

10.Dec.2021

CPI: Still Running Hot, Headline Pushes Towards 7%

Bottom Line: CPI accelerated slightly more than expected in November with the headline year-on-year figure coming in at 6.8%, up 0.8%. Core CPI rose 0.5% on the month, up 4.9% year-over-year, as expected.

Owner's Equivalent Rent (OER), a key measure of shelter prices and nearly a third of core CPI, accelerated as expected, up 0.44% on the month. OER historically lags home price moves by over a year, and the acceleration should last until the 2nd Quarter of 2022. It rose 5.4% annualized in the three months ended in November vs. 3.5% over the last 12 months and just 2.2% in 2020. And there is scope for somewhat further acceleration given the historical relationship.

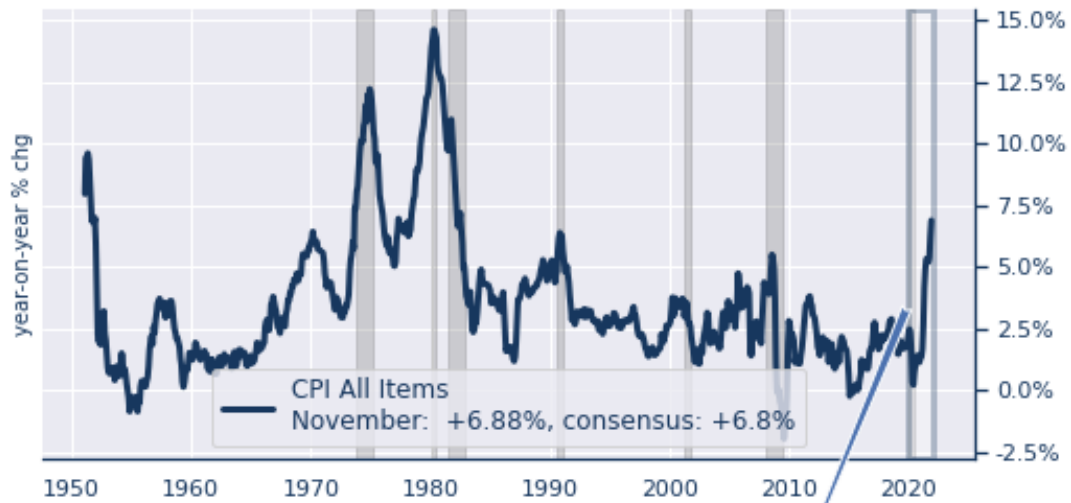
Key categories that have risen sharply since the pandemic were higher again. Used car and truck prices were up 2.5% on the month. Apparel prices were also higher with fewer deals given supply constraints.

Prices related to medical care, historically the second-most important category after OER, continued to rise only modestly, as we've seen throughout much of the pandemic.

Overall, core inflation pressures remain significant. While there is scope for the pandemic-related categories to offset some of the acceleration in OER that is still to come, there are few signs of that so far, and core inflation pressures will remain significant well into 2022.

