

# U.S. Data Review

- CPI: cooling in some hot areas

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## CPI

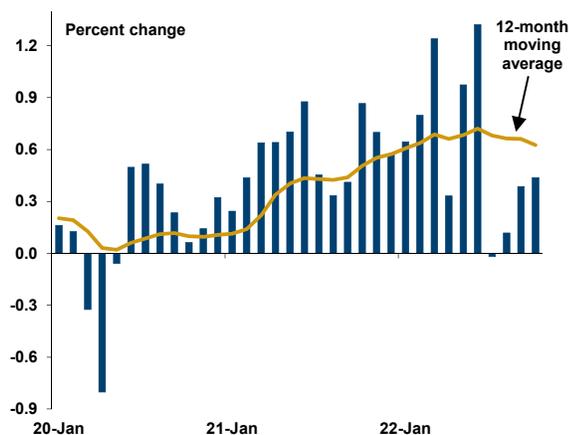
The consumer price index rose 0.4 percent in October, lighter than the expected increase of 0.6 percent (chart, left). Much of the surprise occurred in the core component, where prices rose 0.3 percent versus an expectation of 0.5 percent (chart, right). The food component also contributed in a sense, as the increase of 0.6 percent was less severe than the average of 1.0 percent in the prior six months. Food for home consumption decelerated noticeably, as the increase of 0.4 percent was modest relative to the average of 1.0 in the prior six months. Food away from, however, remained under pressure (up 0.7 percent or more in the past six months; 0.9 percent in three of those months). Energy prices rose 1.8 percent, ending a string of three declines. Prices of natural gas declined, but prices of other energy items rose.

The restraint in the core component was partly the result of cooling in areas that had surged earlier. The prices of used vehicles, for example, fell for the seventh time in the past nine months, although prices are still 47 percent above their pre-pandemic level. Similarly, prices of household appliances fell for the sixth time in the past seven months (12.7 percent above pre-pandemic level). Adjustments occurred in other pricy items as well (airfares, jewelry, vehicle rentals). Prices of medical care services fell sharply, reversing part of a jump in the prior month, and apparel prices seem to be developing a downward drift.

Only a few items showed noticeable upward pressure. Unsurprisingly, rental rates climbed sharply again (0.7 percent for primary residence and 0.6 percent for owners' equivalent rent). Hotel fees jumped 5.6 percent after easing on balance in the prior four months. Costs of recreation items and admissions to non-sporting events also rose noticeably.

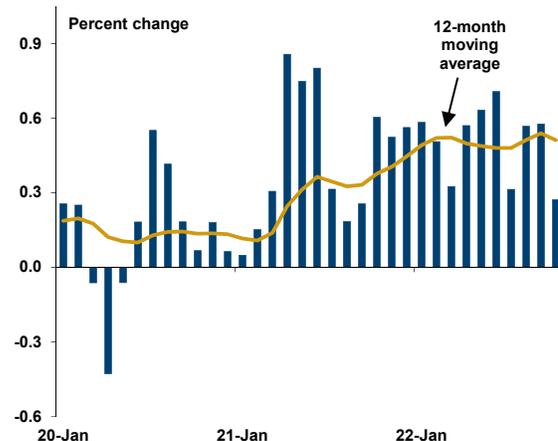
While some of the soft readings might be viewed as random changes, the report also offered hints that inflation is perhaps beginning to cool. We should curb our enthusiasm, however, as the pace in October was still uncomfortable.

### CPI



Source: Bureau of Labor Statistics via Haver Analytics

### Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

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