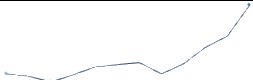
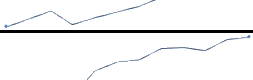
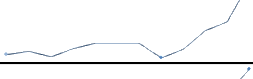
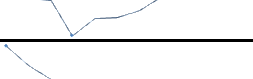
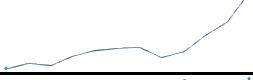
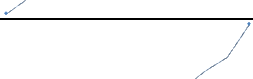
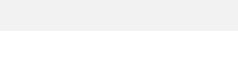
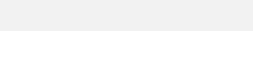
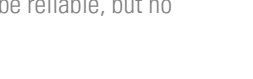


## Data Insights: Consumer Price Index, Producer Price Index

Friday, February 19, 2016

### Today's CPI data: what you need to know

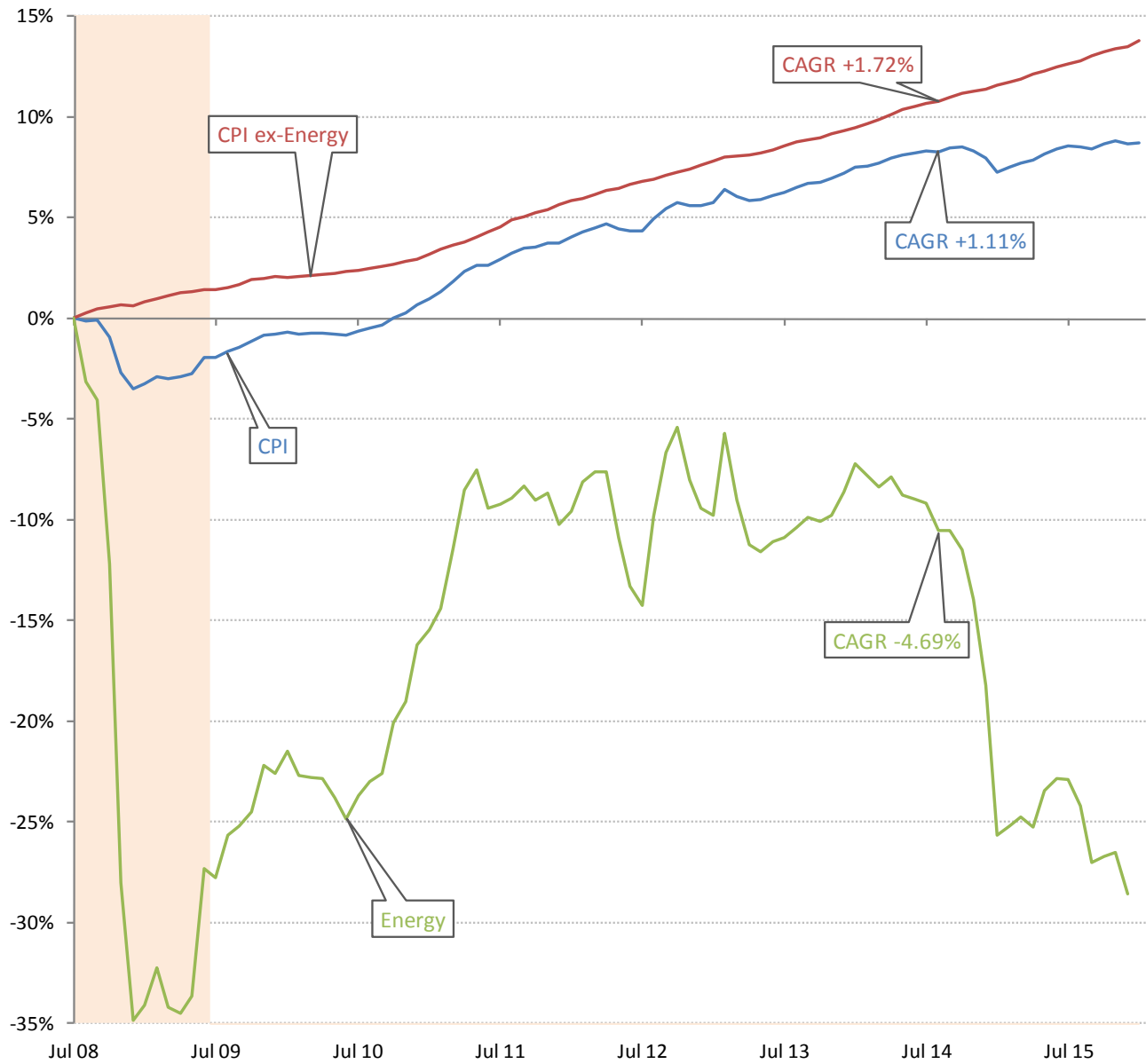
|                      | 12-mo YOY | 3-mo ann | 1-mo ann | 12 / 3 / 1-mo                                                                        | 12-mo YOY history                                                                     |
|----------------------|-----------|----------|----------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| All items            | +1.37%    | +0.3%    | +0.3%    |    |    |
| Core                 | +2.2%     | +2.5%    | +3.6%    |    |    |
| OER                  | +3.2%     | +2.9%    | +3.0%    |    |    |
| All less OER         | +0.9%     | -0.5%    | -0.4%    |   |   |
| Core less OER        | +1.7%     | +2.3%    | +3.9%    |  |  |
| Energy               | -6.5%     | -19.2%   | -28.5%   |  |  |
| All less energy      | +2.0%     | +2.0%    | +3.1%    |  |  |
| Food                 | +0.9%     | -0.8%    | +0.5%    |  |  |
| All less food        | +1.4%     | +0.5%    | +0.3%    |  |  |
| Health care          | +3.0%     | +3.6%    | +6.0%    |  |  |
| All less health care | +1.2%     | -0.0%    | -0.1%    |  |  |

