

U.S. Data Review

- CPI: sharp increases in pandemic-affected items; pressure in a few other areas

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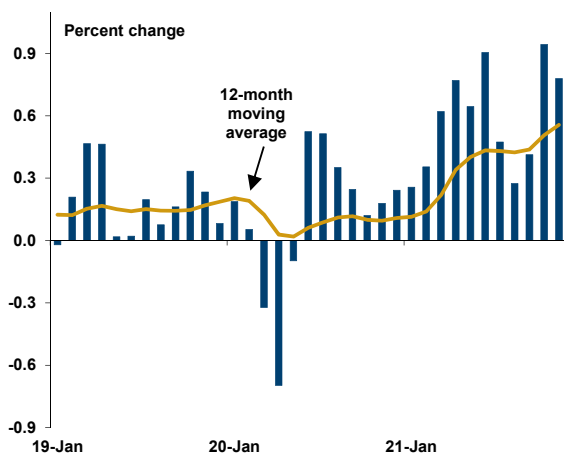
Consumer Prices

The consumer price index rose 0.8 percent in November, a touch firmer than the expected increase of 0.7 percent, while the core component matched expectations with an increase of 0.5 percent. The latest monthly results left the year-over-year increase in the headline index at 6.8 percent, up from 6.2 percent in October and the fastest pace since June 1982. The core component rose 4.9 percent in the past 12 months, up from 4.6 percent in October and the fastest since June 1991.

The food and energy components remained under pressure, increasing 0.7 percent and 3.5 percent, respectively. Both have been on exponential-like paths since early in the year. The increase in the core component was heavily influenced by items sensitive to Covid-19 (discounted during the worst of the pandemic last year, and increasing in price now). Airfares led the increase in the core component with a jump of 4.7 percent. This increase offset only a portion of the cumulative decline in the prior four months and left fares still far below pre-virus norms. Hotel fees also jumped (up 3.2 percent), and with socializing and office work picking up, apparel prices rose 1.3 percent. Prices of new and used vehicles remained under upward pressure, up 1.1 percent and 2.5 percent respectively. One area affected by the pandemic gave back some of the recent price surges: admissions to sporting events fell 4.8 percent in November.

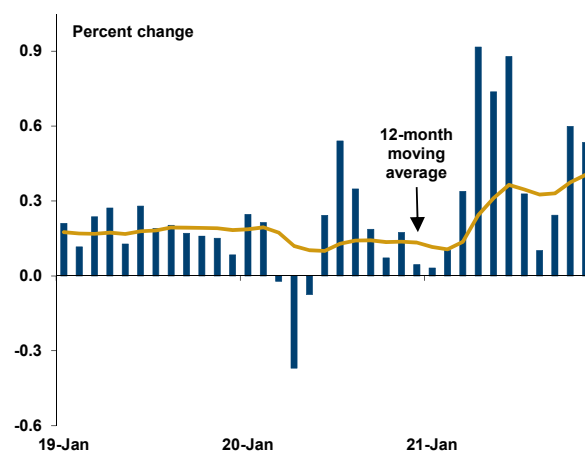
A few areas less sensitive to the pandemic rose noticeably in November. Both rent of primary residence and owners' equivalent rent rose 0.4 percent, marking the third consecutive month at this pace or faster. Rents were increasing at a rate of approximately 0.2 percent during the worst of the pandemic and approximately 0.3 percent before the onset of Covid-19. Prices of recreation commodities have moved erratically this year, but they are rising sharply on balance, and an increase of 0.3 percent added to the uptrend. Drug prices had lost ground last year and much of this year, but they may have turned a corner, as an increase of 0.2 percent in November followed jumps of 0.7 percent in both September and October. An increase of 0.2 percent in the other category added to the average increase of 0.5 percent in the prior four months.

Headline CPI



Source: Bureau of Labor Statistics via Haver Analytics

Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

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