

10.Aug.2023

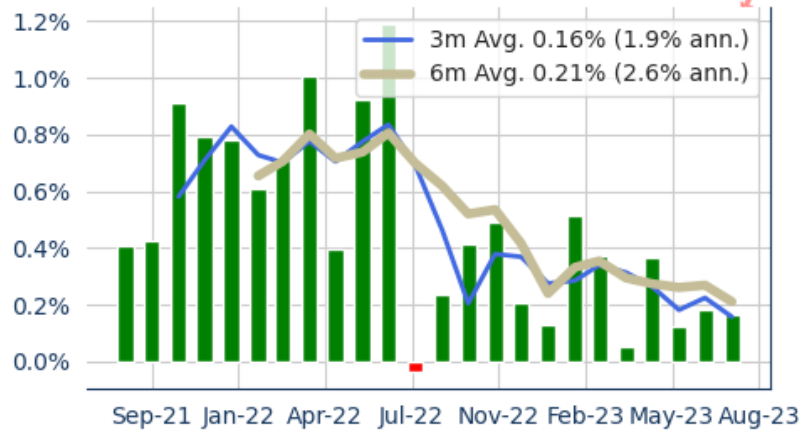
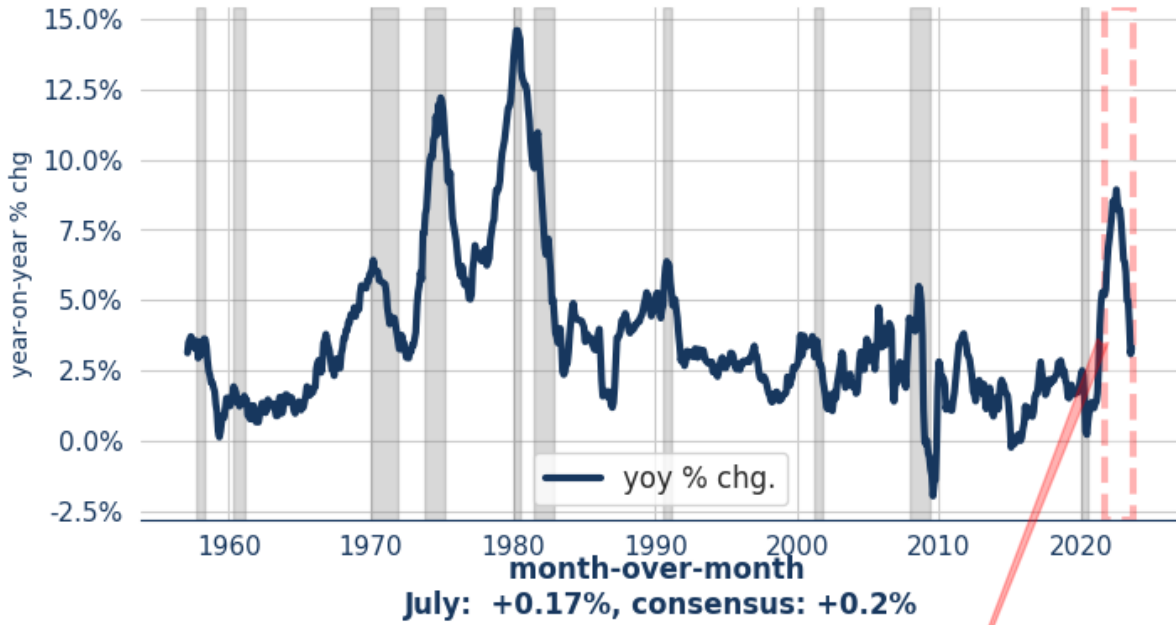
## **CPI: Further Cooling**

**Bottom Line:** Consumer prices rose nearly as expected in July, with core and headline readings up less than 0.2% for the second consecutive month. The headline CPI edged up to 3.3% year-on-year, primarily due to less favorable base effects. But the trend remains towards cooling, with the last three months annualizing at just 1.9%, well below the year-on-year reading and even below the 2.6% annualized pace of the last six months. Core CPI year-on-year was down to 4.7%, annualizing at 3.1% in the last three months and 4.1% in the last six months, suggesting a continued cooling trend. Owner's Equivalent Rent (OER), the largest component of the core, was the biggest driver of the increase, up 0.5%, a touch hotter than in June. Services less rent, a favored indicator of Fed Chair Powell, continues to show disinflation, up just 0.6% annualized in the last six months. Finally, used car and truck prices were notably lower in July, as were airfares, which continued to decline sharply.

Overall, this report continued slow but steady cooling in inflation pressures. The Federal Reserve will get one more report before their next FOMC meeting, but this one will at least relieve some of the concern that they might need to hike again.

