

U.S. Data Review

- CPI: little additional deceleration

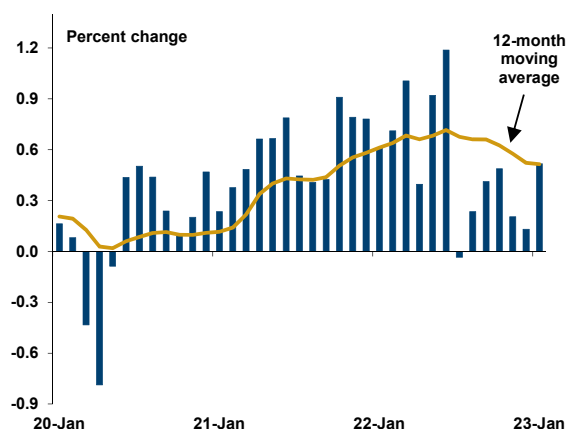
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CPI

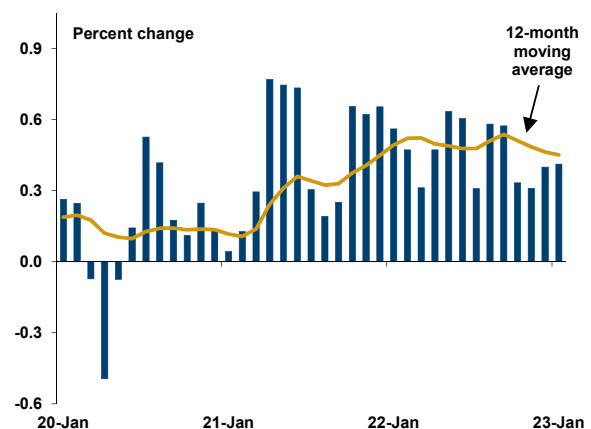
- The headline CPI rose 0.5 percent in January while the core component increased 0.4 percent. Both changes matched expectations and both rounded down to the published results (0.517 percent and 0.421 percent). The increases were noticeably smaller than those during the acceleration in 2021 and 2022, but they remained within the ranges seen in the past several months, suggesting no meaningful additional deceleration in inflation.
- Energy prices, as expected, rose 2.0 percent, marking only the second increase in the past seven months. The increase perhaps signals the end of a soft patch in energy prices, but the increase was not forceful enough to indicate a major turning point. Food prices rose 0.5 percent, more restrained than increases of approximately 1.0 percent in the first seven months of last year, but still an uncomfortable pace.
- The increase of 0.421 percent in the core component represented an improvement from the average of 0.525 percent in the first half of 2022, but it was nearly identical to the average of 0.418 percent in the second half of last year. Monthly changes in core prices have been stuck in a range of 0.3 to 0.7 percent since late 2021.
- The core component showed pronounced shifts among several items, some marked declines, others sharp increases. Airfares and used car prices continued to recede from elevated levels (off 2.1 percent and 1.9 percent, respectively), and they seem to have additional downside potential, as the levels of these indexes remain well above historical norms. The cost of health insurance also has been a restraining force in recent months, posting an average monthly decline of 3.8 percent in the past four months. On the firm side, prices of prescription drugs jumped 2.1 percent, while fees for car rental and hotel stays also rose noticeably (3.0 percent and 1.5 percent, respectively). Prices of apparel and miscellaneous goods both increased 0.8 percent.

Headline CPI



Source: Bureau of Labor Statistics via Haver Analytics

Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

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