

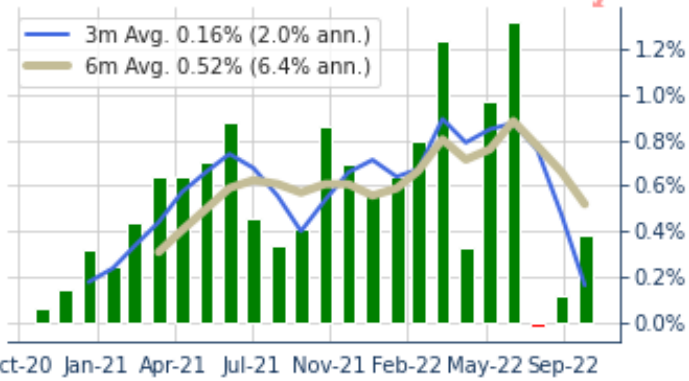
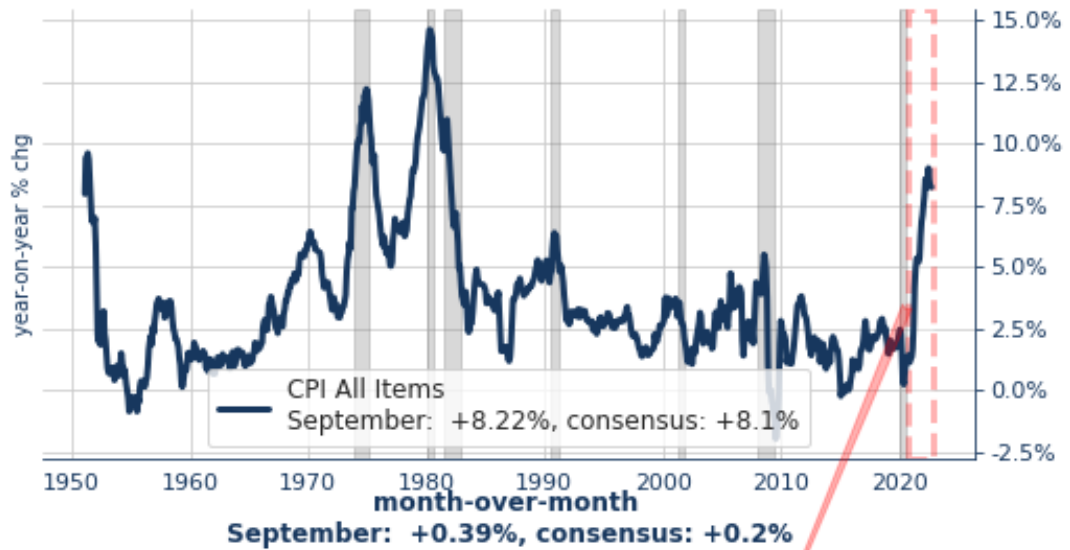
13.Oct.2022

CPI: Lagged Home Price Impact + Jump in Medical Care

Bottom Line: CPI rose even more than expected in September. The core CPI was up 0.6%, two-tenths more than expected, as Owner's Equivalent Rent (OER), a key measure of shelter prices and nearly a third of core CPI, jumped 0.8%. The OER tends to lag home price gains by more than a year -- and while the magnitude of the jump was higher than expected, the lagged impact was a known factor. Medical care services prices, the most significant contributor to volatility before the pandemic but quiet until recently, jumped nearly 1%, the second month of record increases. Finally, used car prices, a significant source of inflation in the first year of the pandemic, fell. **Overall, inflation remains stubbornly high. Medical care services are a big concern for the trend, potentially offsetting some of the deceleration in OER that should come later this year and in early 2023 based on historic lags with home prices.**

