

# U.S. Data Review

- CPI: soft energy, firm food, trend-like core

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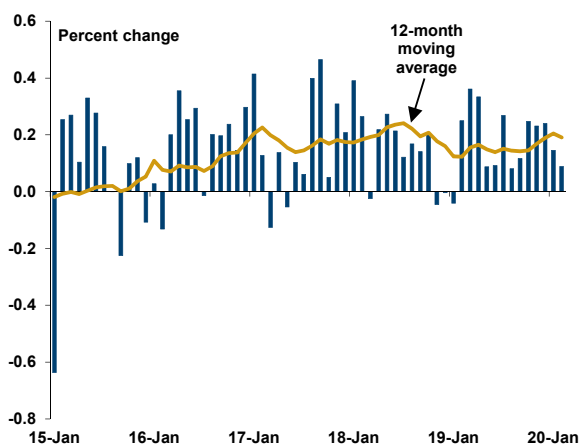
## CPI

The consumer price index rose 0.1 percent in February, a touch stronger than the expected reading of no change. Analysts expected energy prices to restrain the headline index, and this proved to be the case, as this component fell 2.0 percent (led by a retreat of 3.4 percent in gasoline prices). The high-side surprise occurred in the food component, which jumped 0.4 percent, one of the sharpest increases of the past several years. Core prices rose 0.2 percent, as expected (slightly faster if calculated with more precision: 0.223 percent, about the same as 0.242 percent in January).

Within the core component, prices of hotel stays and apparel stood out on the firm side, with increases of 2.3 percent and 0.4 percent, respectively. However, these changes merely represented offsets to soft readings in prior months and did little to alter trends. These areas are noisy, and the increases in February could be viewed as normal volatility. The high-side changes were countered by price declines in recreation services, medical commodities, and airfares. Several items contributed to the drop of 0.5 percent in recreation services (cable and satellite fees, charges for pet services, admissions to sporting events, and club dues). The drop in prices of medical commodities reflected primarily lower drug prices, which fell for the second consecutive month and effectively offset all of a surge in December. The drop in airfares followed an increase in January and kept charges comfortably within the recent range (and well below fares from a few years ago).

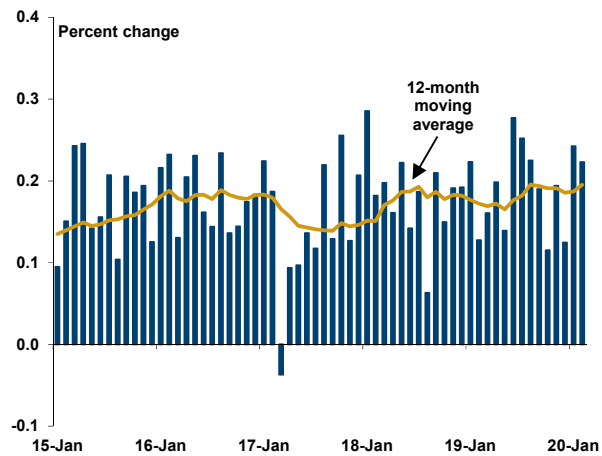
The latest changes left the year-over-year increase in the headline index at 2.3 percent, down from 2.5 percent in January and well shy of the recent peak of 2.9 percent in the summer of 2018. The year-over-year change in the core index totaled 2.4 percent, up from 2.3 percent in January and equal to the recent peak in July 2018.

### Headline CPI



Source: Bureau of Labor Statistics via Haver Analytics

### Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

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