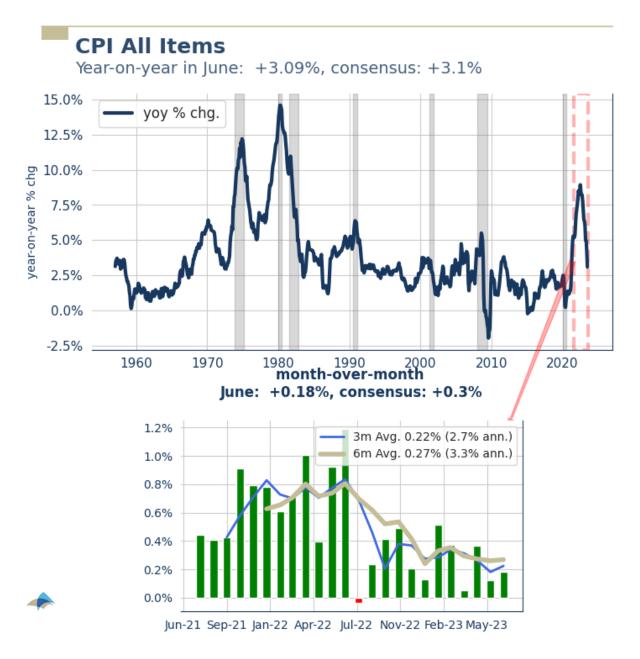


12.Jul.2023

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%.

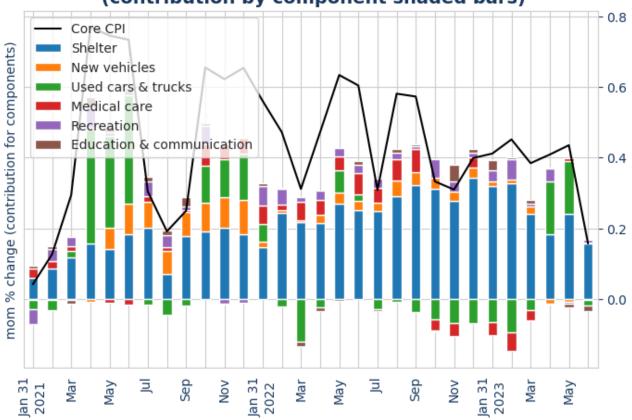
Overall, while pockets of core price pressures remain, critical categories of inflation are slowly cooling. While the July rate hike from the Fed still looks like the base case, the trend in CPI suggests the path beyond that might be for steady policy rates.

