

12.Jul.2023

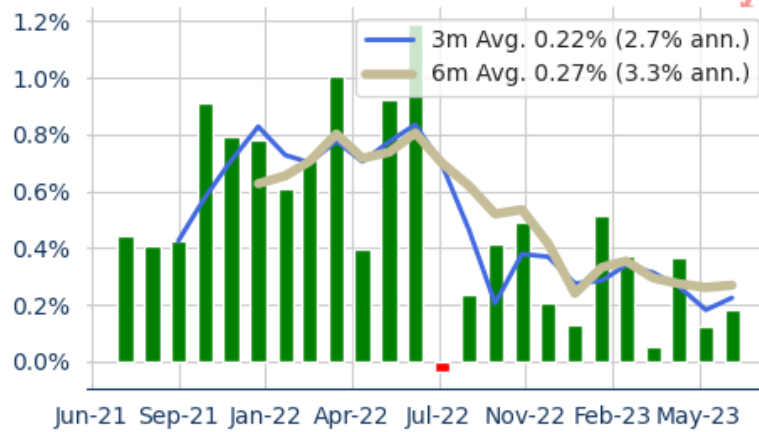
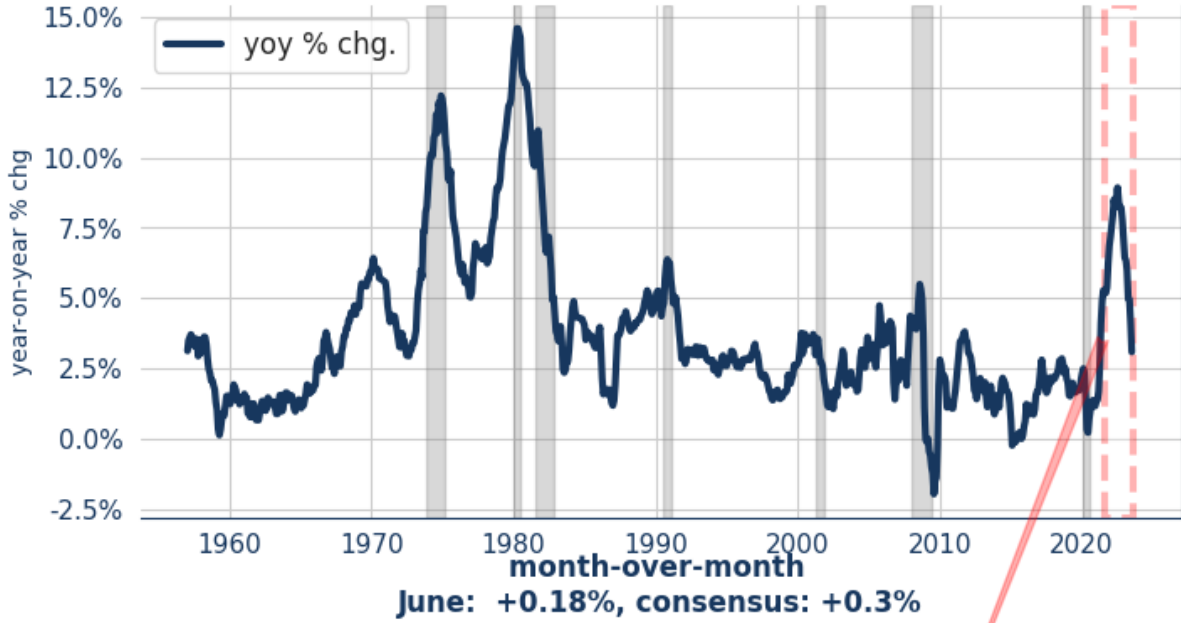
CPI: Cooler Across The Board

Bottom Line: Consumer prices rose less than expected in June, with both core and headline readings up less than 0.2% on the month. The headline CPI is now down to just 3% year-on-year, thanks to base effects and a slowing trend. Core CPI year-on-year was down to 4.86%, still annualizing at 4.1% in the last three months. Owner's Equivalent Rent (OER), the largest component of the core, was up 0.4%, the coolest reading of the recent cycle. Services less rent, a favored indicator of Fed Chair Powell, rose modestly after falling in May but remained very tame with the last three months annualizing at just 0.1%.

Overall, while pockets of core price pressures remain, critical categories of inflation are slowly cooling. While the July rate hike from the Fed still looks like the base case, the trend in CPI suggests the path beyond that might be for steady policy rates.