Source: BLS Consumer Price Index, TrendMacro calculations

### For more information contact us:

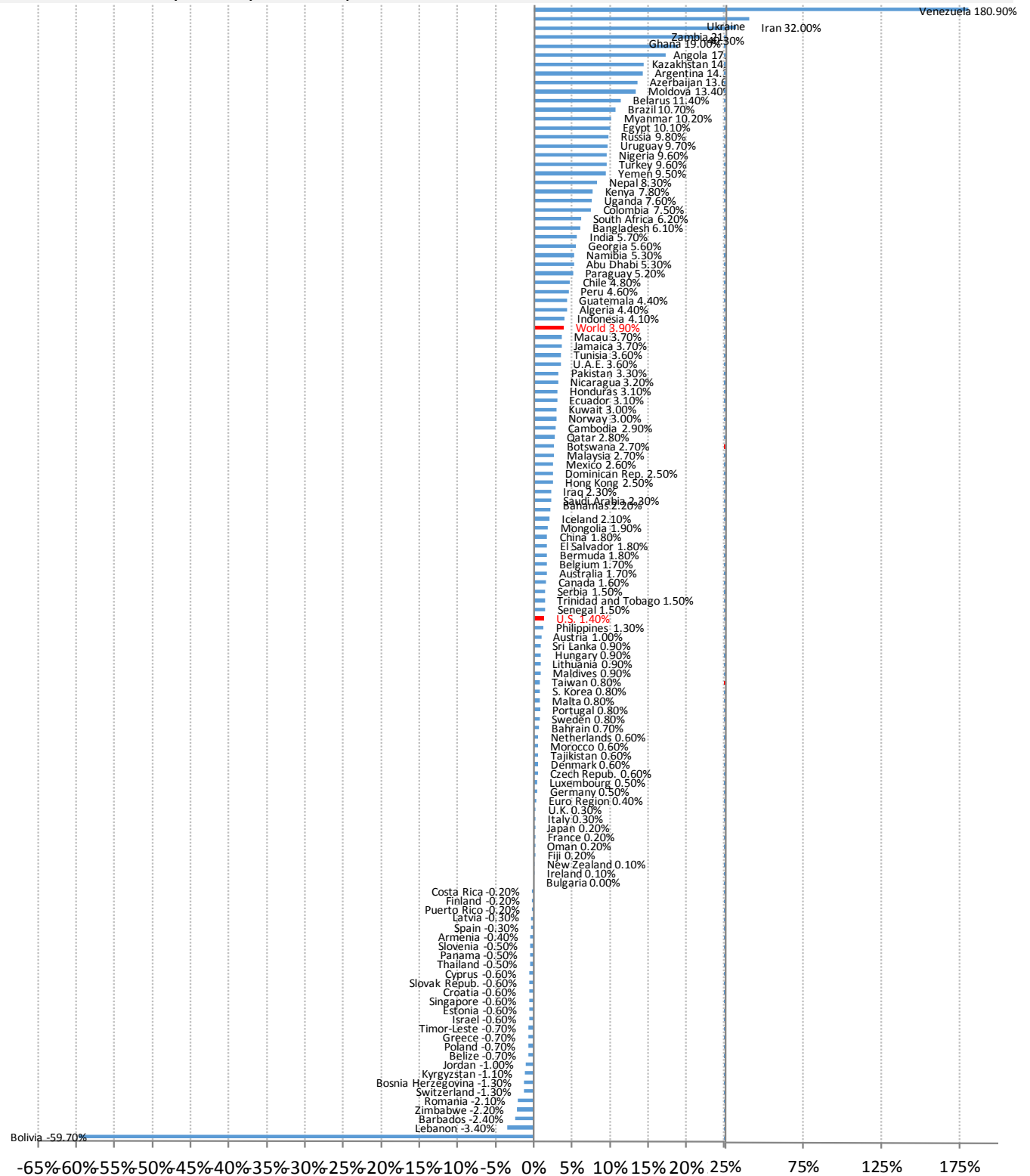
Donald Luskin: 312 273 6766 [don@trendmacro.com](mailto:don@trendmacro.com)  
Thomas Demas: 704 552 3625 [tdemas@trendmacro.com](mailto:tdemas@trendmacro.com)

The deflation delusion: it's all about oil, and always has been  
Cumulative growth of CPI from July 2008, the all-time high oil price



