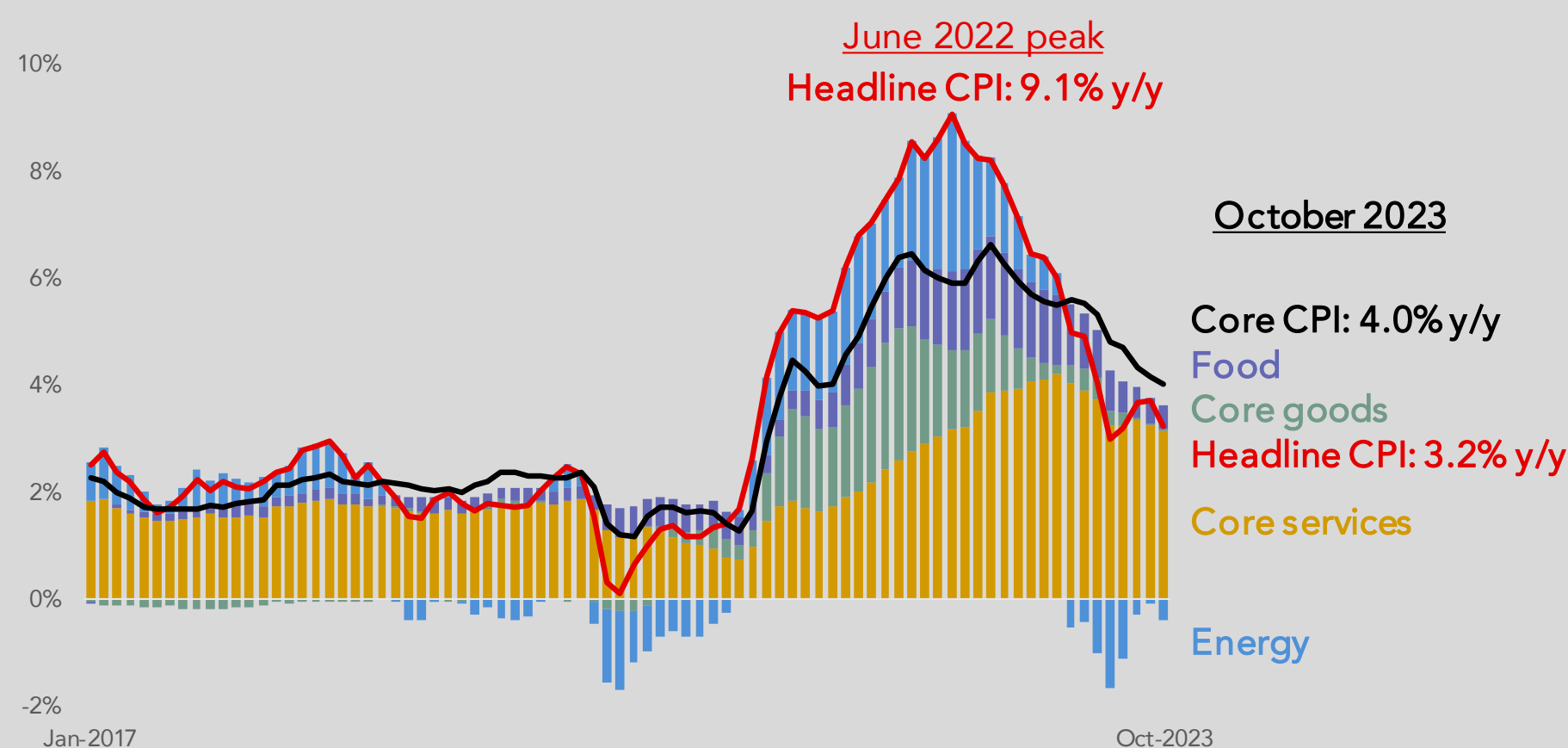


Chart of the Day

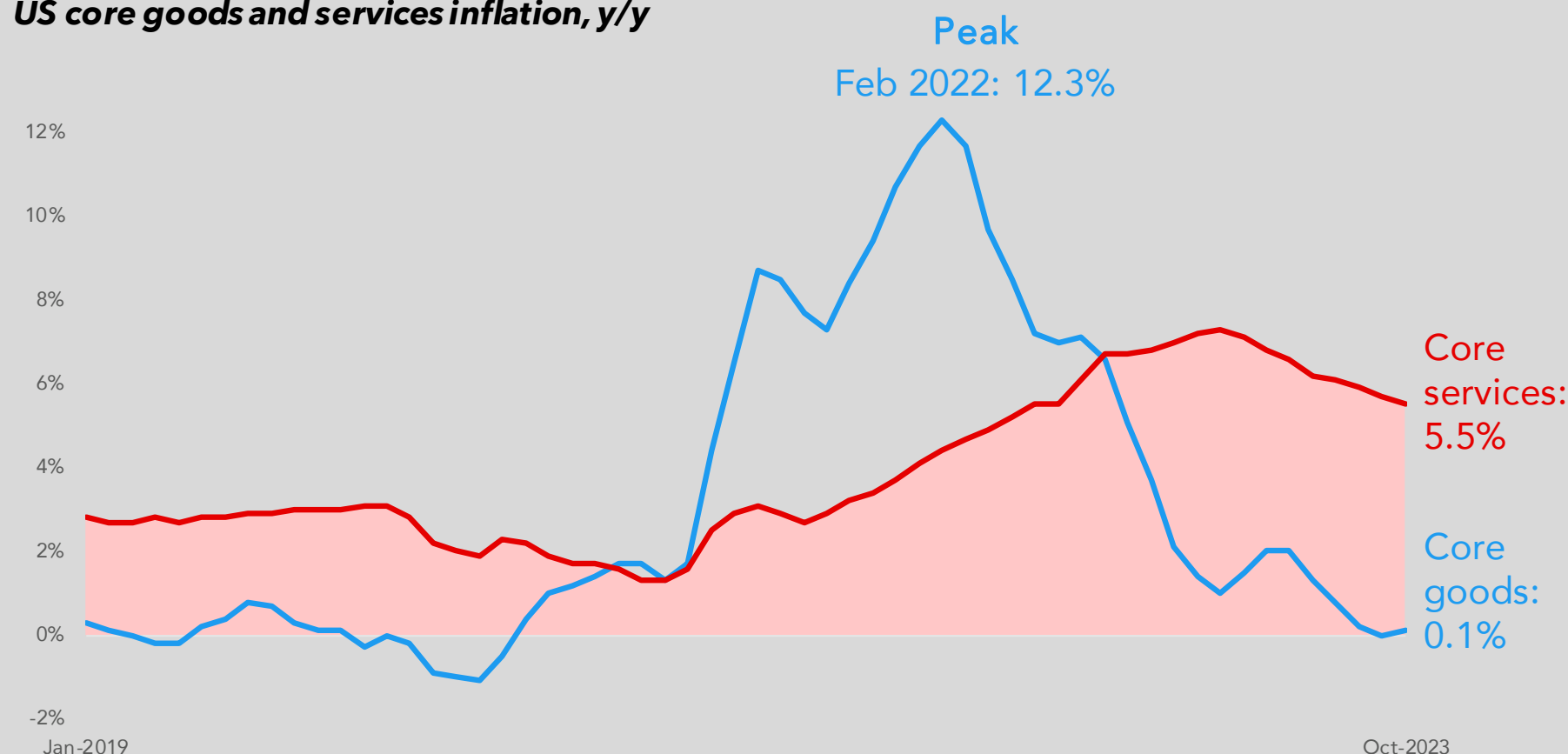
Core CPI increased 0.2% in October, slightly softer than the 0.3% expected. Underlying inflation pressures, particularly in shelter, appear to be fading as owners' equivalent rent increased by a more benign 0.4% m/m vs. 0.6% in September. Headline prices were flat on the month, aided by a (-5.0%) m/m decline in gasoline prices, and declined to 3.2% on a year-over-year basis from 3.7% in September.

Breakdown of CPI by components



Core services increased 0.3% month-on-month in October but fell to 5.5% on a year-over-year basis from 5.7% in September. Core services have now softened on a year-over-year basis for eight consecutive months. Core goods increased slightly to 0.1% on a y/y basis (flat in September) but declined (-0.1%) m/m. Following the encouraging October US inflation report, market expectations of an additional rate hike in December declined from 14% to 5%.

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.

October US inflation by sector (y/y)

	Energy	Food	Core goods	Core services
Motor vehicle insurance			19%	
Motor vehicle maint. & Repair			10%	
Transportation services			9%	
Veterinarian services			8%	
Music instruments & acces.			7%	
Tobacco & smoking products			7%	
Photo equipment & supplies			7%	
Rent of shelter			7%	
Owners' equivalent rent			7%	
Shelter			7%	
Garbage & trash collection			7%	
Laundry & cleaning services			6%	
Outdoor equip. & supplies			6%	
Delivery services			6%	
Financial services			6%	
Recreation services			6%	
Hospital services			6%	
Services less energy services			6%	
Land-line phone services			6%	
Food away from home		5%		
