

U.S. Data Review

- CPI: tame in June -- again

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Consumer Prices

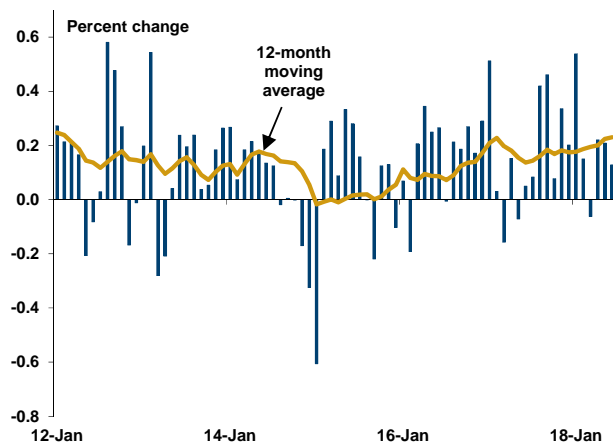
The CPI rose 0.1 percent in June, shy of the expected increase of 0.2 percent. The core component rose 0.2 percent, matching expectations, but it was a light 0.2 percent, as it rounded up to that total (0.162 percent). Thus, June was a quiet month for inflation.

Price pressure in June was limited, but results from June of last year were softer, partly because of a drop in energy prices, and thus the year-over-year changes picked up slightly (2.9 percent for the headline measure, up from 2.8 percent in May, and 2.3 percent for the core index, up from 2.2 percent in the prior month). The pickups, though, were largely rounding issues, as the changes totaled less than 0.1 percentage point if calculated with more precision (2.872 percent versus 2.801 percent for the headline index, and 2.255 percent versus 2.237 percent for the core component).

The CPI showed upward pressure around the turn of the year, but it has been tame in the past several months. Indeed, the core component has rounded up to the reported total of 0.2 percent in four of the past five months; in the other month, it rounded up to 0.1 percent. The subdued nature of recent results is evident in the rolling three month changes, which totaled 1.7 percent for the headline figure and 1.8 percent for the core index, down from recent highs of 3.8 percent and 3.0 percent, respectively.

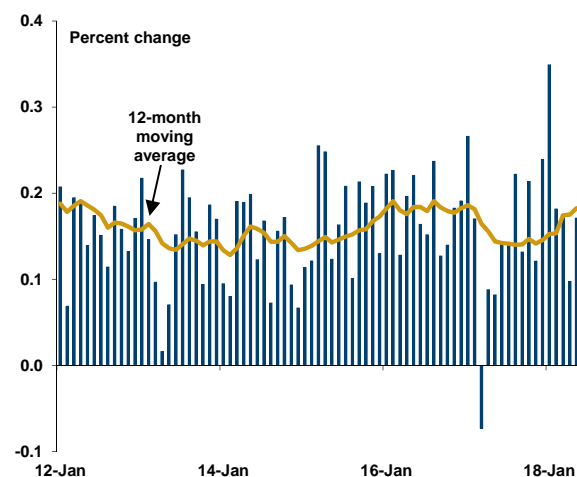
In June, energy prices played a role in restraining inflation, as lower charges for electricity and natural gas offset an increase in the prices of gasoline and fuel oil, pushing the energy component 0.3 percent lower. The core component was restrained by declines several volatile areas. Apparel prices fell 0.9 percent, moving from the upper portion to the middle portion of the recent range. Hotel charges fell 4.1 percent, more than reversing jumps in the prior three months. Airfares retreated 0.9 percent, their third consecutive drop. A few items showed upward pressure. Medical care services jumped 0.5 percent, reflecting higher charges by hospitals, and communication fees rose 0.2 percent after a jump of 0.4 percent in the prior month, reflecting higher prices charged by internet service providers. Prices of used vehicles rose 0.7 percent after declining in the prior four months. Despite these pressure points, inflation in June was contained.

Headline CPI



Source: Bureau of Labor Statistics via Haver Analytics

Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

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