

13.Oct.2021

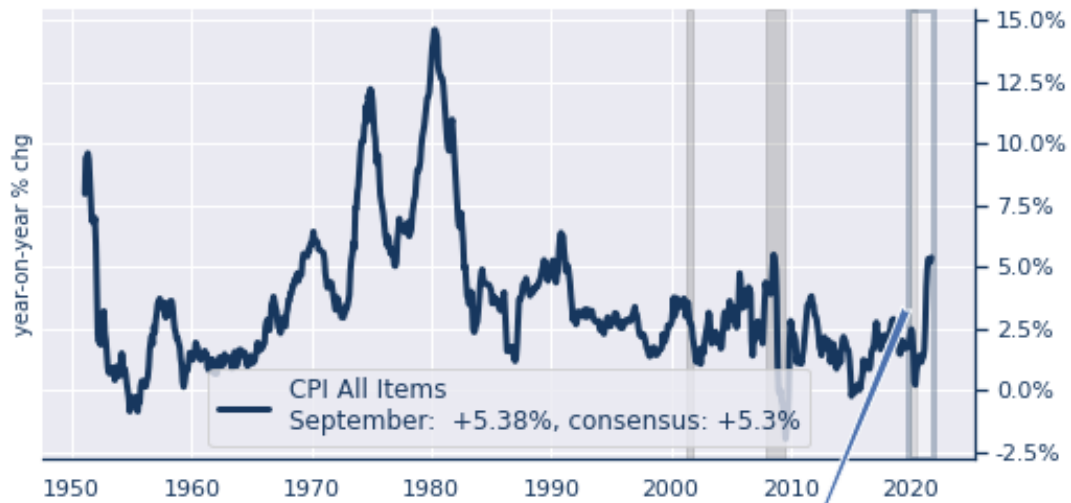
CPI: Core Pressures Remain

Bottom Line: Core CPI in September was in line with expectations as several pandemic-related categories saw lower prices, but Owner's Equivalent Rent (OER) accelerated. OER, a key measure of housing costs and nearly a third of core CPI, rose 0.43% and was up 3.96% annualized over the three months ended in September, accelerating from the 3.69% six-month pace and 2.9% 12-month pace. Medical care services, just less than 10% of core, slipped after several strong months and were still accelerating on a trend basis. Key pandemic-related categories were mixed to lower with new car prices higher but used cars lower, Clothing prices were also lower, as were transportation prices, led lower by airfares.

Overall, core price pressures remain. While the pandemic-related categories and medicare care services helped keep the core reading in line with expectations, the trend rates for the most important categories continued to accelerate. Moreover, based on historical time lags, most of the impact from higher single-family home prices won't be felt until early 2022 CPI readings. Core CPI components look likely to run above the Fed's 2% target for several quarters.

