

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%

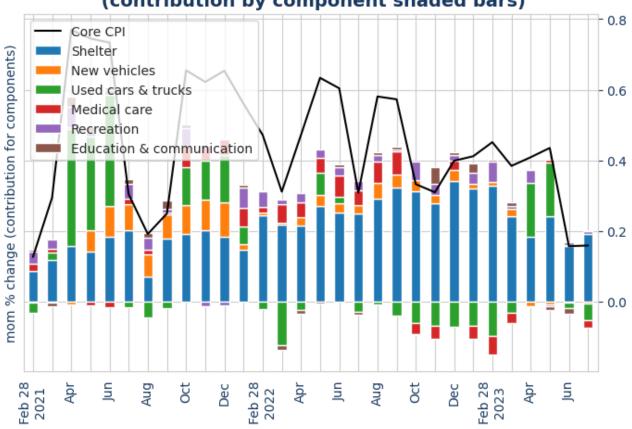


#### **Core CPI**

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



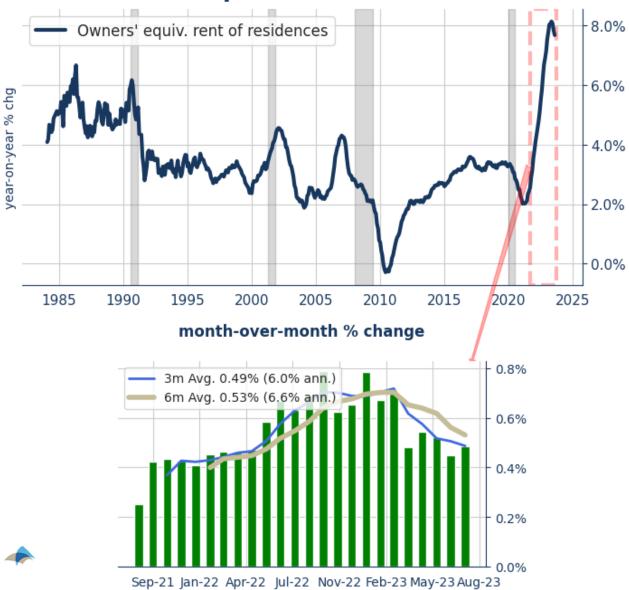
# Monthly Core CPI (contribution by component shaded bars)



#### Services less rent a focus of Fed Chair Powell



### Owners' equiv. rent of residences



#### New & used motor vehicles



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

0.0%

-1.0%

### **Fuels & utilities** 20.0% 15.0% year-on-year % chg 10.0% 5.0% 0.0% -5.0% Fuels & utilities -10.0% 1960 1970 1980 1990 2000 2010 2020 month-over-month % change 2.0% 1.0% 0.0% -1.0% 3m Avg. -0.21% (-2.5% ann.) 6m Avg. -0.81% (-9.3% ann.)

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

#### Food & bev. Food & bev. 17.5% 15.0% year-on-year % chg 12.5% - 10.0% 7.5% 5.0% 2.5% 0.0% 2020 1970 2010 1980 1990 2000 month-over-month % change - 1.0% 0.8% 3m Avg. 0.18% (2.2% ann.) 6m Avg. 0.16% (2.0% ann.) 0.6% 0.4% 0.2%

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

0.0%

#### **Medical care commodities**



## Hospital & related serv.



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

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US Consumer Price Inflation	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
CPI All Items	0.17%	0.18%	1.90%	2.55%	3.30%	6.44%	7.19%	4.08%
Core CPI (79.7%)	0.16%	0.16%	3.05%	4.07%	4.70%	5.70%	5.52%	3.75%
Motor fuel (3.5%)	0.16%	0.95%	-16.87%	-10.95%	-20.21%	-0.53%	50.05%	6.52%
Energy serv. (3.2%)	-0.13%	0.36%	-4.57%	-12.95%	-1.25%	15.60%	10.34%	4.67%
Food & bev. (13.4%)	0.23%	0.10%	2.23%	1.96%	4.82%	10.19%	6.04%	5.06%
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%

serv. (2.7%)

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.