# CPI All Items

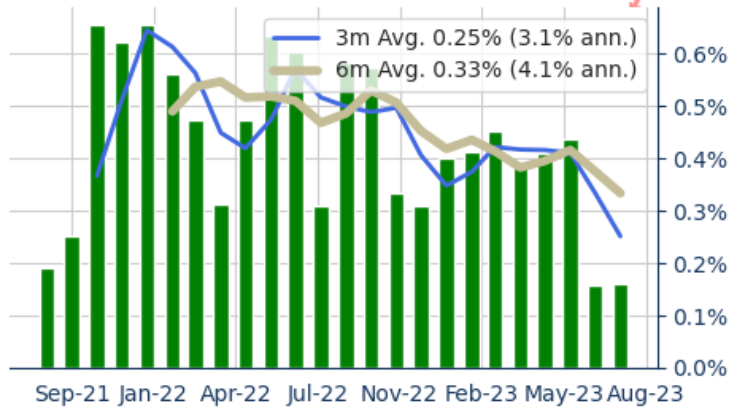
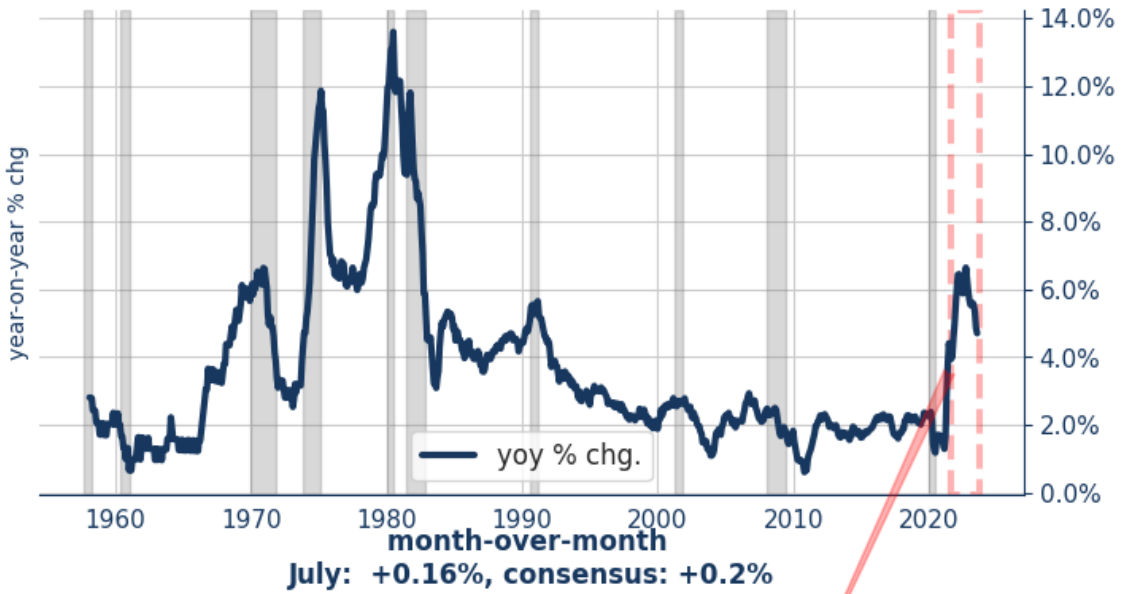
Year-on-year in July: +3.3%, consensus: +3.3%