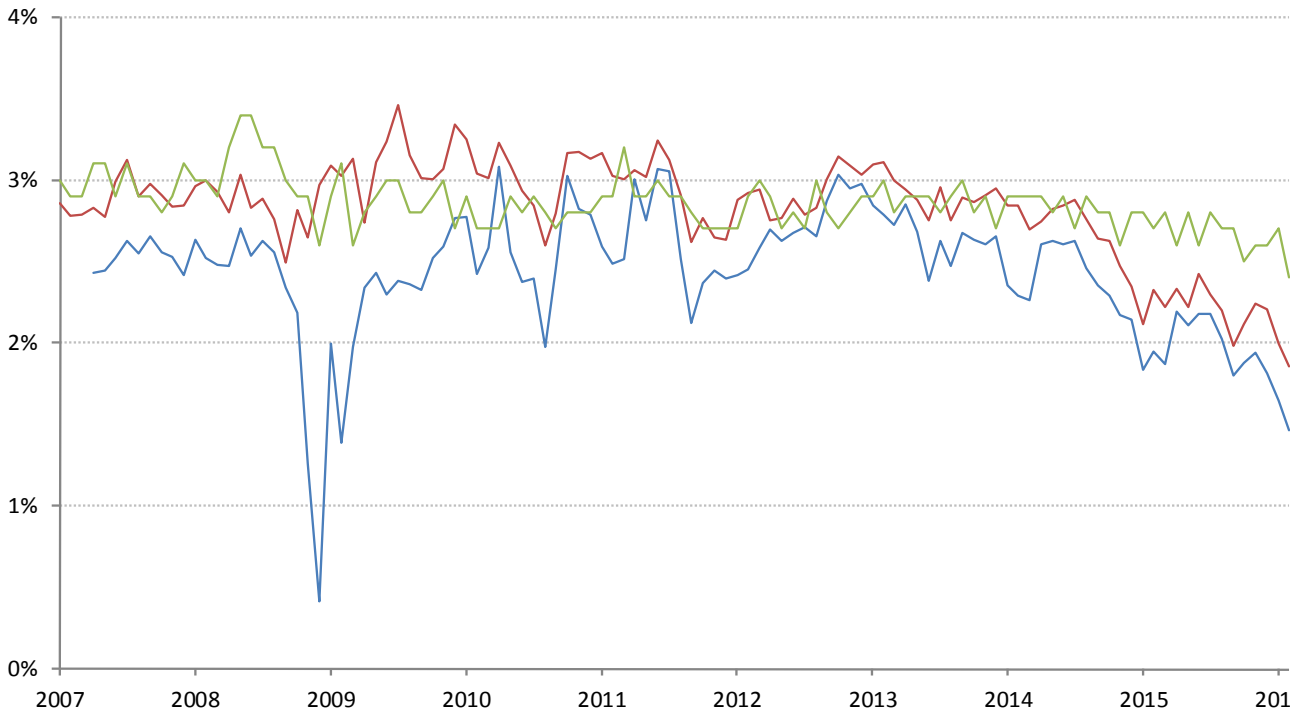
Source: Bloomberg, TrendMacro calculations

## World round-up: CPI year-on-year



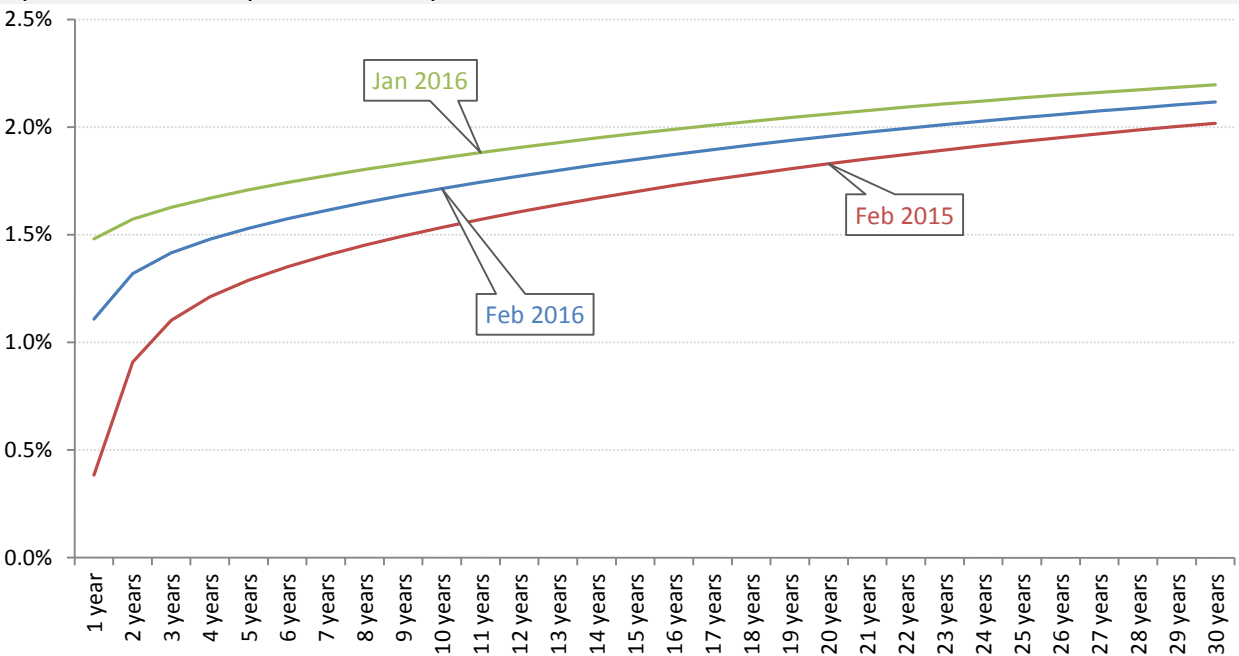
Source: Bloomberg, TrendMacro calculations

