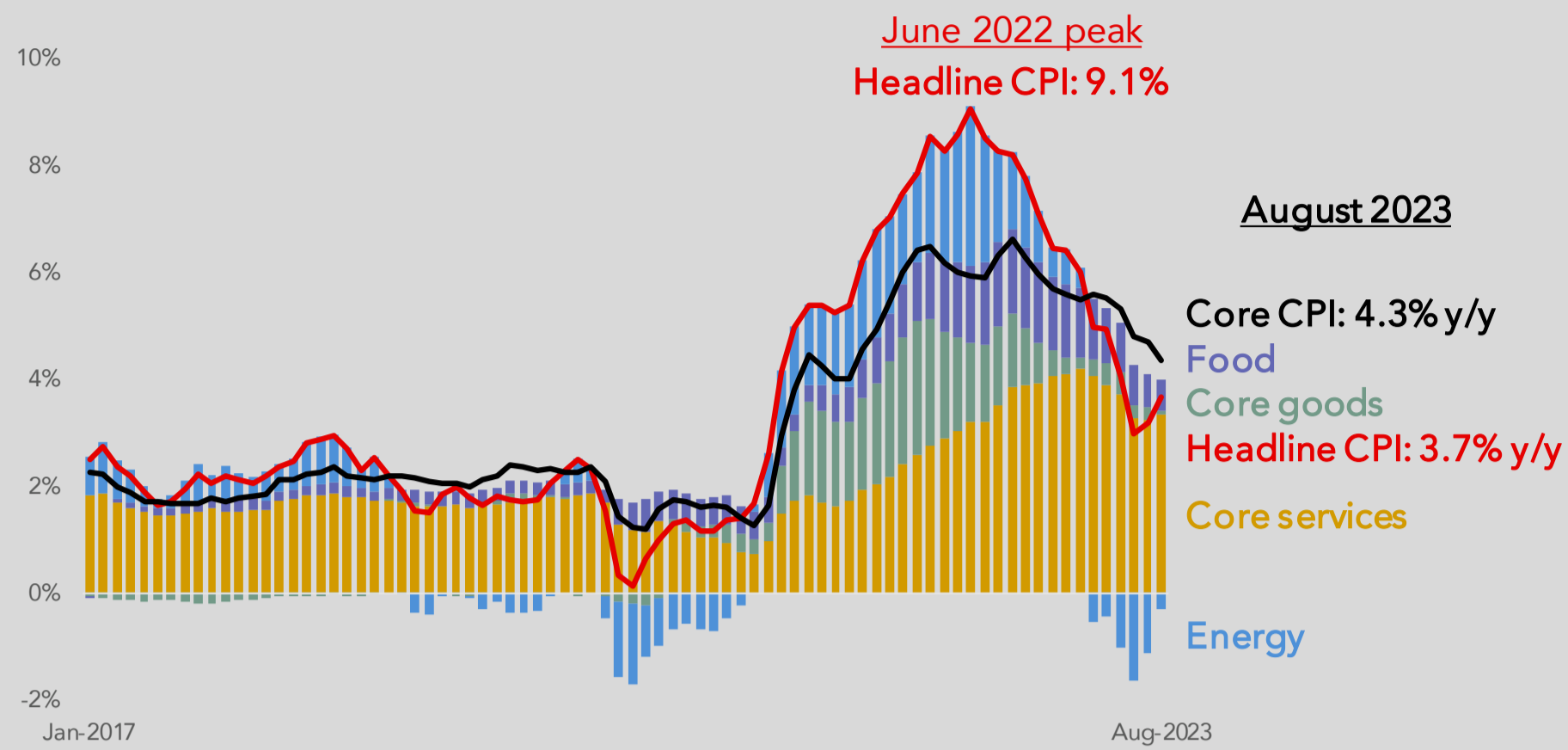


Chart of the Day

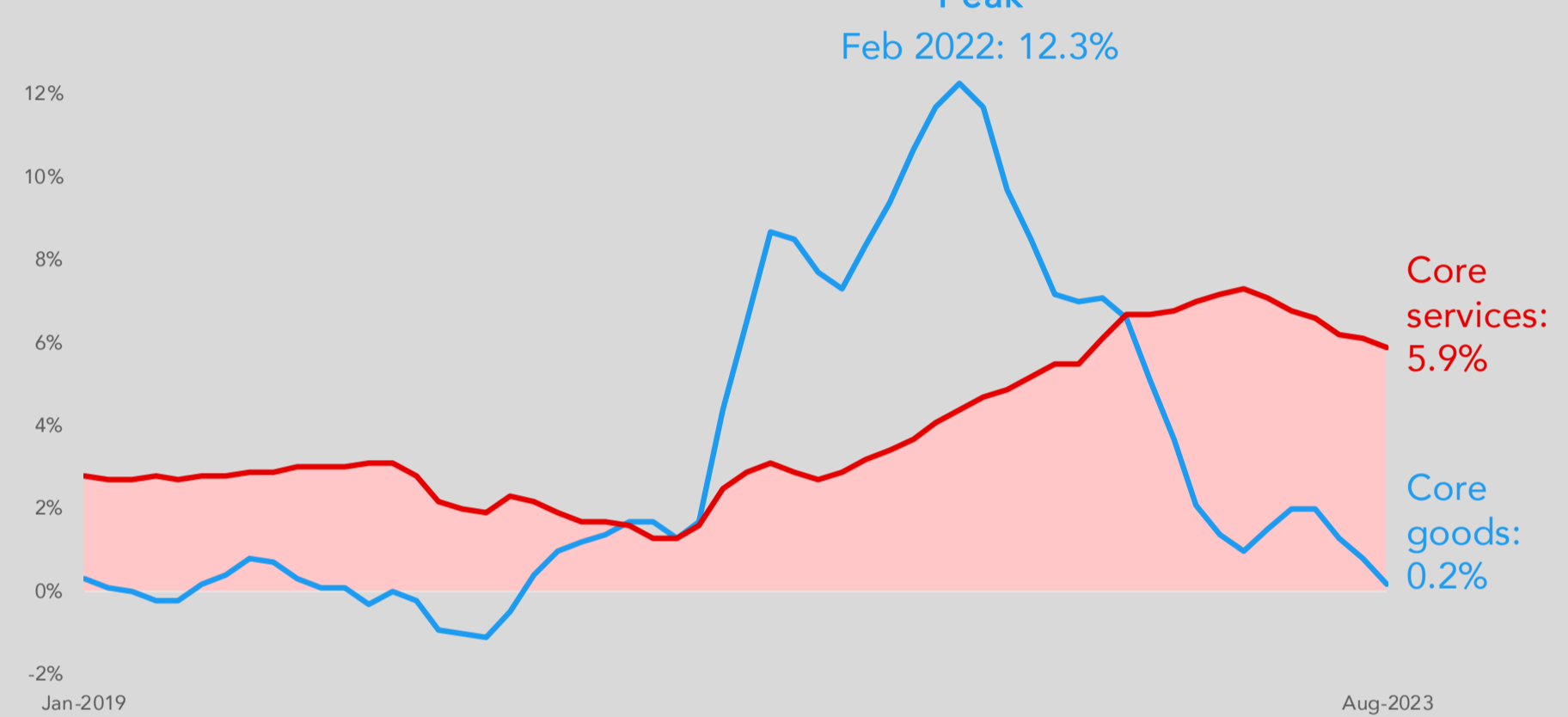
Headline inflation rose to 3.7% y/y (above 3.6% consensus) in August, up from 3.2% in the prior month, as the 10.6% m/m surge in gasoline prices resulted in a 5.6% m/m gain in energy inflation. On a monthly basis, headline CPI rose 0.6% m/m, while core CPI rose 0.3% m/m (above 0.2% consensus). Core inflation edged down to 4.3% y/y, the smallest annual gain since September 2021. Despite the acceleration in August, markets continue to expect the Fed to remain on pause at its upcoming September meeting.

Breakdown of CPI by components



Core services and core goods both declined to 5.9% y/y and 0.2% y/y, respectively. Shelter costs, the largest services component and 1/3 of overall CPI, rose 0.3% m/m. Higher interest rates and tighter lending standards continued to drive core goods prices lower.

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.

August US inflation by sector (y/y)

	Energy	Food	Core goods	Core services
Motor vehicle insurance	19%			
Motor vehicle maint. & Repair	12%			
Transportation services	10%			
Garbage & trash collection	9%			
Outdoor equip. & supplies	9%			
Veterinarian services	8%			
Music instruments & acces.	8%			
Rent of shelter	7%			
Shelter	7%			
Owners' equivalent rent	7%			
Funeral expenses	7%			
Food away from home	7%			
Financial services	6%			
Land-line phone services	6%			
Recreation services	6%			
Nursing homes	6%			
Cereals & bakery products	6%			
Services less energy services	6%			
Laundry & cleaning services	6%			
Delivery services	6%			
Tobacco & smoking products	6%			
Day care and preschool	6%			