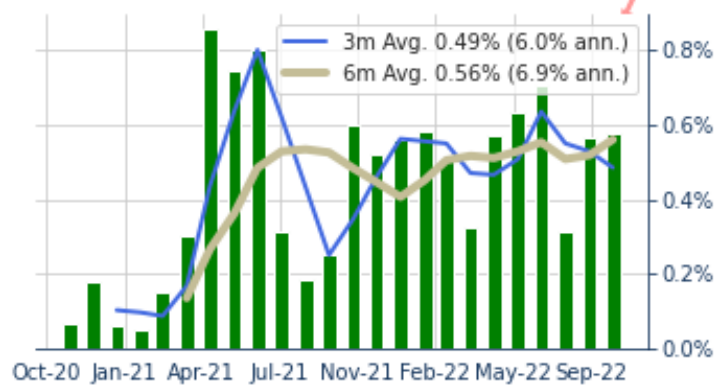
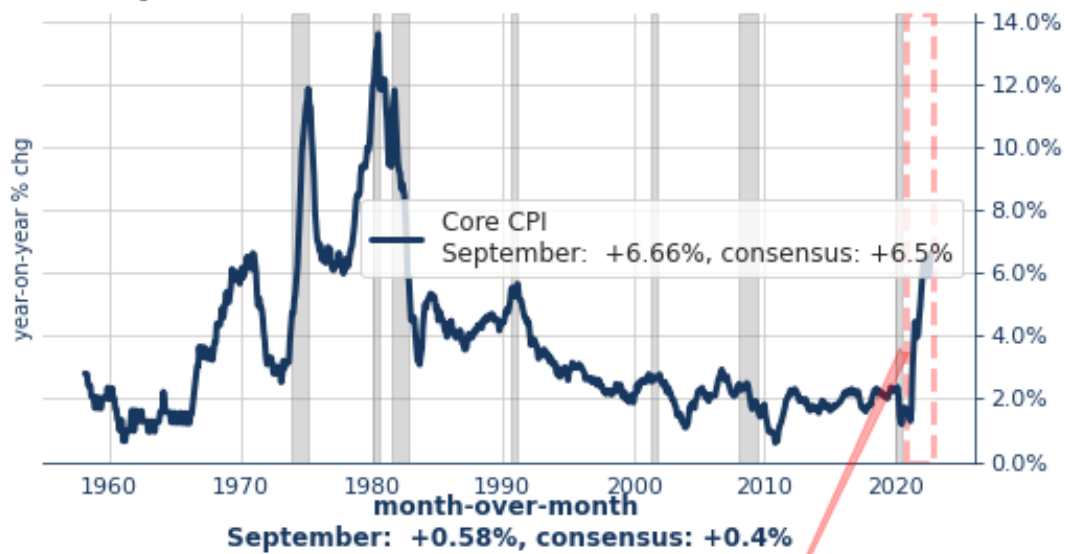
CPI All Items