## Implied 5-year inflation, 5 years forward — TIPS — Swaps — U. Michigan Survey



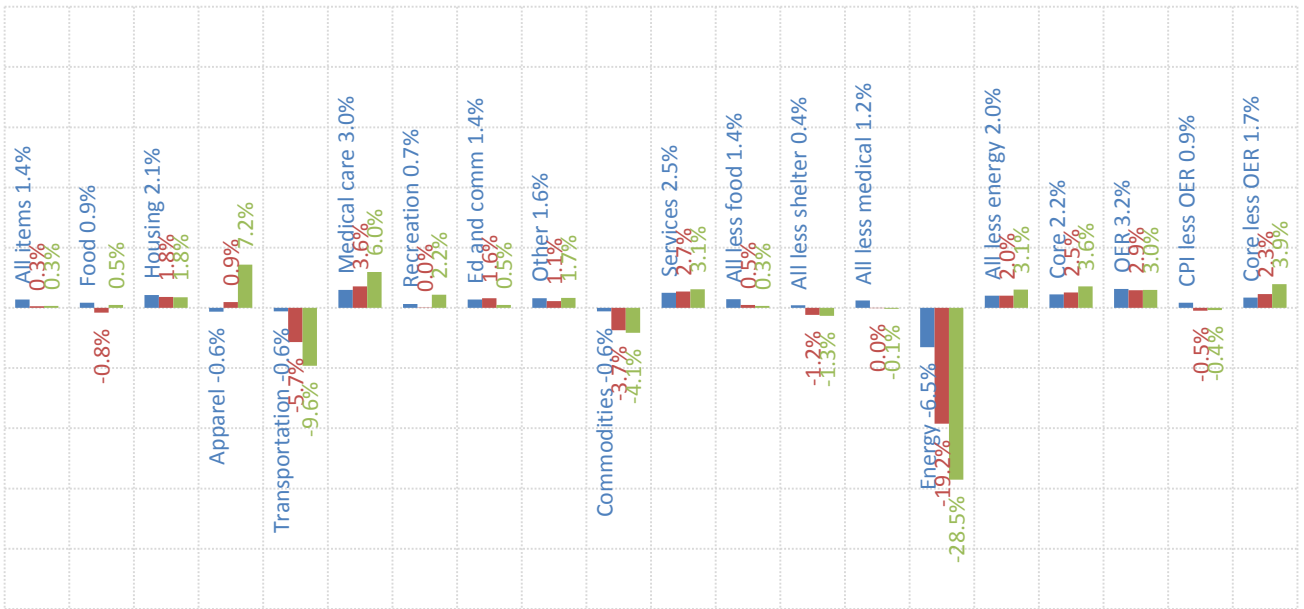
Source: Bloomberg, TrendMacro calculations

## Implied inflation yield curve, per annum



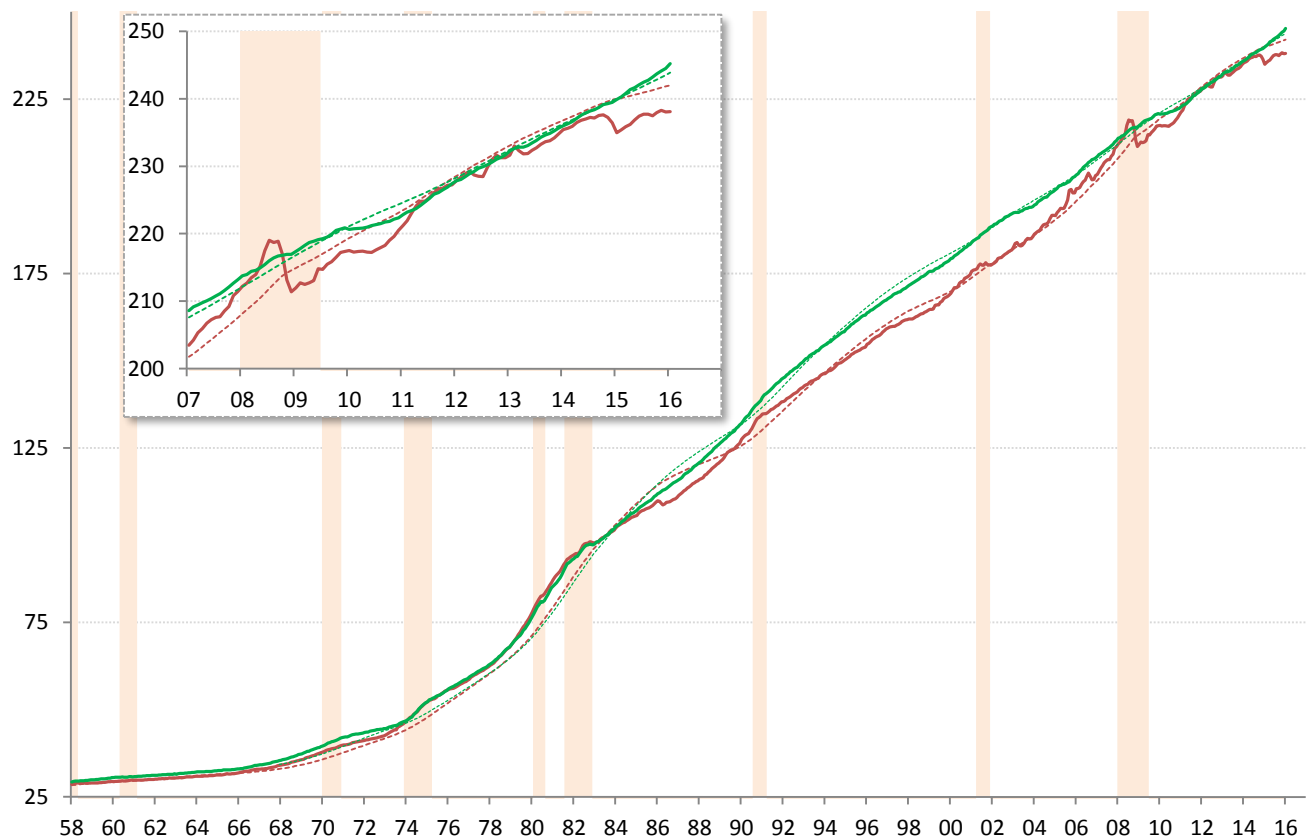
Source: Cleveland Fed, TrendMacro calculations