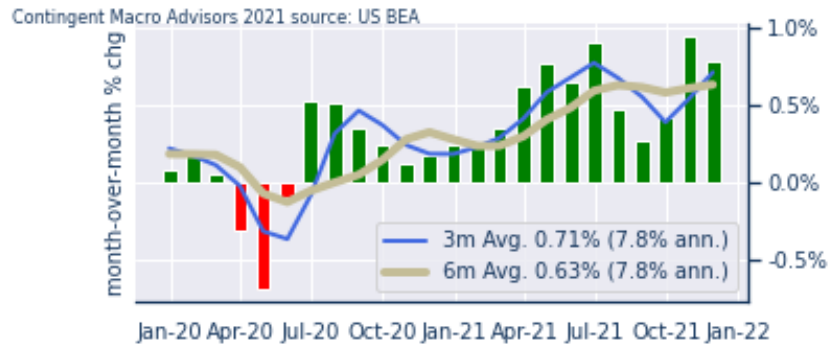
CPI All Items

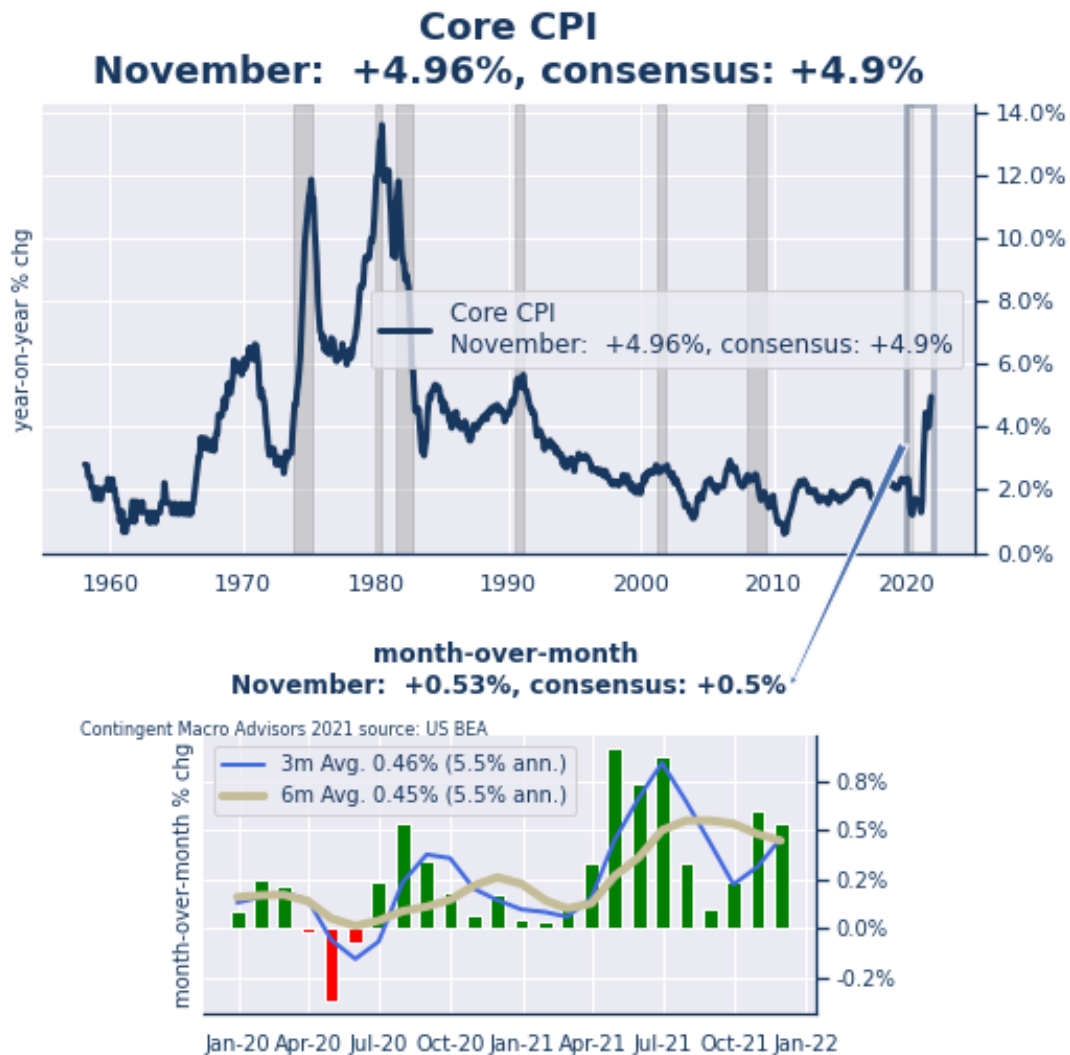
November: +6.88%, consensus: +6.8%



month-over-month

November: +0.78%, consensus: +0.7%





The CPI ROSE by 0.78% in November, compared with market expectations for an increase of 0.70%.