September: +8.22%, consensus: +8.1%



Core CPI

September: +6.66%, consensus: +6.5%



Contingent Macro Advisors 2022 source: US BEA

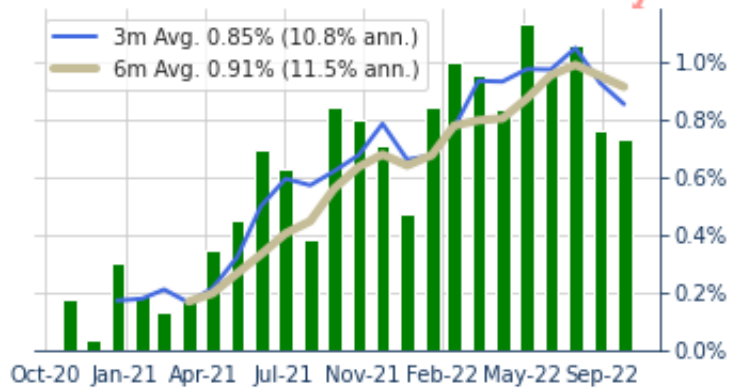
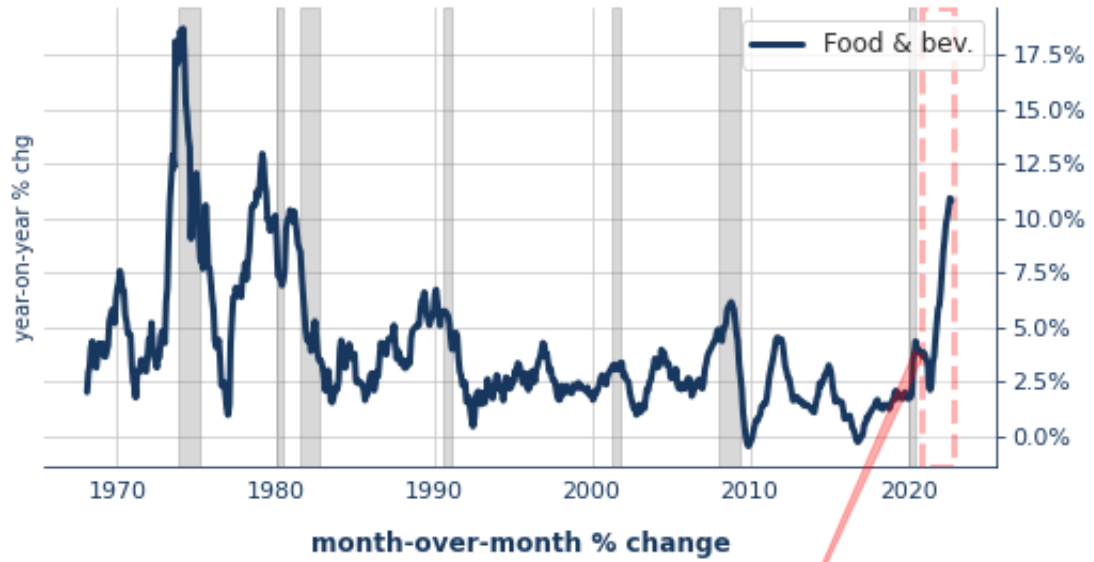
The CPI ROSE by 0.39% in September, compared with market expectations for an increase of 0.20%.

- Food prices increased by 0.78% while energy prices fell by 2.1%.
- Prices for gasoline fell by 4.9% while prices for fuel oil declined by 2.8%, prices for electricity climbed by 0.4%, and prices for natural gas rose by 2.9%.
- Energy prices are now 19.9% ABOVE their year-ago level.

Overall consumer prices are now 8.2% ABOVE their year-ago level; in September 2021, consumer prices were 5.4% ABOVE their year-ago level.

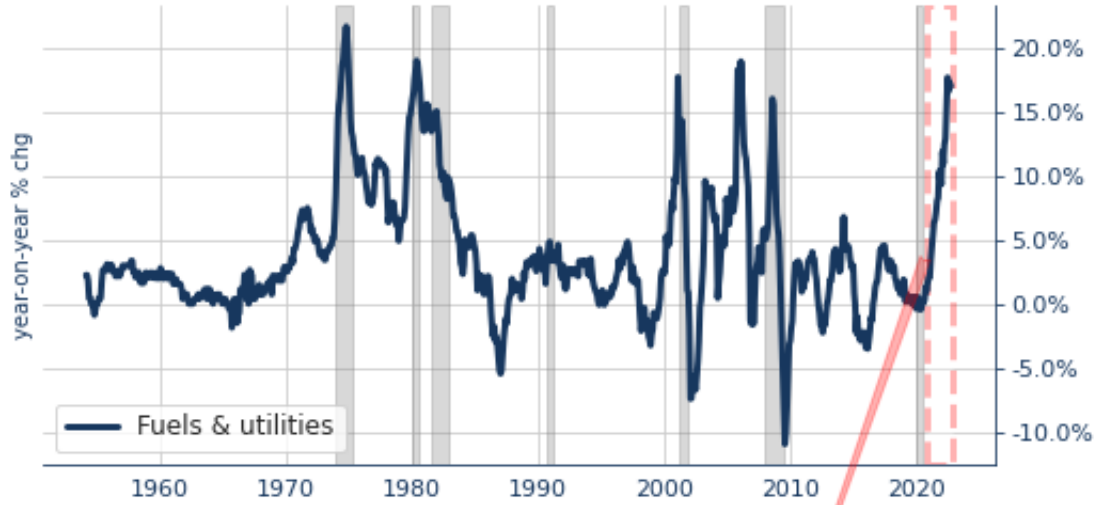
The Core CPI ROSE by 0.58%, compared with market expectations for an increase of 0.40%.