## US CPI inflation by sector (SAAR) ■ 12-month ■ 3-month ■ 1-month



Source: BLS Consumer Price Index, TrendMacro calculations

## US CPI Core — Level ... 20-year trend ■ Recession



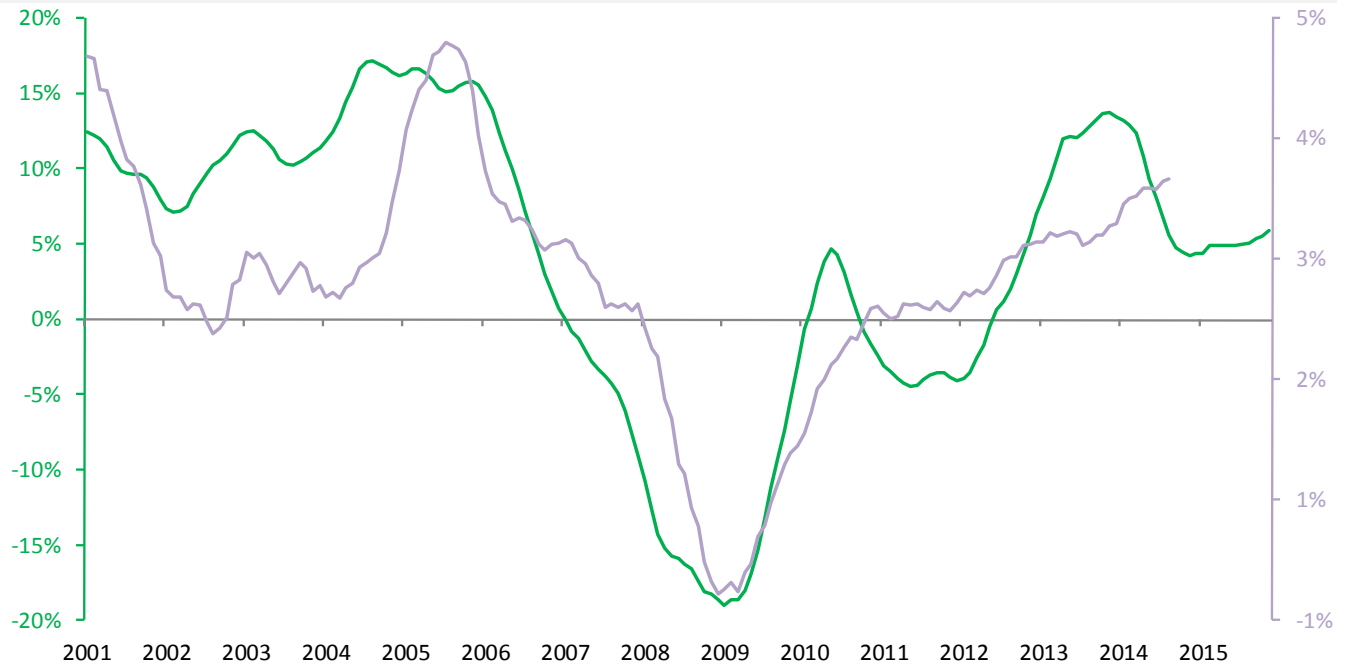
Source: BLS Consumer Price Index, TrendMacro calculations

