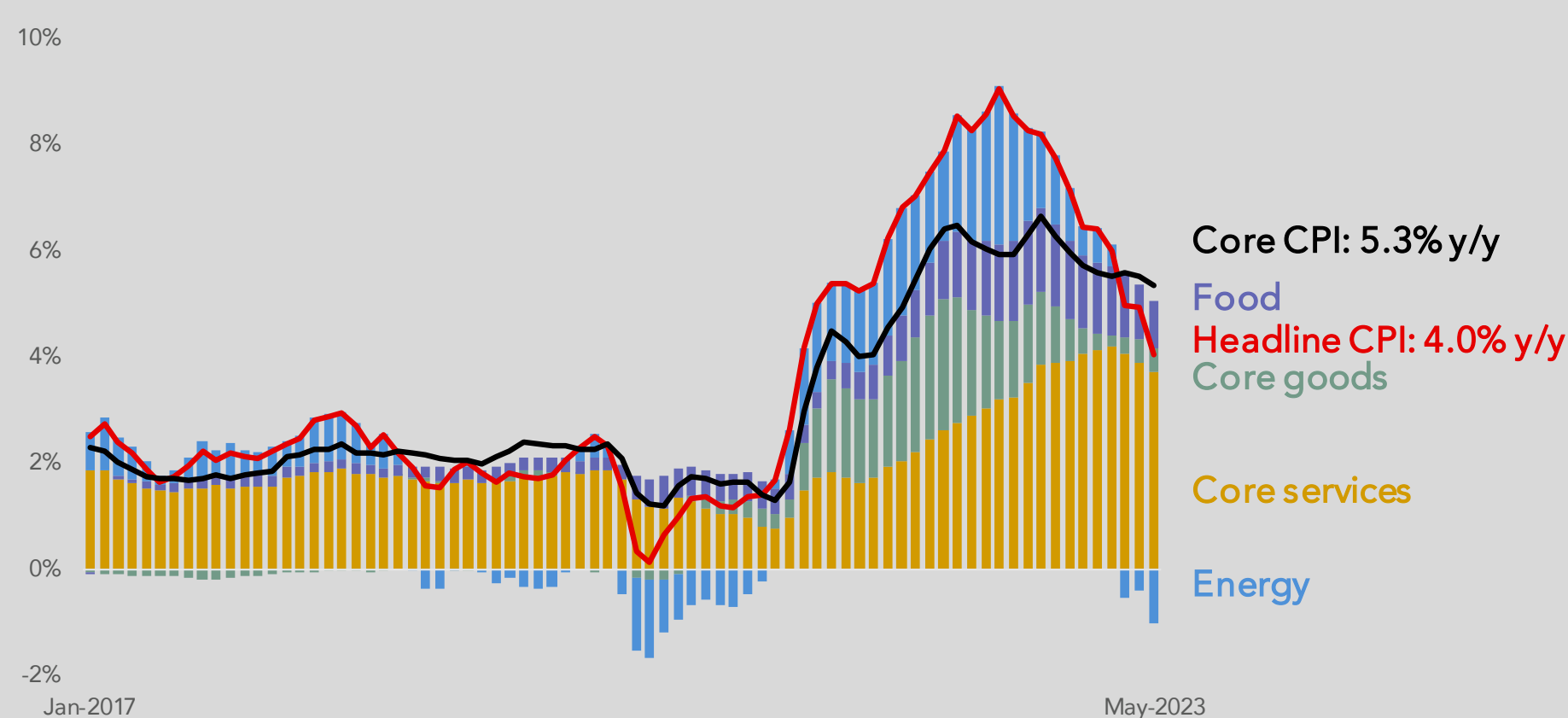


Chart of the Day

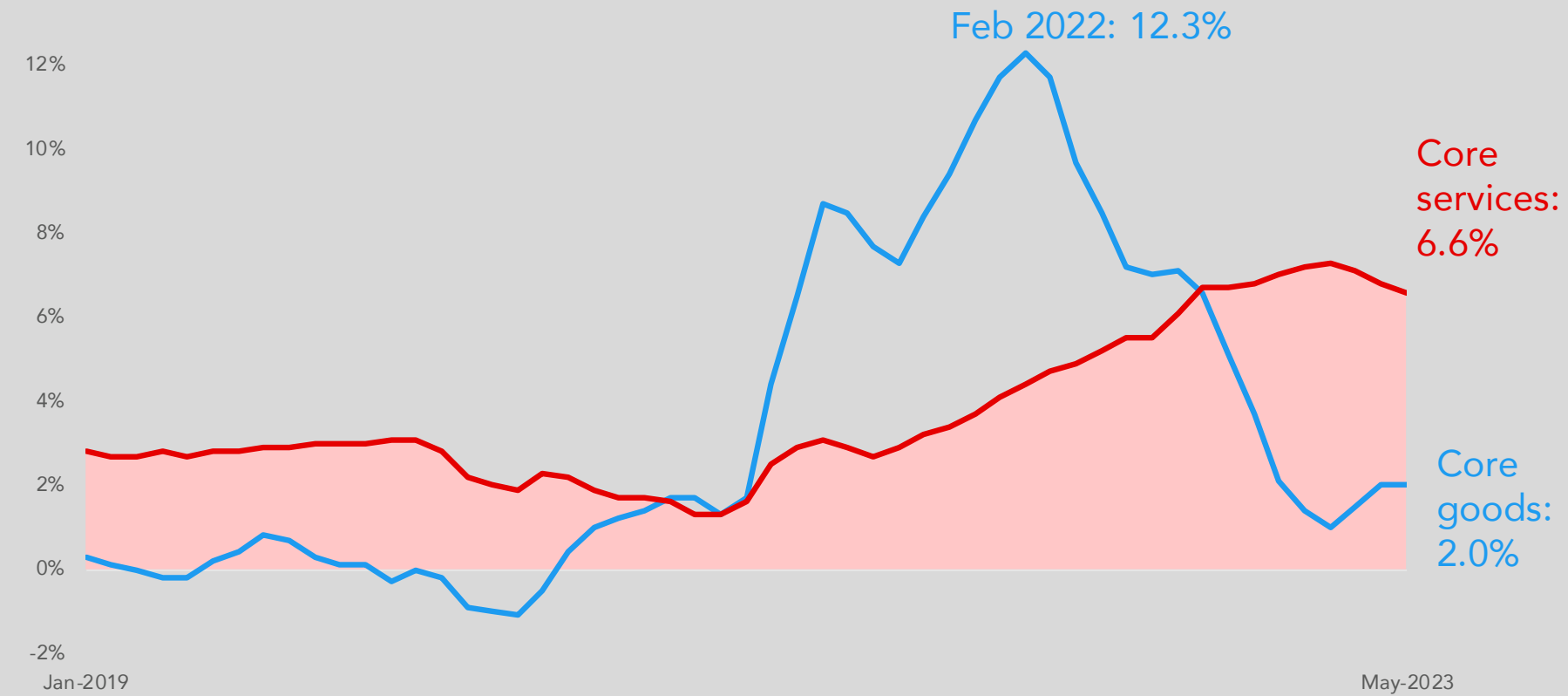
The headline US Consumer Price Index (CPI) continued to moderate in May, falling to a more than two year low of 4.0% y/y driven by another sharp (-3.6% m/m) decline in energy prices. Core prices came in slightly above consensus at 5.3% y/y, with the 0.4% m/m increase in core prices partly due to a 4.4% m/m increase in used vehicle prices.

Breakdown of CPI by components



Core goods and services continued their directional trend since March with services inflation declining to 6.6% y/y (after 19 months of steady increases) and goods inflation flat on the month at 2.0% y/y.

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.

May US inflation by sector (y/y)

	Energy	Food	Core goods	Core services
Motor vehicle insurance			17%	
Motor vehicle maint. & Repair			14%	
Veterinarian services			11%	
Financial services			11%	
Cereals & bakery products		11%		
Pets & pet products			11%	
Outdoor equip. & supplies			10%	
Transportation services			10%	
Nonalcoholic beverages		9%		
Housekeeping supplies			9%	
Food away from home		8%		
Rent of shelter			8%	
Shelter			8%	
Owners' equivalent rent			8%	
Garbage & trash collection			8%	
Personal care products			8%	
Tools, hardware & supplies			7%	
Laundry & cleaning services			7%	
Music instruments & acces.			7%	
Jewelry and watches			7%	
Services less energy services			7%	
Day care and preschool			6%	
Tobacco & smoking products			6%	
Electricity	6%			
Vehicle accessories			6%	
Food at home		6%		
Recreation services			6%	
Land-line phone services			6%	
Audio equipment			5%	
Funeral expenses			5%	
Cosmetics			5%	
Photo equipment & supplies			5%	
New trucks			5%	