Food & bev.

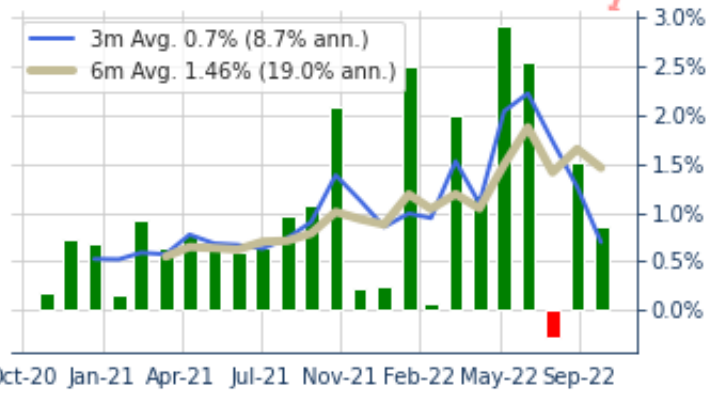


Contingent Macro Advisors 2022 source: US BEA

Fuels & utilities

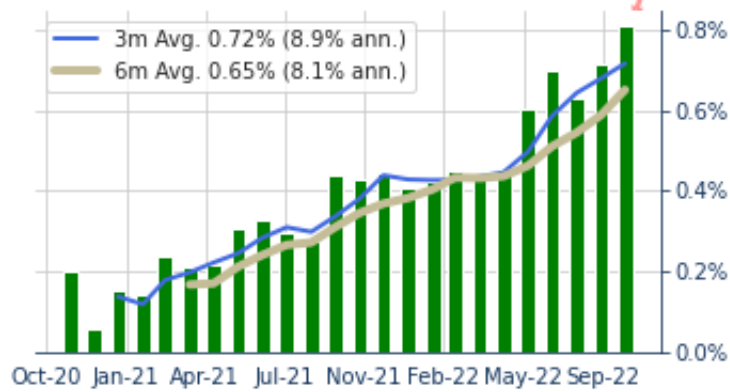
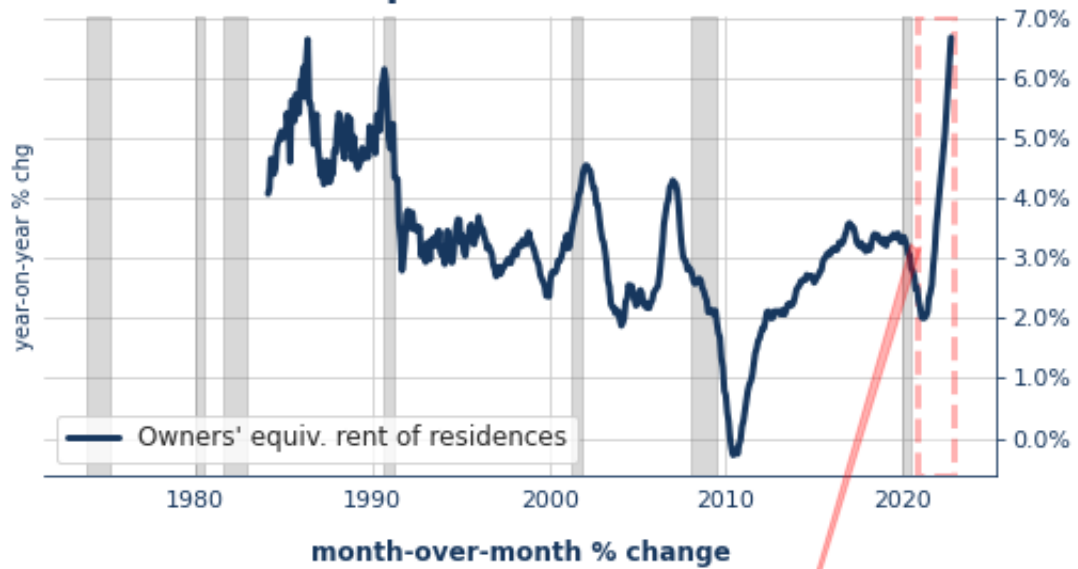


