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 4.8% in June, 2023. Bloomberg. Data as of July 12, 2023. Core inflation continued its downward trend as owner’s equivalent rent increased by only 0.4% m/m.

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

While m/m inflation data provides very useful information on the recent momentum in inflation, a look at today’s CPI data on a y/y basis provides a useful lens on the prices of the goods and services the consumer is feeling the most cost pressure (and relief) relative to one year ago.