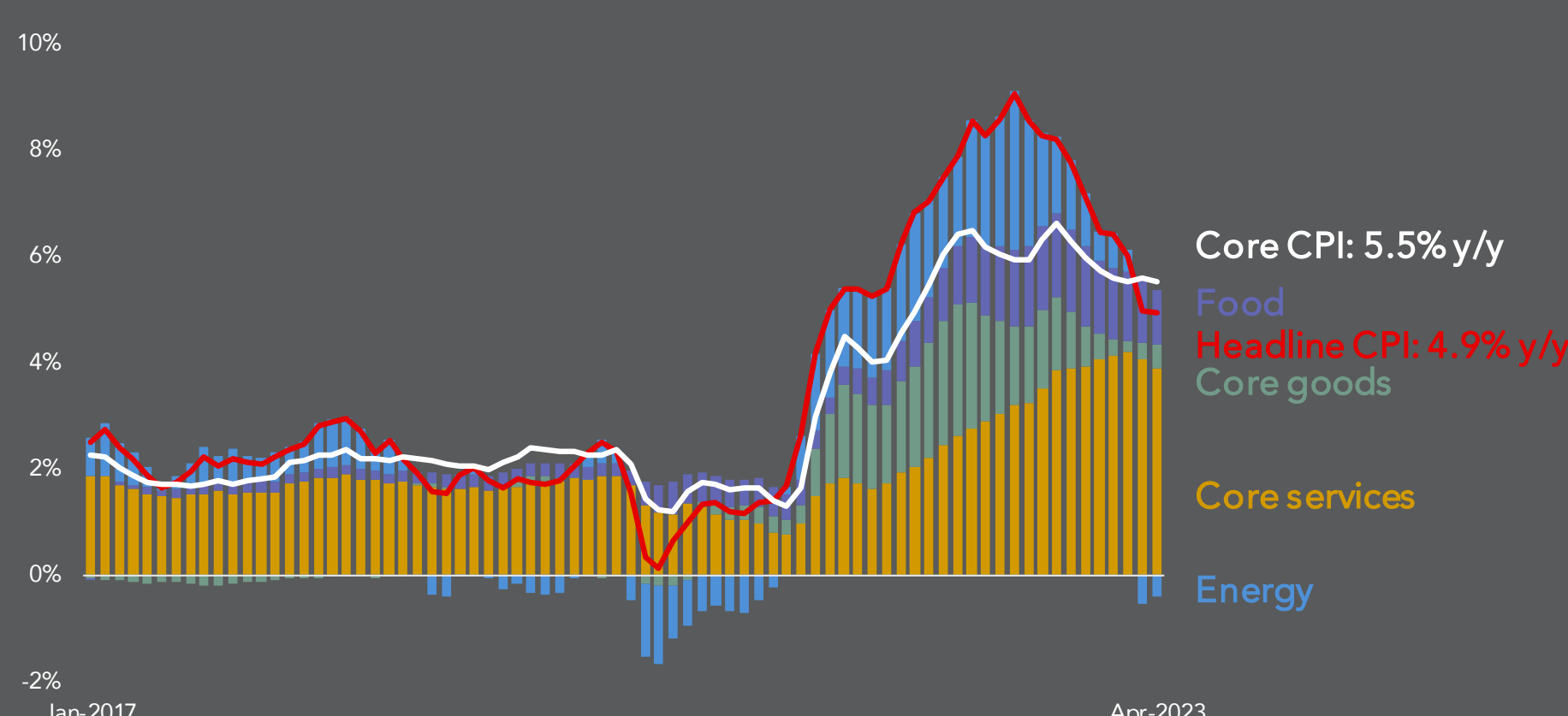


Chart of the Day

The US Consumer Price Index (CPI) moderated in April, dropping below 5% for the first time in 2 years. While energy prices are lower on a Y/Y basis, the 0.6% m/m increase was a primary contributor to the 0.4% m/m increase in headline CPI.