Nursing homes			5%	
Personal care products			5%	
Water & sewerage maint.			5%	
Day care and preschool			5%	
Funeral expenses			5%	
Medicinal drugs		5%		
Internet services			4%	
Housekeeping supplies			4%	
Cereals & bakery products		4%		
Meats		4%		
Alcoholic beverages		4%		
Cosmetics		4%		
Pets & pet products		4%		
Nonalcoholic beverages		3%		
Jewelry and watches			3%	
School tuition			3%	
Intracity mass transit			3%	
Apparel			3%	
Electricity	2%			
Tools, hardware & supplies			2%	
Food at home		2%		
New trucks			2%	
New vehicles			2%	
Technical & bus. school tuition			2%	
College tuition and fees			2%	
Lodging away from home			1%	
Fruits and vegetables		1%		
Footwear			1%	
Professional services			1%	
Household furnishings & supplies			1%	
Recreational reading			0%	
Wireless phone services			0%	
Tires			(-1%)	
Motor vehicle parts and equipment			(-1%)	
Sporting goods			(-1%)	
Physicians' services			(-1%)	
Milk		(-2%)		
Vehicle accessories			(-2%)	
Appliances			(-2%)	
Medical care services			(-2%)	
Energy services	(-2%)			
Furniture & bedding			(-3%)	
Educational books			(-3%)	
Audio equipment			(-4%)	
Toys			(-4%)	
Moving, storage, freight expense			(-4%)	
Energy	(-5%)			
Motor fuel			(-6%)	
Computers and smart home assistants			(-6%)	
Energy commodities	(-6%)			
Used cars and trucks			(-7%)	
Computer software and accessories			(-9%)	
Public transportation			(-9%)	
TVs			(-9%)	
Car & truck rental			(-10%)	
Smartphones			(-12%)	
Airline fares			(-13%)	
Utility gas service	(-16%)			
Eggs		(-22%)		
Health insurance			(-34%)	

Source: (1-3) Bureau of Labor Statistics. CPI Report October 2023. Bloomberg. Data as of November 14, 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.”