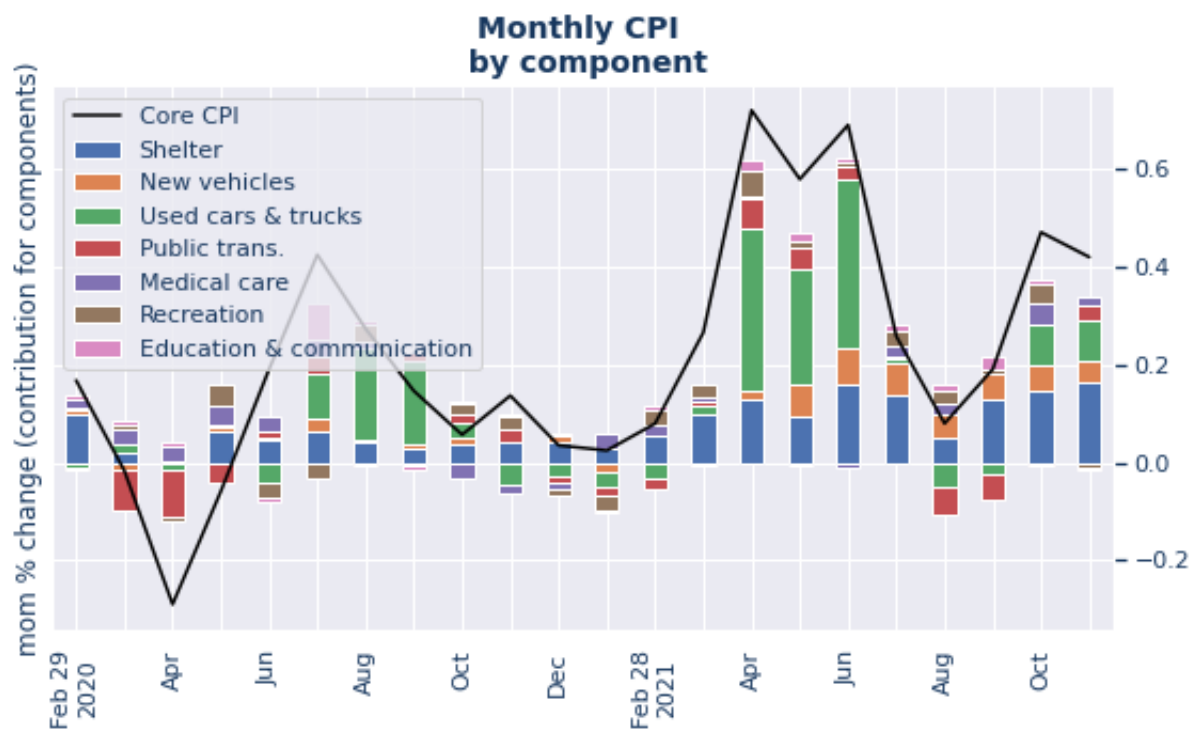
- Food prices increased by 0.71% while energy prices rose by 3.5%.
- Prices for gasoline rose by 6.1% while prices for fuel oil increased by 1.5%, prices for electricity climbed by 0.3%, and prices for natural gas rose by 0.6%.
- Energy prices are now 33.5% ABOVE their year-ago level.

Overall consumer prices are now 6.9% ABOVE their year-ago level; in November 2020, consumer prices were 1.1% ABOVE their year-ago level.

