

U.S. Data Review

- CPI: lower energy prices; non-threatening core

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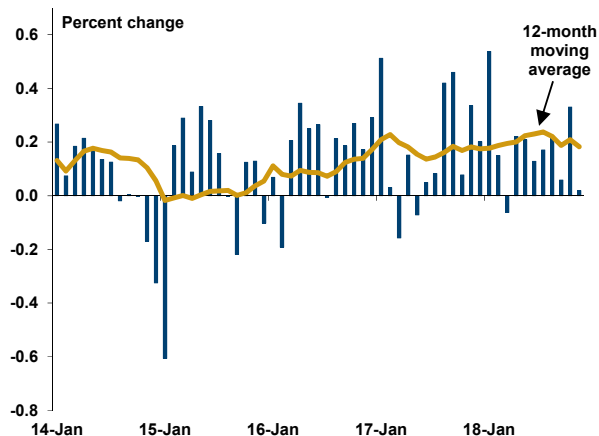
Consumer Prices

Various items in the CPI deviated from expectations, but the upside and downside surprises were offsetting, which left the headline and core measures equal to the consensus views (unchanged overall and up 0.2 percent excluding food and energy; 0.019 percent and 0.209 percent with less rounding). The latest changes left the year-over-year increase in the headline index at 2.2 percent, down from 2.5 percent in the prior month and a recent peak of 2.9 percent in July (chart, left). The core component rose 2.2 percent on a year-over-year basis, up from 2.1 percent in October and into the upper portion of the recent range (chart, right).

Although the year-over-year change in the core component picked up in November, recent readings have not been threatening. A moving three-month average change provides another useful perspective, and this tally totaled 1.8 percent in November, up fractionally from the prior month and in the low end of the recent range.

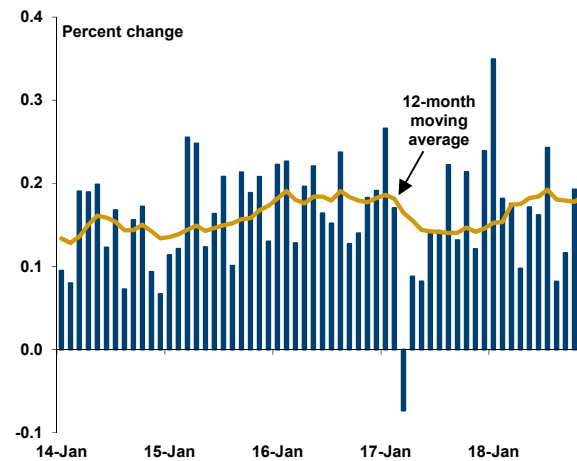
In November, a few items provided upside surprises. The cost of medical care rose 0.4 percent, a change that is not shocking by historical standards but noticeably faster than recent observations (average of no change in the past three months and only 0.1 percent in the past six). The cost of recreation traced an almost identical pattern (up 0.4 percent in November after marginal changes in the prior three and six months). "Other" goods and services rose 0.3 percent versus a recent average of 0.1 percent. Offsets occurred in the apparel category (off 0.9 percent) and in communication services (off 1.1 percent, led by a reduction in wireless telephone charges).

Headline CPI



Source: Bureau of Labor Statistics via Haver Analytics

Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

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