

12.Apr.2023

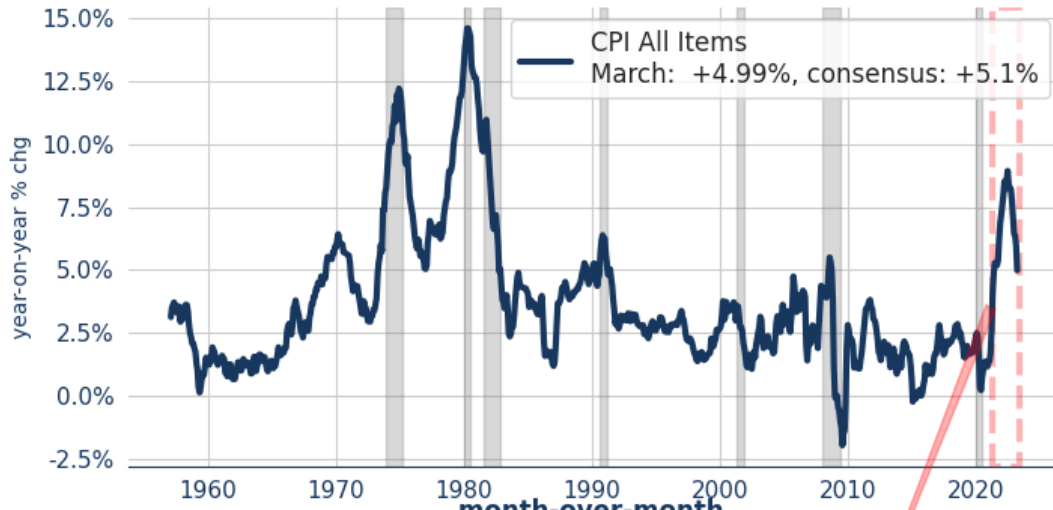
CPI: Slowly Cooling

Bottom Line: Consumer prices rose only slightly in March, in line with expectations, as energy prices fell. Core CPI was up 0.38%, down just slightly from 0.45% in February. Owner's Equivalent Rent (OER), the largest component of core, was up 0.48%, notably lower than the 0.7% reading in February. Medical care services were lower for the second month and were trending towards deflation as the cost of hospital and related services fell. Used car prices were surprisingly lower, countering expectations for an increase based on the major private market surveys of prices. However, new car prices were up, as were vehicle leasing deals. Airfares rose sharply, again, up nearly 4% on the month after a 6+% increase in February.

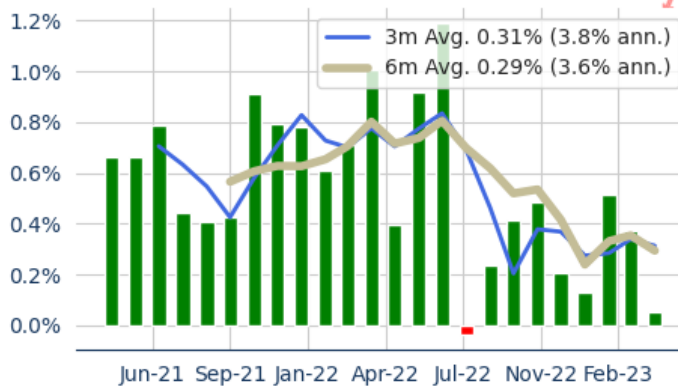
Overall, this was an encouraging report for Fed policymakers looking for a continued deceleration in inflation. While pockets of core price pressures remain, the "services less shelter" category, often cited by Fed Chair Powell, fell in February. And shelter prices finally look to be edging lower, consistent with the long lag between actual rents and the imputed rent in CPI.