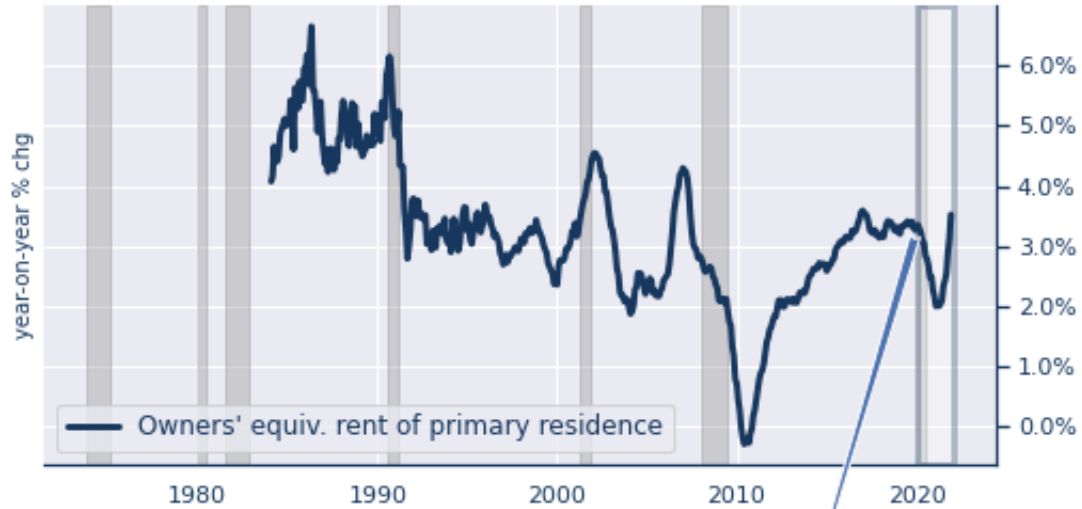
The Core CPI ROSE by 0.53%, compared with market expectations for an increase of 0.50%.

- Prices for commodities excluding food and energy commodities rose by 0.9%.
- Gains in used cars & trucks (+2.5%), apparel (+1.3%), drove the increase.
- Prices for services excluding energy services rose 0.4% with a moderate increase in transportation (+0.7%), shelter (+0.5%), and owner's equivalent rent (+0.4%).

Core consumer prices are now 4.96% ABOVE their year-ago level; in November 2020, consumer prices were 1.7% ABOVE their year-ago level.