CPI All Items

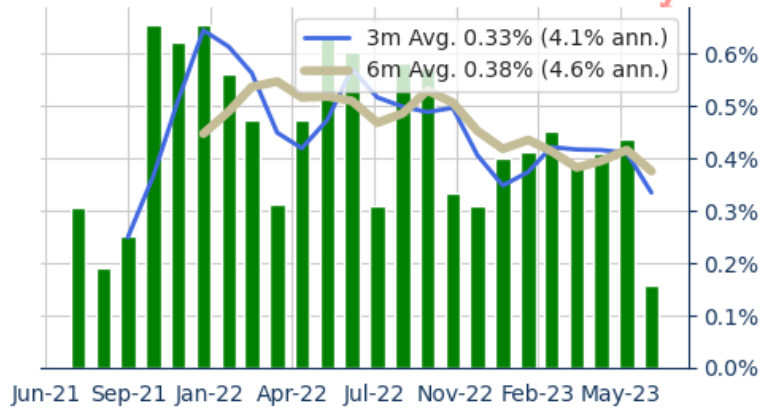
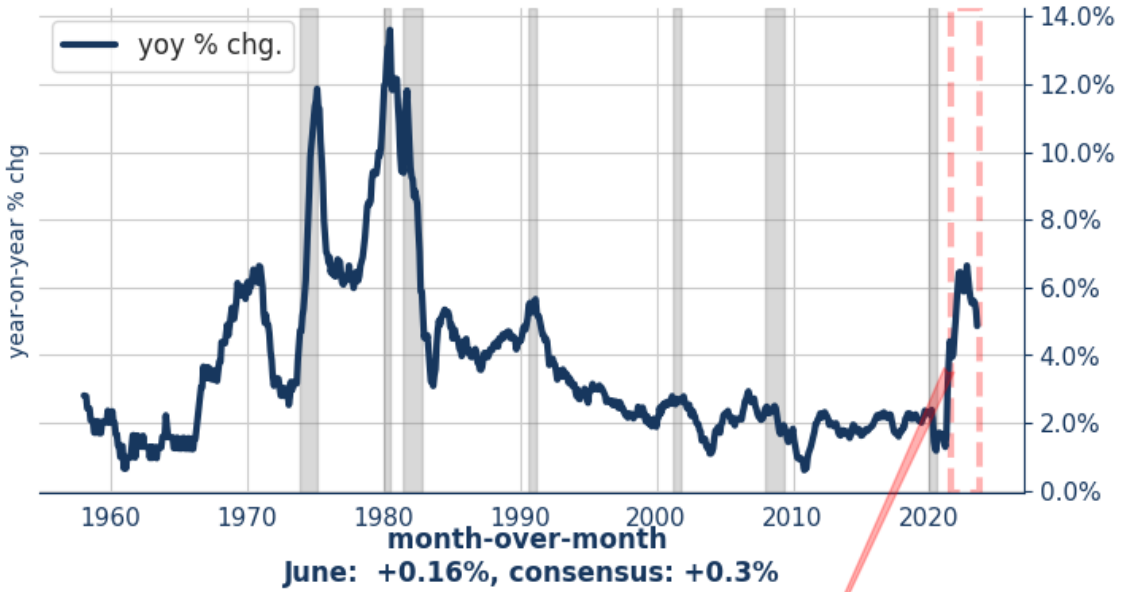
Year-on-year in June: +3.09%, consensus: +3.1%