Contingent Macro Advisors 2023 source: US BEA

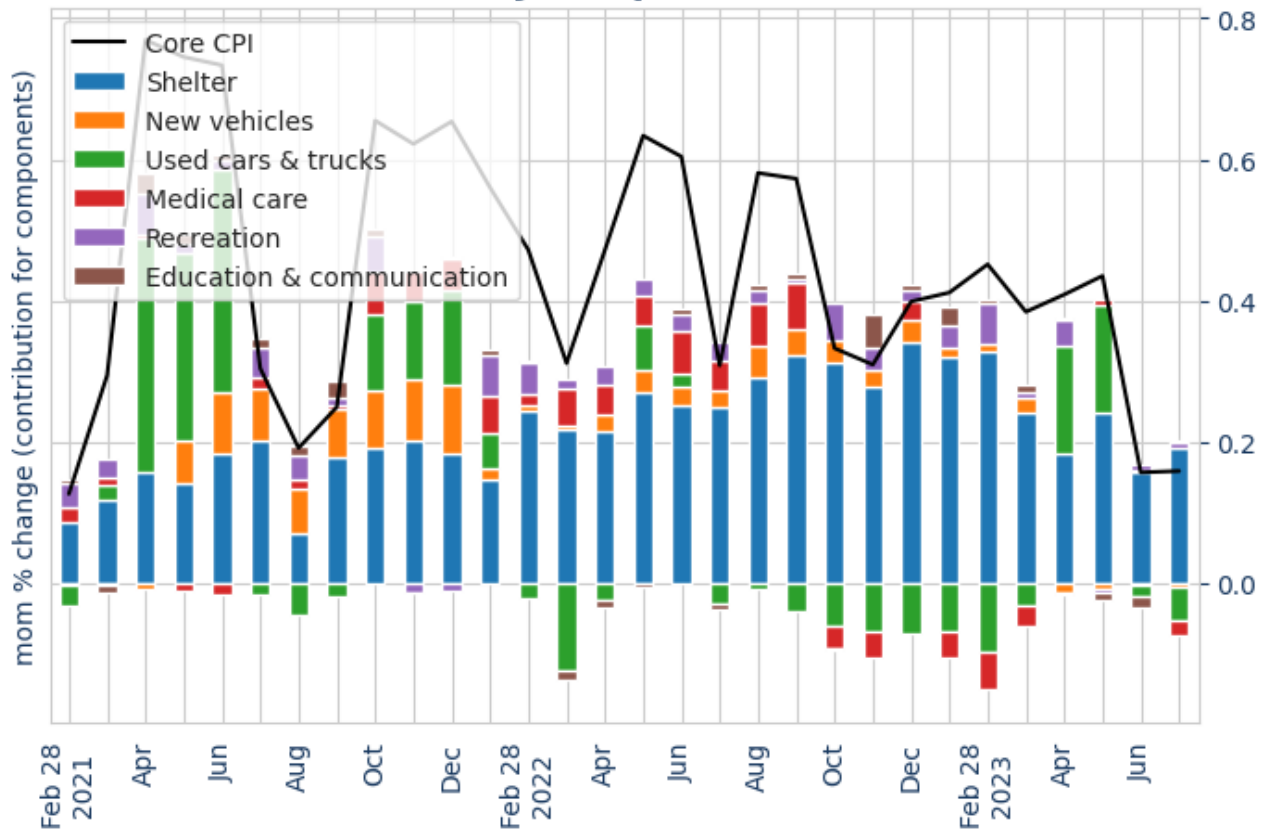
# Core CPI

Year-on-year in July: +4.7%, consensus: +4.7%

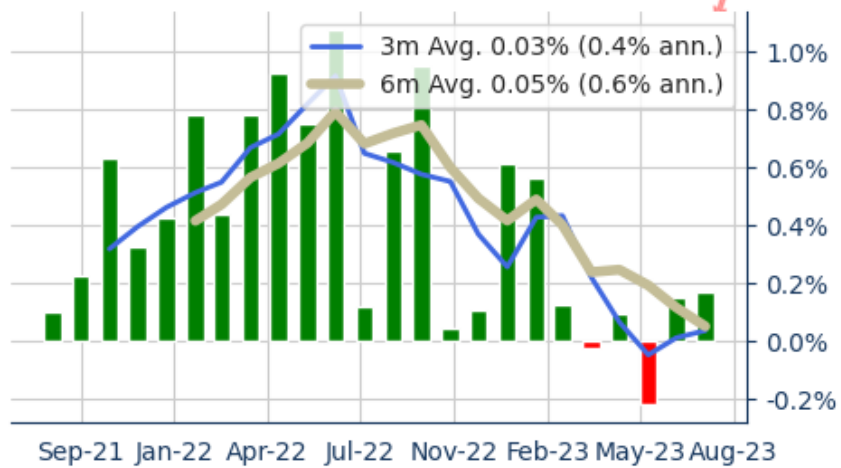
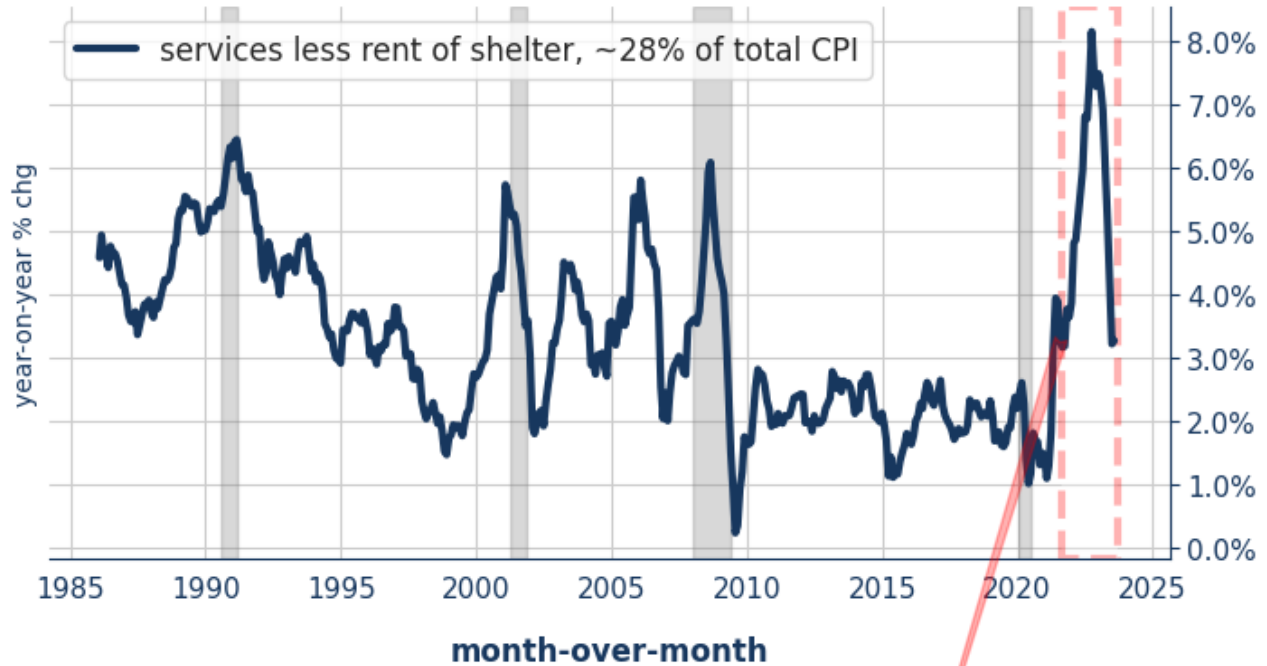