CPI All Items

March: +4.99%, consensus: +5.1%

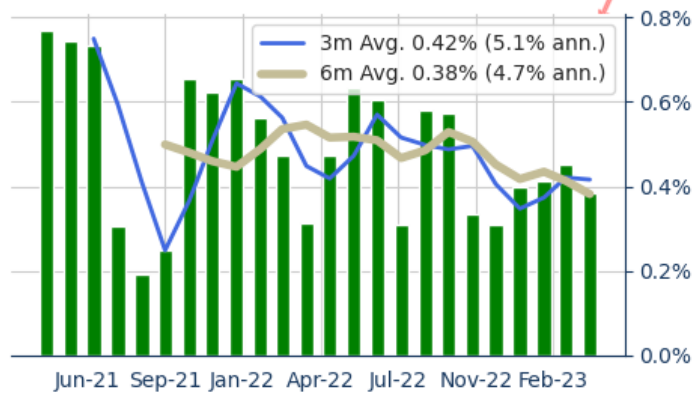
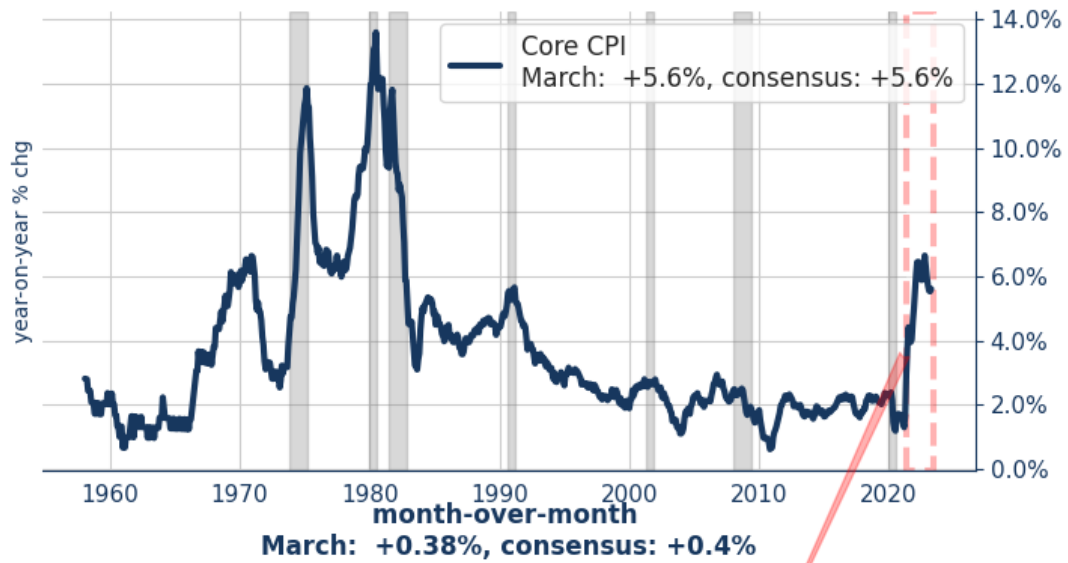


March: +0.05%, consensus: +0.2%



Core CPI

March: +5.6%, consensus: +5.6%



Contingent Macro Advisors 2023 source: US BEA

The CPI ROSE by 0.05% in March, compared with market expectations for an increase of 0.20%.

- Food prices increased by 0.01% while energy prices fell by 3.5%.
- Prices for gasoline fell by 4.6% while prices for fuel oil declined by 2.5%, prices for electricity slipped by 0.7%, and prices for natural gas fell by 7.1%. Energy prices are now 6.4% BELOW their year-ago level.

