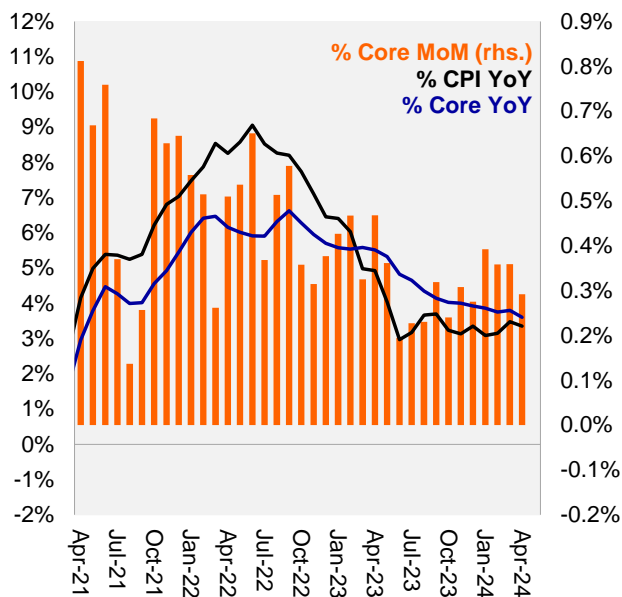


US: Core CPI more moderate as we expected

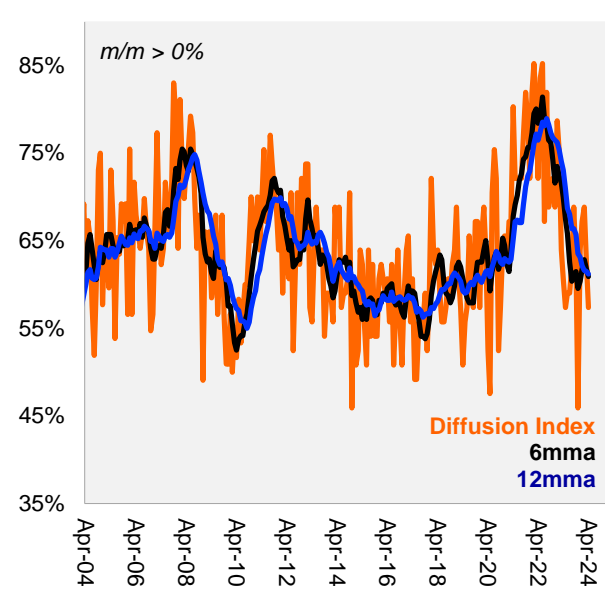
- ▶ US Core CPI came in at 0.29% m/m in April, in line with our expectations of 0.29% and the market consensus of 0.3%. In 12 months, Core CPI was down to 3.6% (from 3.8%). Moreover, the headline CPI came in at 0.31% m/m, a bit below our expectations of 0.36% m/m and the market consensus of 0.4%, down to 3.4% y/y (from 3.5%).
- ▶ Breakdown (see table below): Core composition also came in line with our expectations, with no surprises in most of the components. Core CPI decelerated to 0.3%, from 0.4% pace, due to another fall in Used car prices and some reversal of strong increases in Transportation Services (mostly Insurance and Repair) from last months. Services and Super Core (Core Services ex-Housing) are still running high. The downward Headline CPI surprise was due to lower increases in Energy prices than we expected. Our diffusion index was down to 57% (from 62%).
- ▶ **Our view:** Today's number indicates a Core PCE reading of 0.24% m/m, which is better than the average 0.36% from the 1Q24, although not sufficient to begin the easing cycle now. Inflation remains high and we keep our view that the Fed will keep rates high for longer, starting the cutting cycle only in December.

Core CPI 0.29% m/m, 3.6% y/y in April



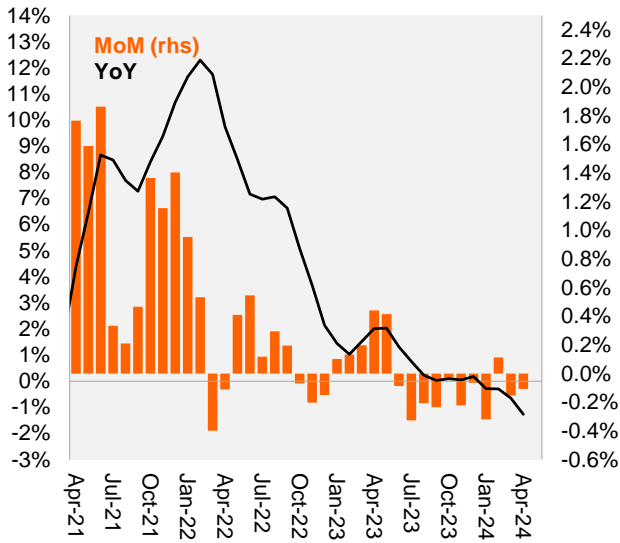
Source: BLS, Itaú

Itaú Diffusion Index down to 57% (from 63%)



