

14.Feb.2023

## **CPI: Cooling Only Very Slowly**

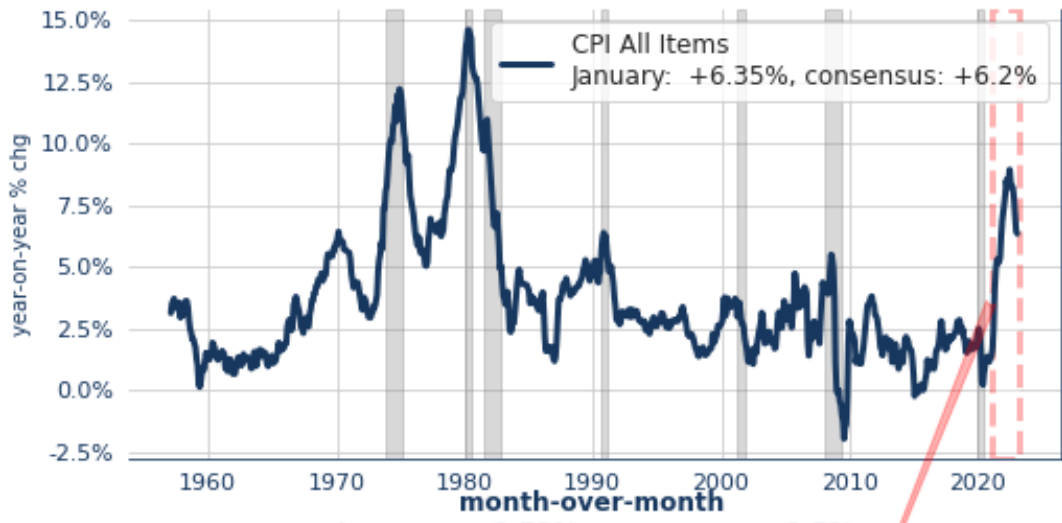
**Bottom Line:** Consumer prices rose in January, mostly as expected, as gasoline rose, pushing the headline back to showing gains after December's declines. As expected, core prices rose 0.4%, led by Owner's Equivalent Rent (OER), the largest component of core, which was up 0.7%, slightly slower than the 0.8% reading in December. Medical care services were also lower, dropping 0.7% after a rebound in December. And the used vehicle component, which tends to lag the major used car price index by about a month, was still lower, despite reports of higher used car prices in January (thus, we should expect a rebound in this component next month). Finally, apparel prices were notably higher in January.

Last week the BLS released significant revisions to previously reported data. The net impact was small for the year, but the 2nd half was revised up, suggesting the trend, which was decelerating less than we had previously thought ([see details we reported Friday](#)).

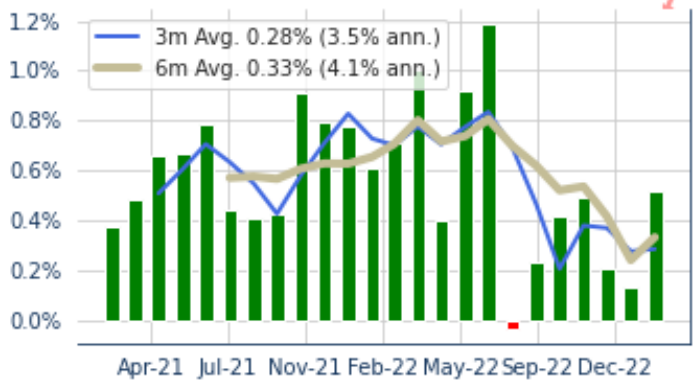
Services excluding rents, an indicator that Fed Chair Powell has mentioned in the last several press conferences, rose over 0.5% and was still annualizing over 5% in the three months that ended in January, just below the average pace of the prior six months(6%). **Overall, considering this January data and revisions to previously reported data, the trend in core CPI is decelerating only very slowly.**

