

# U.S. Data Review

- CPI: energy up modestly; food prices flat; brisk increase in core

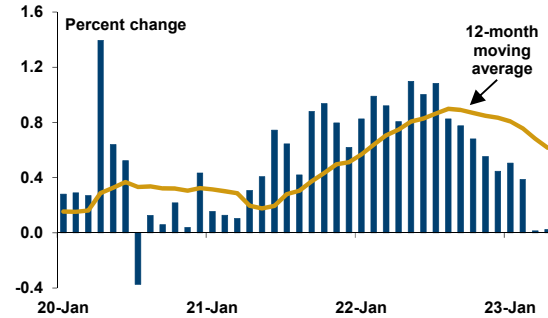
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## April CPI

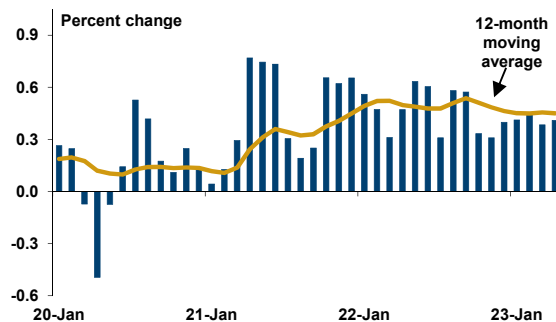
- Both the headline and core CPI increased 0.4 percent in April, matching the consensus view. The latest monthly shifts nudged both the headline and core advances 0.1 percentage point lower to 4.9 percent and 5.5 percent, respectively. Thus, the data suggest only modest additional improvement in inflation.
- Energy prices rose 0.6 percent in April, as a jump in costs of gasoline (up 3.0 percent) offset declines in costs of fuel oil (-3.9 percent) and energy services (-1.7 percent). Despite the pickup in April, energy prices have eased since the recent peak in June of last year. Food prices were unchanged in April for the second consecutive month (up slightly with less rounding; +0.02 percent). The recent performance suggests that food prices may have peaked after brisk increases in the second half of 2021 and 2022 (chart, above right).
- The increase of 0.409 percent in the core component in April was a touch faster than the average of 0.382 percent in the prior six months, but slower than the average of 0.5 percent in the first nine months of last year (chart, below left).
- Within the core component, increases in the costs of goods picked up (+0.6 percent versus average of +0.1 percent in the prior 12 months) while the advance in the costs of core services slowed somewhat (+0.4 percent versus increases of +0.6 percent in the previous 12 months). In the goods area, a surge of 4.4 percent in the prices of used vehicles after sharp discounting in the prior nine months factored importantly into the advance. The increase in the service area, in part, reflected firm shifts in the costs of housing, with primary rent advancing 0.6 percent and owners' equivalent rent rising 0.5 percent. Both changes trailed the averages of +0.7 percent in the prior six months.
- An index of service prices excluding energy and housing services, which is monitored closely by Fed officials, rose modestly in April. The latest increase of 0.1 percent trailed by a wide margin the 12-month average of 0.4 percent (chart, below right). However, the latest results should be interpreted cautiously as several areas were marked by wide swings in April. Moreover, officials likely will want to see additional cooling in this area before feeling confident that underlying inflation is decelerating.

### CPI: Food



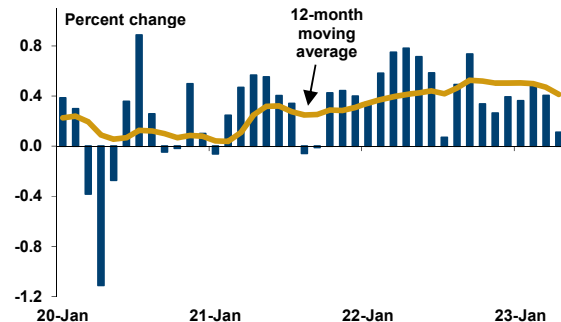
Source: Bureau of Labor Statistics via Haver Analytics

### Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

### CPI: Core Services Ex. Housing\*



\* Service prices excluding prices of energy services and housing services.

Sources: Bureau of Labor Statistics via Haver Analytics; Daiwa Capital Markets America

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