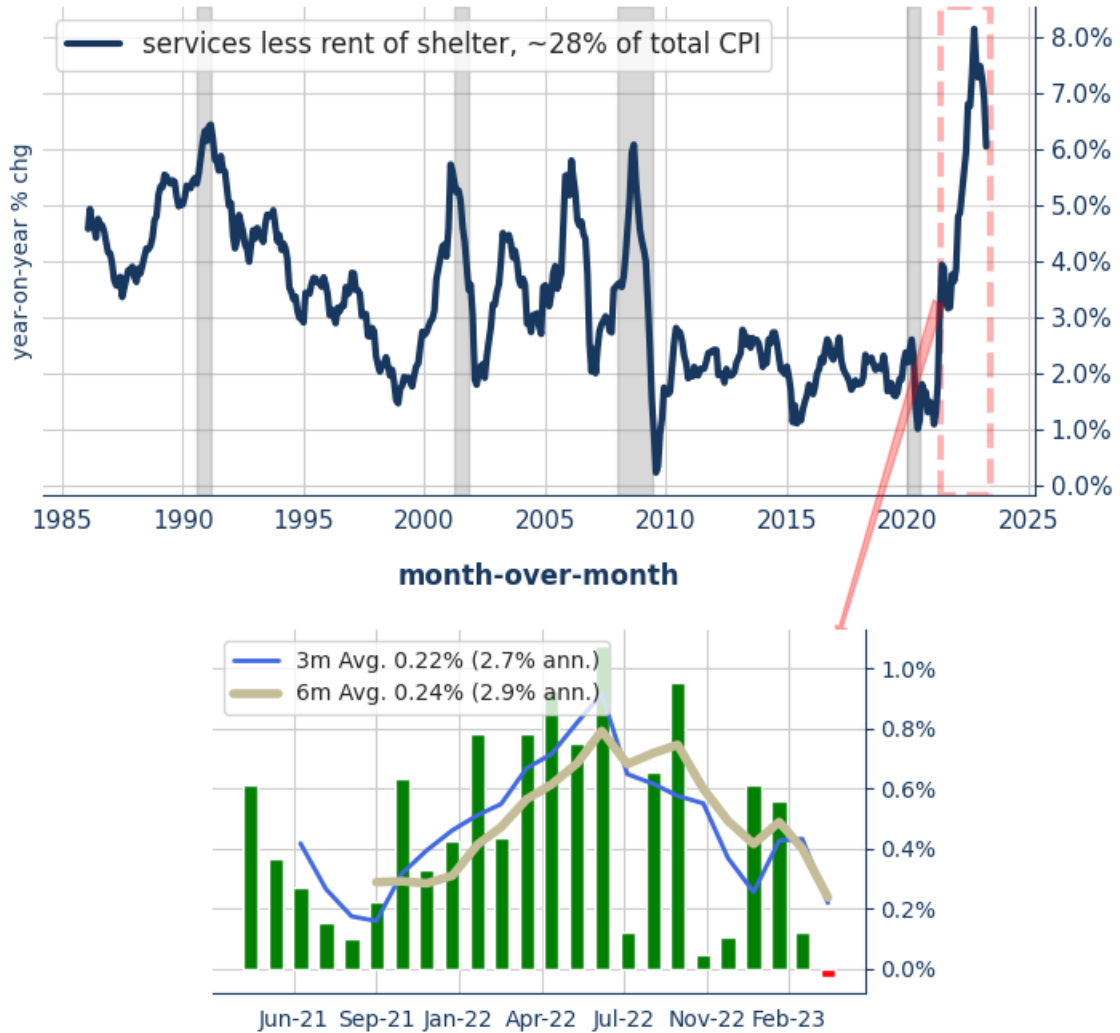
Overall consumer prices are now 5.0% ABOVE their year-ago level; in March 2022, consumer prices were 8.5% ABOVE their year-ago level.

The Core CPI ROSE by 0.38%, compared with market expectations for an increase of 0.40%.

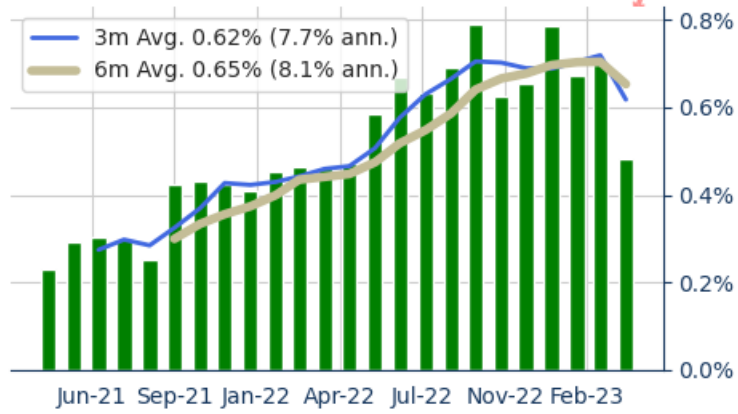
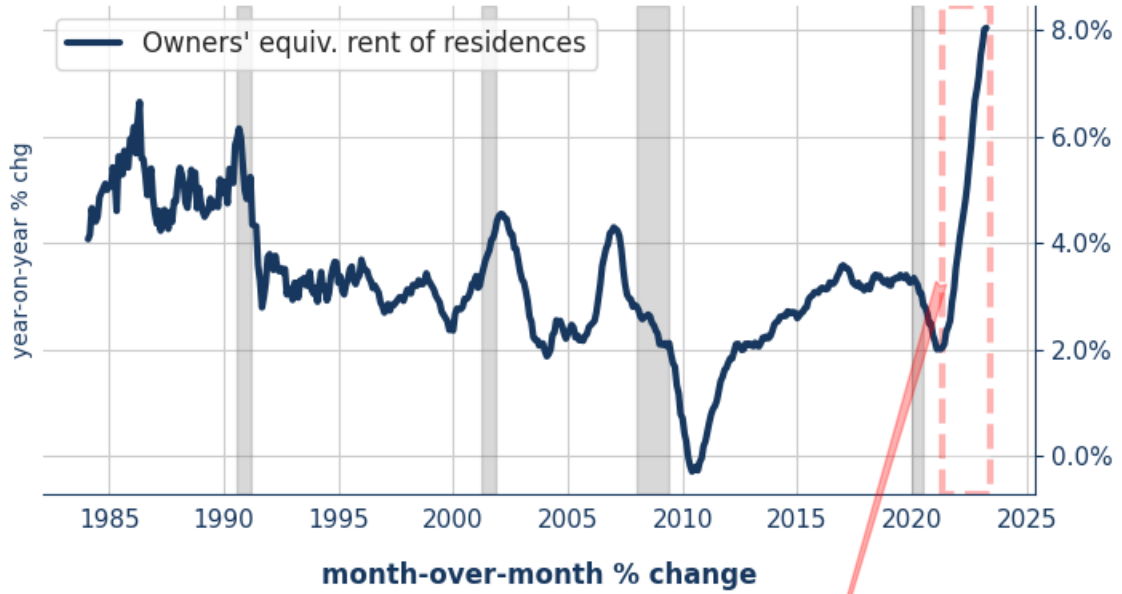
- Prices for commodities excluding food and energy commodities rose by 0.2%.
- Prices for services excluding energy services rose 0.4%, with a moderate increase in transportation (+1.4%), shelter (+0.6%), and owner's equivalent rent (+0.5%).