# CPI All Items

## January: +6.35%, consensus: +6.2%



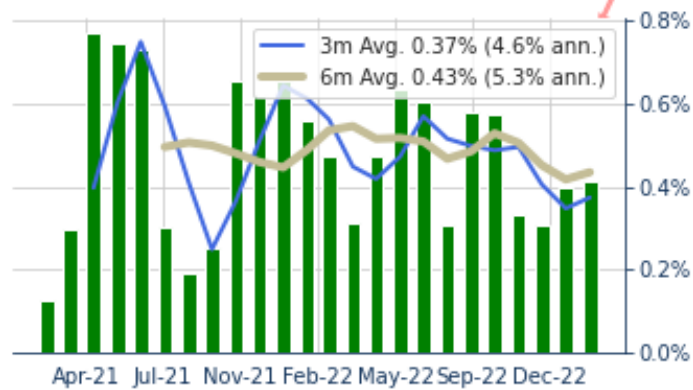
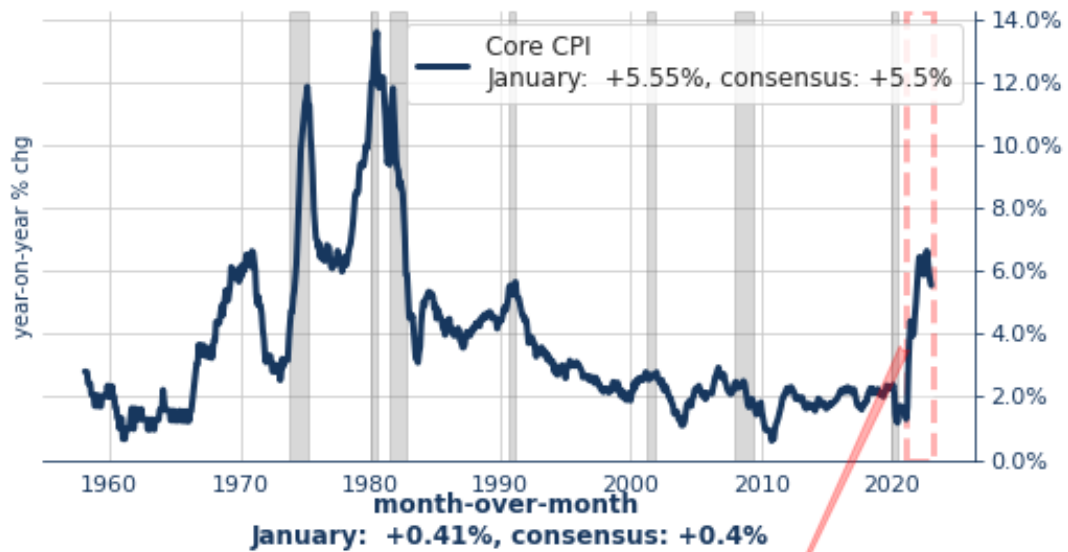
**January: +0.52%, consensus: +0.5%**