month-over-month % change



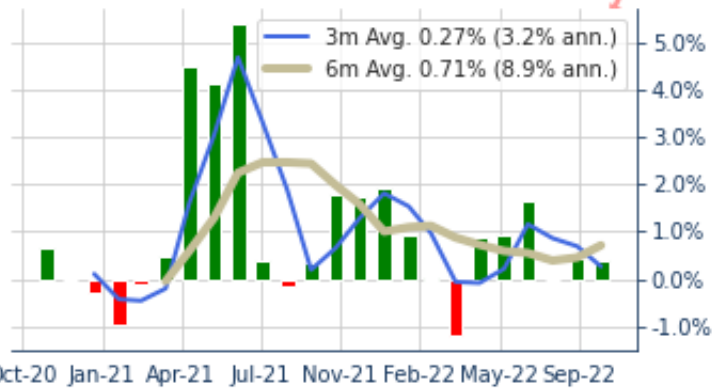
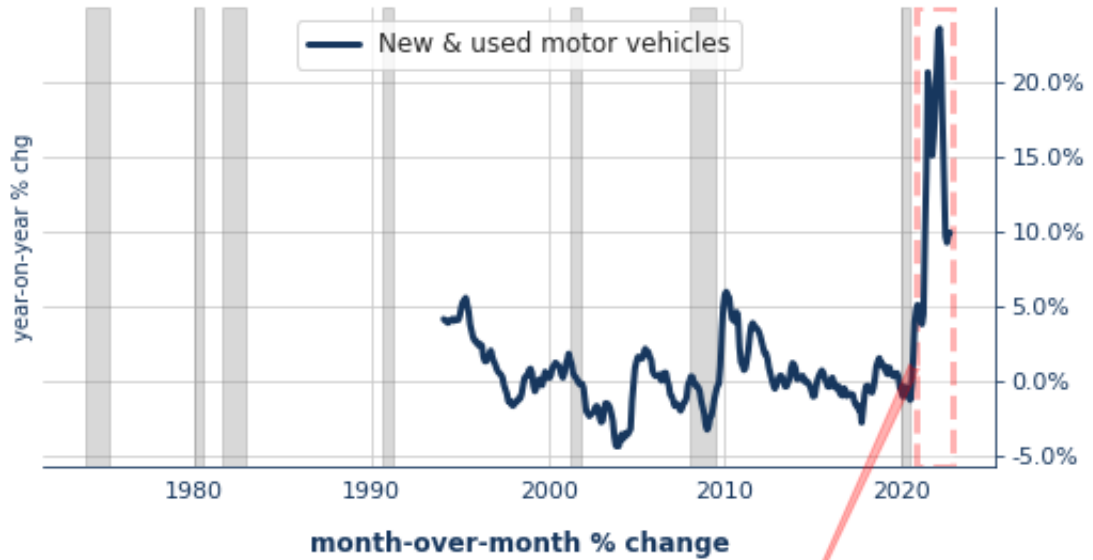
Contingent Macro Advisors 2022 source: US BEA

