This morning's "cool" November CPI print not only solidifies the view of a US economy "past peak" inflation, but more clearly highlights the "broadening" of disinflationary forces across the US economy. This should fuel a strong "bear market rally" into early 2023. November US CPI came in at +0.1% on a m/m basis (vs. +0.3% expected), and at +7.1% on a y/y basis (vs. +7.3% expected), down sharply from 7.7% in October and a peak of 9.1% in June. Housing-related costs were the largest driver of monthly price increases in November. An easing of supply side bottlenecks on goods, and moderating energy prices, were important drivers of the decline.

Looking ahead, we expect the market's focus to shift from "peak" inflation to "sticky" inflation (energy, food, services) in 2023, and as the year progresses, an additional shift in focus from the inflation concerns of 2022 to declining global and US GDP growth in 2023.

Notably, following tomorrow's last Fed meeting of the year, the next FOMC meeting is not scheduled for another 7 weeks (Feb 1) - a lifetime away in today's markets!

While m/m inflation data provides very useful information on the recent momentum in (dis)inflation, a look at today's CPI data on a y/y basis provides a useful lens on the categories in which the consumer is feeling the most cost pressure relative to one year ago.

Energy Food

Novembei	'US intl	lation l	by sect	tor (y/	y)

Eggs	49%
Airline fares	36%
Public transportation	24%
Cereals & bakery products	16%
Utility gas service	16%
Milk	15%
Energy services	14%
Transportation services	14%
Delivery services	14%
Electricity	14%
Vehicle accessories	14%
Health insurance	14%
Motor vehicle insurance	13%
Nonalcoholic beverages	13%
Energy	13%
Pets & pet products	13%
Tools, hardware & supplies	13%
Housekeeping supplies	12%
Energy commodities	12%
Food at home	12%
Motor vehicle maint. & Repair	12%
Motor vehicle parts and equipment	12%
Veterinarian services	11%
Motor fuel	11%
Tires	10%
Fruits and vegetables	10%
Food away from home	9%
Outdoor equip. & supplies	8%

Laundry & cleaning services Personal care products New vehicles Rent of shelter New trucks Owners' equivalent rent Shelter Music instruments & acces. Furniture & bedding Services less energy services Garbage & trash collection Tobacco & smoking products Legal services Alcoholic beverages Cosmetics Financial services Day care and preschool Educational books Funeral expenses Nursing homes 5% Medical care services 4% Apparel Apparel	Household furnishings & supplies	8%
Rent of shelter 7% New trucks 7% Owners' equivalent rent 7% Shelter 7% Music instruments & acces. 7% Furniture & bedding 7% Services less energy 7% Garbage & trash collection 7% Tobacco & smoking 7% Legal services 6% Alcoholic beverages 6% Financial services 5% Cosmetics 5% Recreation services 5% Day care and preschool 5% Educational books 5% Jewelry and watches 5% Nursing homes 5% Medical care services 4% Water & sewerage maint. 4% Land-line phone services 4%		8%
Rent of shelter 7% New trucks 7% Owners' equivalent rent 7% Shelter 7% Music instruments & acces. 7% Furniture & bedding 7% Services less energy 7% Garbage & trash collection 7% Tobacco & smoking products Legal services 6% Alcoholic beverages 6% Financial services 5% Cosmetics 5% Recreation services 5% Day care and preschool 5% Educational books 5% Jewelry and watches 5% Nursing homes 5% Medical care services 4% Water & sewerage maint. 4% Land-line phone services 4%	Personal care products	7%
New trucks Owners' equivalent rent The Shelter The Music instruments & acces. Furniture & bedding Services less energy services Garbage & trash collection Tobacco & smoking products Legal services Alcoholic beverages Financial services Cosmetics The Shelter The Music instruments & acces. The Music instrument	New vehicles	7%
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Nursing homes 5% Medical care services 4% Water & sewerage maint. 4% Land-line phone services 4%	Jewelry and watches	5%
Medical care services 4% Water & sewerage maint. 4% Land-line phone services 4%	Funeral expenses	5%
Water & sewerage maint. 4% Land-line phone services 4%	Nursing homes	5%
Land-line phone services 4%	Medical care services	4%
	Water & sewerage maint.	4%
Apparel 4%	Land-line phone services	4%
	Apparel	4%

Core goods Core se	ervices
Moving, storage, freight expense	4%
School tuition	4%
Photo equipment & supplies	3%
Lodging away from home	3%
Recreational reading	3%
Professional services	3%
Hospital services	3%
Medicinal drugs	3%
Sporting goods	3%
Footwear	2%
College tuition and fees	2%
Appliances	2%
Physicians' services	2%
Audio equipment	1%
Internet services	1%
Meats	1%
Technical & bus. school tuition	1%
Wireless phone services	1%
Toys	1%
Intracity mass transit	0%
Computer software and accessories	(-2%)
Used cars and trucks	(-3%)
Computers and smart home assistants	(-4%)
Car & truck rental	(-6%)
TVs	(-17%)
Smartphones	(-23%)

Source: (1) Bureau of Labor Statistics. CPI Report November 2022.

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