Contingent Macro Advisors 2023 source: US BEA

## Core CPI

January: +5.55%, consensus: +5.5%



Contingent Macro Advisors 2023 source: US BEA

**The CPI ROSE** by 0.52% in January, compared with market expectations for an increase of 0.50%.

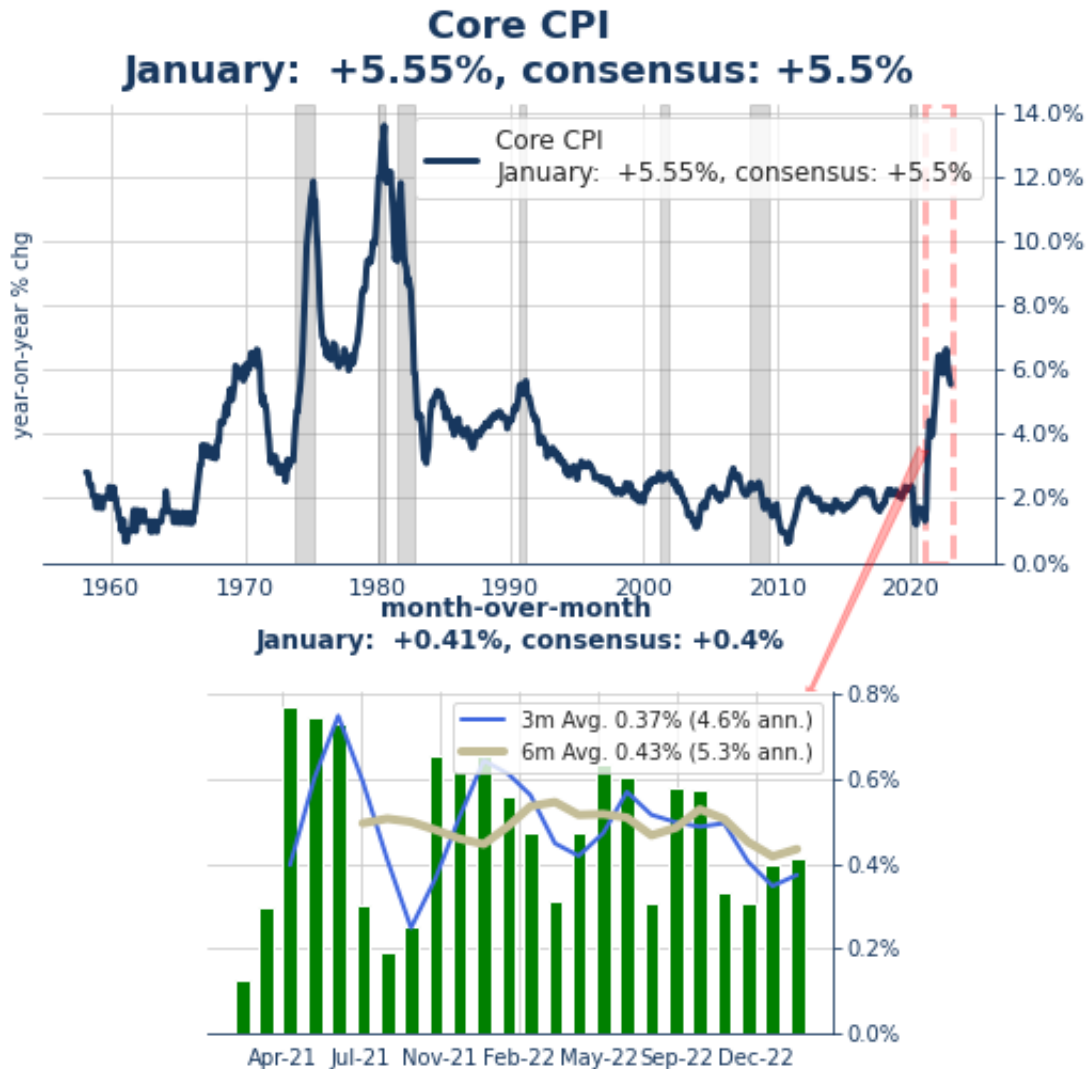
- Food prices increased by 0.51% while energy prices rose by 2.0%.
- Prices for gasoline rose by 2.4% while prices for fuel oil declined by 3.9%, prices for electricity climbed by 0.5%, and prices for natural gas rose by 6.7%.
- Energy prices are now 8.4% ABOVE their year-ago level.

Overall consumer prices are now 6.3% ABOVE their year-ago level; in January 2022, consumer prices were 7.6% ABOVE their year-ago level.

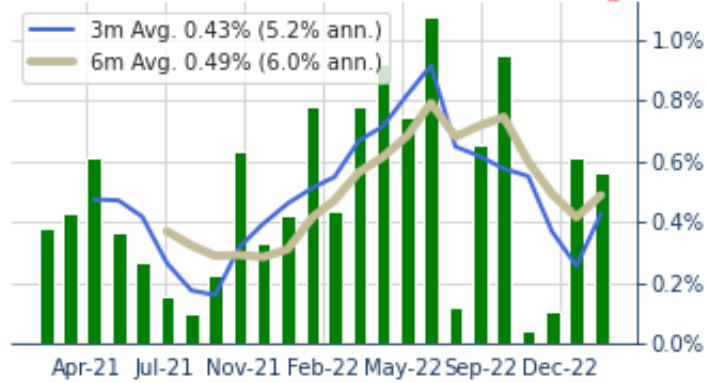
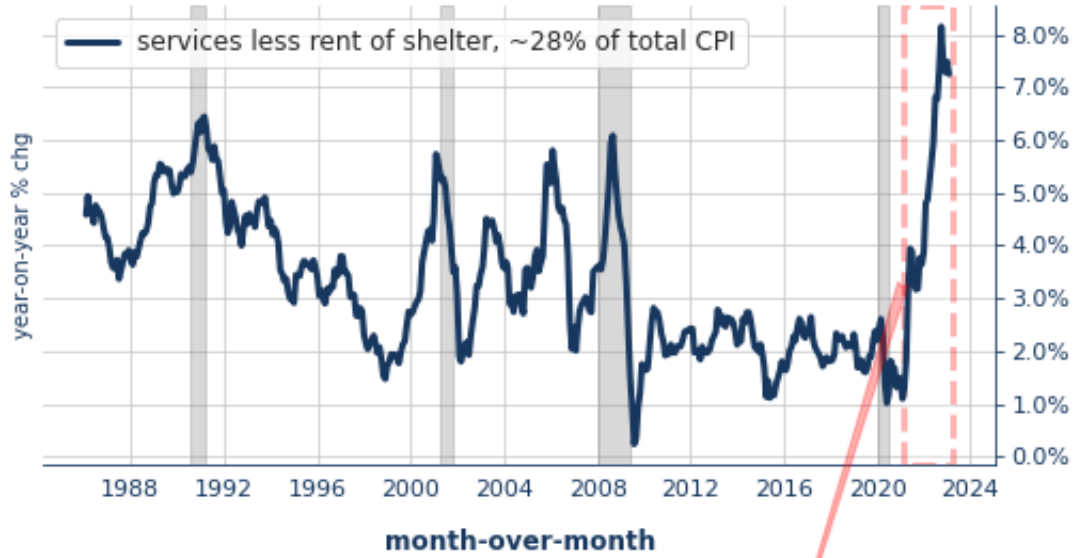
**The Core CPI ROSE** by 0.41%, compared with market expectations for an increase of 0.40%. Prices for commodities excluding food and energy commodities rose by 0.1%.