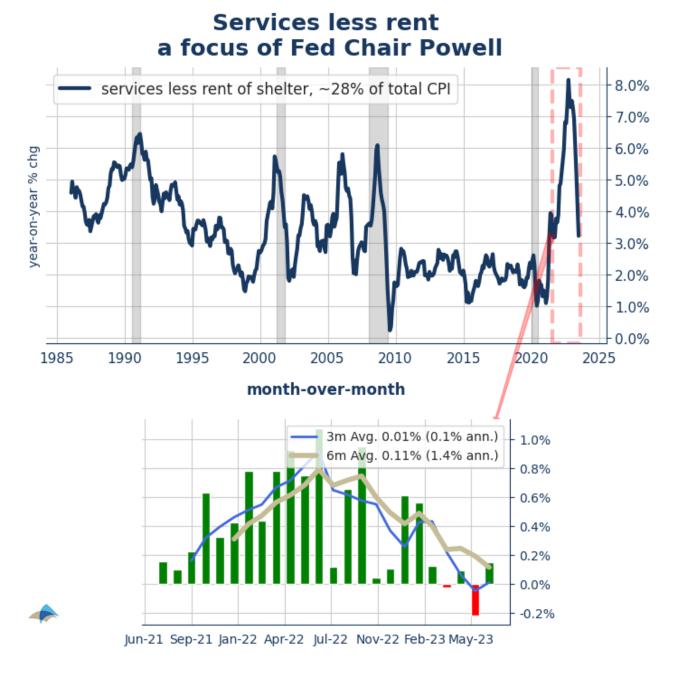


Contingent Macro Advisors 2023 source: US BEA

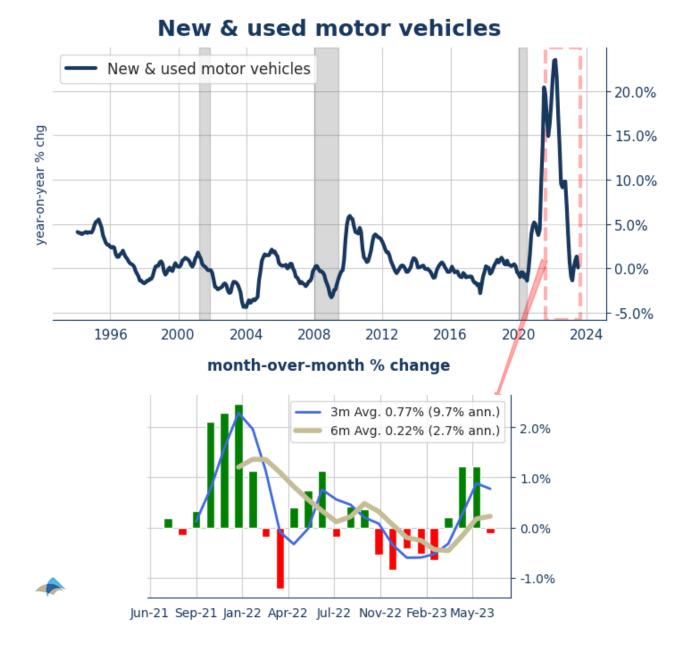


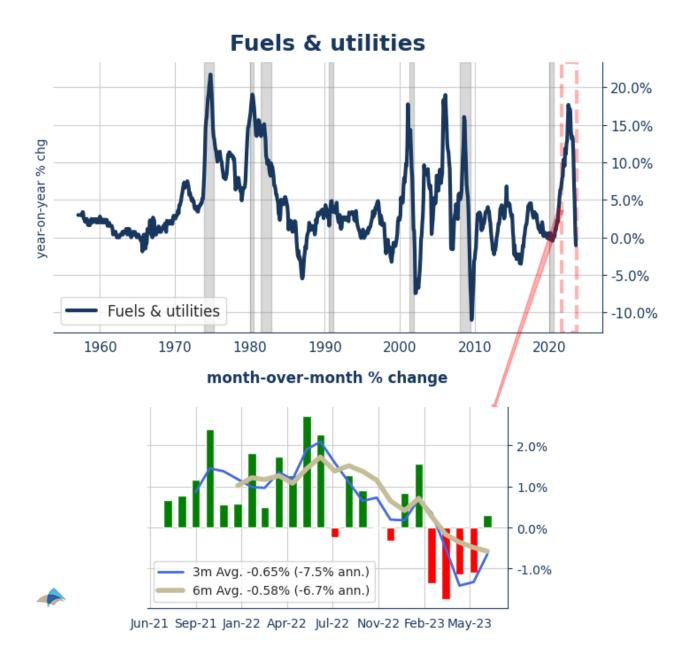
Monthly Core CPI (contribution by component shaded bars)



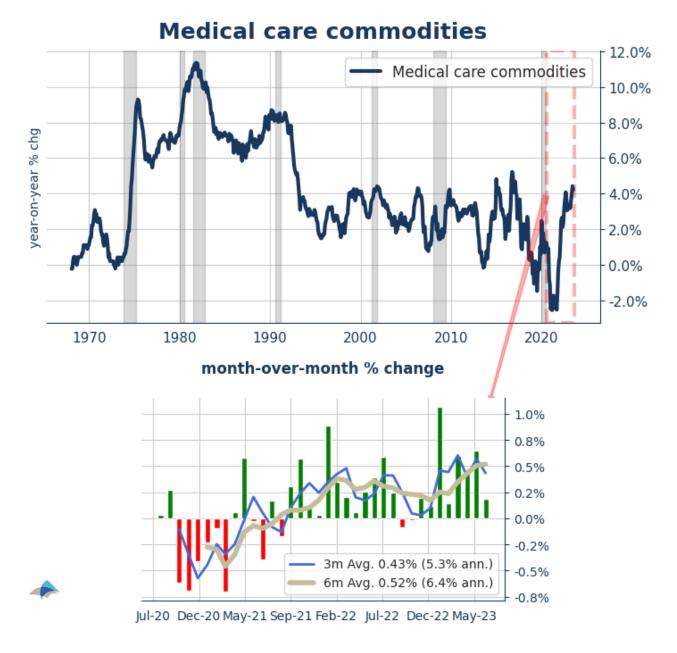














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US Consumer Price Inflation	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5у
CPI All Items	0.18%	0.12%	2.72%	3.27%	3.09%	6.44%	7.19%	4.04%
Core CPI (79.6%)	0.16%	0.44%	4.08%	4.60%	4.86%	5.70%	5.52%	3.71%
Motor fuel (3.5%)	0.95%	-5.57%	-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%

Alc. bevs. away from home (0.3%)	0.00%	0.00%	nan%	nan%	nan%	0.00%	0.00%	0.00%
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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.