Contingent Macro Advisors 2023 source: US BEA

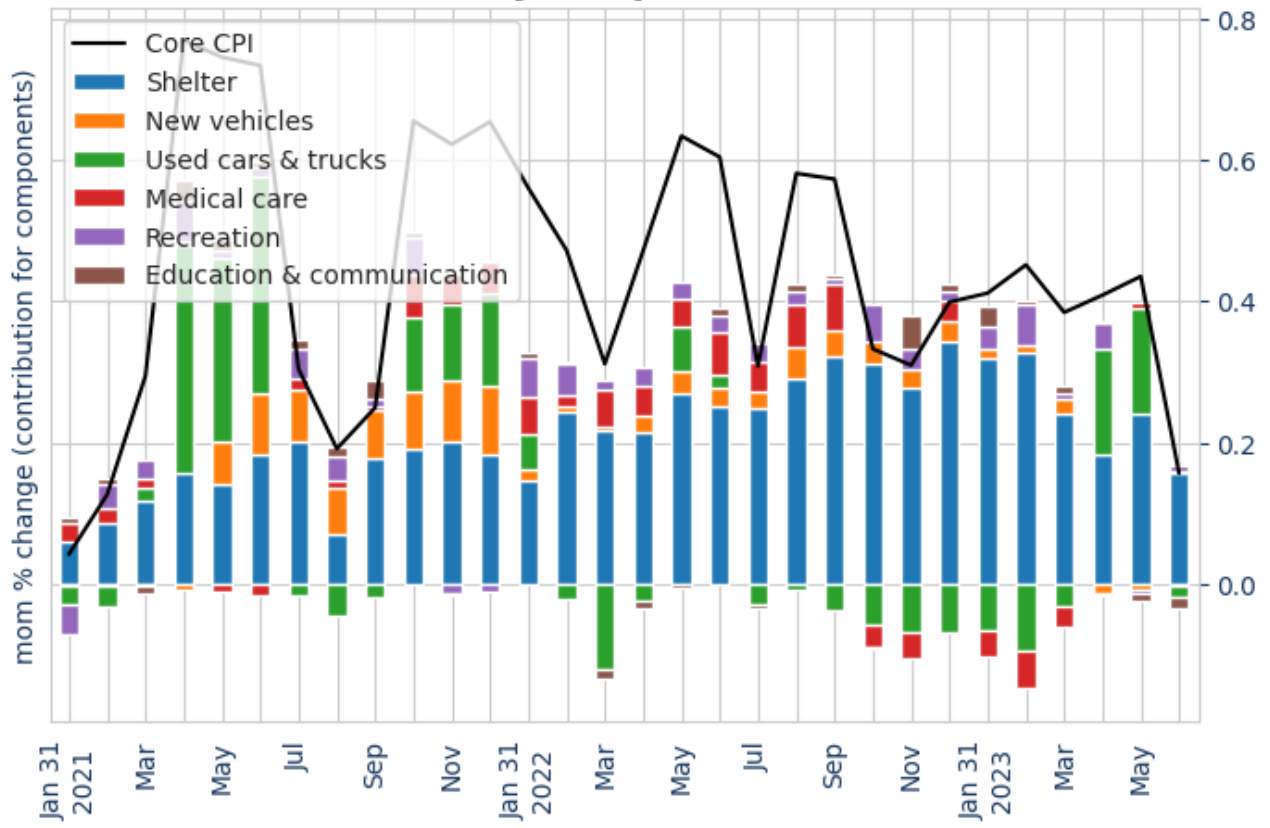
Core CPI