- Gains in medical care (+1.1%), and apparel (+0.8%) were offset by declines in used cars & trucks (-1.9%). Prices for services excluding energy services rose 0.5%, with an increase in transportation (+0.9%), shelter (+0.7%), and owner's equivalent rent (+0.7%).

Core consumer prices are now 5.5% ABOVE their year-ago level; in January 2022, consumer prices were 6.1% ABOVE their year-ago level.

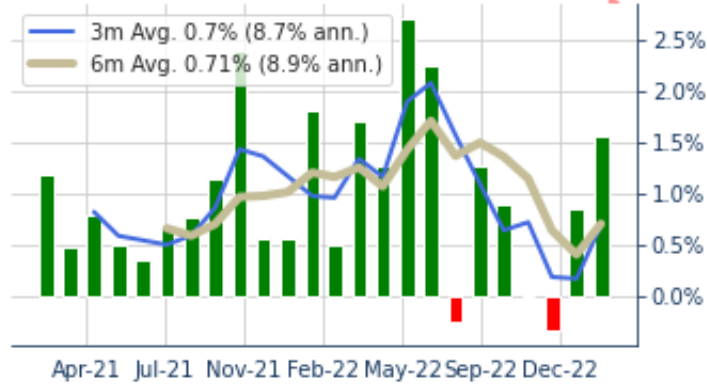


## Services less rent a focus of Fed Chair Powell

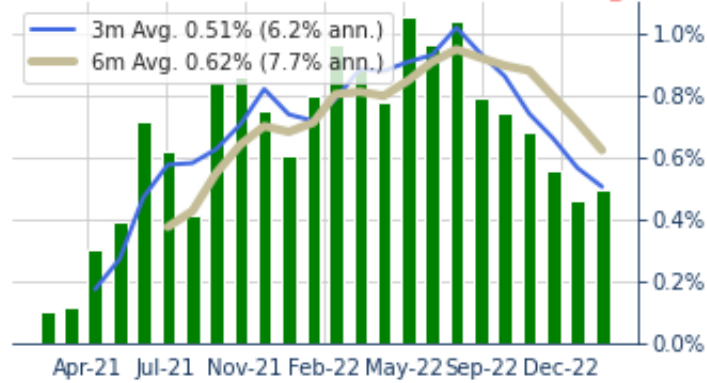
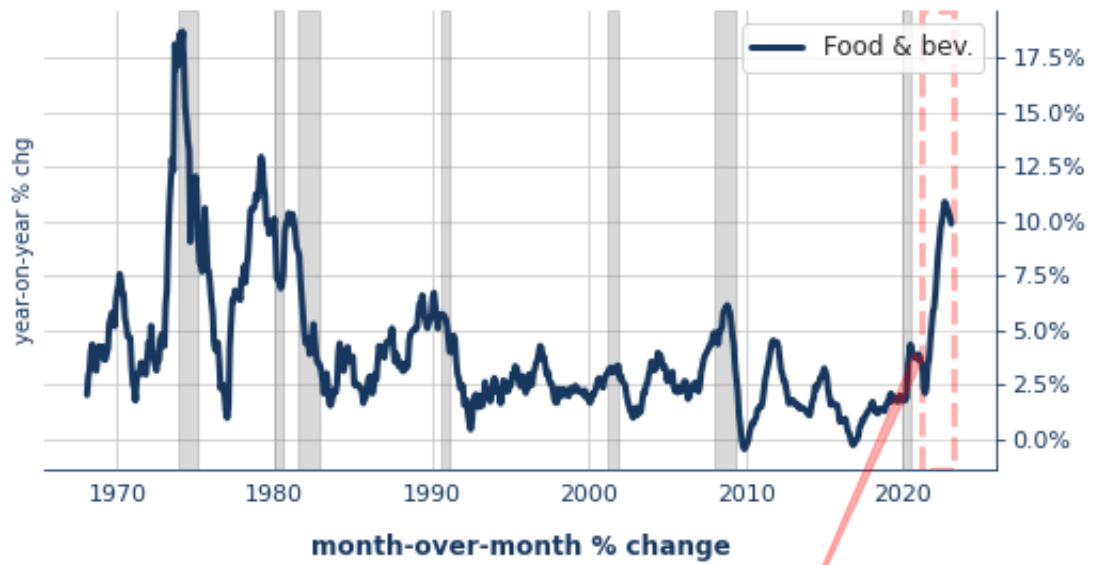