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US CPI - Transportation	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5у
Transportation serv. (5.9% total CPI)	0.15%	-0.18%	4.56%	2.31%	-4.67%	3.71%	21.69%	5.45%
Private trans.	0.50%	-0.24%	7.14%	3.09%	-4.22%	3.02%	23.20%	5.92%
Public trans. (0.8%)	-6.77%	0.92%	-36.06%	-12.58%	-13.28%	19.62%	2.85%	0.49%
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%
Leased cars & trucks (0.8%)	0.59%	-1.59%	-6.97%	9.59%	11.56%	34.62%	-1.98%	5.65%
Motor vehicle maintenance & repair (1.1%)	0.00%	0.00%	nan%	nan%	nan%	0.00%	0.00%	0.00%
Airline fares	-8.11%	-2.95%	-42.96%	-11.56%	-18.85%	29.14%	1.56%	0.23%

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.

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US CPI - Energy	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5у
Fuels & utilities	0.30%	-1.09%	-7.51%	-6.80%	-1.06%	13.50%	9.54%	4.49%
Household energy (3.4%)	0.27%	-1.60%	-11.12%	-10.47%	-2.99%	16.16%	11.56%	4.74%
Motor fuel (3.5%)	0.95%	-5.57%	-7.76%	-7.15%	-26.68%	-0.53%	50.05%	6.47%
Fuel oil & other fuels (0.2%)	-1.37%	-5.29%	-23.84%	-32.83%	-28.83%	26.04%	38.42%	5.36%
Electricity (2.5%)	0.94%	-1.05%	-3.19%	-1.02%	5.36%	14.38%	6.46%	4.68%
Utility (piped) gas service (0.7%)	-1.66%	-2.56%	-31.03%	-30.91%	-18.57%	19.28%	24.04%	4.66%

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	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Shelter (34.6% total CPI)	0.37%	0.56%	5.51%	7.01%	7.80%	7.48%	4.18%	4.35%
Rent of primary residence (7.5%)	0.46%	0.49%	6.20%	7.22%	8.33%	8.36%	3.34%	4.59%
Lodging away from home (1.2%)	-2.01%	1.80%	-12.21%	5.84%	4.59%	2.85%	24.04%	3.55%
Owners' equiv. rent of residences (25.4%)	0.45%	0.52%	6.24%	6.95%	7.81%	7.53%	3.79%	4.36%
Household energy (3.4%)	0.27%	-1.60%	-11.12%	-10.47%	-2.99%	16.16%	11.56%	4.74%
Household furnishings & operations (4.4%)	-0.12%	-0.64%	-2.14%	2.10%	3.56%	6.72%	7.41%	4.14%

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	Jun-23	May-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5у
Recreation (5.4% total CPI)	0.11%	-0.07%	2.38%	4.17%	4.32%	5.14%	3.26%	2.71%
TV, radio subs. (1.0%)	0.08%	-0.04%	2.43%	8.51%	4.43%	3.93%	2.82%	3.97%
Pet food (1.2%)	-0.23%	0.84%	8.40%	10.55%	12.07%	15.18%	2.38%	5.46%
Toys (0.4%)	-0.40%	0.23%	-2.51%	0.75%	1.05%	1.27%	1.83%	-1.52%
Music instruments & accessories (0.1%)	2.67%	0.83%	14.56%	16.15%	10.24%	5.51%	5.87%	4.66%
Club, gyms etc. (0.1%)	-0.16%	0.30%	0.86%	2.09%	4.40%	5.23%	1.76%	2.21%
Entertainment tickets (0.4%)	0.49%	-0.25%	6.79%	7.09%	6.16%	6.47%	4.87%	3.94%

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.