Contingent Macro Advisors 2023 source: US BEA

## Monthly Core CPI (contribution by component shaded bars)

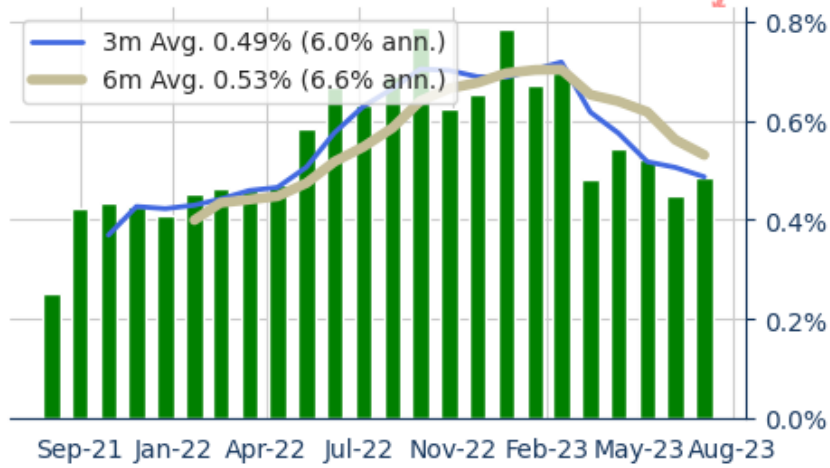
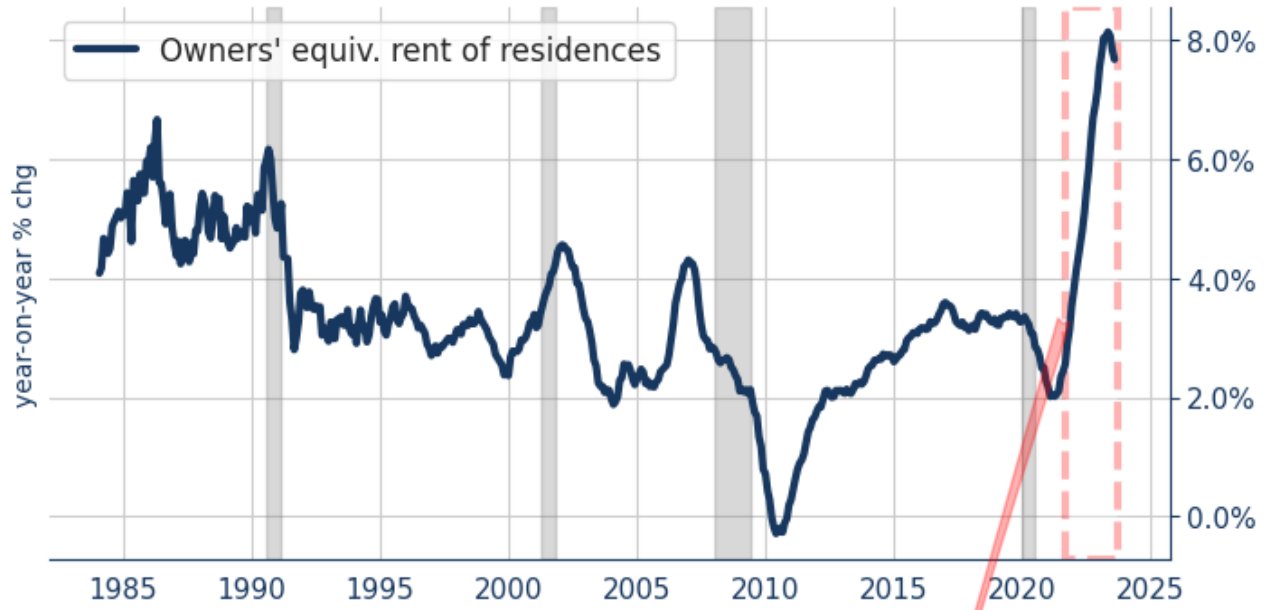


# Services less rent a focus of Fed Chair Powell



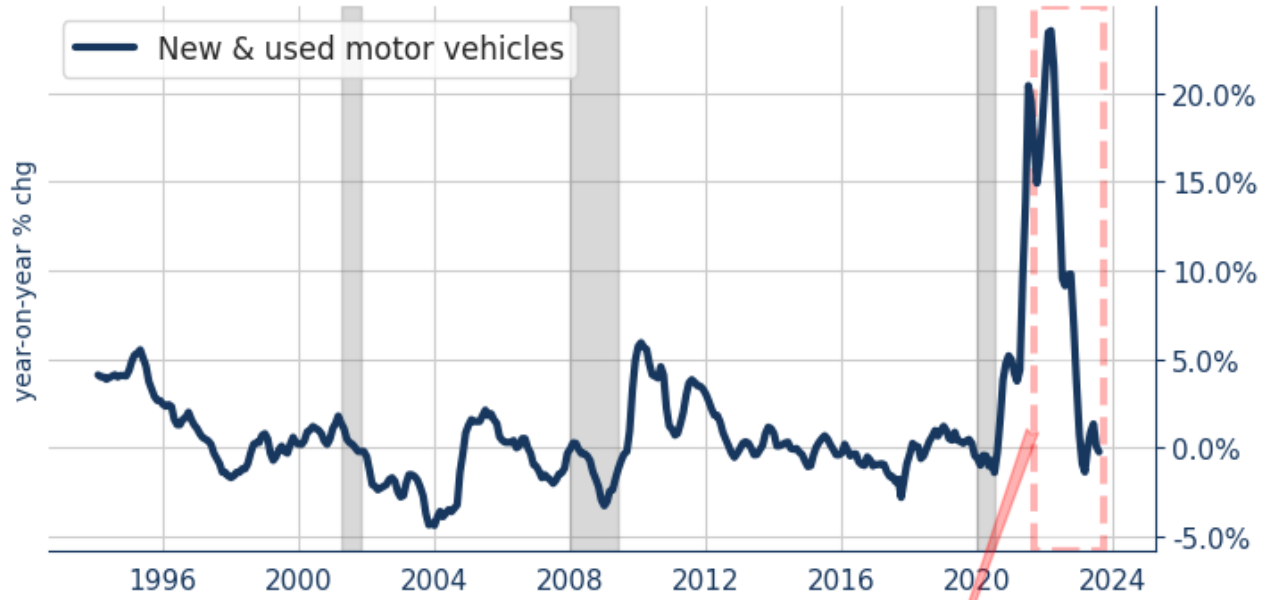
Contingent Macro Advisors 2023 source: US BEA