Contingent Macro Advisors 2023 source: US BEA

## Fuels & utilities

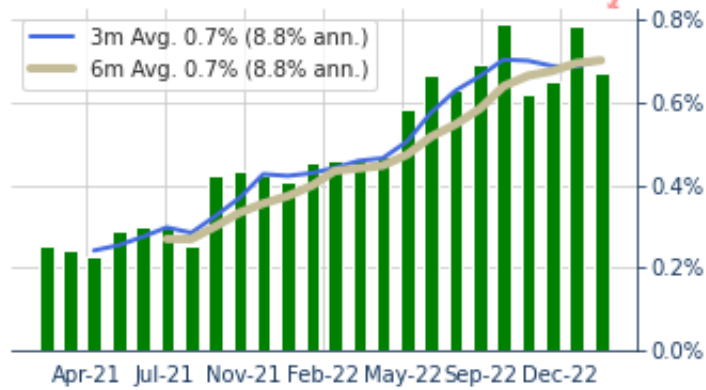
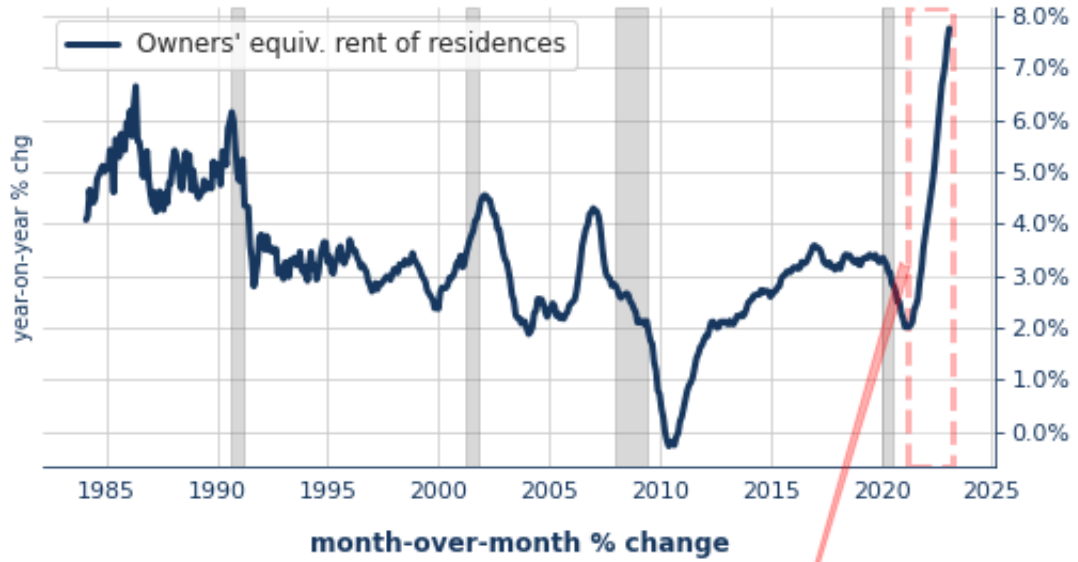