Core consumer prices are now 5.6% ABOVE their year-ago level; in March 2022, consumer prices were 6.5% ABOVE their year-ago level.

Services less rent a focus of Fed Chair Powell

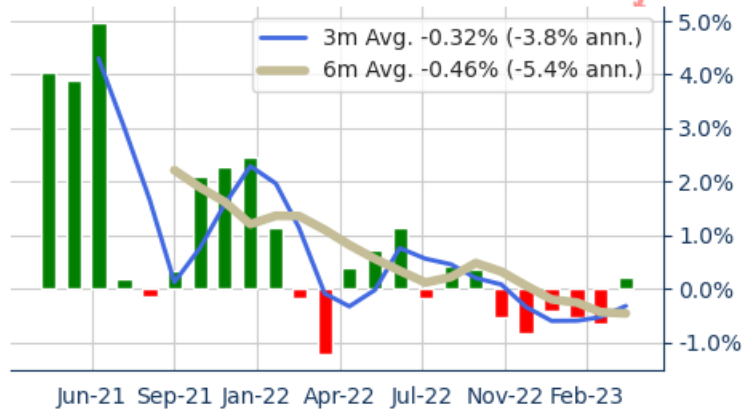
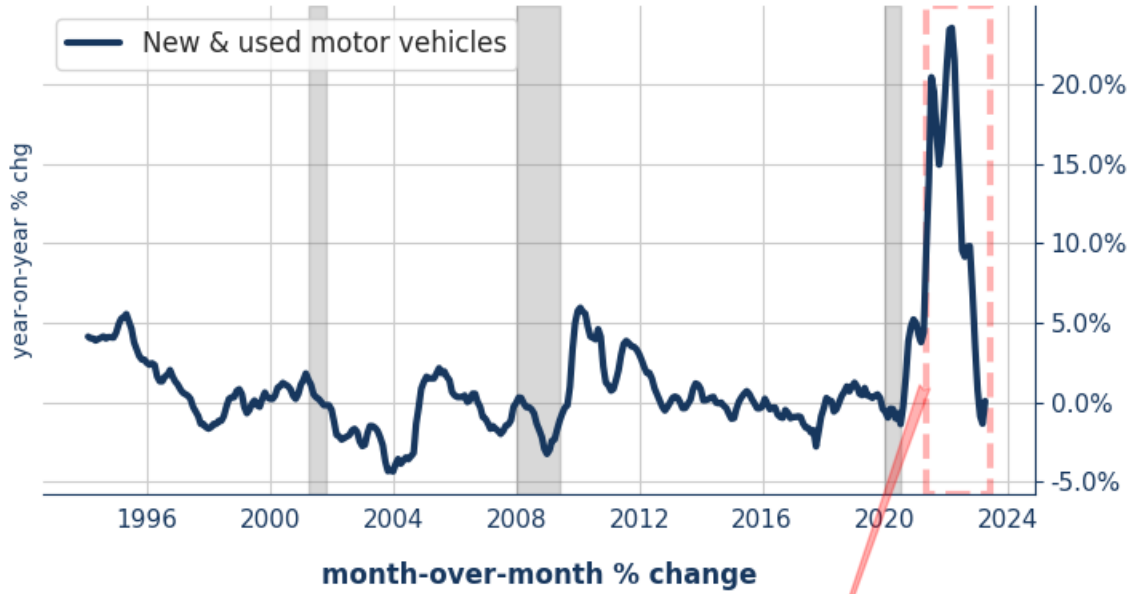


