

U.S. Data Review

- CPI: underlying inflation remained brisk in February

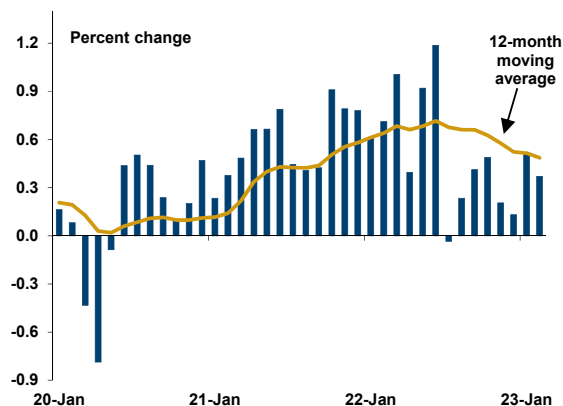
Lawrence Werther

Daiwa Capital Markets America
lawrence.werther@us.daiwacm.com

CPI

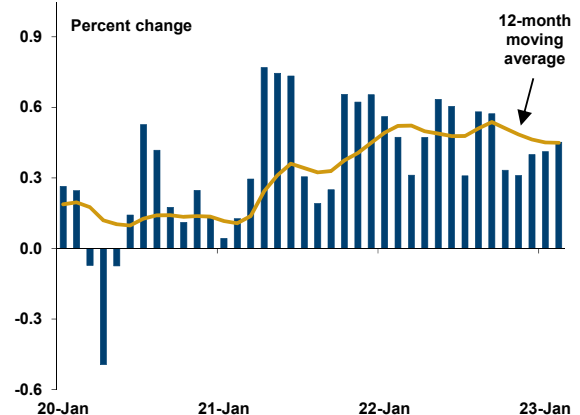
- The headline CPI rose 0.4 percent in February, matching expectations, while the core component increased 0.5 percent (one tick faster than the projected advance). Both observations remained within recent ranges (chart on the headline CPI, below left).
- Energy prices eased 0.6 percent in the latest month, reverting to their downward trend after an increase in January. Gasoline prices rose as expected (+1.0 percent), but the increase was offset by a drop in the cost of utility gas service (-8.0 percent). Food prices rose 0.4 percent. The February reading represented additional improvement from the average increase of 0.5 percent in the prior three months and from rapid advances averaging 1.1 percent from May through July 2022.
- The increase of 0.452 percent in the core component in February was marginally slower than the average of 0.502 percent in the first three quarters of 2022, but it was the fastest increase in the subsequent five months (chart, right). Underlying inflation remains inconsistent with the Federal Reserve's 2 percent inflation target.
- The core component showed a wide distribution of price changes, with some items falling sharply and others registering brisk increases. On the soft side, used car prices continued to retreat from elevated levels. The drop of 2.8 percent in February was larger than the already sizable average decline of 1.4 percent in the prior seven months, although the level of the used vehicle index remained well above historical norms. The cost of health insurance also posted a notable decline for the fifth consecutive month (average easing of 3.9 percent over the five-month-span). On the firm side, fares surged 6.4 percent after falling in the previous three months. In addition, the costs personal care items rose 1.1 percent and the costs of recreation advanced 0.9 percent. Cost pressure in the housing components showed no sign of slowing, with primary rent increasing 0.8 percent and owners' equivalent rent of residences advancing 0.7 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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