## Food & bev.



Contingent Macro Advisors 2023 source: US BEA

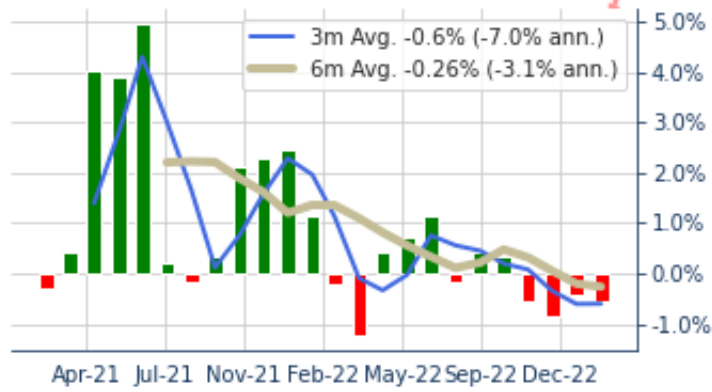
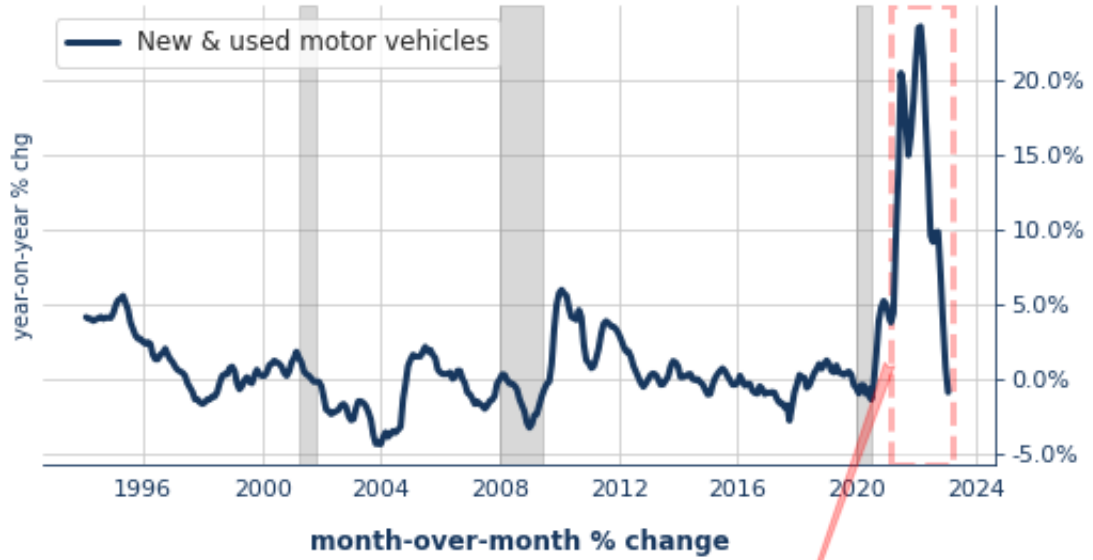
## Owners' equiv. rent of residences