Owners' equiv. rent of residences



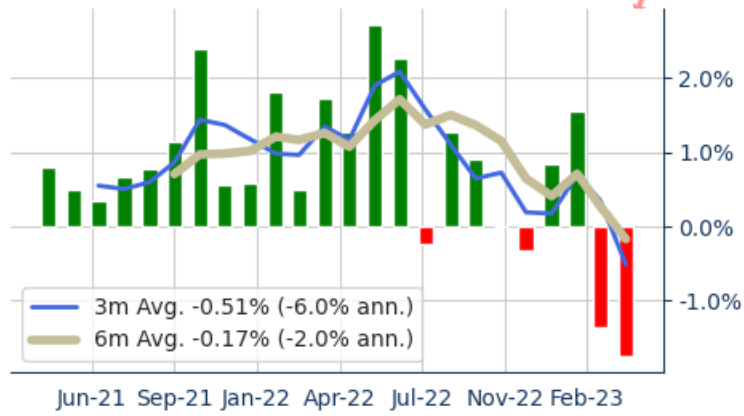
Contingent Macro Advisors 2023 source: US BEA

New & used motor vehicles



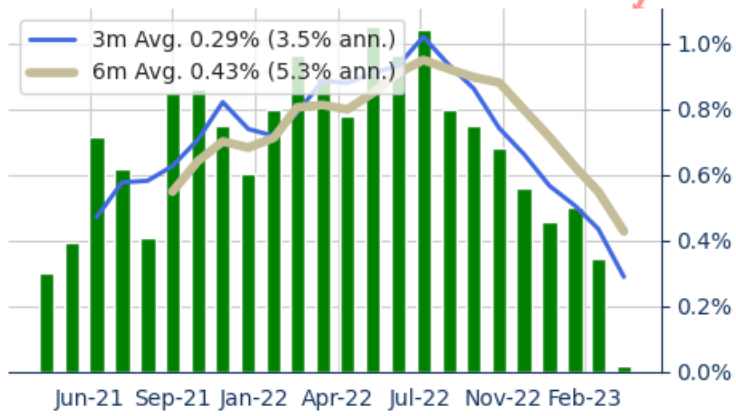
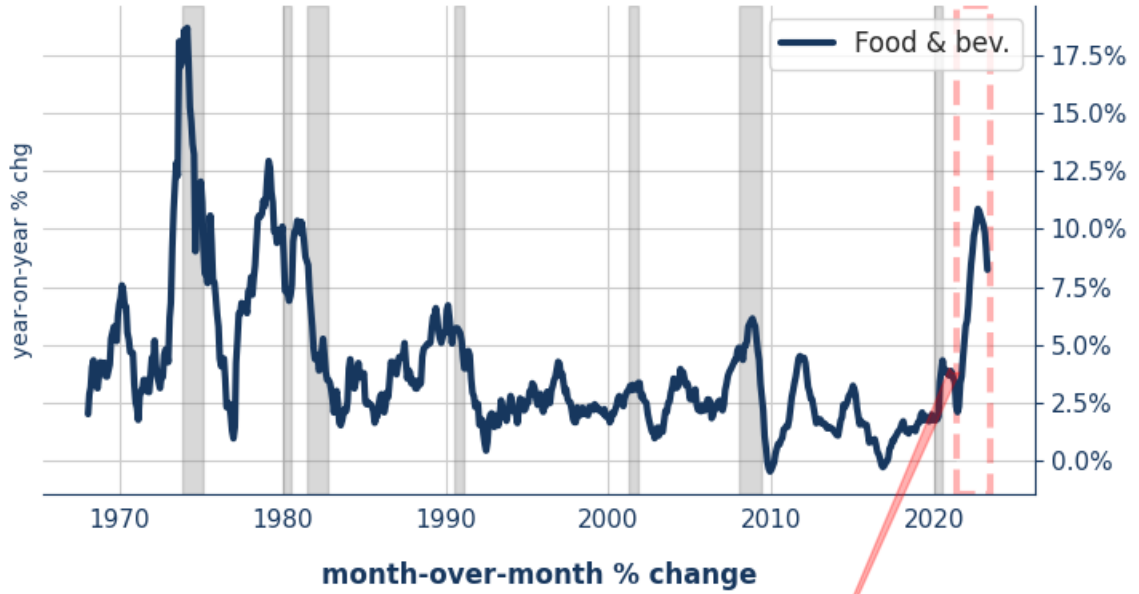
Contingent Macro Advisors 2023 source: US BEA

