)	0.69%	0.54%	7.60%	7.16%	6.25%	4.18%	1.84%	3.60%
Rent of primary residence (7.2%)	0.74%	0.70%	9.24%	7.95%	6.74%	3.33%	2.28%	3.83%

Lodging away from home (1.0%)	0.08%	-2.74%	-19.90%	0.60%	4.14%	24.16%	-9.69%	2.13%
Owners' equiv. rent of residences (23.5%)	0.71%	0.63%	8.45%	7.28%	6.29%	3.80%	2.18%	3.63%
Household energy (3.9%)	1.77%	-0.45%	19.37%	27.31%	21.39%	11.33%	1.63%	6.27%
Household furnishings & operations (3.9%)	0.98%	0.59%	8.15%	7.82%	9.87%	7.37%	3.14%	4.17%

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.

US CPI - Medical	Aug-22	Jul-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Medical care (8.2% total CPI)	0.68%	0.44%	7.40%	6.55%	5.37%	2.17%	1.78%	3.10%
Medical care commodities (1.5%)	0.24%	0.59%	5.02%	3.53%	4.09%	0.45%	-2.48%	0.58%
Prof. serv. (3.4%)	0.64%	-0.03%	5.45%	3.59%	2.41%	3.29%	1.88%	2.02%
Hospital & related serv. (2.5%)	0.58%	0.54%	6.06%	5.81%	4.05%	3.26%	3.12%	3.48%

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes. Prof. serv. includes physician, dental, eye and other professional medical services.

US CPI - Transportation	Aug-22	Jul-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Transportation	-2.27%	-2.09%	-2.51%	10.05%	13.43%	21.28%	-2.64%	6.03%
Private trans.	-2.22%	-1.87%	-0.52%	8.80%	13.24%	22.81%	-1.75%	6.50%
Public trans.	-3.19%	-6.09%	-32.81%	39.27%	21.08%	1.76%	-12.79%	1.70%
New vehicles	0.84%	0.62%	8.77%	9.15%	10.05%	11.76%	1.94%	3.83%
Used cars & trucks	-0.10%	-0.41%	4.44%	-2.67%	7.78%	37.28%	10.02%	10.38%
Motor vehicle maintenance & repair	1.71%	1.06%	21.02%	11.43%	9.06%	4.78%	3.43%	4.69%
Airline fare	-4.62%	-7.83%	-44.51%	62.57%	33.36%	0.73%	-19.35%	1.72%

Month-over-month % change for most recent months followed by annualized % changes for periods

month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes. NOTE - Transportation and Private Trans. includes fuel as well as services like vehicle insurance and licensing fees.