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	
Food & bev. (13.4% total CPI)	0.23%	0.10%	2.23%	1.96%	4.82%	10.19%	6.04%	5.06%	
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%	

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	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y			
Transportation serv. (5.9% total CPI)	-0.10%	0.15%	-0.52%	1.30%	-2.56%	3.71%	21.69%	5.42%			
Private trans.	0.19%	0.50%	1.80%	2.43%	-2.04%	3.02%	23.20%	5.97%			
Public trans. (0.8%)	-6.30%	-6.77%	-39.59%	-20.42%	-13.17%	19.62%	2.85%	-0.80%			
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%			
Leased cars & trucks (0.7%)	-0.09%	0.59%	-4.34%	7.33%	10.76%	34.62%	-1.98%	5.62%			
Motor vehicle maintenance & repair (1.1%)	0.00%	0.00%	nan%	nan%	nan%	0.00%	0.00%	0.00%			
Airline fares	-8.09%	-8.11%	-54.87%	-21.99%	-18.59%	29.14%	1.56%	-1.41%			

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	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Fuels & utilities	0.16%	0.30%	-2.52%	-9.37%	-0.67%	13.50%	9.54%	4.53%
Household energy (3.4%)	0.06%	0.27%	-4.98%	-13.45%	-2.54%	16.16%	11.56%	4.75%
Motor fuel (3.5%)	0.16%	0.95%	-16.87%	-10.95%	-20.21%	-0.53%	50.05%	6.52%
Fuel oil & other fuels (0.2%)	3.69%	-1.37%	-12.00%	-21.89%	-21.21%	26.04%	38.42%	6.29%
Electricity (2.5%)	-0.72%	0.94%	-3.27%	-3.39%	3.02%	14.38%	6.46%	4.50%
Utility (piped) gas service (0.7%)	1.95%	-1.66%	-8.89%	-36.98%	-13.68%	19.28%	24.04%	5.14%

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 - Housing Related	Jul-23	Jun-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5у
Shelter (34.7% total CPI)	0.44%	0.37%	5.59%	6.37%	7.66%	7.48%	4.18%	4.46%
Rent of primary residence (7.6%)	0.42%	0.46%	5.63%	6.55%	8.03%	8.36%	3.34%	4.70%
Lodging away from home (1.2%)	-0.34%	-2.01%	-2.32%	2.64%	6.08%	2.85%	24.04%	3.47%
Owners' equiv. rent of residences (25.5%)	0.49%	0.45%	6.00%	6.56%	7.66%	7.53%	3.79%	4.48%
Household energy (3.4%)	0.06%	0.27%	-4.98%	-13.45%	-2.54%	16.16%	11.56%	4.75%
Household furnishings & operations (4.4%)	-0.06%	-0.12%	-3.25%	1.29%	2.88%	6.72%	7.41%	4.12%

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 - Jul-23 Jun-23 3m ann % 6m ann YoY % 2022 2021 5y

Recreation	Jul-23	Jun-23	chg	% chg	chg	2022	2021	5y
Recreation (5.4% total CPI)	0.12%	0.11%	0.65%	3.43%	4.06%	5.14%	3.26%	2.74%
TV, radio subs. (1.0%)	0.54%	0.08%	2.33%	8.57%	5.47%	3.93%	2.82%	4.10%
Pet food (1.2%)	-0.16%	-0.23%	1.82%	9.78%	10.61%	15.18%	2.38%	5.42%
Toys (0.4%)	-2.94%	-0.40%	-11.83%	-2.73%	-2.95%	1.27%	1.83%	-2.07%
Music instruments & accessories (0.1%)	-0.47%	2.67%	12.68%	13.96%	9.71%	5.51%	5.87%	4.54%
Club, gyms etc. (0.1%)	0.83%	-0.16%	3.96%	2.82%	4.87%	5.23%	1.76%	2.39%
Entertainment tickets (0.4%)	0.08%	0.49%	1.27%	5.46%	4.69%	6.47%	4.87%	3.96%
Fees for								

lessons or 1.12°	% 0.07%	5.43%	11.66%	14.20%	7.84%	2.95%	4.93%
instructions (0.2%)							

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	5у
Medical care (7.9% total CPI)	-0.23%	0.02%	-0.53%	-1.99%	-0.52%	4.00%	2.23%	2.34%
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.