Owners' equiv. rent of primary residence

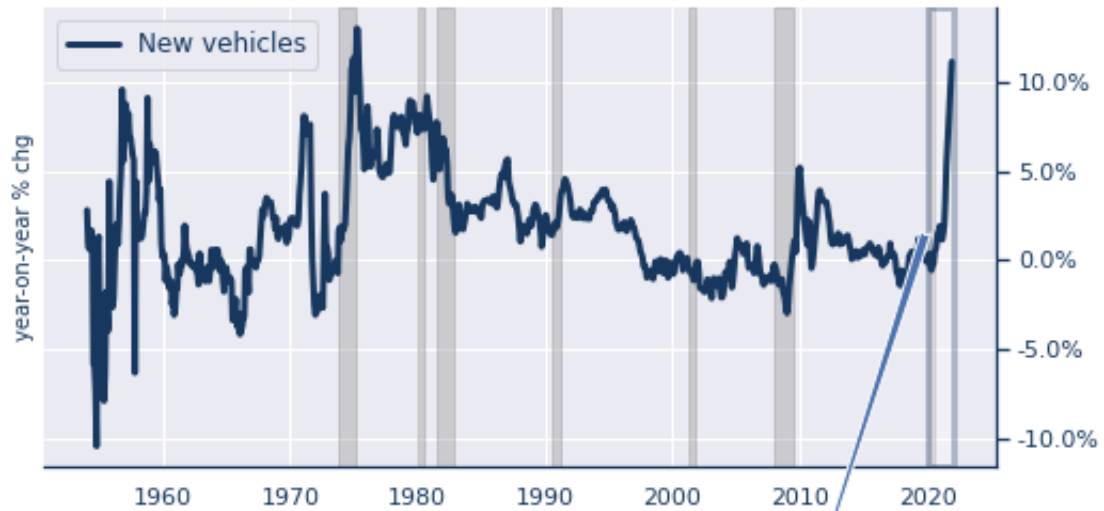


month-over-month % change

Contingent Macro Advisors 2021 source: US BEA

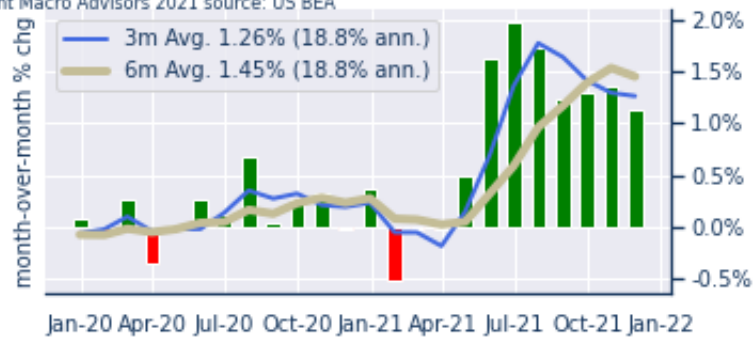


New vehicles

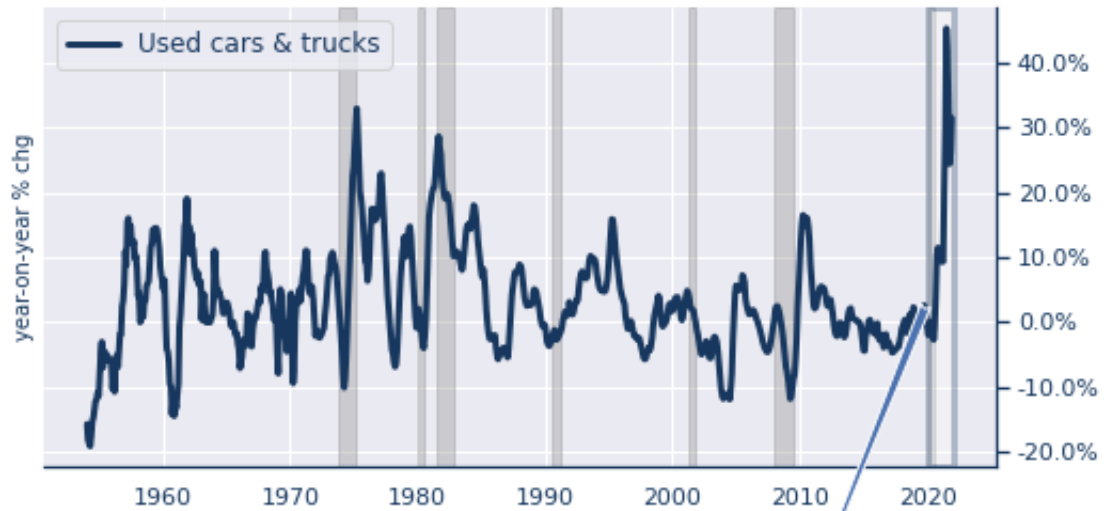


month-over-month % change

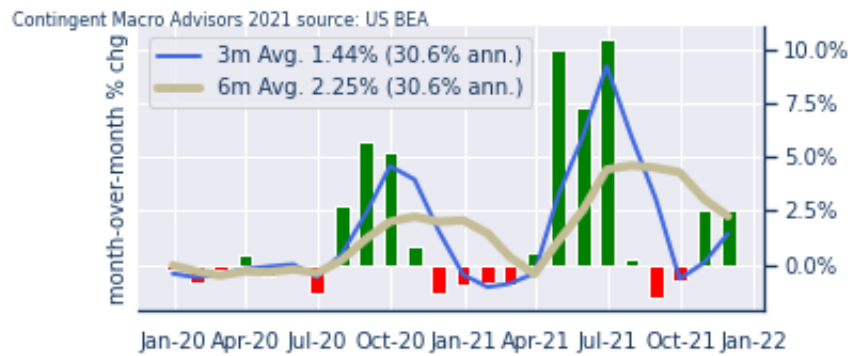
Contingent Macro Advisors 2021 source: US BEA



