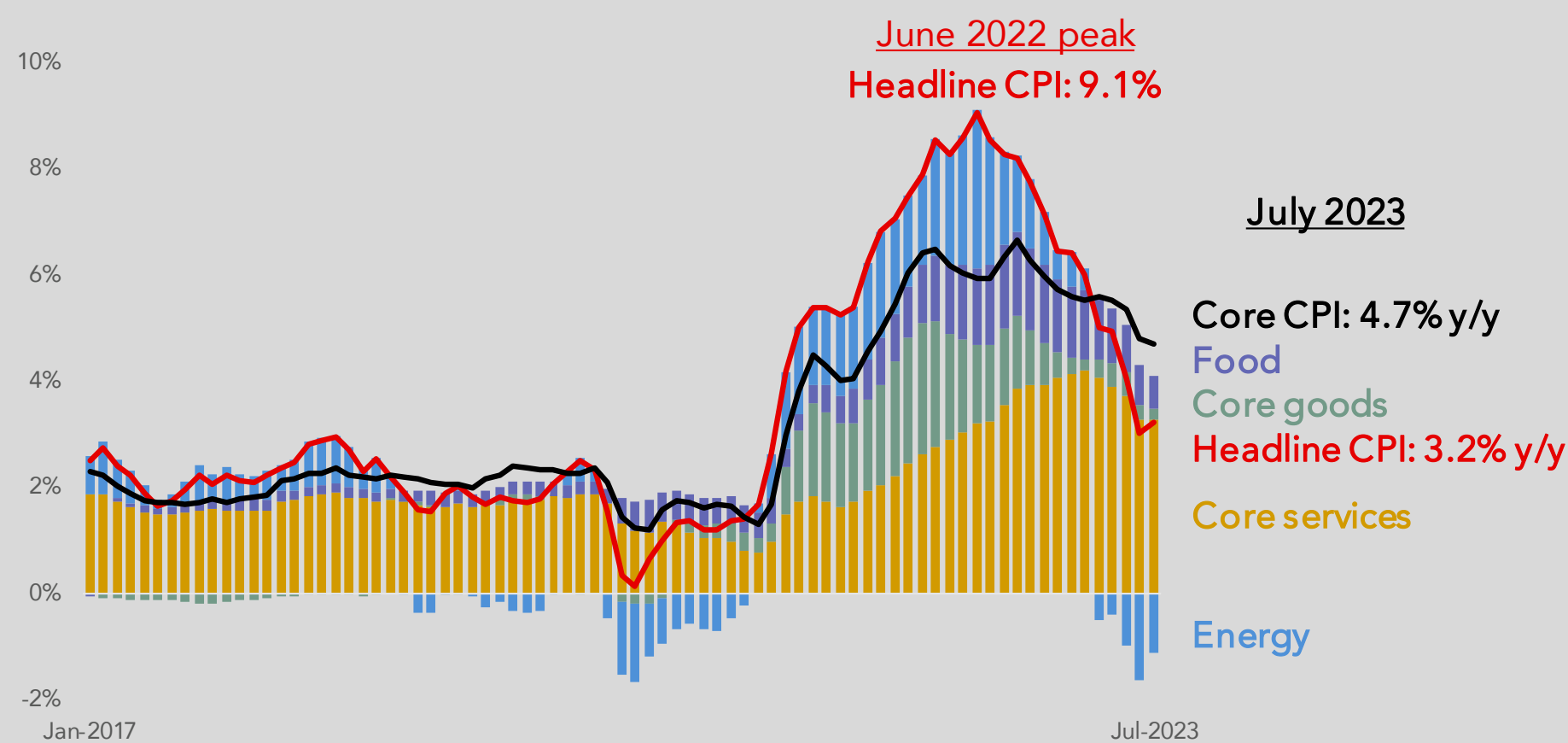


Chart of the Day

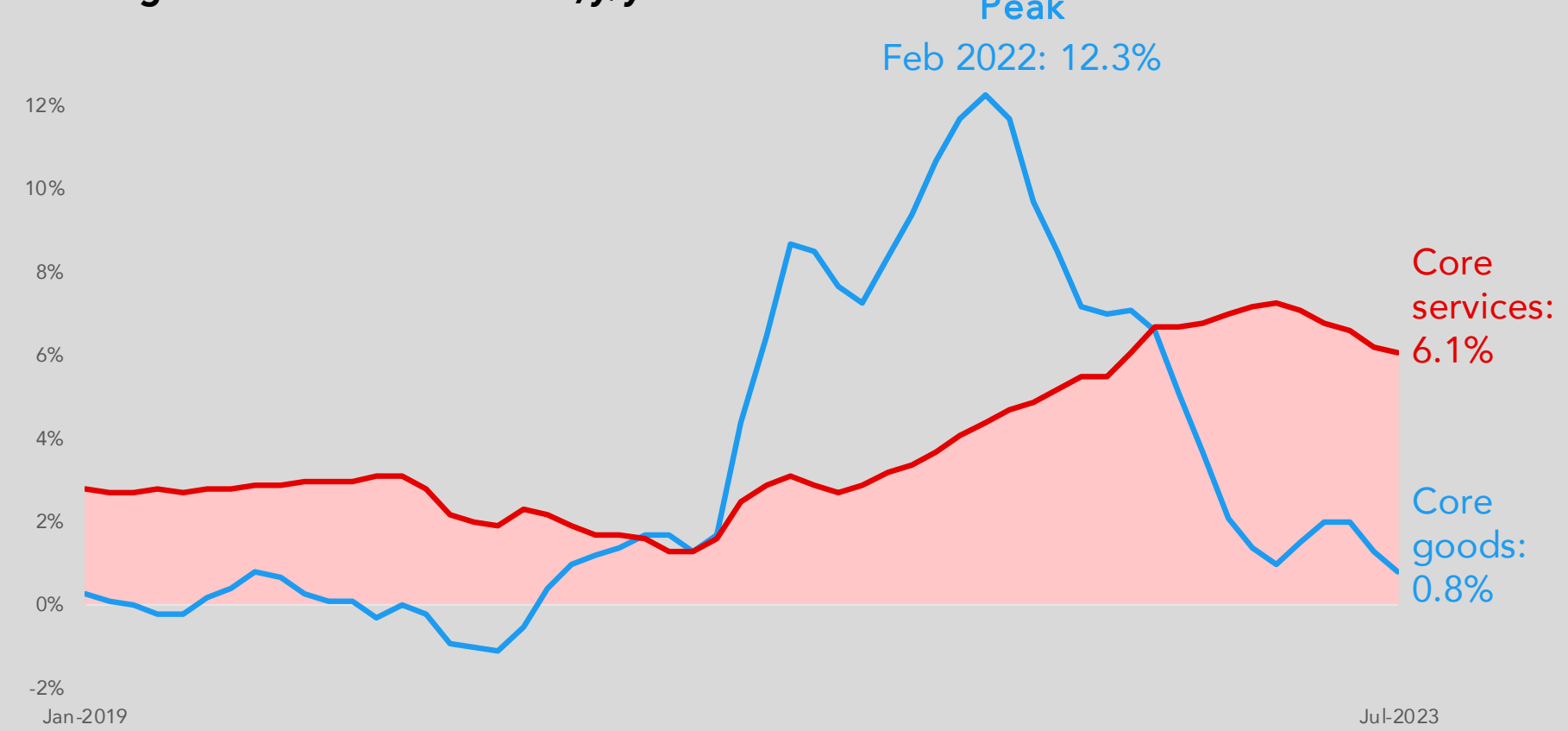
The headline and core US Consumer Price Index (CPI) both increased a modest 0.2% m/m in July, as disinflationary pressures continue to build. While annual headline CPI increased to 3.2% y/y, core inflation edged down to 4.7% y/y, marking the smallest back-to-back gains in over two years. Moderating inflation pressure in July reinforced expectations that the Fed will pause at its upcoming September meeting.

Breakdown of CPI by components



Core services and core goods both declined to 6.1% and 0.8%, respectively. Shelter costs, which are the biggest services component and make up 1/3 of overall CPI, rose 0.4% for a second consecutive month while core goods prices fell by the most since March 2022.

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.

July US inflation by sector (y/y)

	Energy	Food	Core goods	Core services
Motor vehicle insurance	18%			
Motor vehicle maint. & Repair	13%			
Veterinarian services	11%			
Music instruments & acces.	10%			
Financial services	9%			
Transportation services	9%			
Garbage & trash collection	9%			
Outdoor equip. & supplies	8%			
Pets & pet products	8%			
Rent of shelter	8%			
Shelter	8%			
Owners' equivalent rent	8%			
Food away from home	7%			
Cereals & bakery products	7%			
Land-line phone services	7%			
Jewelry and watches	7%			
Personal care products	6%			
Recreation services	6%			
Services less energy services	6%			
Tobacco & smoking products	6%			
Tools, hardware & supplies	6%			
