

# U.S. Data Review

- CPI: prices of food and energy continue to soar
- Prices of a few goods decline
- Prices of services jump

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## Consumer Prices

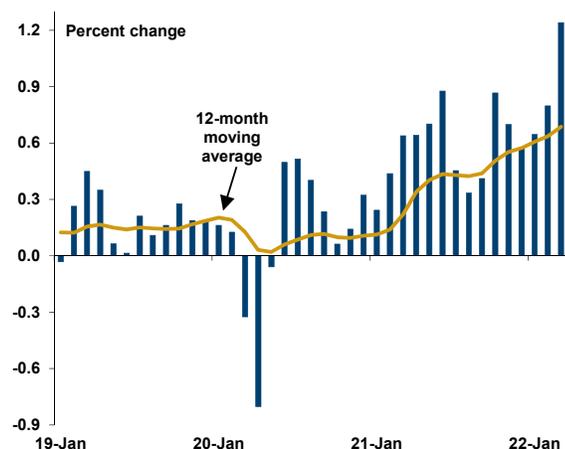
The consumer price index rose 1.2 percent in March, matching expectations. Most of the pressure came in the food and energy components (up 1.0 percent and 11.0 percent, respectively), while the core component was on the soft side of expectations (up 0.3 percent versus a consensus estimate of 0.5 percent).

The advance in the energy component was striking, as only one observation in the history of the series was firmer (13.5% in September 2005; figures dating back to 1957). The price of gasoline led the surge (up 18.3 percent), but fuel oil also contributed noticeably (15.3 percent). Charges for electricity and natural gas were tame by comparison but still up noticeably (2.2 percent and 0.6 percent, respectively). The food component remained on a tear with an increase of 1.0 percent matching the jump in the prior month and adding to the average advance of 0.8 percent in the five months before the recent bursts.

The core component surprised on the downside, but we would not conclude that the restrained increase reflected a break in price pressure. The modest advance was largely the result of marked declines in areas that had shown pronounced pressure during the worst of the pandemic. Most notable, the prices of used motor vehicles fell 3.8 percent after a dip of 0.2 percent in the prior month. The back-to-back declines were encouraging, but the changes were mere dents in the surge of 54.7 percent since the start of the pandemic. Prices of recreation commodities dipped 0.1 percent, led by a decline of 2.4 percent in the prices of televisions.

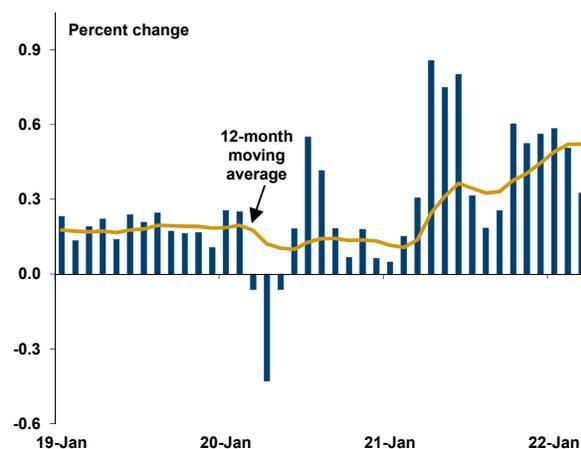
The report continued to show upward pressure on several other commodities, such household furnishings (1.0 percent), appliances (1.5 percent), and apparel (0.6 percent). In addition, prices of services rose noticeably (0.7 percent), and rents remained under pressure (0.4 percent, versus pre-Covid norm of 0.3 percent and increases of 0.1 to 0.2 during the worst of the pandemic). Prices related to travel and tourism jumped (airfares = 10.7 percent, hotel stays = 3.7 percent, car rental = 11.7 percent). Admissions to non-sport entertainment events rose 0.8 percent, and prices of other recreation services rose 0.4 percent after an average increase of 0.7 percent in the prior two months. The cost of financial services rose 2.0 percent. Many observers were expecting (hoping) that a shift in consumer demand from goods to services would help to cool inflation, but the shift in demand toward services seems to be pressuring prices in these sectors.

### Headline CPI



Source: Bureau of Labor Statistics via Haver Analytics

### Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

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