## Housing leads US CPI

Year-over-year change

— Case Shiller 20-city avg

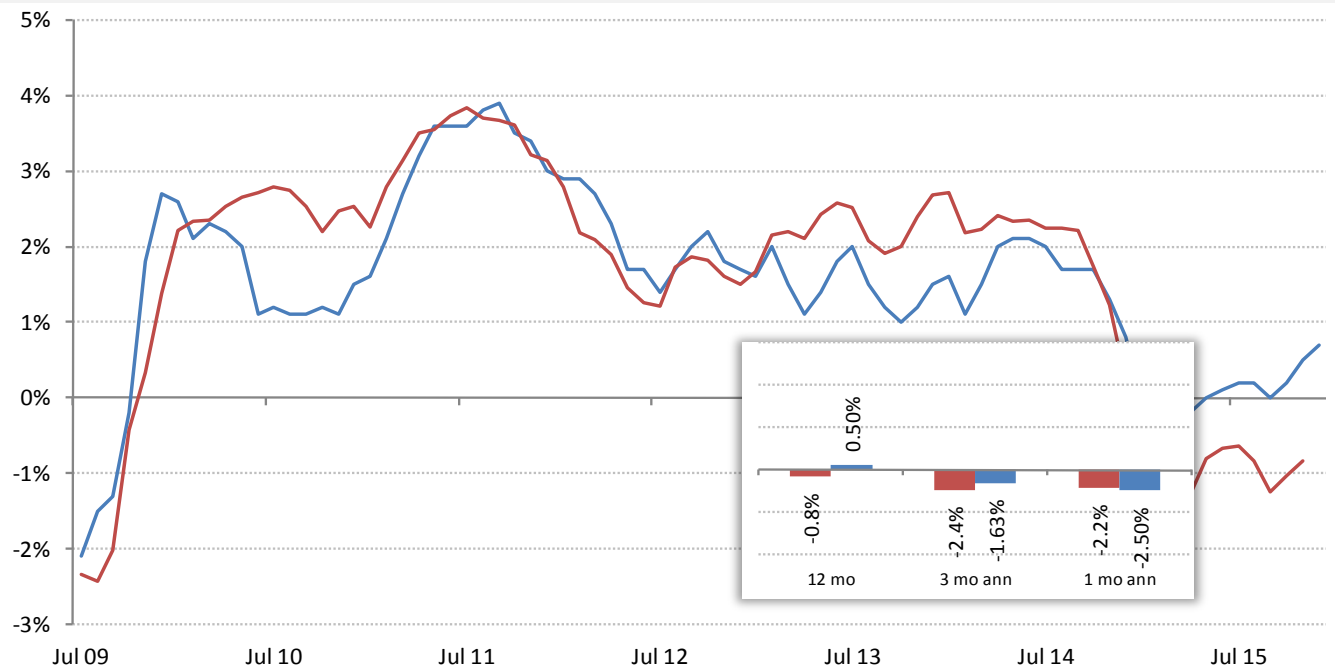
— Owner's equivalent rent CPI component, 18-mo lag



Source: BLS, Standard & Poor's Case Shiller, TrendMacro calculations

## Does the Internet know more than the US Labor Department?

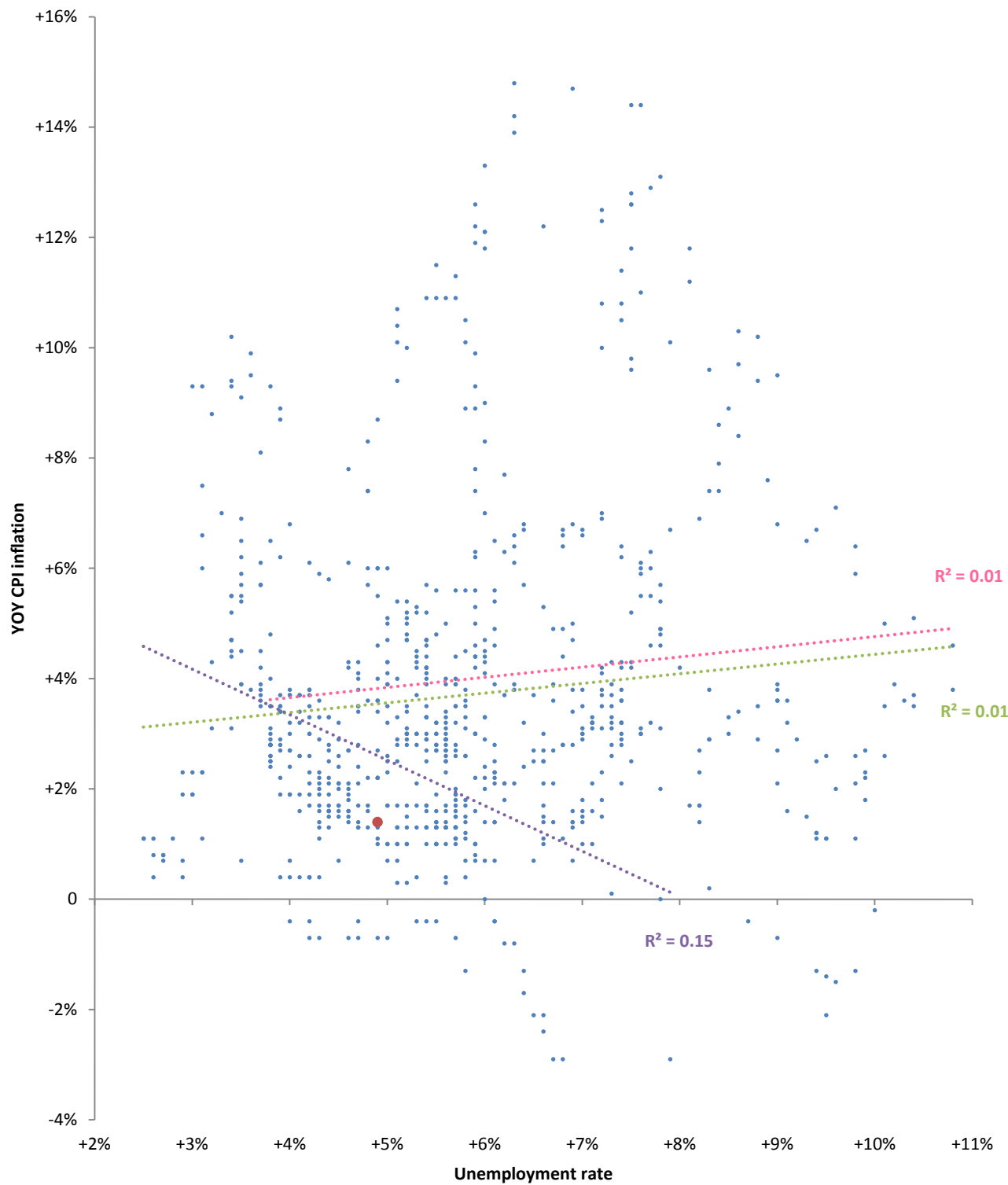
YOY inflation as of 12/21/15: — MIT Billion Prices Project — CPI