Owners' equiv. rent of residences



Contingent Macro Advisors 2022 source: US BEA

New & used motor vehicles

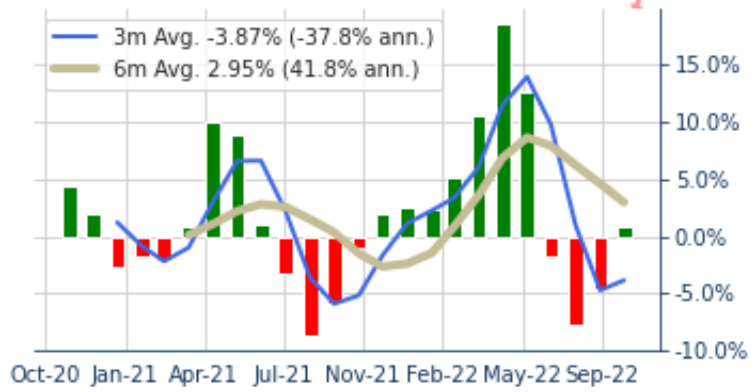


Contingent Macro Advisors 2022 source: US BEA

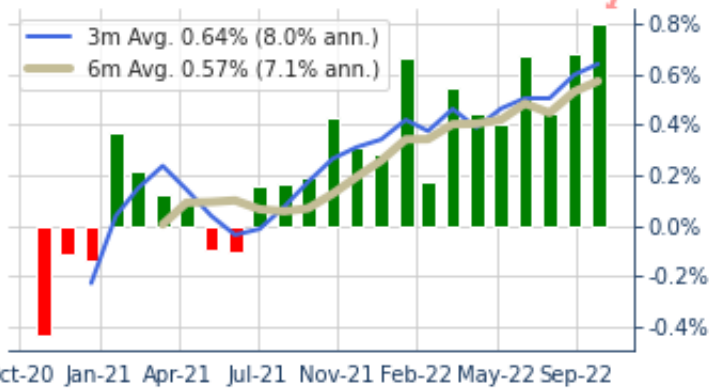
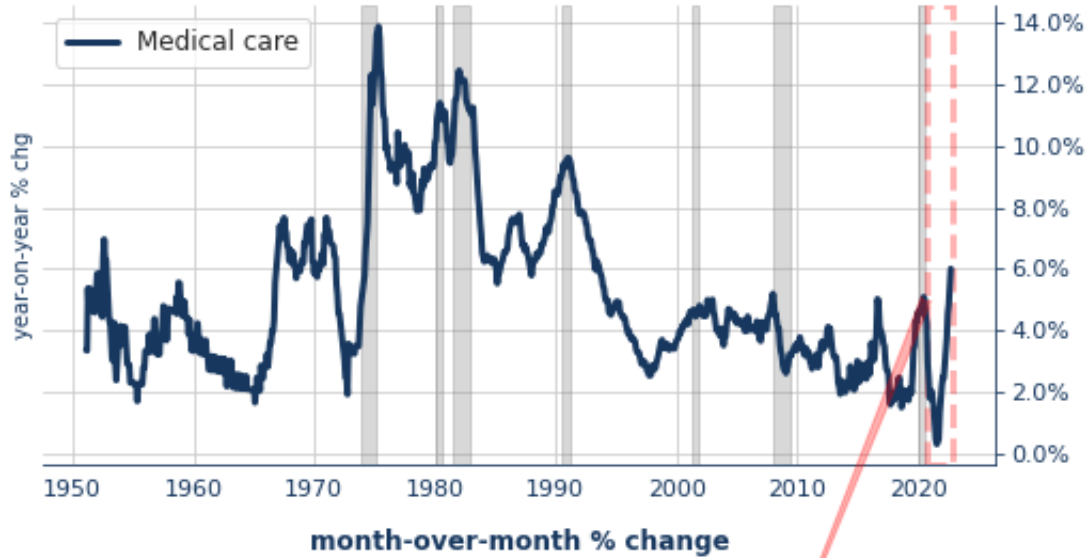
Airline fare