Breakdown of CPI by components

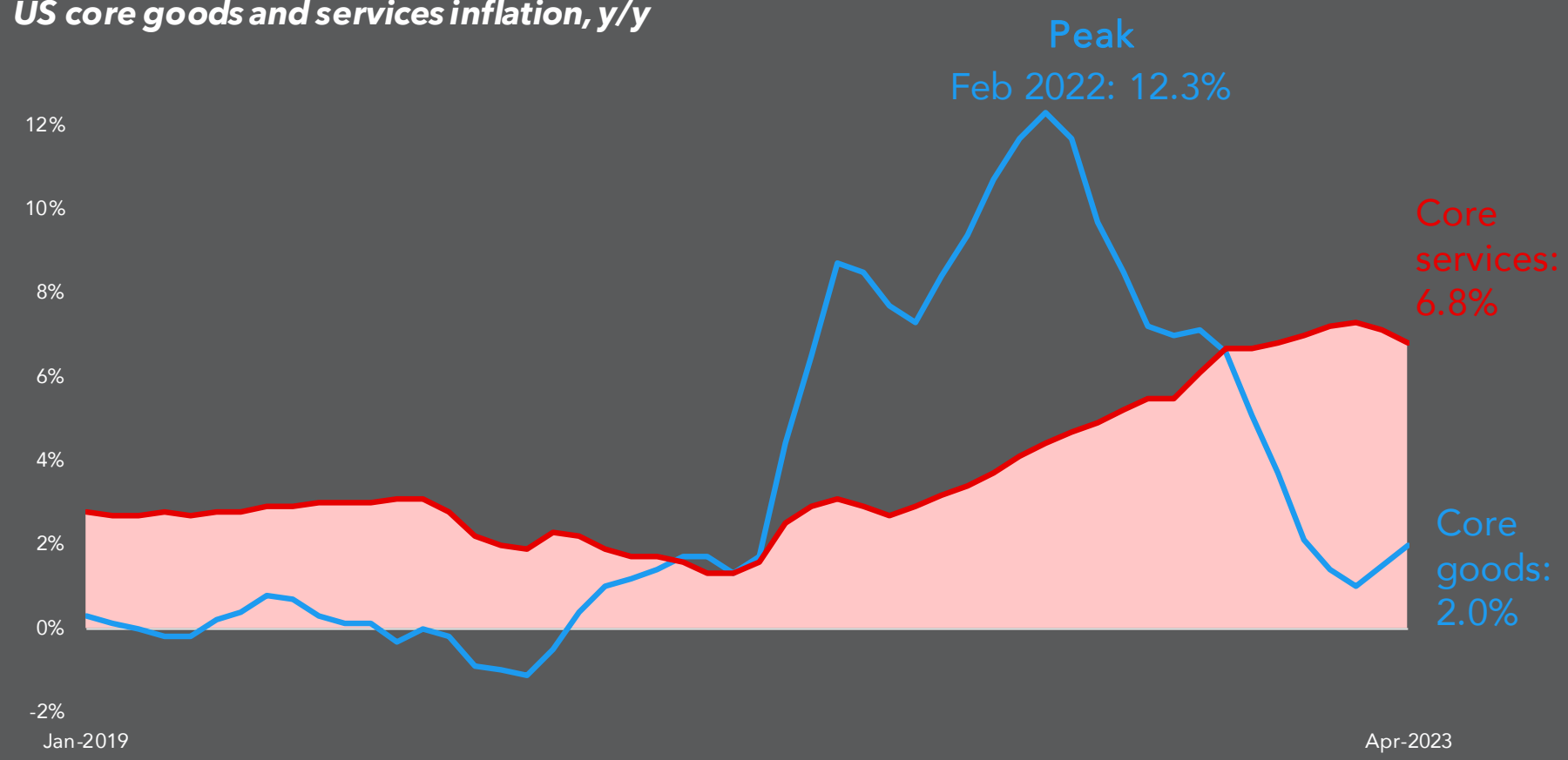


With Y/Y headline inflation marginally below expectations at 4.9% in April (vs 5% consensus), markets take comfort from an increased probability of a Fed pause, especially as debt ceiling brinkmanship increases in the weeks ahead. Core inflation at 5.5% Y/Y was in line with consensus forecasts.

Metric	Actual	Median Est.	
CPI MoM	+0.4%	+0.4%	Met expectations
Core CPI MoM	+0.4%	+0.4%	Met expectations
CPI YoY	+4.9%	+5.0%	Beat expectations
Core CPI YoY	+5.5%	+5.5%	Met expectations

Core goods and services continued their directional trend from March with services inflation declining to 6.8% y/y (after 19 months of steady increases) and goods inflation modestly rebounding to 2%. The "super core" (core services ex-housing) also rose by 0.4% m/m, an increase from 0.3% in March.

US core goods and services inflation, y/y



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.

April US inflation by sector (y/y)

	Energy	Food	Core goods	Core services
Eggs		21%		
Motor vehicle insurance		16%		
Motor vehicle maint. & Repair		13%		
Cereals & bakery products		12%		
Outdoor equip. & supplies		12%		
Transportation services		11%		
Pets & pet products		11%		
Veterinarian services		10%		
Housekeeping supplies		10%		
Vehicle accessories		10%		
Nonalcoholic beverages		10%		
Tools, hardware & supplies		9%		
Food away from home		9%		
Electricity	8%			
Financial services		8%		
Rent of shelter		8%		
Jewelry and watches		8%		
Shelter		8%		
Owners' equivalent rent		8%		
Delivery services		7%		
Food at home		7%		
Day care and preschool		7%		
Garbage & trash collection		7%		
Photo equipment & supplies		7%		
Services less energy services		7%		
Tobacco & smoking products		7%		
Laundry & cleaning services		6%		
Recreation services		6%		
Land-line phone services		6%		
Energy services	6%			
Music instruments & acces.		6%		
Motor vehicle parts and equipment		6%		
Nursing homes		6%		
New trucks		6%		
New vehicles		5%		
Personal care products		5%		
Funeral expenses		5%		
Cosmetics		5%		
Audio equipment		5%		
Household furnishings & supplies		5%		
Water & sewerage maint.	5%			
Alcoholic beverages		5%		
Tires		4%		
School tuition		4%		
Apparel		4%		
Medicinal drugs		4%		
Internet services		3%		
Lodging away from home		3%		
Hospital services		3%		
Technical & bus. school tuition		2%		
College tuition and fees		2%		
Professional services		2%		
Fruits and vegetables		2%		
Milk		2%		
Toys			2%	
Recreational reading			1%	
Wireless phone services			1%	
Footwear			1%	
Medical care services			0%	
Public transportation			0%	
Educational books			0%	
Meats		0%		
Physicians' services			0%	
Intracity mass transit			0%	
Furniture & bedding			0%	
Sporting goods			0%	
Moving, storage, freight expense			0%	
Appliances			0%	
Airline fares			(-1%)	
Computer software and accessories			(-2%)	
Utility gas service			(-2%)	
Computers and smart home assistants			(-5%)	
Energy	(-5%)			
Used cars and trucks			(-7%)	
Car & truck rental			(-11%)	
TVs			(-12%)	
Motor fuel			(-12%)	
Energy commodities	(-13%)			
Health insurance			(-16%)	
Smartphones			(-20%)	

Source: (1-3) Bureau of Labor Statistics, CPI Report April 2023, Bloomberg, Data as of May 10, 2023. Goods is commodities less food and energy commodities. Services is less energy.

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"Macro stability isn't everything, but without it, you have nothing."