Source: BLS, MIT, TrendMacro calculations

## The world is flat: the vanishing Phillips Curve

● Latest    Linear trend: ● Pre-74    ● Post-74    ● All

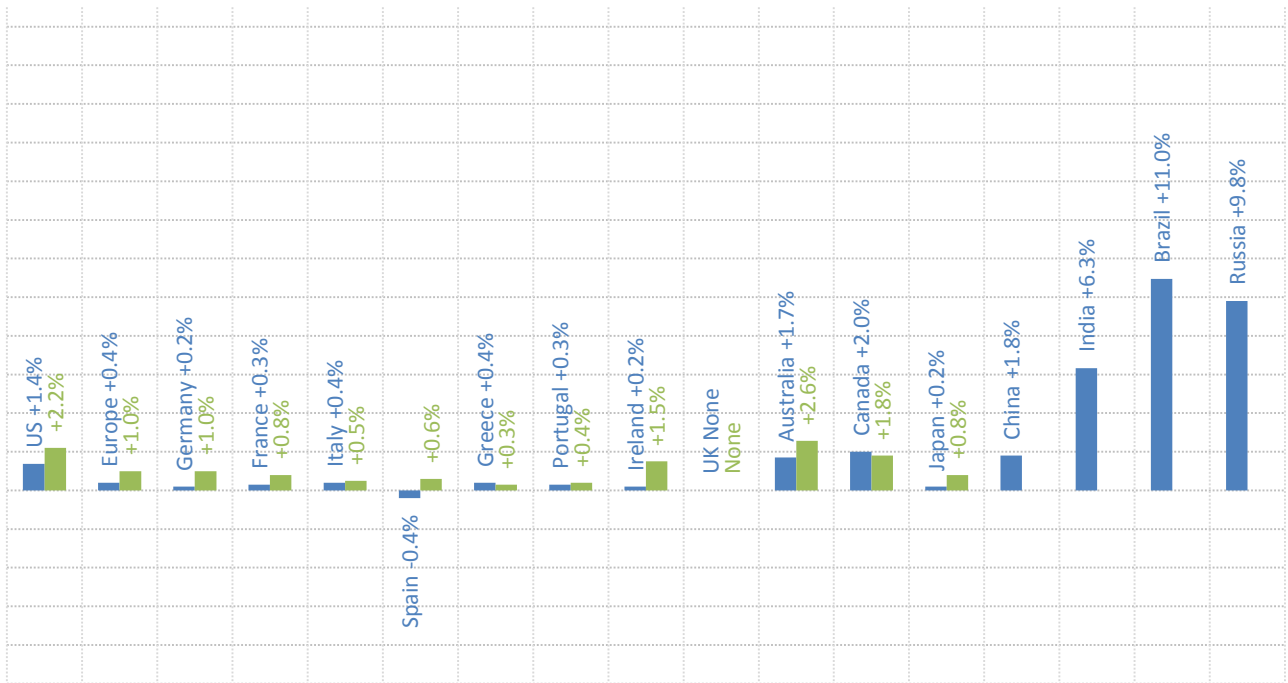


Source: BLS Consumer Price Index, Current Population Survey

## Major economies CPI, year on year

■ Headline

■ Ex-food and energy



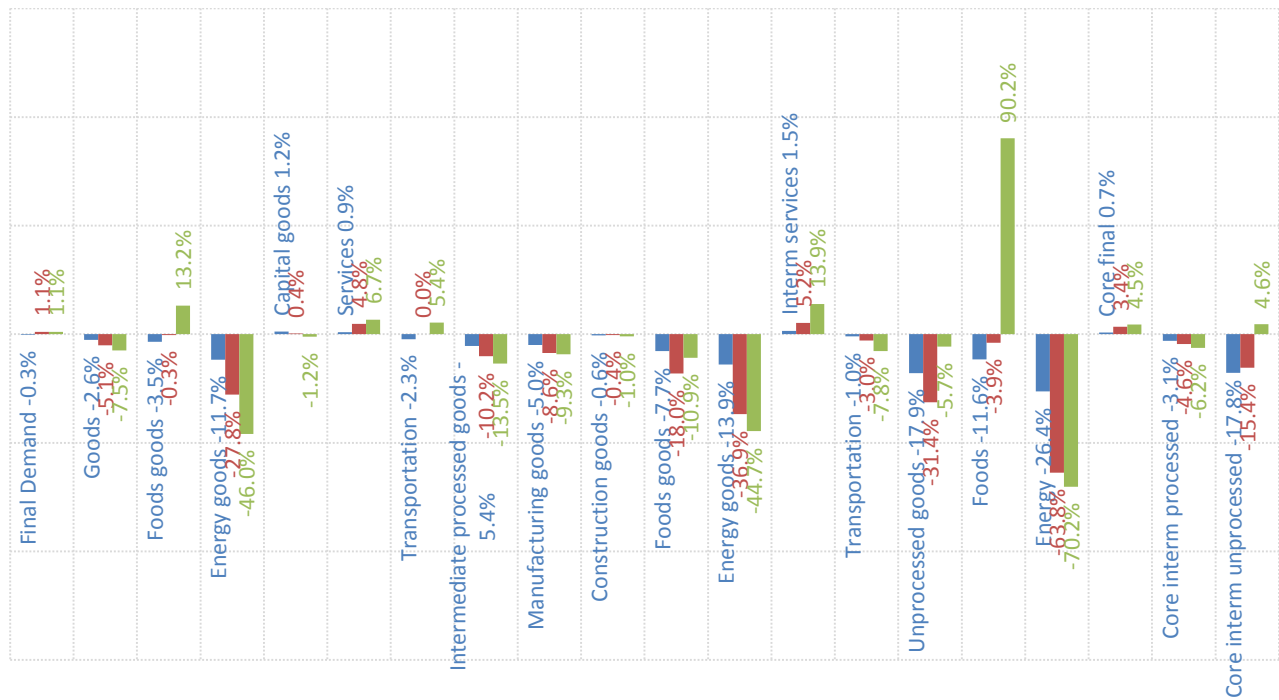
Source: Respective Statistical agencies, TrendMacro calculations

## PPI data: what you need to know

|                          | 12-mo YOY | 3-mo ann | 1-mo ann | 12 / 3/ 1-mo | 13-mo YOY history |
|--------------------------|-----------|----------|----------|--------------|-------------------|
| Final demand             | -0.3%     | +1.1%    | +1.1%    |              |                   |
| Core                     | +0.7%     | +3.4%    | +4.5%    |              |                   |