Contingent Macro Advisors 2023 source: US BEA

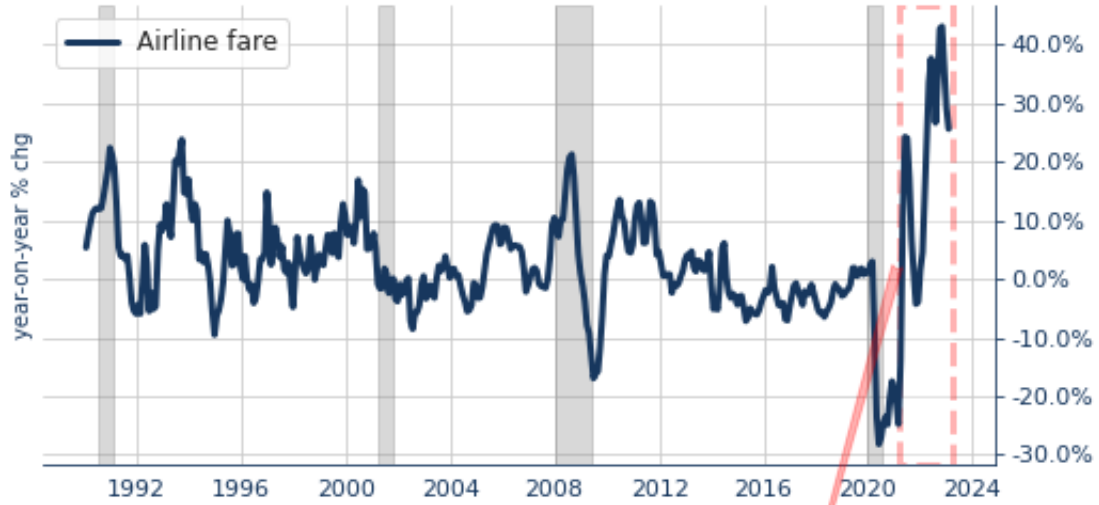


# New & used motor vehicles

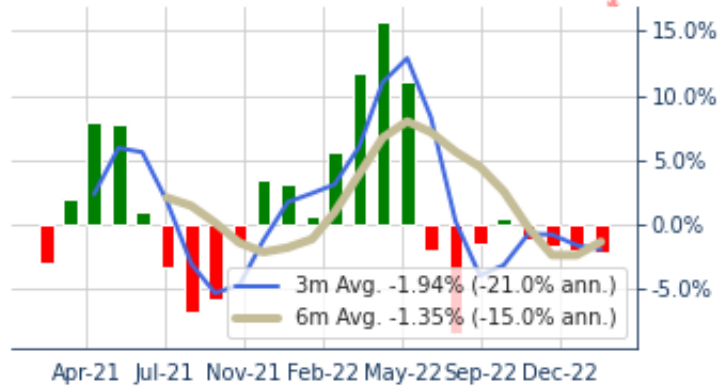


Contingent Macro Advisors 2023 source: US BEA

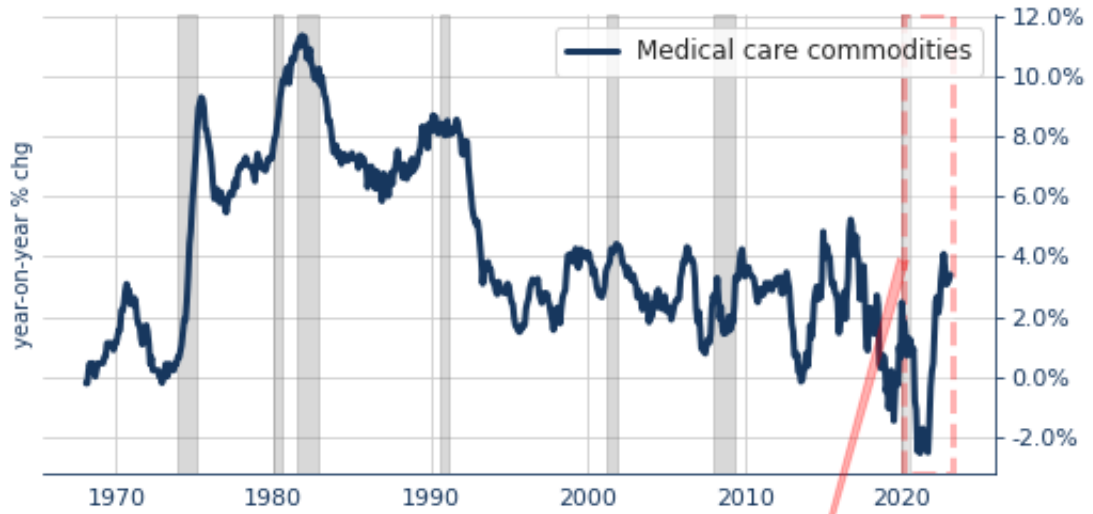
# Airline fare



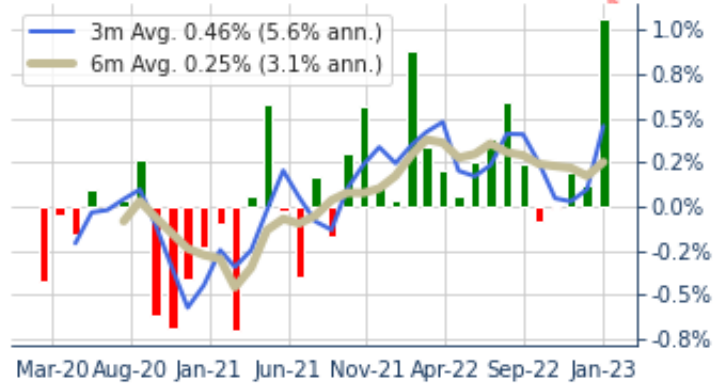
## month-over-month % change



# Medical care commodities



## month-over-month % change





(4.1%)	0.23%	0.58%	5.20%	6.90%	5.78%	5.89%	11.78%	4.20%
Used cars & trucks (3.6%)	-1.94%	-1.99%	-21.27%	-16.46%	-11.62%	-8.59%	37.73%	7.10%
Transportation serv. (6.0%)	0.85%	0.63%	7.46%	11.12%	14.57%	14.38%	4.33%	3.43%
Public trans. (0.9%)	-1.80%	-0.54%	-8.37%	-5.26%	17.14%	19.62%	2.85%	1.52%
Education & communication (6.0%)	0.37%	0.12%	4.68%	2.67%	1.01%	0.75%	1.62%	1.24%
Recreation (5.0%)	0.48%	0.22%	4.73%	4.69%	4.77%	5.14%	3.26%	2.36%
Apparel (2.4%)	0.83%	0.21%	4.63%	2.44%	3.02%	2.91%	5.71%	0.76%
Other goods & serv. (2.7%)	0.65%	-0.11%	5.13%	5.69%	6.23%	6.35%	4.46%	3.43%