month-over-month % change



Medical care



Contingent Macro Advisors 2022 source: US BEA

US Consumer Price Inflation	Sep-22	Aug-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
CPI All Items	0.39%	0.12%	1.96%	6.39%	8.22%	7.10%	1.28%	3.95%
Core CPI (77.7%)	0.58%	0.57%	5.98%	6.94%	6.66%	5.48%	1.60%	3.48%
Motor fuel (4.9%)	-4.83%	-10.47%	-61.62%	-26.62%	18.76%	49.24%	-15.39%	8.50%
Energy serv. (3.6%)	1.12%	2.05%	13.98%	24.53%	19.87%	10.14%	2.44%	6.22%
Food & bev. (13.5%)	0.73%	0.77%	10.75%	11.55%	10.78%	6.00%	3.84%	4.70%
Shelter (32.2%)	0.75%	0.69%	8.20%	7.67%	6.60%	4.18%	1.84%	3.78%
Medical care (8.3%)	0.80%	0.68%	7.95%	7.09%	6.00%	2.17%	1.78%	3.28%

New vehicles (4.0%)	0.67%	0.84%	8.84%	10.21%	9.40%	11.76%	1.94%	3.99%
Used cars & trucks (4.0%)	-1.07%	-0.10%	-6.17%	2.92%	7.18%	37.28%	10.02%	10.05%
Public trans. (1.0%)	0.06%	-3.19%	-31.52%	21.58%	27.11%	1.76%	-12.79%	1.72%
Education & communication (6.0%)	0.09%	0.11%	0.11%	-0.06%	0.14%	1.63%	1.97%	1.04%
Recreation (5.0%)	0.10%	0.21%	2.55%	3.48%	4.06%	3.27%	0.94%	2.16%
Apparel (2.4%)	-0.29%	0.21%	-0.65%	1.07%	5.46%	5.71%	-4.17%	0.56%
Other goods & serv. (2.7%)	0.33%	0.73%	5.87%	5.71%	6.89%	4.46%	2.40%	3.52%

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 - Food & Bev Categories	Sep-22	Aug-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Food & bev. (13.5% total CPI)	0.73%	0.77%	10.75%	11.55%	10.78%	6.00%	3.84%	4.70%
Cereals & bakery prods (1.1%)	0.93%	1.22%	17.11%	18.77%	16.18%	4.73%	3.11%	5.04%
Meats, poultry, fish, & eggs (1.9%)	0.38%	0.52%	5.73%	7.30%	8.98%	12.57%	4.58%	5.45%
Dairy & related prods (0.8%)	0.27%	0.34%	9.63%	20.52%	15.87%	1.59%	4.42%	4.87%
Fruits & vegetables (1.4%)	1.59%	0.51%	10.79%	7.22%	10.35%	5.02%	3.15%	3.60%
Nonalcoholic bev. & beverage materials (1.0%)	0.58%	0.48%	14.29%	16.92%	12.92%	5.11%	4.35%	4.96%
Other food at home (2.3%)	0.46%	1.13%	14.53%	16.07%	15.74%	5.60%	3.84%	4.78%
Food away from home (5.1%)	0.94%	0.87%	10.53%	9.99%	8.48%	6.01%	3.92%	4.82%
Alc. bevs. at home (0.6%)	-0.40%	0.54%	2.26%	3.59%	2.93%	1.21%	2.79%	1.84%

Alc. bevs. away from home (0.3%)	0.48%	0.44%	4.96%	5.82%	5.76%	3.73%	2.79%	3.02%
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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 - Transportation	Sep-22	Aug-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Transportation	-0.57%	-2.27%	-18.08%	0.78%	12.63%	21.28%	-2.64%	5.88%
Private trans.	-0.61%	-2.22%	-17.29%	-0.15%	12.01%	22.81%	-1.75%	6.34%
Public trans.	0.06%	-3.19%	-31.52%	21.58%	27.11%	1.76%	-12.79%	1.72%
New vehicles	0.67%	0.84%	8.84%	10.21%	9.40%	11.76%	1.94%	3.99%
Used cars & trucks	-1.07%	-0.10%	-6.17%	2.92%	7.18%	37.28%	10.02%	10.05%
Motor vehicle maintenance & repair	1.87%	1.71%	20.22%	16.43%	11.12%	4.78%	3.43%	5.15%
Airline fare	0.84%	-4.62%	-38.26%	35.00%	42.89%	0.73%	-19.35%	1.90%

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.