| Intermediate processed   | -5.4%     | -10.2%   | -13.5%   |              |                   |
| Core                     | -3.1%     | -4.6%    | -6.2%    |              |                   |
| Intermediate unprocessed | -17.9%    | -31.4%   | -5.7%    |              |                   |
| Core                     | -17.8%    | -15.4%   | +4.6%    |              |                   |

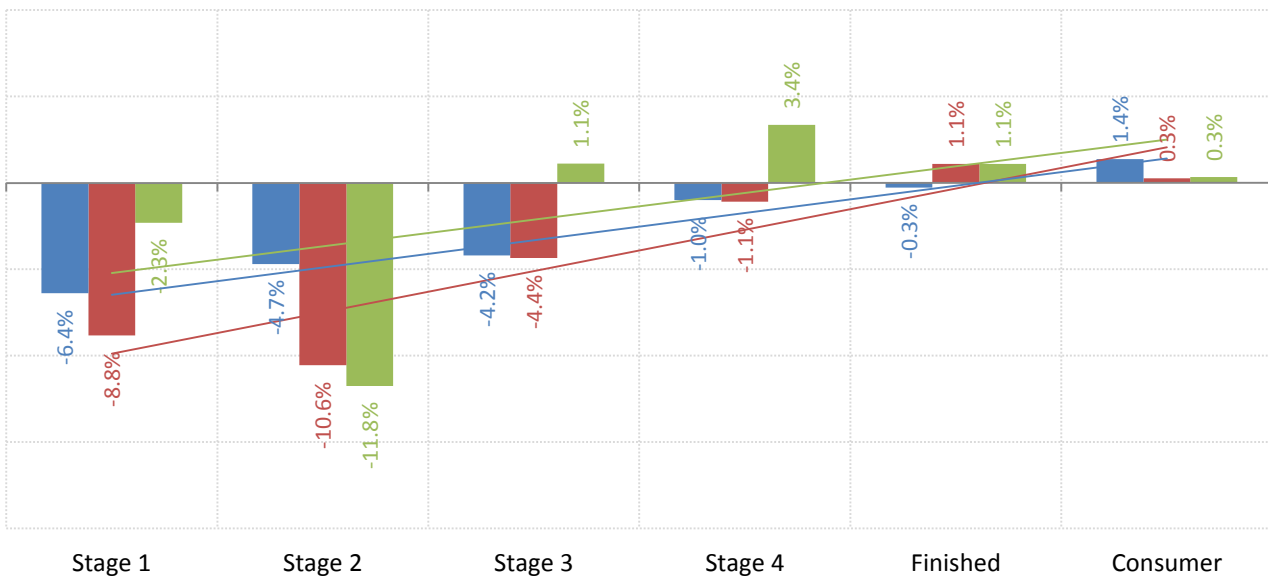
Source: BLS Producer Price Index, TrendMacro calculations

## PPI inflation by sector (SAAR) ■ 12-month ■ 3-month ■ 1-month



Source: BLS Producer Price Index, TrendMacro calculations

## The inflation pipeline (SAAR) ■ 12-month ■ 3-month ■ 1-month



Source: BLS Producer Price Index and Consumer Price Index, TrendMacro calculations