Economic Research 13 May 2025



# **U.S. Data Review**

CPI: tame in April but yet to fully capture tariff-related pressure

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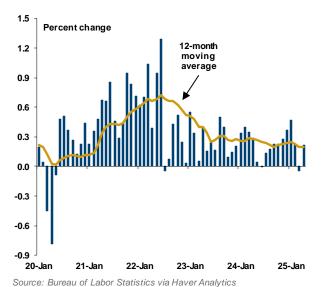
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## **April CPI**

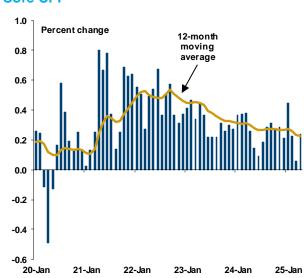
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• The CPI report for April was favorable, with both the headline and core indexes increasing 0.2 percent. The monthly changes, which were both 0.1 percentage point below the Bloomberg survey median expectations, equated to year-over-year advances of 2.3 percent for the headline (versus +2.4 percent in March) and 2.8 percent for the core (+2.779 percent versus +2.789 percent in the prior month). That said, the latest results have yet to capture the full force of tariff-driven price increases for some consumer goods. Thus, the data provide somewhat limited assistance in formulating a forward-looking view on the trajectory of inflation, although we remain guardedly optimistic that recent trade-related developments (including a preliminary deal with China) will ultimately contribute to far less price pressure in 2025-H2 than would have been realized should the entirety of the previously announced Liberation Day program had been implemented in full.

#### **Headline CPI**



**Core CPI** 



Source: Bureau of Labor Statistics via Haver Analytics

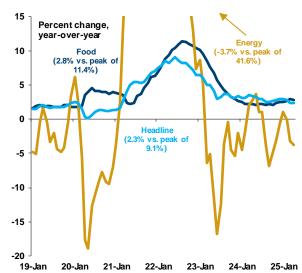
The energy component rose 0.7 percent in April (-3.7 percent year-over-year), with a jump of 1.5 percent in energy services (+6.2 percent year-over-year) offsetting a dip of 0.2 percent in the costs of energy commodities (-11.5 percent year-over-year). On the commodity side, an easing of 0.1 percent in gasoline prices (which followed a plunge of 6.3 percent in the prior month) was joined by a drop of 2.6 percent in the prices of fuel oil and other fuels – the second consecutive large decline after a decrease of 3.0 percent in March. Contrastingly, the aforementioned advance in energy services saw firm contributions form both electricity (+0.8 percent) and utility piped gas service (+3.7 percent).

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The food component eased 0.1 percent in the latest month after hints of emerging pressure in Q1 (average monthly increase of 0.32 percent over that span). Correspondingly, the year-overyear increase slowed to 2.8 percent from 3.0 percent in the prior month. Costs of food at home slipped 0.4 percent (+2.0 percent year-over-year), in part influenced by a drop of 12.7 percent in the price of eggs as supply shortages have normalized but also reflecting easing in prices of cereals and bakery products (-0.5 percent), fresh fruits and vegetables (-0.4 percent), aggregate meat prices (-0.2 percent), and dairy (-0.2 percent). The food away from home area (i.e., restaurant meals) rose 0.4 percent for the third consecutive month (not seasonally adjusted). The year-over-year advance of 3.9 percent is up 0.5 percentage point from the recent low in January.

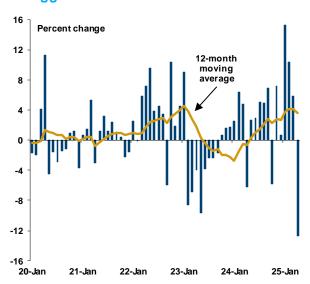
### **CPI: Food & Energy**



Source: Bureau of Labor Statistics via Haver Analytics

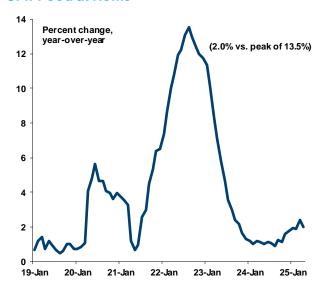
## **CPI: Eggs**

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Source: Bureau of Labor Statistics via Haver Analytics

#### **CPI: Food at Home**



Source: Bureau of Labor Statistics via Haver Analytics

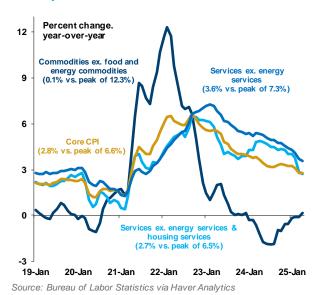
The advance of 0.2 percent in the core component (+0.237 percent with less rounding) reflected a pickup of 0.1 percent in the prices of core commodities (+0.1 percent year-over-year versus -0.1 percent in March) and an increase of 0.3 percent in the costs of core services (+3.6 percent year-over-year, down 0.1 percentage point from the reading in March). On the goods side, prices of used vehicles slipped (-0.5 percent), as did those for apparel (-0.2 percent), although other areas registered firm advances (aggregate appliance prices rose 0.8 percent, for example, possibly the first hint of tariff-related pressure). On the services side, rent of primary residence and owners' equivalent rent of residences rose 0.3 percent and 0.4 percent, respectively. The year-over-year changes of 4.0 percent (essentially matching the March tally) and 4.3 percent (versus 4.4 percent in March) were in striking distance of pre-pandemic trends after previous surges earlier in the expansion. Core services excluding housing rose 0.2 percent (+0.209 percent with less rounding) after a similar-sized decline in the previous month (year-over-year increase of 2.7 percent, down from 2.9 percent in March). In the latest month, airfares fell 2.8 percent, the third consecutive sharp decline, although other areas recorded pickups (e.g., costs of medical care services rose 0.5 percent and car & truck rental fees jumped 4.3 percent after back-to-back declines).

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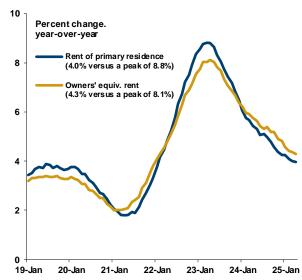


## **Decomposition of Core CPI**

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**CPI: Primary Housing** 



Source: Bureau of Labor Statistics via Haver Analytics

• Data from today's report suggest that the core PCE price index could increase 0.1 percent (published May 30th), which would lead to a deceleration of 0.1 percentage point in the year-over-year advance to 2.5 percent from 2.6 percent in the prior month. Results from Thursday's PPI report will help us to further dial in our estimate, although we expect that our final projection will be similarly favorable.