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CPI: Views Will Not Change

The March consumer price index rose an in-line 0.3% (Consensus: +0.3%; Decision Economics: +0.2%), with the core figure also meeting expectations, at +0.2% (Consensus and Decision Economics: +0.2%).

There were no evident oddities in the main components, nor extreme values at the detailed level that hid any problems. The core-index rise reflected identical increases in average core goods and services prices--with the only real standout piece a 1.3% jump in used vehicle prices, that was averaged away in the total by widespread very moderate increases.

The latest core result was up from +0.1% last month, reflecting similar accelerations in the core goods and services components. That extended a multi-month pattern of alternation between +0.1% and +0.2% core results--and the latest reading gives no indication that the uptick this month reflects any new trend acceleration.

Fed hawks will still expect that acceleration to develop over time--perhaps not quickly, but steadily enough that there should be concerns, given monetary policy lags, about staying too easy for too long, and certainly about new easing.

Doves, meanwhile, will still fear that a core trend-deceleration will develop, threatening potential deflation. That is not immediate grounds for more stimulus, but the potential necessity is not erased today. Middle-of-the road FOMC voters will keep erring on the side of inaction.

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