Year-on-year in June: +4.86%, consensus: +5.0%

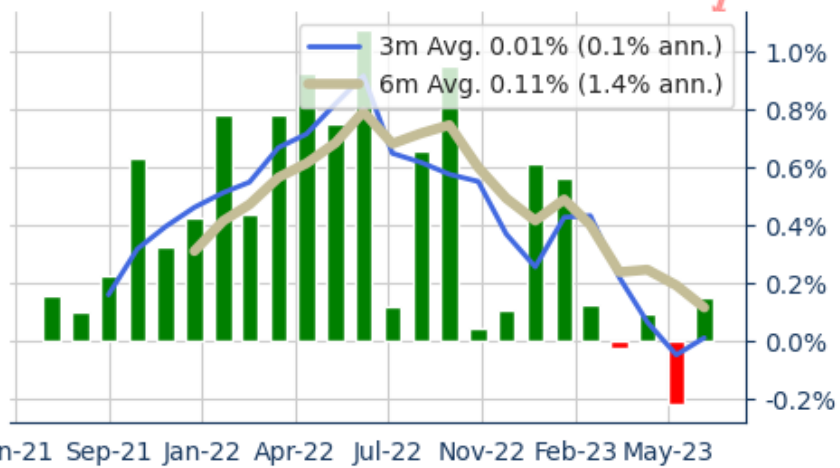
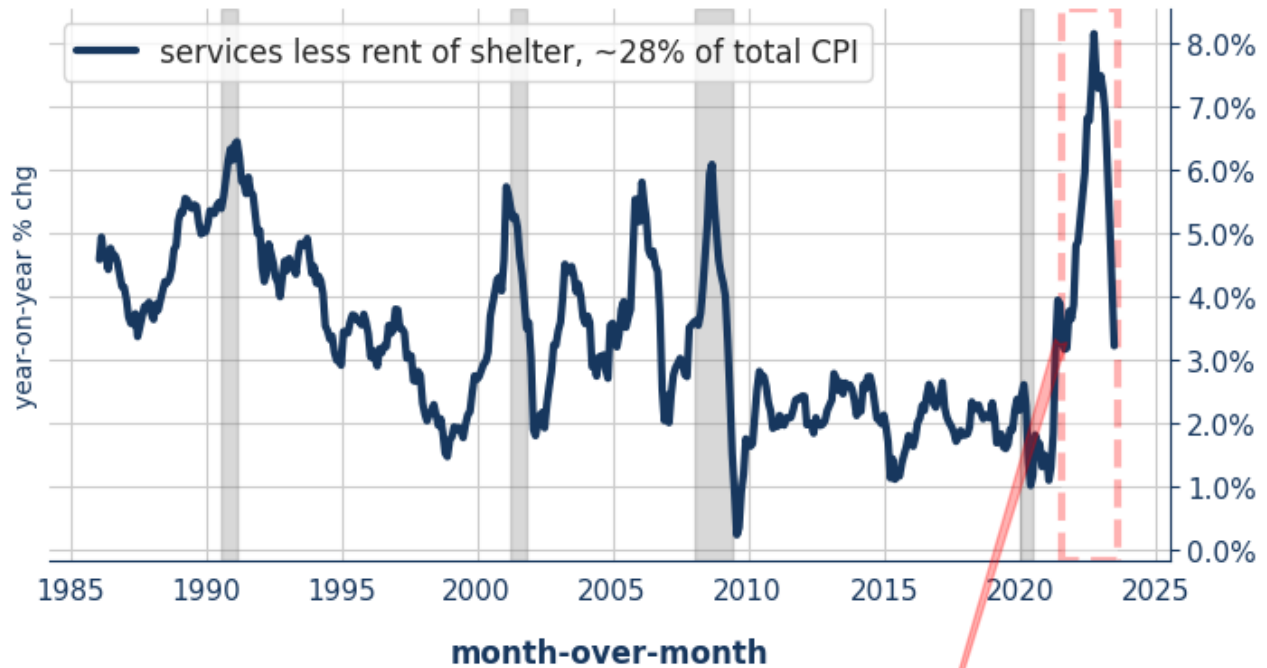