# Owners' equiv. rent of residences

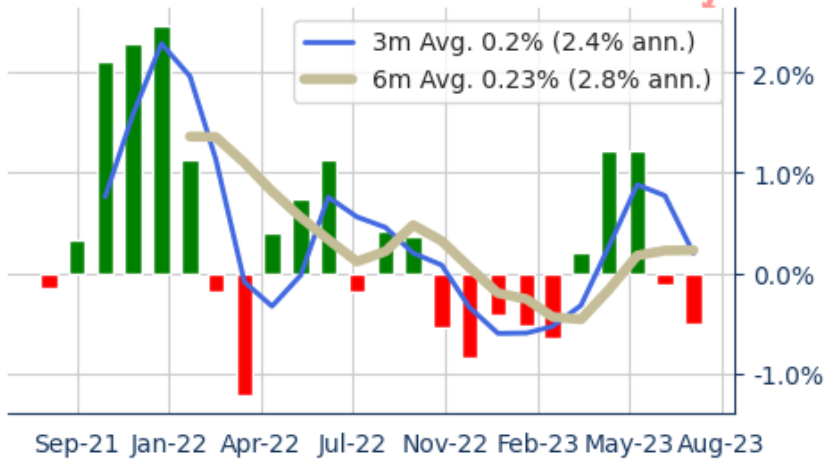


Contingent Macro Advisors 2023 source: US BEA

# New & used motor vehicles

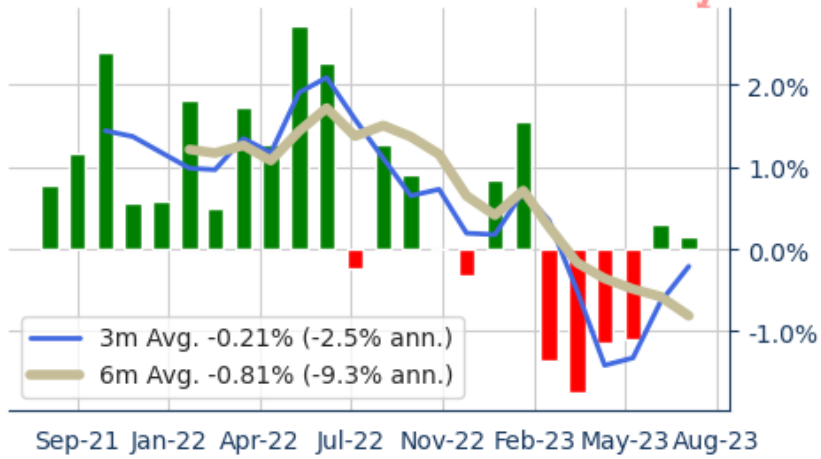
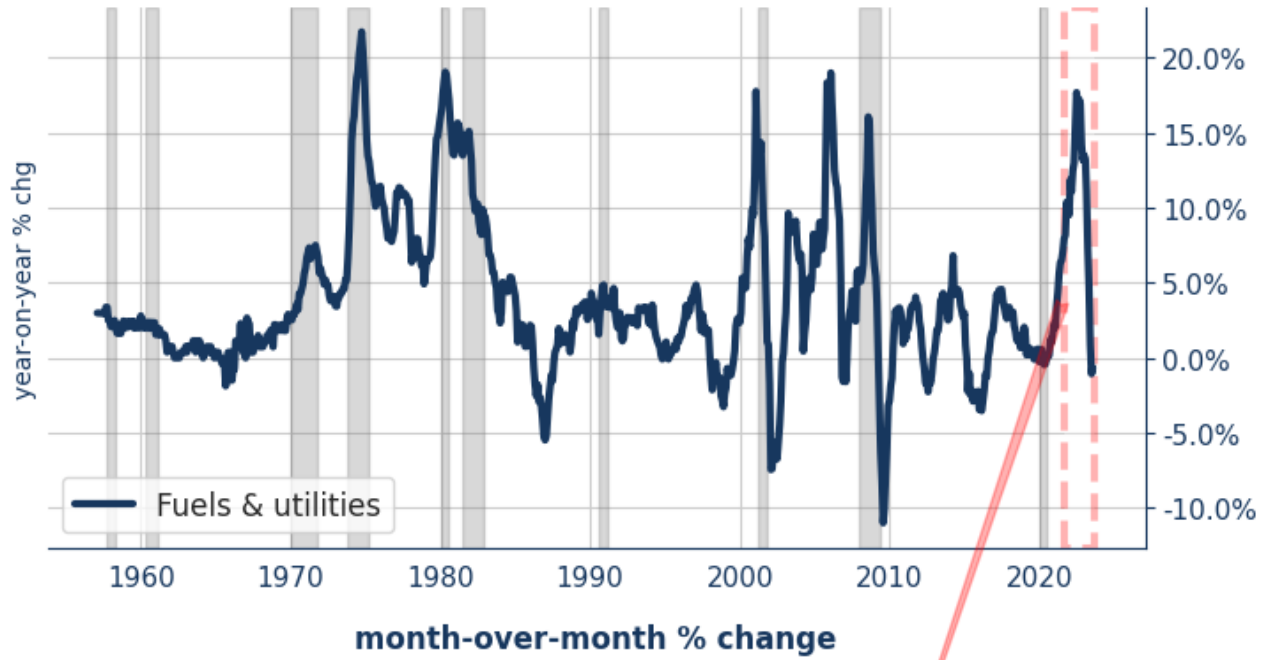