Jewelry and watches	6%			
Tools, hardware & supplies	6%			
Internet services	5%			
Pets & pet products	5%			
Personal care products	5%			
Housekeeping supplies	5%			
Nonalcoholic beverages	5%			
Water & sewerage maint.	5%			
Medicinal drugs	4%			
Alcoholic beverages	4%			
School tuition	3%			
New trucks	3%			
Apparel	3%			
Lodging away from home	3%			
Food at home	3%			
Hospital services	3%			
New vehicles	3%			
Cosmetics	3%			
Meats	3%			
Vehicle accessories	2%			
Electricity	2%			
Fruits and vegetables	2%			
Motor vehicle parts and equipment	2%			
Professional services	2%			
Tires	2%			
Household furnishings & supplies	2%			
College tuition and fees	2%			
Technical & bus. school tuition	1%			
Intracity mass transit	1%			
Physicians' services	0%			
Appliances	0%			
Footwear	(-0%)			
Wireless phone services				(-1%)
Sporting goods				(-1%)
Audio equipment				(-2%)
Medical care services				(-2%)
Moving, storage, freight expense				(-3%)
Energy services				(-3%)
Toys				(-3%)
Photo equipment & supplies				(-3%)
Educational books				(-3%)
Milk				(-4%)
Energy				(-4%)
Motor fuel				(-4%)
Recreational reading				(-4%)
Energy commodities				(-4%)
Furniture & bedding				(-4%)
Computers and smart home assistants				(-5%)
Used cars and trucks				(-7%)
Car & truck rental				(-7%)
Public transportation				(-9%)
TVs				(-10%)
Computer software and accessories				(-10%)
Airline fares				(-13%)
Utility gas service				(-17%)
Smartphones				(-17%)
Eggs				(-18%)
Health insurance				(-34%)

Source: (1-3) Bureau of Labor Statistics. CPI Report August 2023. Bloomberg. Data as of September 13, 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.”