US CPI - Energy	Sep-22	Aug-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Fuels & utilities	0.85%	1.51%	8.66%	18.89%	17.02%	9.36%	2.10%	5.86%
Household energy (3.9%)	0.88%	1.77%	9.14%	23.10%	20.90%	11.33%	1.63%	6.50%
Motor fuel (4.9%)	-4.83%	-10.47%	-61.62%	-26.62%	18.76%	49.24%	-15.39%	8.50%
Fuel oil & other fuels (0.2%)	-2.78%	-2.41%	-42.14%	3.32%	39.87%	37.69%	-13.50%	12.01%
Electricity (2.7%)	0.44%	1.50%	14.97%	15.53%	15.51%	6.20%	1.99%	4.56%
Utility (piped) gas service (1.0%)	2.94%	3.54%	11.48%	53.28%	33.09%	23.96%	3.98%	11.97%

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	Sep-22	Aug-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Shelter (32.2% total CPI)	0.75%	0.69%	8.20%	7.67%	6.60%	4.18%	1.84%	3.78%

Rent of primary residence (7.2%)	0.84%	0.74%	9.53%	8.84%	7.21%	3.33%	2.28%	4.03%
Lodging away from home (1.0%)	-1.04%	0.08%	-13.88%	-7.63%	2.95%	24.16%	-9.69%	1.90%
Owners' equiv. rent of residences (23.7%)	0.81%	0.71%	8.93%	8.08%	6.68%	3.80%	2.18%	3.82%
Household energy (3.9%)	0.88%	1.77%	9.14%	23.10%	20.90%	11.33%	1.63%	6.50%
Household furnishings & operations (3.9%)	0.46%	0.98%	8.43%	6.75%	9.33%	7.37%	3.14%	4.28%

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 - Recreation	Sep-22	Aug-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Recreation (5.0% total CPI)	0.10%	0.21%	2.55%	3.48%	4.06%	3.27%	0.94%	2.16%
TV, radio subs. (1.1%)	-0.41%	-0.41%	-6.39%	0.90%	2.21%	2.90%	4.17%	3.02%
Pet food (1.1%)	1.28%	1.70%	17.91%	17.75%	13.95%	2.38%	-0.75%	3.99%
Toys (0.3%)	0.32%	0.15%	8.15%	4.45%	4.19%	1.75%	-3.85%	-3.05%
Music instruments & accessories (0.0%)	0.48%	0.49%	4.00%	0.02%	3.97%	5.87%	0.01%	2.02%
Club, gyms etc. (0.0%)	0.41%	0.39%	4.84%	3.61%	4.12%	1.76%	-0.36%	2.05%
Entertainment tickets (0.5%)	-0.58%	-0.57%	1.32%	4.71%	5.69%	4.87%	1.21%	2.87%
Fees for lessons or instructions (0.2%)	2.78%	1.82%	18.48%	9.07%	5.47%	2.95%	3.57%	3.20%

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. Pet food includes all related to pets.

US CPI - Medical	Sep-22	Aug-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
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Medical care (8.3% total CPI)	0.80%	0.68%	7.95%	7.09%	6.00%	2.17%	1.78%	3.28%
Medical care commodities (1.5%)	-0.09%	0.24%	3.01%	2.93%	3.67%	0.45%	-2.48%	0.56%
Prof. serv. (3.4%)	0.73%	0.64%	5.50%	4.47%	3.28%	3.29%	1.88%	2.18%
Hospital & related serv. (2.5%)	0.17%	0.58%	5.29%	5.16%	3.94%	3.26%	3.12%	3.52%

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.