

Consumer Price Inflation (October) Loses Momentum

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The Consumer Price Index was steady in October (DE and Consensus 0.1%) after a 0.2% MoM rise in September. The Core Index was also unchanged (DE and Consensus 0.1%) following a 0.2% rise.

Annual growth reduced from 1.4% to 1.2% for the headline Index and declined from 1.7% to 1.6% for Core.

Data – Food Prices Pick Up But Energy Commodities Slide

- **Food Prices** rose 0.2% after staying still in the prior month. Prices rose 0.3% for Food Away From Home and 0.1% for Food At Home. Food Prices were up 3.9% YoY.
- **Energy Prices** increased 0.1% following a 0.8% gain and were down 9.2% YoY. Prices rose 0.8% for Energy Services – fueled by a 1.2% increase for Electricity – but fell 0.5% for Energy Commodities.
- **Excluding Food and Energy, Prices for Commodities** fell 0.2% after a 0.8% rise. Prices rose 0.4% for New Vehicles and fell 1.2% for Apparel.
- **Shelter Prices** grew 0.1% while Prices for **Medical Care Services** slid 0.3%.
- Prices went up 0.1% for **Transportation Services** but were down 5.1% YoY. Airline Fares grew 6.3% and Motor Vehicle Insurance fell 2.3%.

Perspectives – Inflation Softer Than Expected And Will Stay Limited

Headline and Core Consumer Prices were below DE and Consensus forecasts.

The economic Recovery is still moving ahead with pace – evident by solid Private Nonfarm Payroll gains in October.

However, **growth in Household Demand is likely easing** with the lack of a new Relief bill as well as uncertainty from severe virus outbreaks. This resulted in **Inflation that was lower than each of the prior four months.**

Inflation could face downward forces in the months ahead due to restrictions. The Federal Reserve is poised to hold rates low through 2023 or longer to support prices.