## month-over-month % change



Contingent Macro Advisors 2023 source: US BEA

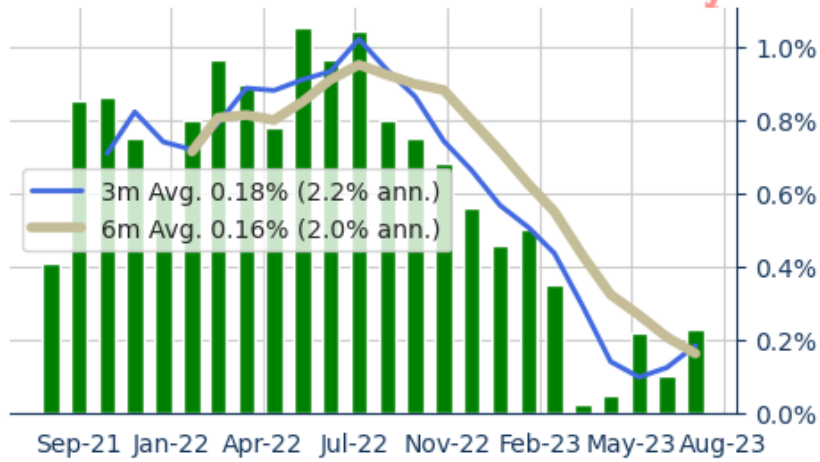
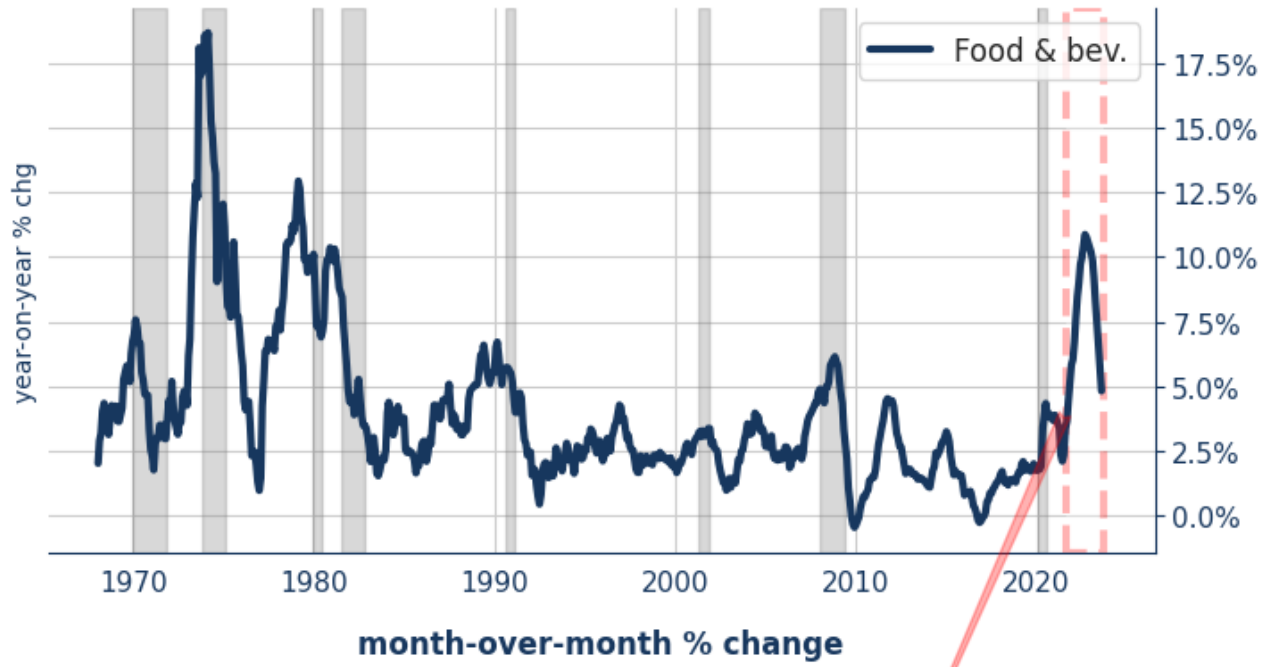
# Fuels & utilities