Fuels & utilities



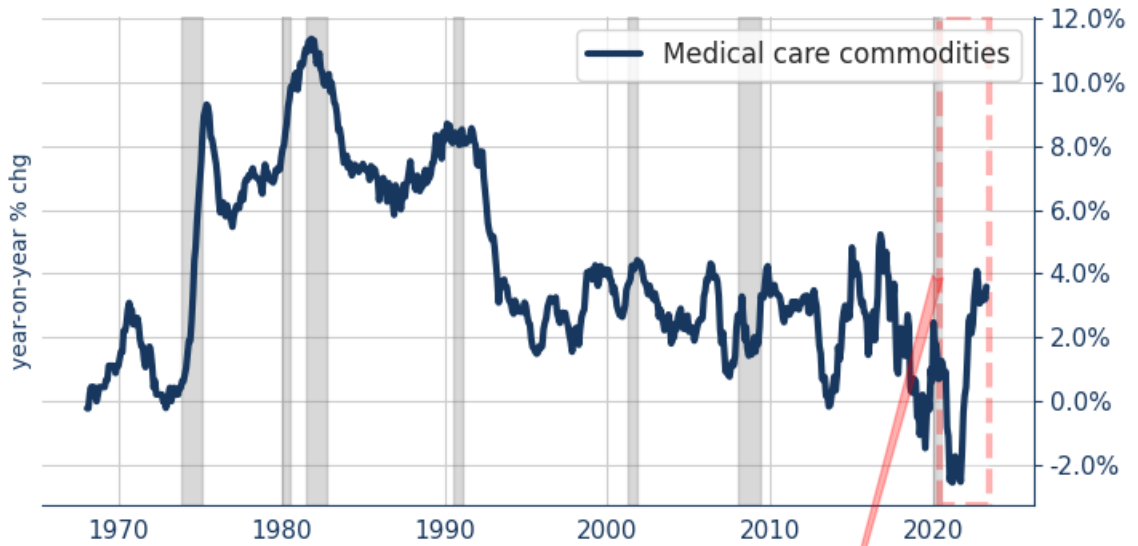
Contingent Macro Advisors 2023 source: US BEA

Food & bev.