Day care and preschool	6%			
Lodging away from home	6%			
Housekeeping supplies	6%			
Funeral expenses	6%			
Nursing homes	6%			
Nonalcoholic beverages	5%			
Laundry & cleaning services	5%			
Cosmetics	5%			
School tuition	5%			
Water & sewerage maint.	5%			
Internet services	5%			
Alcoholic beverages	4%			
Medicinal drugs	4%			
New trucks	4%			
Food at home	4%			
New vehicles	4%			
Apparel	3%			
Hospital services	3%			
Electricity	3%			
Motor vehicle parts and equipment	3%			
Fruits and vegetables	3%			
Tires	3%			
Vehicle accessories	3%			
Delivery services	3%			
Technical & bus. school tuition	2%			
Household furnishings & supplies	2%			
College tuition and fees	2%			
Professional services	2%			
Meats	2%			
Intracity mass transit	1%			
Physicians' services	0%			
Photo equipment & supplies	(-1%)			
Sporting goods	(-1%)			
Appliances			(-1%)	
Wireless phone services			(-1%)	
Moving, storage, freight expense			(-1%)	
Energy services	(-1%)			
Recreational reading			(-1%)	
Medical care services			(-2%)	
Footwear			(-2%)	
Audio equipment			(-2%)	
Furniture & bedding			(-3%)	
Toys			(-3%)	
Milk		(-3%)		
Educational books			(-3%)	
Computers and smart home assistants			(-5%)	
Used cars and trucks			(-6%)	
Car & truck rental			(-7%)	
Computer software and accessories			(-7%)	
TVs			(-10%)	
Energy	(-13%)			
Public transportation			(-13%)	
Eggs		(-14%)		
Utility gas service			(-14%)	
Smartphones			(-18%)	
Airline fares			(-19%)	
Motor fuel	(-20%)			
Energy commodities	(-20%)			
Health insurance			(-30%)	

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