Contingent Macro Advisors 2023 source: US BEA

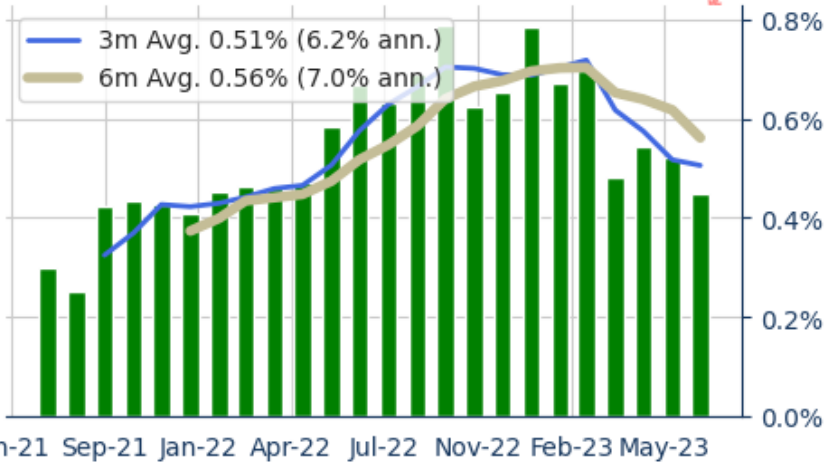
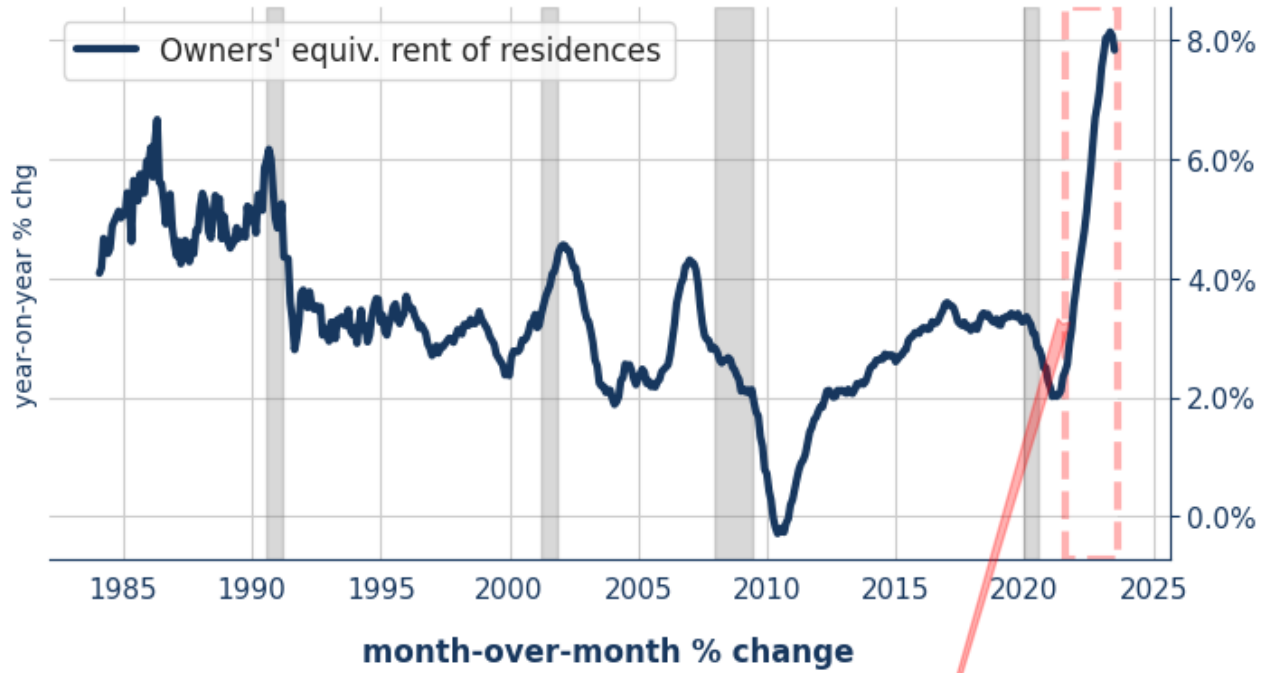
Monthly Core CPI (contribution by component shaded bars)