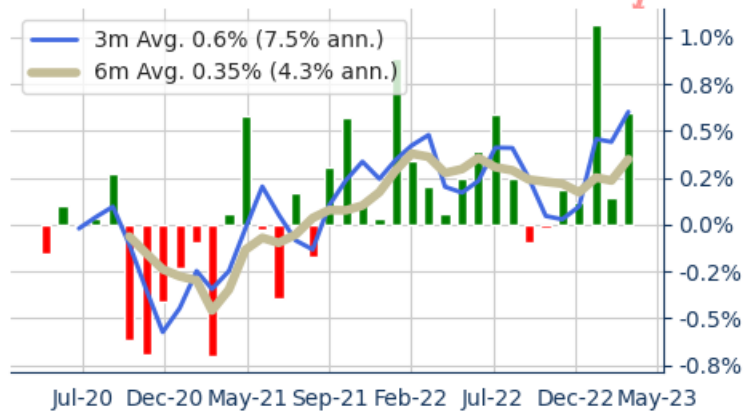


Contingent Macro Advisors 2023 source: US BEA

Medical care commodities

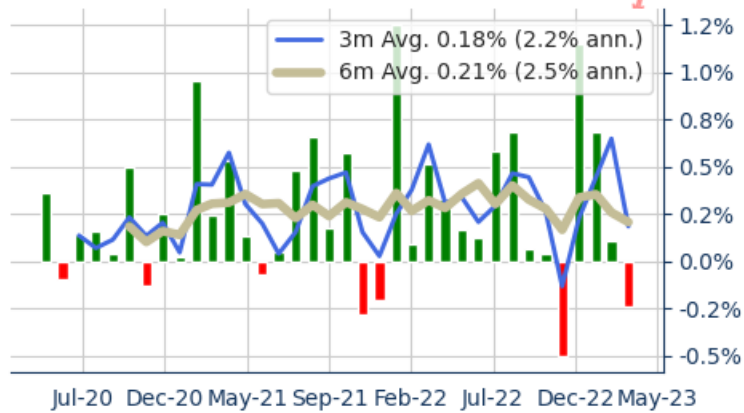


month-over-month % change



Contingent Macro Advisors 2023 source: US BEA

Hospital & related serv.



Contingent Macro Advisors 2023 source: US BEA

US Consumer Price Inflation	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
CPI All Items	0.05%	0.37%	3.82%	3.59%	4.99%	6.44%	7.19%	3.88%
Core CPI (79.4%)	0.38%	0.45%	5.11%	4.68%	5.60%	5.70%	5.52%	3.47%
Motor fuel (3.3%)	-4.74%	0.91%	-6.54%	-14.48%	-17.33%	-0.53%	50.05%	7.01%
Energy serv. (3.5%)	-2.31%	-1.71%	-7.57%	-2.62%	9.17%	15.60%	10.34%	5.39%
Food & bev. (13.5%)	0.02%	0.35%	3.53%	5.26%	8.24%	10.19%	6.04%	4.91%
Shelter (34.4%)	0.56%	0.76%	8.53%	8.74%	8.18%	7.48%	4.18%	4.02%
Medical care (8.1%)	-0.30%	-0.54%	-4.75%	-3.20%	1.50%	4.00%	2.23%	2.38%

New vehicles (4.3%)	0.38%	0.18%	3.18%	4.89%	6.12%	5.89%	11.78%	4.34%
Used cars & trucks (2.6%)	-0.88%	-2.77%	-20.21%	-20.38%	-11.15%	-8.59%	37.73%	6.12%
Transportation serv. (5.8%)	1.38%	1.14%	14.36%	10.31%	13.80%	14.38%	4.33%	4.02%
Education & communication (5.8%)	0.16%	0.06%	2.39%	2.68%	1.39%	0.75%	1.62%	1.29%
Recreation (5.4%)	0.11%	0.87%	5.99%	5.99%	4.85%	5.14%	3.26%	2.58%
Apparel (2.5%)	0.26%	0.81%	7.87%	3.98%	3.20%	2.91%	5.71%	0.98%
Other goods & serv. (2.7%)	0.50%	0.91%	8.54%	6.44%	6.07%	6.35%	4.46%	3.76%

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	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Food & bev. (13.5% total CPI)	0.02%	0.35%	3.53%	5.26%	8.24%	10.19%	6.04%	4.91%
Cereals & bakery prods (1.2%)	0.61%	0.28%	7.73%	9.10%	13.56%	16.10%	4.81%	5.66%
Meats, poultry, fish, & eggs	-1.41%	-0.10%	-3.18%	0.97%	4.27%	7.64%	12.55%	5.70%
Dairy & related prods (0.8%)	-0.09%	0.12%	0.09%	3.80%	10.65%	15.43%	1.81%	5.22%
Fruits & vegetables (1.5%)	-1.33%	0.20%	-6.35%	-1.90%	2.48%	8.54%	5.12%	2.88%
Nonalcoholic bev. & beverage materials (1.0%)	0.24%	0.97%	6.43%	7.30%	11.31%	12.65%	5.20%	5.40%
Other food at home (2.3%)	0.44%	0.28%	5.69%	6.40%	11.07%	13.97%	5.64%	5.45%
Food away from home (4.8%)	0.60%	0.63%	7.64%	7.59%	8.78%	8.25%	6.01%	5.05%
Alc. bev. away from	0.26%	-0.29%	2.43%	5.86%	5.84%	6.85%	3.73%	3.16%

home (0.3%)