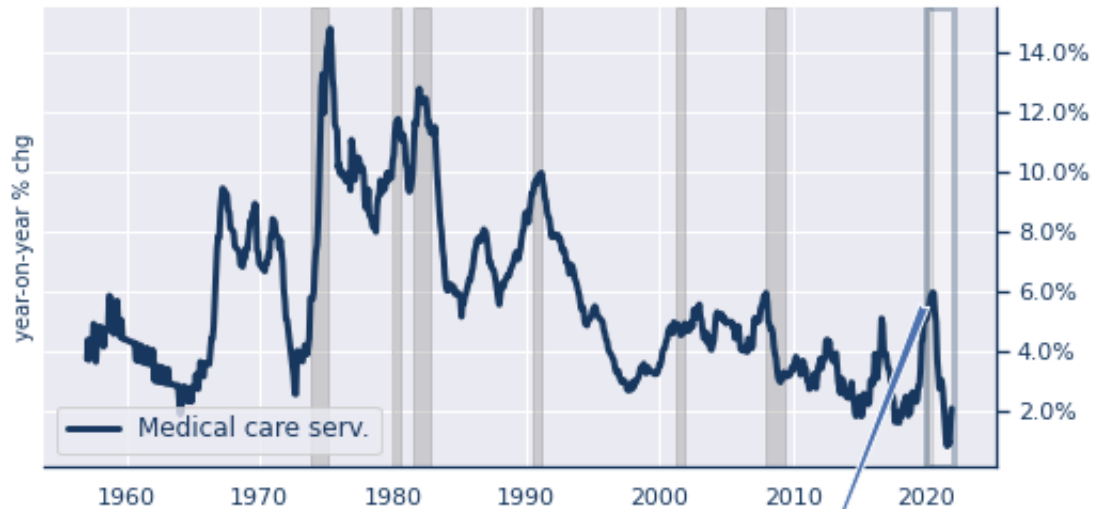
Used cars & trucks



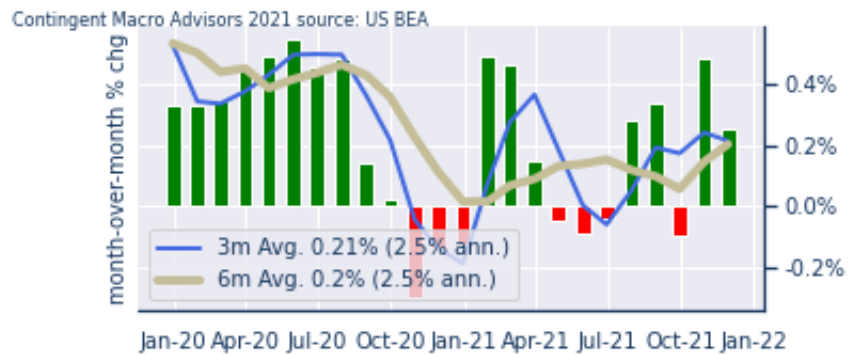
month-over-month % change



Medical care serv.



month-over-month % change



US Consumer Price Inflation	Nov-21	Oct-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
CPI All Items	0.78%	0.94%	8.88%	7.84%	6.88%	1.30%	2.26%	2.99%
Core CPI (78.7%)	0.53%	0.60%	5.65%	5.50%	4.96%	1.61%	2.22%	2.66%
Motor fuel (3.9%)	6.10%	6.07%	68.46%	51.15%	57.97%	-15.29%	7.65%	9.76%
Energy serv. (3.2%)	0.35%	2.97%	19.75%	14.08%	10.61%	2.47%	-1.33%	3.23%
Food & bev. (14.0%)	0.67%	0.84%	9.92%	8.76%	5.83%	3.86%	1.74%	3.01%
Shelter (32.6%)	0.50%	0.46%	5.58%	5.00%	3.88%	1.84%	3.24%	3.24%
Medical care (8.5%)	0.23%	0.50%	2.86%	2.25%	1.74%	1.77%	4.55%	2.50%
New vehicles	1.13%	1.36%	16.22%	18.84%	11.11%	1.93%	0.06%	2.39%