Contingent Macro Advisors 2023 source: US BEA

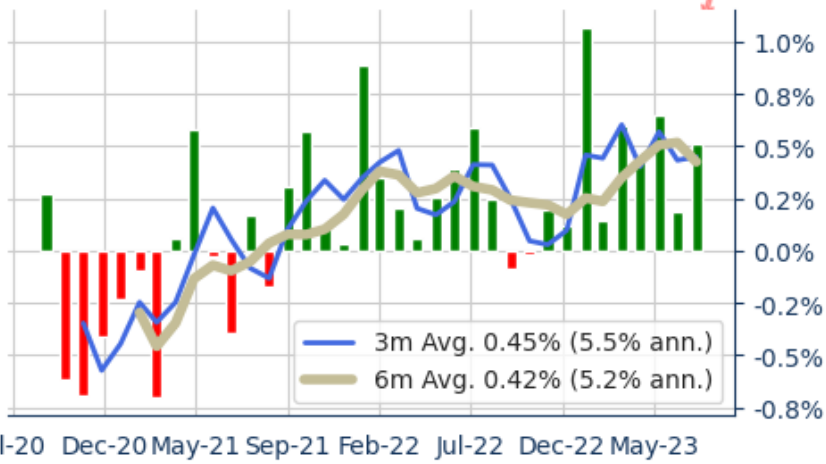
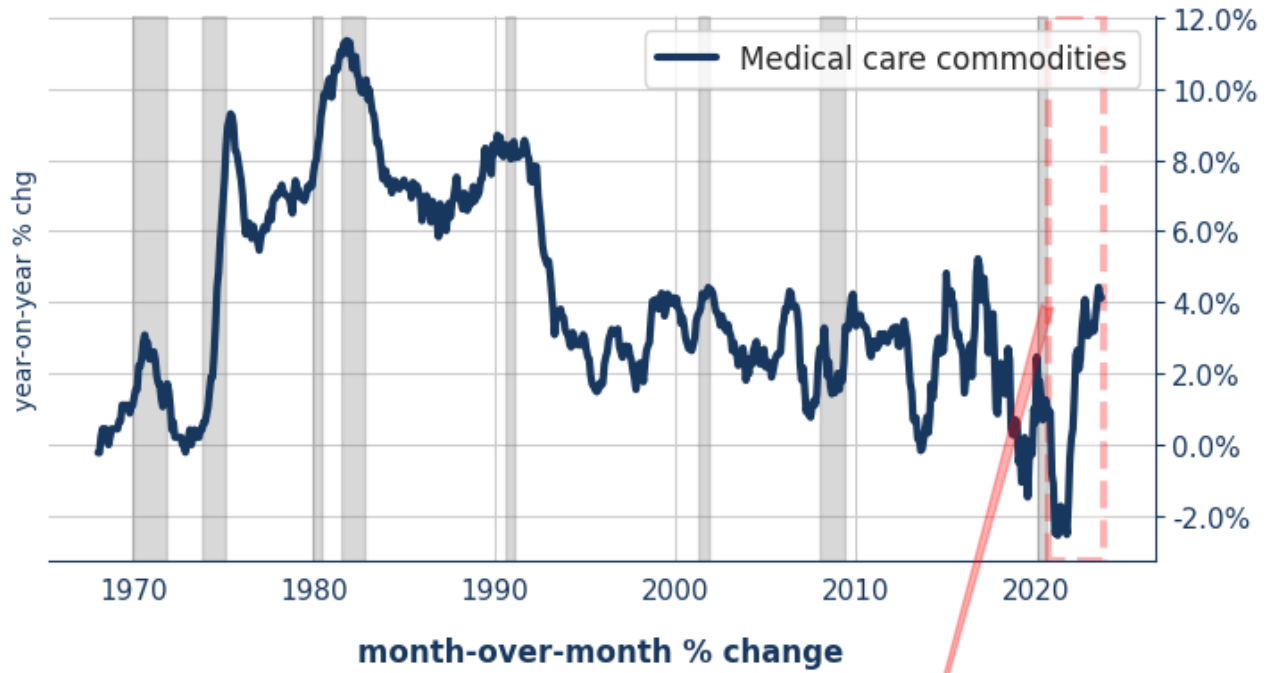


# Food & bev.



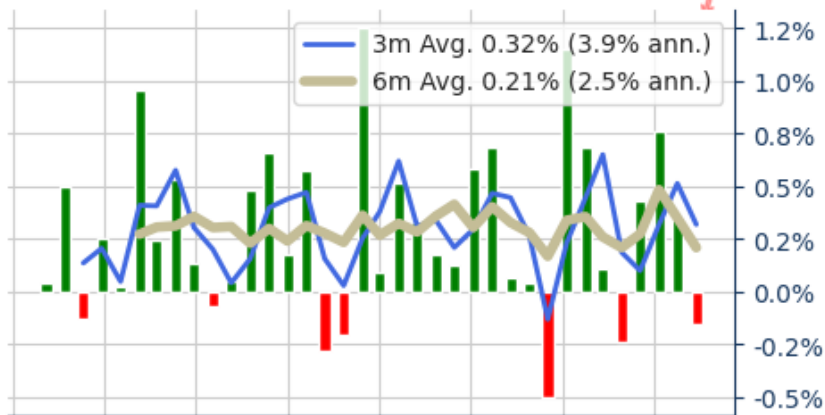
Contingent Macro Advisors 2023 source: US BEA