Water & sewerage maint.			5%	
Nursing homes			5%	
Alcoholic beverages			5%	
New vehicles			5%	
Motor vehicle parts and equipment			4%	
Household furnishings & supplies			4%	
Medicinal drugs			4%	
Hospital services			4%	
School tuition			4%	
Apparel			4%	
Lodging away from home			3%	
Tires			3%	
Delivery services			3%	
Internet services			3%	
Recreational reading			3%	
Fruits and vegetables		3%		
College tuition and fees			2%	
Technical & bus. school tuition			2%	
Professional services			2%	
Toys			2%	
Energy services	2%			
Wireless phone services			1%	
Meats		0%		
Footwear			0%	
Intracity mass transit			0%	
Medical care services			0%	
Physicians' services			0%	
Appliances			0%	
Eggs		0%		
Furniture & bedding			(-1%)	
Milk		(-1%)		
Sporting goods			(-1%)	
Moving, storage, freight expense			(-1%)	
Educational books			(-1%)	
Computer software and accessories			(-3%)	
Computers and smart home assistants			(-4%)	
Used cars and trucks			(-4%)	
Public transportation			(-9%)	
Utility gas service	(-11%)			
TVs			(-12%)	
Energy	(-12%)			
Car & truck rental			(-12%)	
Airline fares			(-13%)	
Smartphones			(-15%)	
Motor fuel	(-20%)			
Energy commodities	(-20%)			
Health insurance			(-21%)	

Source: (1-3) Bureau of Labor Statistics. CPI Report May 2023. Bloomberg. Data as of June 13, 2023. Goods is commodities less food and energy commodities. Services is less energy.

Global Corporate & Investment Banking Capital Markets Strategy Team



Tom Joyce
Managing Director
Tom.Joyce@mufgsecurities.com
(212) 405-7472



Hailey Orr
Managing Director
Hailey.Orr@mufgsecurities.com
(212) 405-7429



Stephanie Kendal
Vice President
Stephanie.Kendal@mufgsecurities.com
(212) 405-7443

“Macro stability isn’t everything, but without it, you have nothing.”