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CPI

The July consumer price index jumps a more-than-expected 0.5% (Consensus: +0.2%; Decision Economics: +0.3%), but with the "core," ex-food-and-energy index up an as-expected 0.2% (Consensus and Decision Economics: +0.2%).

The core figure slowed from a 0.3% June increase on a deceleration in core-goods inflation from +0.5% to +0.3%, which outweighed the effect of a pickup in core services inflation from +0.1% to +0.2%.

The goods-price slowdown was heavily weighted in new and used motor vehicles (slowing from +1.0% to +0.1%), but with some participation by a number of other categories too. The acceleration in service prices, meanwhile, was grounded in shelter costs (picking up from +0.2% to +0.3%) and public transportation (from -2.2% to -0.2%), with other, more purely labor-cost driven, categories showing mixed trends.

Fed doves will be mildly concerned that slowing labor-cost increases are still not having more conspicuous effects, given prolonged labor market weakness, while hawks will see that fact as more-and-more suggesting that the degree of slack in the economy is overestimated.

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