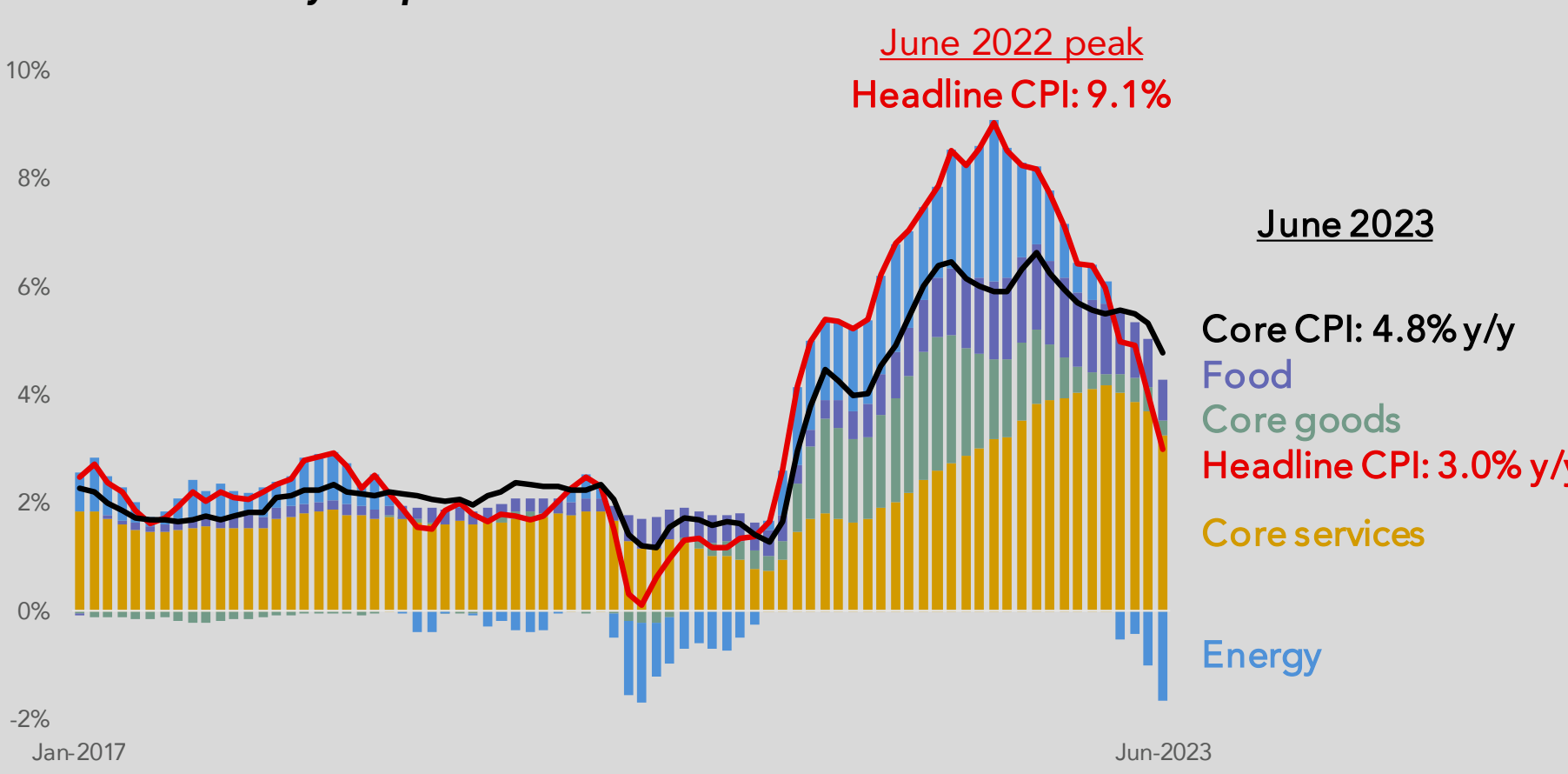


# Chart of the Day

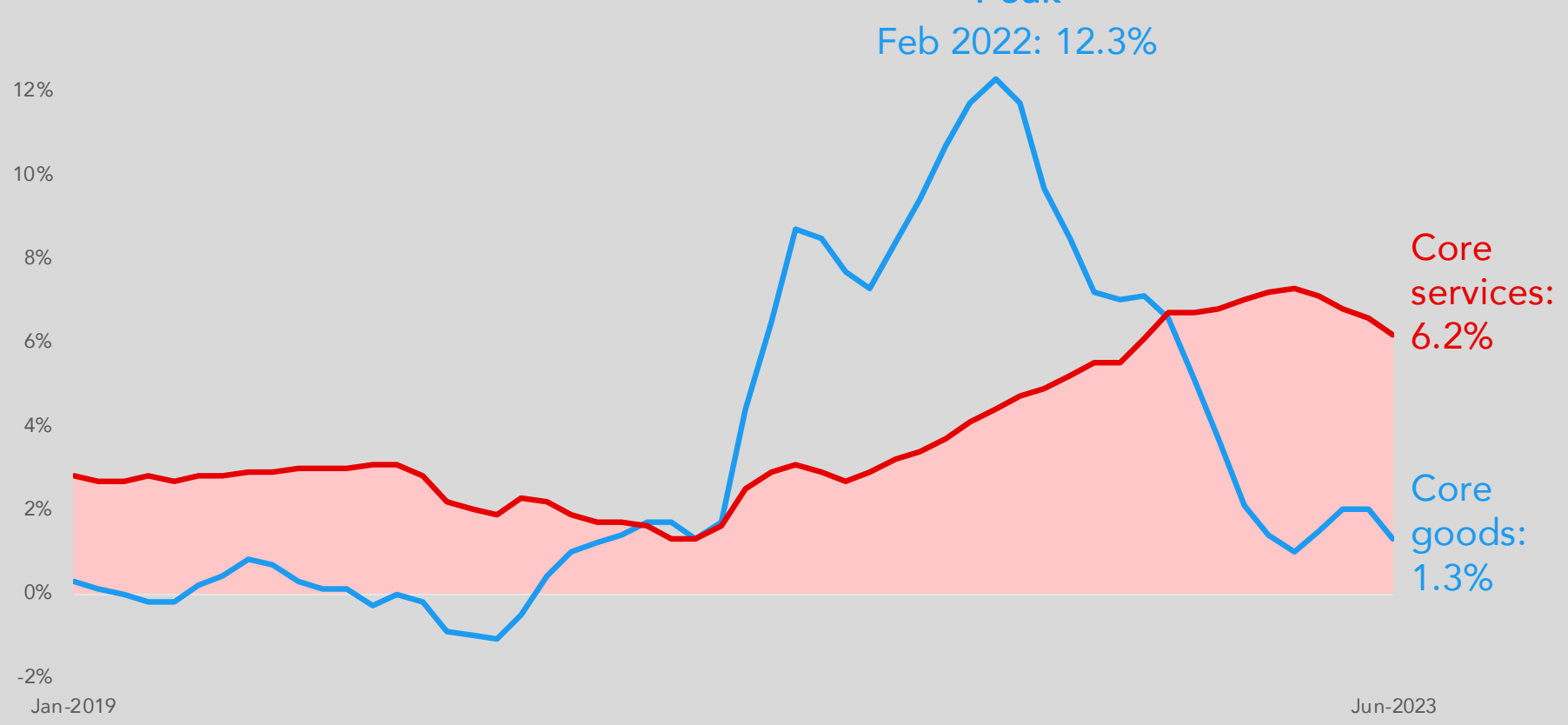
The headline US Consumer Price Index (CPI) fell to 3.0% in June, down sharply from the 9.1% peak one year ago, and its lowest level in 27 months. Core inflation increased by 0.2% m/m (less than consensus) to a 20-month low of 4.8%. Food inflation continued its sharp decline while base effects had a favorable impact as the last of the big energy price increases of 1H 2022 dropped out. With core CPI of 4.8% still well above the Fed’s 2% target, markets are pricing more than a 90% probability of an additional Fed rate hike at the July 26 Fed meeting.

Breakdown of CPI by components



Core services and core goods both declined to 6.2% and 1.3%, respectively. Shelter inflation continued its downward trend as owners’ equivalent rent increased by only 0.4% m/m.

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 (and relief) relative to one year ago.

June US inflation by sector (y/y)

		Energy	Food	Core goods	Core services
Motor vehicle insurance	17%				
Financial services	13%				
Motor vehicle maint. & Repair	13%				
Veterinarian services	11%				
Outdoor equip. & supplies	11%				
Music instruments & acces.	10%				
Pets & pet products	9%				
Cereals & bakery products	9%				
Transportation services	8%				
Rent of shelter	8%				
Shelter	8%				
Owners' equivalent rent	8%				
Food away from home	8%				
Garbage & trash collection	8%				
Nonalcoholic beverages	8%				
Housekeeping supplies	7%				
Personal care products	7%				
Jewelry and watches	6%				
Tools, hardware & supplies	6%				
Photo equipment & supplies	6%				
Services less energy services	6%				
Laundry & cleaning services	6%				