CPI All Items

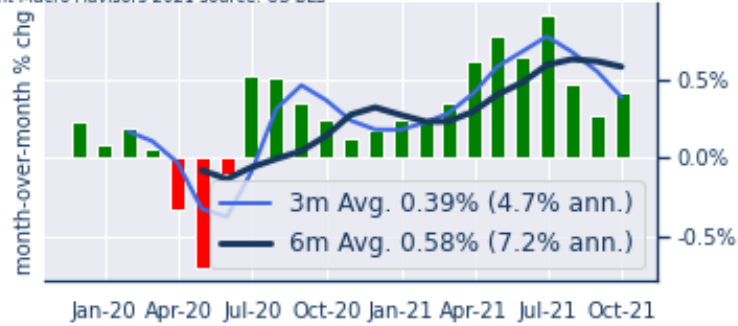
September: +5.38%, consensus: +5.3%

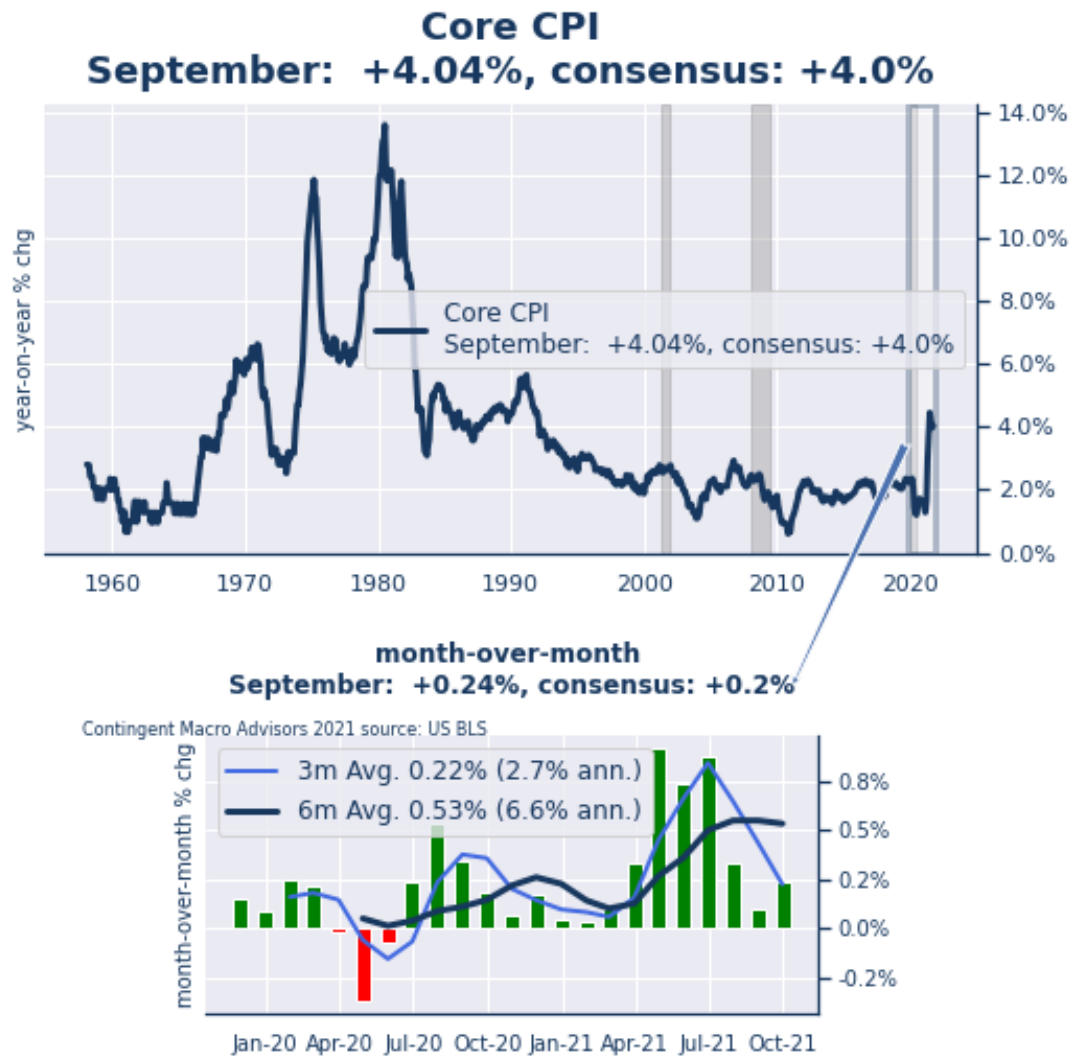


month-over-month

September: +0.41%, consensus: +0.3%

Contingent Macro Advisors 2021 source: US BLS





The CPI ROSE by 0.41% in September, compared with market expectations for an increase of 0.30%.