Services less rent a focus of Fed Chair Powell

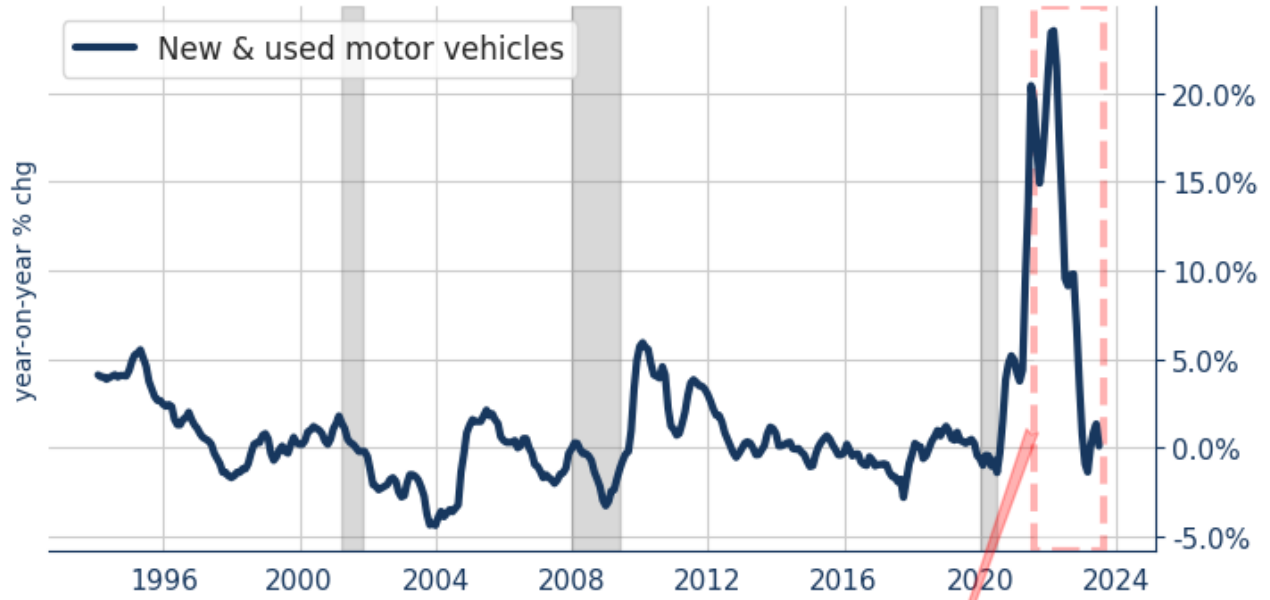


Owners' equiv. rent of residences



Contingent Macro Advisors 2023 source: US BEA

New & used motor vehicles



month-over-month % change



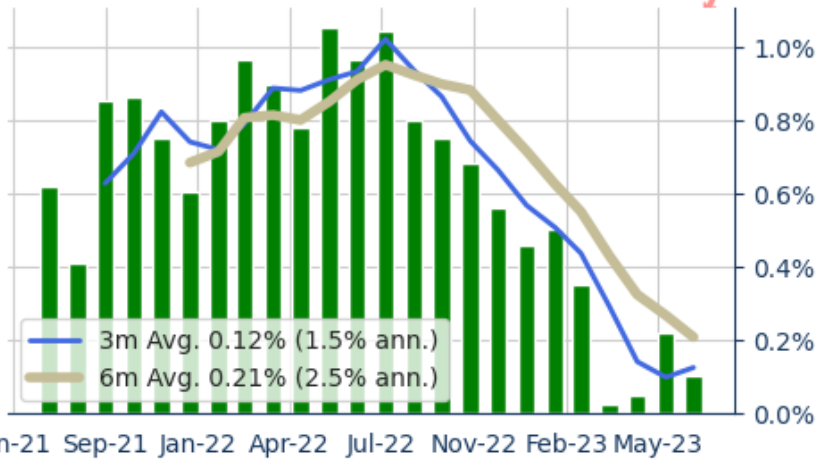
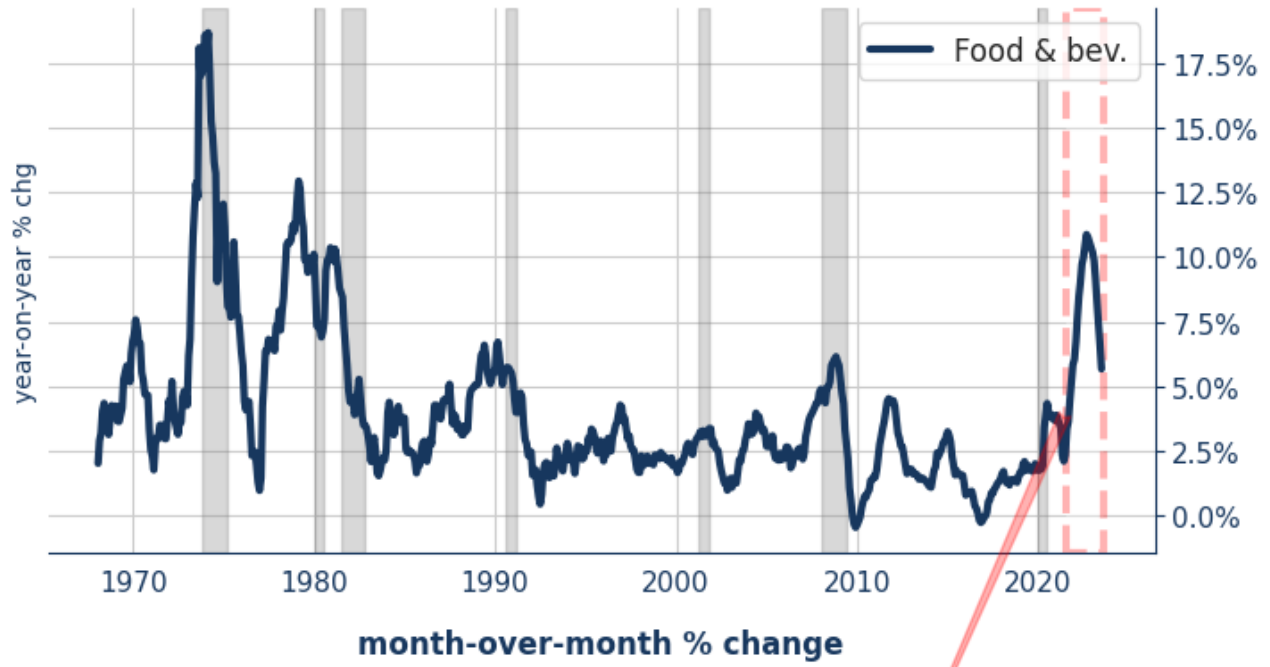
Jun-21 Sep-21 Jan-22 Apr-22 Jul-22 Nov-22 Feb-23 May-23