Recreation services	6%				
Land-line phone services	6%				
Tobacco & smoking products	6%				
Day care and preschool	6%				
Electricity	5%				
Funeral expenses	5%				
Cosmetics	5%				
Water & sewerage maint.	5%				
Vehicle accessories	5%				
Food at home	5%				
School tuition	5%				
Lodging away from home	5%				
Alcoholic beverages	4%				
New trucks	4%				
New vehicles	4%				
Hospital services	4%				
Medicinal drugs	4%				
Delivery services	4%				
Motor vehicle parts and equipment	4%				
Nursing homes	3%				
Internet services	3%				
Household furnishings & supplies	3%				
Apparel	3%				
Fruits and vegetables	3%				
Tires	3%				
Technical & bus. school tuition	2%				
College tuition and fees	2%				
Professional services	2%				
Toys	1%				
Meats	1%				
Physicians' services	1%				
Intracity mass transit	0%				
Moving, storage, freight expense	0%				
Audio equipment	0%				
Wireless phone services	(-1%)				
Medical care services	(-1%)				
Energy services	(-1%)				
Footwear	(-1%)				
Sporting goods	(-1%)				
Recreational reading	(-1%)				
Appliances	(-1%)				
Furniture & bedding	(-2%)				
Milk	(-2%)				
Educational books	(-3%)				
Computers and smart home assistants	(-5%)				
Used cars and trucks	(-5%)				
Computer software and accessories	(-7%)				
Eggs	(-8%)				
TVs	(-10%)				
Car & truck rental	(-12%)				
Public transportation	(-13%)				
Smartphones	(-16%)				
Energy	(-17%)				
Utility gas service	(-19%)				
Airline fares	(-19%)				
Health insurance	(-25%)				
Motor fuel	(-27%)				
Energy commodities	(-27%)				

Source: (1-3) Bureau of Labor Statistics, CPI Report June 2023. Bloomberg. Data as of July 12, 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.”