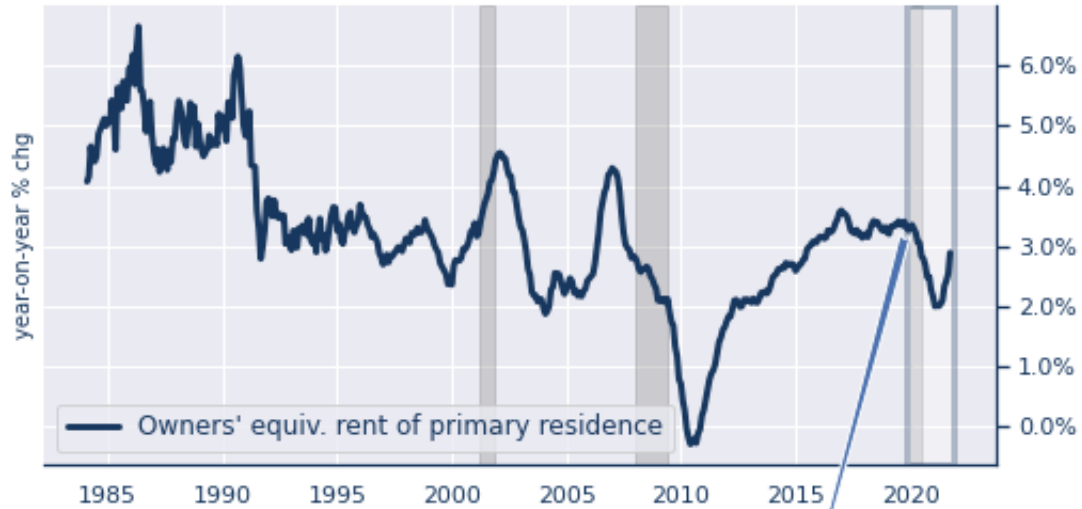
- Food prices increased by 0.93% while energy prices rose by 1.3%. Prices for gasoline rose by 1.2% while prices for fuel oil increased by 3.1%, prices for electricity climbed by 0.8%, and prices for natural gas rose by 2.7%.
- Energy prices are now 24.8% ABOVE their year-ago level.

Overall consumer prices are now 5.4% ABOVE their year-ago level; in September 2020, consumer prices were 1.4% ABOVE their year-ago level.

The Core CPI ROSE by 0.24%, compared with market expectations for an increase of 0.20%.

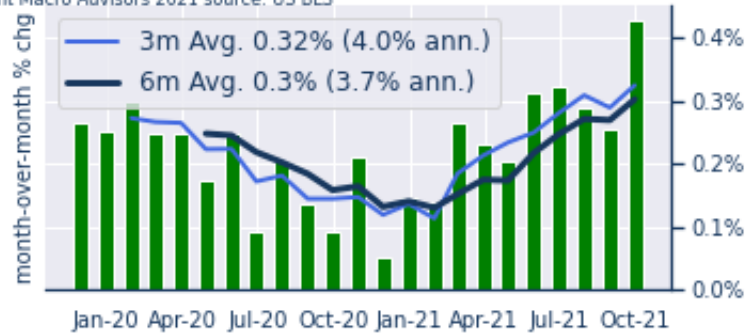
- Prices for commodities excluding food and energy commodities rose by 0.2%.