Fuels & utilities



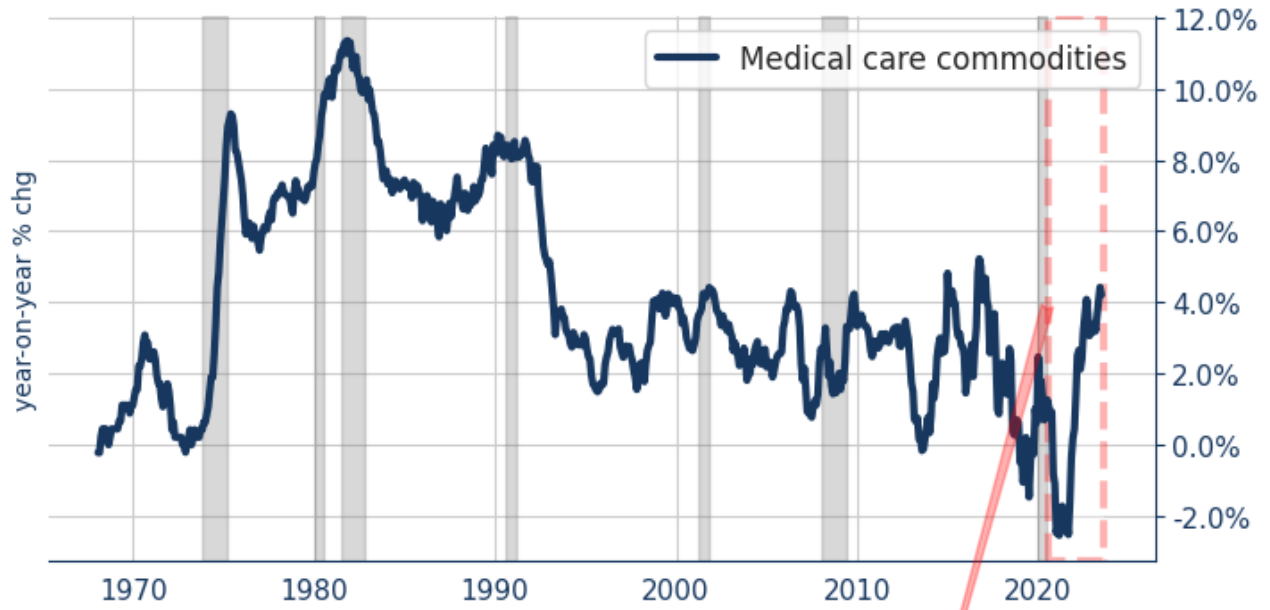
Jun-21 Sep-21 Jan-22 Apr-22 Jul-22 Nov-22 Feb-23 May-23

Food & bev.

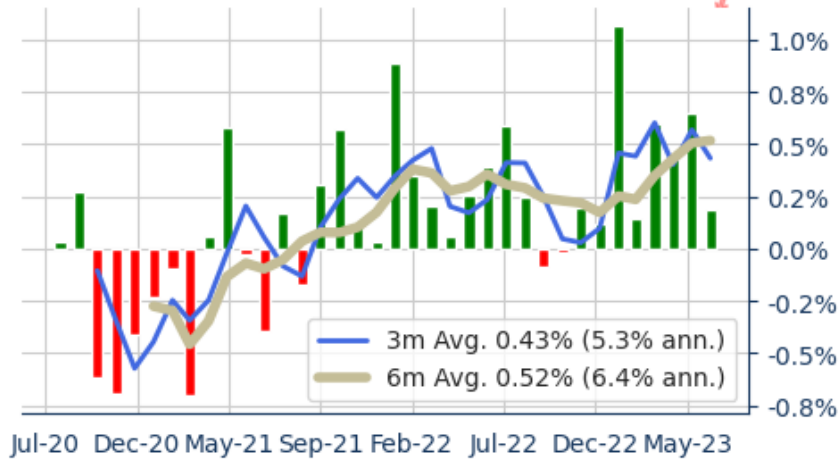


Contingent Macro Advisors 2023 source: US BEA

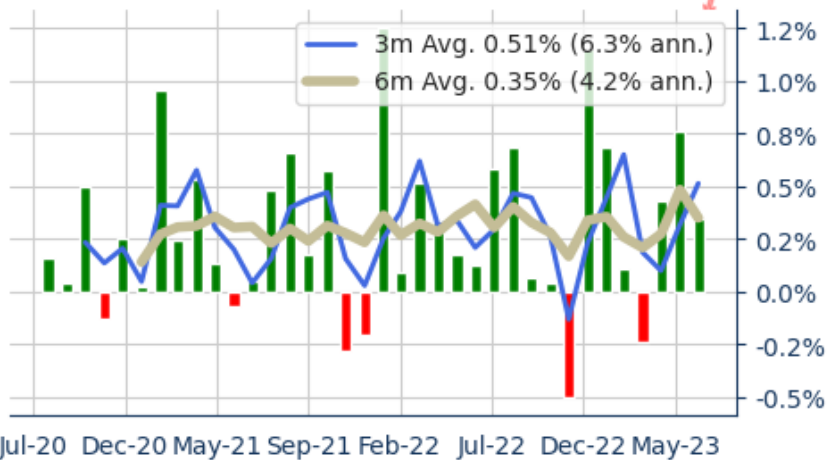
Medical care commodities



month-over-month % change



Hospital & related serv.