# Medical care commodities



Contingent Macro Advisors 2023 source: US BEA

## Hospital & related serv.



Jul-20 Dec-20 May-21 Sep-21 Feb-22 Jul-22 Dec-22 May-23

Contingent Macro Advisors 2023 source: US BEA

US Consumer Price Inflation	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>CPI All Items</b>	<b>0.17%</b>	<b>0.18%</b>	<b>1.90%</b>	<b>2.55%</b>	<b>3.30%</b>	<b>6.44%</b>	<b>7.19%</b>	<b>4.08%</b>
<b>Core CPI (79.7%)</b>	<b>0.16%</b>	<b>0.16%</b>	<b>3.05%</b>	<b>4.07%</b>	<b>4.70%</b>	<b>5.70%</b>	<b>5.52%</b>	<b>3.75%</b>
<b>Motor fuel (3.5%)</b>	<b>0.16%</b>	<b>0.95%</b>	<b>-16.87%</b>	<b>-10.95%</b>	<b>-20.21%</b>	<b>-0.53%</b>	<b>50.05%</b>	<b>6.52%</b>
<b>Energy serv. (3.2%)</b>	<b>-0.13%</b>	<b>0.36%</b>	<b>-4.57%</b>	<b>-12.95%</b>	<b>-1.25%</b>	<b>15.60%</b>	<b>10.34%</b>	<b>4.67%</b>
<b>Food &amp; bev. (13.4%)</b>	<b>0.23%</b>	<b>0.10%</b>	<b>2.23%</b>	<b>1.96%</b>	<b>4.82%</b>	<b>10.19%</b>	<b>6.04%</b>	<b>5.06%</b>
Shelter (34.7%)	0.44%	0.37%	5.59%	6.37%	7.66%	7.48%	4.18%	4.46%
Medical care	-0.23%	0.02%	-0.53%	-1.99%	-0.52%	4.00%	2.23%	2.34%

(7.9%)								
New vehicles (4.3%)	-0.08%	-0.03%	-0.94%	0.21%	3.50%	5.89%	11.78%	4.23%
Used cars & trucks (2.8%)	-1.34%	-0.45%	10.62%	6.58%	-5.64%	-8.59%	37.73%	7.98%
Transportation serv. (5.9%)	0.34%	0.13%	5.35%	7.52%	9.31%	14.38%	4.33%	4.29%
Education & communication (5.7%)	0.05%	-0.24%	-1.39%	-0.21%	1.22%	0.75%	1.62%	1.22%
Recreation (5.4%)	0.12%	0.11%	0.65%	3.43%	4.06%	5.14%	3.26%	2.74%
Apparel (2.6%)	-0.03%	0.31%	2.33%	3.90%	3.17%	2.91%	5.71%	1.16%
Other goods & serv. (2.7%)	0.10%	0.16%	3.20%	6.43%	6.06%	6.35%	4.46%	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 - Food & Bev Categories	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>Food &amp; bev. (13.4% total CPI)</b>	<b>0.23%</b>	<b>0.10%</b>	<b>2.23%</b>	<b>1.96%</b>	<b>4.82%</b>	<b>10.19%</b>	<b>6.04%</b>	<b>5.06%</b>
Cereals & bakery prods (1.2%)	0.02%	0.06%	0.29%	2.25%	7.03%	16.10%	4.81%	5.72%
Meats, poultry, fish, & eggs	0.48%	-0.42%	-4.48%	-5.83%	-0.19%	7.64%	12.55%	5.32%
Dairy & related prods (0.8%)	0.46%	-0.30%	-3.79%	-3.28%	1.32%	15.43%	1.81%	4.79%
Fruits & vegetables (1.5%)	0.44%	0.75%	10.46%	1.62%	2.84%	8.54%	5.12%	3.33%
Nonalcoholic bev. & beverage materials (1.0%)	0.02%	-0.06%	2.86%	3.75%	5.42%	12.65%	5.20%	5.57%
Other food at home (2.4%)	0.19%	-0.23%	1.23%	2.45%	5.44%	13.97%	5.64%	5.58%
Food away from home (4.8%)	0.17%	0.38%	4.19%	5.38%	7.10%	8.25%	6.01%	5.40%





lessons or instructions (0.2%)	1.12%	0.07%	5.43%	11.66%	14.20%	7.84%	2.95%	4.93%
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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	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
<b>Medical care (7.9% total CPI)</b>	<b>-0.23%</b>	<b>0.02%</b>	<b>-0.53%</b>	<b>-1.99%</b>	<b>-0.52%</b>	<b>4.00%</b>	<b>2.23%</b>	<b>2.34%</b>
Medical care commodities (1.5%)	0.51%	0.19%	5.51%	5.21%	4.13%	3.21%	0.45%	1.48%
Prof. serv. (3.5%)	0.27%	0.26%	2.01%	0.67%	1.93%	2.96%	3.30%	2.08%
Hospital & related serv. (2.3%)	-0.16%	0.35%	3.85%	2.50%	3.40%	4.57%	3.27%	3.36%
Health insurance (0.6%)	-4.06%	-3.61%	-37.05%	-37.95%	-29.49%	7.88%	-1.16%	0.44%

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. Prof. serv. includes physician, dental, eye and other professional medical services.