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	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Transportation serv. (5.8% total CPI)	-0.55%	0.18%	0.09%	-3.15%	-0.91%	3.71%	21.69%	5.16%
Private trans.	-0.73%	0.03%	-0.80%	-3.66%	-1.54%	3.02%	23.20%	5.48%
Public trans. (0.8%)	3.18%	3.19%	19.53%	7.56%	12.36%	19.62%	2.85%	2.91%
New vehicles (4.3%)	0.38%	0.18%	3.18%	4.89%	6.12%	5.89%	11.78%	4.34%
Used cars & trucks (2.6%)	-0.88%	-2.77%	-20.21%	-20.38%	-11.15%	-8.59%	37.73%	6.12%
Leased cars & trucks (nan%)	5.58%	0.00%	29.09%	11.44%	nan%	34.62%	-1.98%	6.11%
Motor vehicle maintenance & repair (1.1%)	0.35%	0.21%	7.74%	10.24%	13.30%	13.02%	4.78%	5.81%
Airline fares	3.96%	6.38%	37.13%	6.21%	17.70%	29.14%	1.56%	3.28%

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. NOTE - Transportation and Private Trans. includes fuel as well as services like vehicle insurance and licensing fees.

US CPI - Energy	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Fuels & utilities	-1.74%	-1.36%	-6.09%	-2.07%	7.34%	13.50%	9.54%	4.97%
Household energy (3.7%)	-2.32%	-1.97%	-9.81%	-4.14%	7.91%	16.16%	11.56%	5.47%
Motor fuel (3.3%)	-4.74%	0.91%	-6.54%	-14.48%	-17.33%	-0.53%	50.05%	7.01%
Fuel oil & other fuels (0.2%)	-2.49%	-6.42%	-40.76%	-26.43%	-10.77%	26.04%	38.42%	7.14%
Electricity (2.6%)	-0.73%	0.54%	1.20%	5.29%	10.17%	14.38%	6.46%	4.88%
Utility (piped) gas service (0.9%)	-7.13%	-7.99%	-30.79%	-22.87%	5.54%	19.28%	24.04%	7.06%

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	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
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Related								
Shelter (34.4% total CPI)	0.56%	0.76%	8.53%	8.74%	8.18%	7.48%	4.18%	4.02%
Rent of primary residence (7.5%)	0.49%	0.76%	8.24%	8.89%	8.81%	8.36%	3.34%	4.22%
Lodging away from home (1.1%)	2.70%	2.26%	27.59%	22.38%	7.26%	2.85%	24.04%	4.33%
Owners' equiv. rent of residences (25.4%)	0.48%	0.70%	7.67%	8.12%	8.04%	7.53%	3.79%	3.99%
Household energy (3.7%)	-2.32%	-1.97%	-9.81%	-4.14%	7.91%	16.16%	11.56%	5.47%
Household furnishings & operations (4.4%)	0.40%	0.85%	6.52%	4.45%	5.57%	6.72%	7.41%	4.27%

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	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Recreation (5.4% total CPI)	0.11%	0.87%	5.99%	5.99%	4.85%	5.14%	3.26%	2.58%
TV, radio subs. (1.0%)	1.19%	1.81%	14.95%	9.73%	5.91%	3.93%	2.82%	3.82%
Pet food (1.2%)	1.65%	1.18%	12.73%	11.09%	14.37%	15.18%	2.38%	4.95%
Toys (0.4%)	0.68%	1.57%	4.13%	0.10%	1.96%	1.27%	1.83%	-1.41%
Music instruments & accessories (0.1%)	1.78%	1.86%	17.76%	11.35%	5.53%	5.51%	5.87%	3.83%
Club, gyms etc. (0.1%)	-0.40%	0.76%	3.35%	6.01%	4.80%	5.23%	1.76%	2.16%
Entertainment tickets (0.4%)	1.10%	-0.16%	7.39%	8.35%	6.51%	6.47%	4.87%	3.55%
Fees for lessons or instructions (0.2%)	-0.21%	-0.45%	1.56%	5.24%	7.14%	7.84%	2.95%	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. Pet food includes all related to pets.

US CPI - Medical	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Medical care (8.1% total CPI)	-0.30%	-0.54%	-4.75%	-3.20%	1.50%	4.00%	2.23%	2.38%
Medical care commodities (1.5%)	0.59%	0.15%	7.46%	4.26%	3.59%	3.21%	0.45%	1.10%
Prof. serv. (3.6%)	0.04%	-0.32%	-1.44%	-0.02%	2.17%	2.96%	3.30%	1.95%
Hospital & related serv. (2.3%)	-0.24%	0.11%	2.22%	2.48%	3.22%	4.57%	3.27%	3.05%
Health insurance (0.7%)	-4.15%	-4.07%	-38.23%	-38.09%	-10.65%	7.88%	-1.16%	3.85%

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.