Contingent Macro Advisors 2023 source: US BEA

US Consumer Price Inflation	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
CPI All Items	0.18%	0.12%	2.72%	3.27%	3.09%	6.44%	7.19%	4.04%
Core CPI (79.6%)	0.16%	0.44%	4.08%	4.60%	4.86%	5.70%	5.52%	3.71%
Motor fuel (3.5%)	0.95%	-5.57%	-7.76%	-7.15%	-26.68%	-0.53%	50.05%	6.47%
Energy serv. (3.2%)	0.36%	-1.39%	-10.37%	-8.98%	-1.09%	15.60%	10.34%	4.70%
Food & bev. (13.4%)	0.10%	0.22%	1.50%	2.51%	5.67%	10.19%	6.04%	5.00%
Shelter (34.6%)	0.37%	0.56%	5.51%	7.01%	7.80%	7.48%	4.18%	4.35%
Medical care	0.02%	0.08%	0.27%	-2.27%	0.13%	4.00%	2.23%	2.40%

(7.9%)								
New vehicles (4.3%)	-0.03%	-0.12%	-1.48%	0.82%	4.07%	5.89%	11.78%	4.25%
Used cars & trucks (2.7%)	-0.45%	4.42%	38.94%	5.29%	-5.15%	-8.59%	37.73%	8.36%
Transportation serv. (5.9%)	0.13%	0.84%	3.18%	8.62%	8.50%	14.38%	4.33%	4.21%
Education & communication (5.7%)	-0.24%	-0.16%	-1.48%	0.43%	1.08%	0.75%	1.62%	1.21%
Recreation (5.4%)	0.11%	-0.07%	2.38%	4.17%	4.32%	5.14%	3.26%	2.71%
Apparel (2.6%)	0.31%	0.29%	3.57%	5.70%	3.08%	2.91%	5.71%	1.17%
Other goods & serv. (2.7%)	0.16%	0.53%	6.65%	7.59%	6.35%	6.35%	4.46%	4.15%

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	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Food & bev. (13.4% total CPI)	0.10%	0.22%	1.50%	2.51%	5.67%	10.19%	6.04%	5.00%
Cereals & bakery prods (1.2%)	0.06%	-0.01%	0.84%	4.22%	8.79%	16.10%	4.81%	5.72%
Meats, poultry, fish, & eggs	-0.42%	-1.20%	-7.56%	-5.40%	-0.14%	7.64%	12.55%	5.20%
Dairy & related prods (0.8%)	-0.30%	-1.12%	-8.29%	-4.19%	2.71%	15.43%	1.81%	4.68%
Fruits & vegetables (1.5%)	0.75%	1.31%	6.24%	-0.25%	2.94%	8.54%	5.12%	3.23%
Nonalcoholic bev. & beverage materials (1.0%)	-0.06%	0.75%	2.49%	4.44%	7.60%	12.65%	5.20%	5.56%
Other food at home (2.4%)	-0.23%	0.35%	1.21%	3.43%	7.14%	13.97%	5.64%	5.53%
Food away from home (4.8%)	0.38%	0.47%	5.01%	6.32%	7.66%	8.25%	6.01%	5.36%

Fees for lessons or instructions (0.2%)	0.07%	0.14%	22.43%	11.51%	12.58%	7.84%	2.95%	4.65%
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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. Pet food includes all related to pets.

US CPI - Medical	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Medical care (7.9% total CPI)	0.02%	0.08%	0.27%	-2.27%	0.13%	4.00%	2.23%	2.40%
Medical care commodities (1.5%)	0.19%	0.65%	5.31%	6.38%	4.21%	3.21%	0.45%	1.37%
Prof. serv. (3.5%)	0.26%	-0.03%	1.38%	-0.04%	1.67%	2.96%	3.30%	2.03%
Hospital & related serv. (2.2%)	0.35%	0.76%	6.30%	4.24%	4.17%	4.57%	3.27%	3.40%
Health insurance (0.6%)	-3.61%	-3.68%	-36.41%	-37.32%	-24.89%	7.88%	-1.16%	1.30%

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.