(3.8%)								
Used cars & trucks (3.3%)	2.51%	2.50%	18.51%	29.41%	31.44%	10.05%	-0.69%	9.12%
Public trans. (1.0%)	2.95%	-0.71%	-11.10%	-11.08%	-0.57%	-11.96%	0.95%	-2.72%
Education & communication (6.6%)	-0.05%	0.16%	2.03%	1.98%	1.66%	1.97%	1.37%	0.68%
Recreation (5.7%)	-0.20%	0.69%	2.61%	3.80%	3.20%	0.92%	1.47%	1.73%
Apparel (2.7%)	1.27%	0.00%	0.57%	2.54%	4.97%	-4.10%	-1.24%	-0.61%
Other goods & serv. (3.1%)	0.23%	0.85%	4.79%	5.00%	4.41%	2.40%	2.33%	2.69%

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 - Energy	Nov-21	Oct-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
Fuels & utilities	0.32%	2.55%	17.14%	12.48%	9.99%	2.13%	-0.39%	3.47%
Household energy (3.4%)	0.41%	3.29%	22.03%	15.38%	12.16%	1.67%	-1.18%	3.47%
Motor fuel (3.9%)	6.10%	6.07%	68.46%	51.15%	57.97%	-15.29%	7.65%	9.76%
Fuel oil & other fuels (0.2%)	1.48%	9.39%	71.59%	41.83%	48.34%	-13.58%	1.82%	8.41%
Electricity (2.5%)	0.26%	1.79%	12.00%	8.03%	6.46%	2.01%	-0.68%	2.19%
Utility (piped) gas service (0.8%)	0.60%	6.62%	47.09%	35.39%	25.11%	4.05%	-3.56%	7.01%

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	Nov-21	Oct-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
Shelter (32.6% total CPI)	0.50%	0.46%	5.58%	5.00%	3.88%	1.84%	3.24%	3.24%
Rent of primary residence (7.6%)	0.42%	0.42%	5.29%	4.06%	3.05%	2.29%	3.71%	3.44%
Lodging								

away from home (1.0%)	2.89%	1.35%	15.62%	30.26%	22.40%	-9.66%	-0.44%	2.31%
Owners' equiv. rent of residences (23.6%)	0.44%	0.44%	5.36%	4.44%	3.53%	2.17%	3.28%	3.24%
Household energy (3.4%)	0.41%	3.29%	22.03%	15.38%	12.16%	1.67%	-1.18%	3.47%
Household furnishings & operations (3.8%)	0.81%	0.85%	11.28%	7.90%	6.46%	3.16%	0.99%	2.43%

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 - Transportation	Nov-21	Oct-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
Transportation	2.47%	2.37%	22.45%	20.09%	21.31%	-2.55%	1.89%	4.93%
Private trans.	2.43%	2.58%	25.18%	22.70%	23.10%	-1.74%	1.96%	5.64%
Public trans.	2.95%	-0.71%	-11.10%	-11.08%	-0.57%	-11.96%	0.95%	-2.72%
New vehicles	1.13%	1.36%	16.22%	18.84%	11.11%	1.93%	0.06%	2.39%
Used cars & trucks	2.51%	2.50%	18.51%	29.41%	31.44%	10.05%	-0.69%	9.12%
Motor vehicle maintenance & repair	-0.01%	1.45%	5.83%	7.07%	4.88%	3.43%	3.42%	3.39%
Airline fare	4.75%	-0.66%	-10.11%	-17.58%	-3.67%	-18.26%	1.60%	-4.64%

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.