

U.S. Data Review

- CPI: energy prices decline, core goods contained, upward pressure on service prices

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Consumer Prices

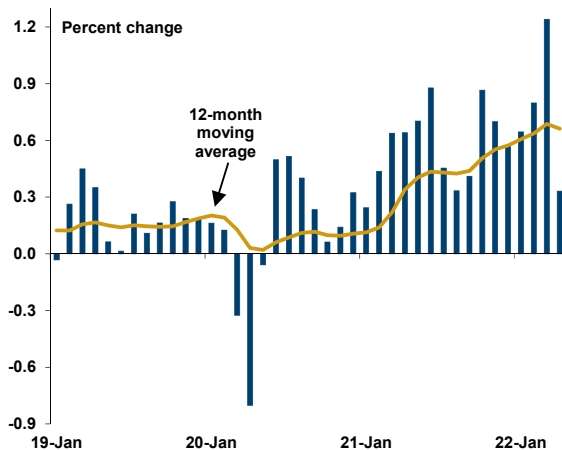
The consumer price index rose 0.3 percent in April, notably slower than the average of 0.8 percent in the prior six months but a touch more than the expected increase of 0.2 percent (chart, left). A drop of 2.7 percent in the energy component restrained the total, with gasoline prices pushing this sector lower. Other energy related items (fuel oil, natural gas, electricity) rose in price. Food prices remained under upward pressure, increasing 0.9 percent. The increase was a touch lighter than the jumps of 1.0 percent in February and March, but a bit firmer than the average of 0.8 percent in the prior six months.

Prices excluding food and energy rose 0.6 percent, exceeding both the expected increase of 0.4 percent and the average of 0.5 percent in the prior six months (chart, right). Travel-related expenses played a key role in pushing the core component higher, as airfares surged 18.6 percent and hotel fees rose 2.0 percent. Prices of new vehicles jumped 1.1 percent. Prices of new cars and trucks seemed to be settling in the prior three months with an average increase of 0.2 percent, but this sector still appears to be experiencing supply-demand imbalances. Housing costs remain an issue, as rent of primary residence rose 0.6 percent and owners' equivalent rent increased 0.5 percent. Numerous other items rose 0.4 or 0.5 percent.

A few areas cooled in April. Prices of used vehicles fell 0.4 percent, a welcome change but a modest one relative to the drop of 3.8 percent in March and the surge in prices experienced last year. Apparel prices fell 0.8 percent, ending a string of six consecutive increases that took the apparel index above its pre-pandemic level. Prices of household appliances fell 0.5 percent, but given pronounced upward pressure in prior months, the drop altered the long-term trend only modestly.

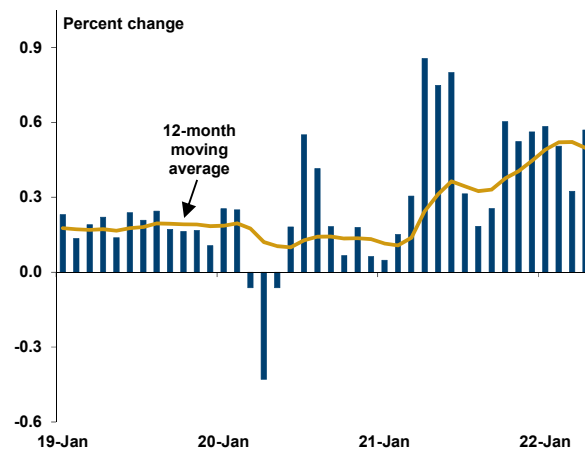
In general, the monthly changes in April were lighter than the recent averages, and the easing led to a slowdown in the year-over-year shifts (8.3 percent for the headline index down from 8.5 percent in March; 6.2 percent for core versus 6.5 percent in March). However, inflation remains problematic.

Headline CPI



Source: Bureau of Labor Statistics via Haver Analytics

Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

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