Owners' equiv. rent of primary residence

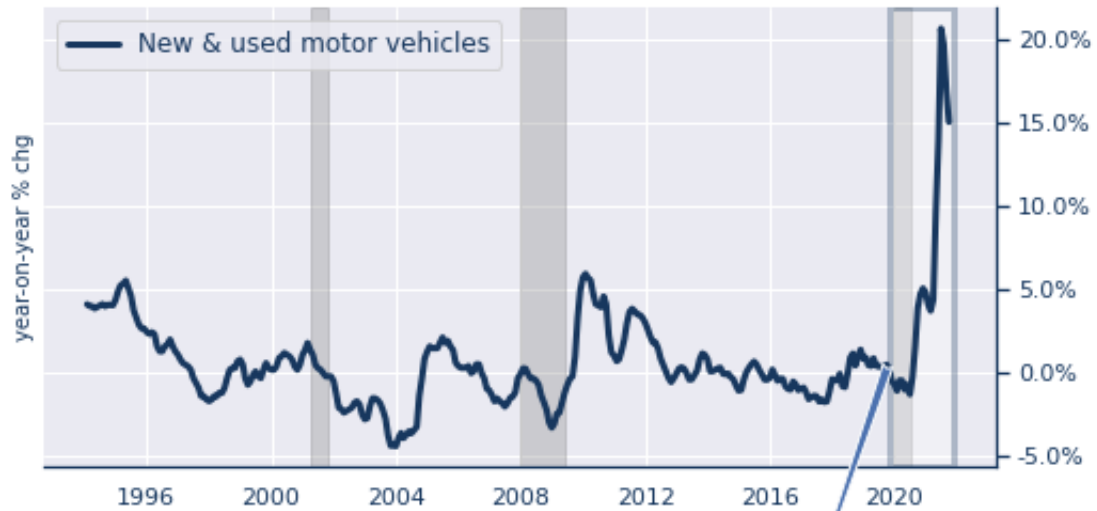


month-over-month % change

Contingent Macro Advisors 2021 source: US BLS



New & used motor vehicles

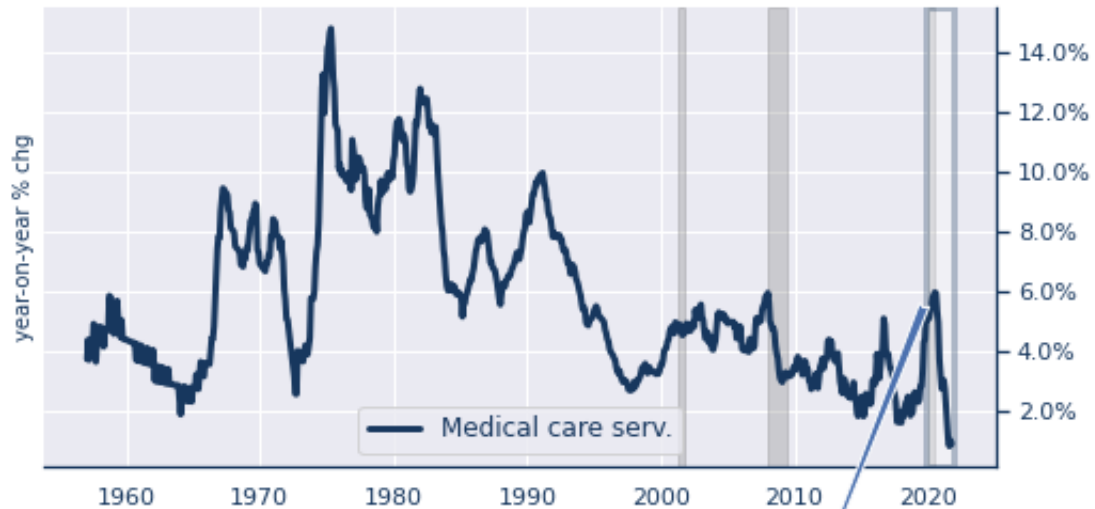


month-over-month % change

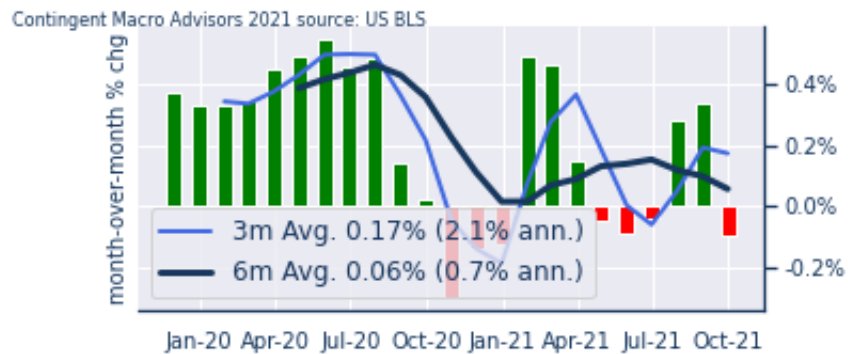
Contingent Macro Advisors 2021 source: US BLS



Medical care serv.