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	Jan-23	Dec-22	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>Food &amp; bev. (13.8% total CPI)</b>	<b>0.50%</b>	<b>0.46%</b>	<b>6.24%</b>	<b>7.75%</b>	<b>9.86%</b>	<b>10.19%</b>	<b>6.04%</b>	<b>4.82%</b>
Cereals & bakery prods (1.1%)	0.98%	0.57%	11.51%	12.03%	15.57%	16.10%	4.81%	5.44%
Meats, poultry, fish, & eggs (1.9%)	0.72%	0.77%	6.27%	5.79%	8.05%	7.64%	12.55%	6.09%
Dairy & related prods (0.8%)	-0.01%	0.21%	5.27%	6.14%	13.98%	15.43%	1.81%	5.21%
Fruits & vegetables (1.4%)	-0.49%	-0.08%	2.07%	4.07%	7.22%	8.54%	5.12%	3.14%
Nonalcoholic bev. & beverage materials (1.0%)	0.36%	0.51%	6.82%	7.12%	13.06%	12.65%	5.20%	5.10%
Other food at home (2.3%)	0.67%	0.66%	6.09%	8.52%	13.16%	13.97%	5.64%	5.27%
Food away from home (5.3%)	0.62%	0.38%	6.18%	8.84%	8.20%	8.25%	6.01%	4.74%



<b>Shelter (32.9% total CPI)</b>	<b>0.74%</b>	<b>0.79%</b>	<b>9.03%</b>	<b>8.96%</b>	<b>7.91%</b>	<b>7.48%</b>	<b>4.18%</b>	<b>3.71%</b>
Rent of primary residence (7.4%)	0.74%	0.79%	9.62%	9.54%	8.56%	8.36%	3.34%	3.92%
Lodging away from home (0.9%)	1.20%	1.10%	7.34%	9.63%	7.67%	2.85%	24.04%	3.16%
Owners' equiv. rent of residences (24.2%)	0.67%	0.79%	8.78%	8.77%	7.76%	7.53%	3.79%	3.71%
Household energy (3.8%)	1.77%	1.02%	9.52%	9.75%	15.76%	16.16%	11.56%	6.60%
Household furnishings & operations (3.9%)	0.33%	0.32%	3.17%	4.50%	5.89%	6.72%	7.41%	3.97%

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.

<b>US CPI - Recreation</b>	<b>Jan-23</b>	<b>Dec-22</b>	<b>3m ann % chg</b>	<b>6m ann % chg</b>	<b>YoY % chg</b>	<b>2022</b>	<b>2021</b>	<b>5y</b>
<b>Recreation (5.0% total CPI)</b>	<b>0.48%</b>	<b>0.22%</b>	<b>4.73%</b>	<b>4.69%</b>	<b>4.77%</b>	<b>5.14%</b>	<b>3.26%</b>	<b>2.36%</b>
TV, radio subs. (1.1%)	0.51%	-0.52%	3.83%	2.47%	3.40%	3.93%	2.82%	3.13%
Pet food (1.1%)	0.19%	0.39%	5.85%	11.44%	15.07%	15.18%	2.38%	4.26%
Toys (0.3%)	-1.22%	1.14%	-5.74%	-3.16%	0.30%	1.27%	1.83%	-1.82%
Music instruments & accessories (0.0%)	0.48%	-1.08%	4.64%	5.62%	3.65%	5.51%	5.87%	2.99%
Club, gyms etc. (0.0%)	0.47%	0.73%	5.59%	6.97%	5.10%	5.23%	1.76%	2.09%
Entertainment tickets (0.5%)	0.86%	-0.26%	9.10%	3.92%	6.51%	6.47%	4.87%	3.33%
Fees for lessons or instructions (0.2%)	1.05%	2.64%	12.01%	16.79%	8.07%	7.84%	2.95%	3.59%

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	Jan-23	Dec-22	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>Medical care (8.3% total CPI)</b>	<b>-0.37%</b>	<b>0.27%</b>	<b>-1.85%</b>	<b>0.97%</b>	<b>3.06%</b>	<b>4.00%</b>	<b>2.23%</b>	<b>2.57%</b>
Medical care commodities (1.5%)	1.06%	0.11%	5.61%	3.05%	3.39%	3.21%	0.45%	0.94%
Prof. serv. (3.5%)	-0.09%	0.08%	0.38%	3.20%	2.67%	2.96%	3.30%	2.01%
Hospital & related serv. (2.5%)	0.69%	1.15%	5.44%	4.30%	3.99%	4.57%	3.27%	3.08%
Health insurance (0.8%)	-3.57%	-3.44%	-36.82%	-19.89%	1.25%	7.88%	-1.16%	5.94%

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.