month-over-month % change



US Consumer Price Inflation	Sep-21	Aug-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
CPI All Items	0.41%	0.27%	4.74%	7.18%	5.38%	1.30%	2.26%	2.60%
Core CPI (78.9%)	0.24%	0.10%	2.73%	6.60%	4.04%	1.61%	2.22%	2.41%
Motor fuel (3.9%)	1.23%	2.76%	28.81%	14.60%	41.99%	-15.29%	7.65%	6.44%
Energy serv. (3.2%)	1.24%	1.13%	13.39%	11.43%	8.60%	2.47%	-1.33%	2.48%
Food & bev. (13.9%)	0.87%	0.39%	8.12%	7.26%	4.46%	3.86%	1.74%	2.67%
Shelter (32.6%)	0.40%	0.16%	4.05%	4.45%	3.15%	1.84%	3.24%	3.02%
Medical care (8.6%)	-0.03%	0.25%	1.95%	0.73%	0.44%	1.77%	4.55%	2.34%
New vehicles	1.30%	1.22%	18.34%	17.95%	8.74%	1.93%	0.06%	1.85%

(3.8%)								
Used cars & trucks (3.5%)	-0.70%	-1.54%	-7.82%	63.37%	24.41%	10.05%	-0.69%	7.72%
Public trans. (1.2%)	-5.01%	-5.46%	-34.01%	3.00%	1.63%	-11.96%	0.95%	-3.10%
Education & communication (6.5%)	0.39%	0.20%	3.15%	2.96%	1.73%	1.97%	1.37%	0.66%
Recreation (5.7%)	0.16%	0.48%	4.85%	5.18%	3.47%	0.92%	1.47%	1.63%
Apparel (2.6%)	-1.12%	0.37%	-2.79%	3.10%	3.42%	-4.10%	-1.24%	-0.86%
Other goods & serv. (3.1%)	0.10%	0.41%	4.99%	2.95%	3.42%	2.40%	2.33%	2.45%

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	Sep-21	Aug-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
Fuels & utilities	1.12%	0.90%	11.46%	9.62%	8.21%	2.13%	-0.39%	2.81%
Household energy (3.4%)	1.34%	1.10%	13.62%	11.60%	9.72%	1.67%	-1.18%	2.63%
Motor fuel (3.9%)	1.23%	2.76%	28.81%	14.60%	41.99%	-15.29%	7.65%	6.44%
Fuel oil & other fuels (0.2%)	3.10%	0.52%	18.04%	14.86%	36.04%	-13.58%	1.82%	5.60%
Electricity (2.5%)	0.79%	0.97%	8.78%	6.91%	5.24%	2.01%	-0.68%	1.74%
Utility (piped) gas service (0.7%)	2.67%	1.64%	29.42%	27.56%	20.61%	4.05%	-3.56%	5.18%

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	Sep-21	Aug-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
Shelter (32.6% total CPI)	0.40%	0.16%	4.05%	4.45%	3.15%	1.84%	3.24%	3.02%
Rent of primary residence (7.6%)	0.45%	0.31%	3.75%	3.24%	2.43%	2.29%	3.71%	3.24%
Lodging								

away from home (1.1%)	-0.56%	-2.92%	9.68%	39.93%	17.51%	-9.66%	-0.44%	1.40%
Owners' equiv. rent of residences (23.5%)	0.43%	0.25%	3.96%	3.69%	2.89%	2.17%	3.28%	3.03%
Household energy (3.4%)	1.34%	1.10%	13.62%	11.60%	9.72%	1.67%	-1.18%	2.63%
Household furnishings & operations (3.7%)	1.03%	1.26%	9.58%	9.08%	5.12%	3.16%	0.99%	2.06%

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 - Transportation	Sep-21	Aug-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
Transportation	0.29%	-0.11%	3.36%	19.69%	16.49%	-2.55%	1.89%	3.77%
Private trans.	0.67%	0.30%	6.76%	20.97%	17.65%	-1.74%	1.96%	4.40%
Public trans.	-5.01%	-5.46%	-34.01%	3.00%	1.63%	-11.96%	0.95%	-3.10%
New vehicles	1.30%	1.22%	18.34%	17.95%	8.74%	1.93%	0.06%	1.85%
Used cars & trucks	-0.70%	-1.54%	-7.82%	63.37%	24.41%	10.05%	-0.69%	7.72%
Motor vehicle maintenance & repair	-0.02%	0.78%	6.81%	3.71%	3.97%	3.43%	3.42%	3.05%
Airline fare	-6.42%	-9.11%	-47.96%	5.75%	0.79%	-18.26%	1.60%	-5.23%

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.