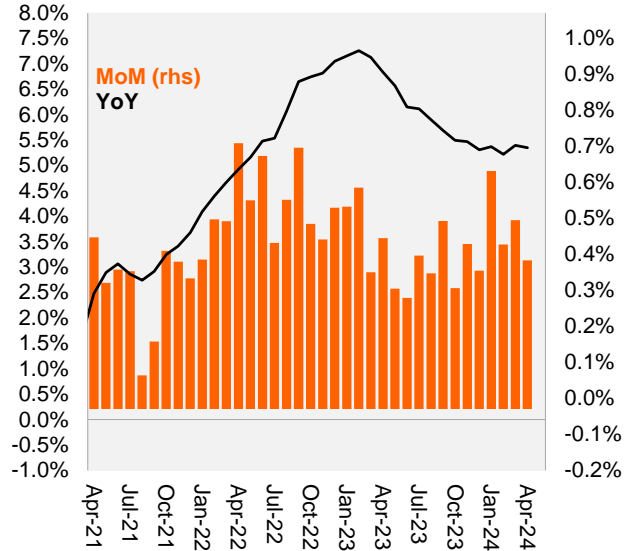
Source: BLS, Itaú

CPI Core Goods



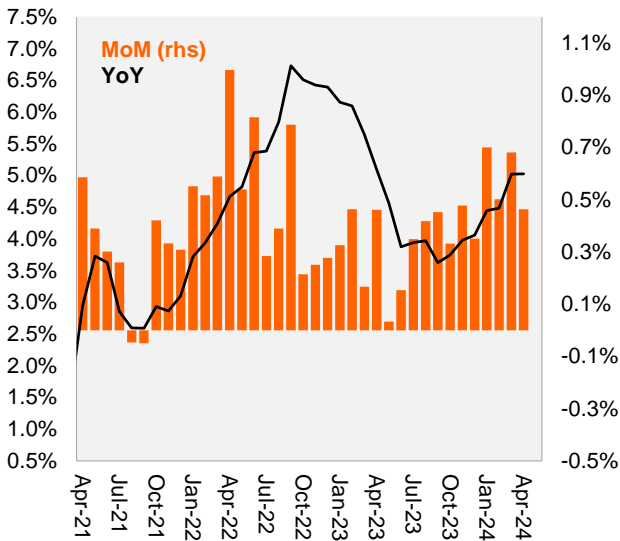
Source: BLS, Itaú

CPI Core Services



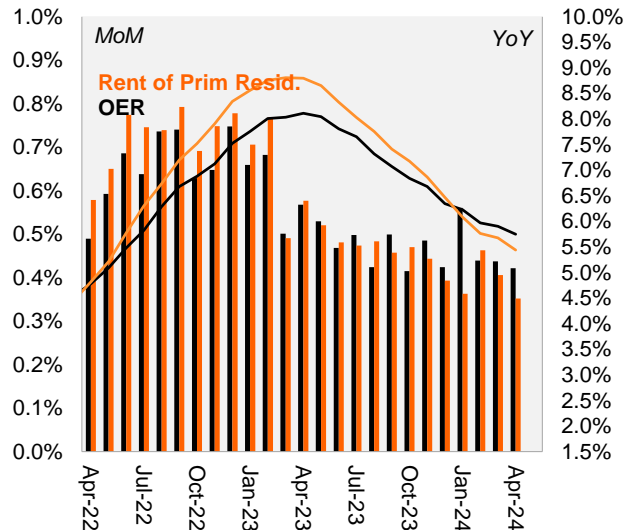
Source: BLS, Itaú

Core Services ex-Shelter



Source: BLS, Itaú

Shelter



Source: BLS, Itaú

Component	Weight %	% MoM						% YoY		
		Jan-24	Feb-24	Mar-24	Apr-24	Forecast	Surp (bps)	Feb-24	Mar-24	Apr-24
CPI	100.0	0.31%	0.44%	0.38%	0.31%	0.36%	-5	3.2%	3.5%	3.4%
Food	13.4	0.4%	0.0%	0.1%	0.0%	0.1%	-2	2.2%	2.2%	2.2%
Energy	7.0	-0.9%	2.3%	1.1%	1.1%	1.5%	-3	-1.9%	2.1%	2.6%
CPI ex-food&energy	79.6	0.39%	0.36%	0.36%	0.29%	0.29%	0	3.8%	3.8%	3.6%
Core Goods	18.6	-0.3%	0.1%	-0.2%	-0.1%	-0.1%	0	-0.3%	-0.7%	-1.3%
New Vehicles	3.6	0.0%	-0.1%	-0.2%	-0.4%	-0.1%	-1	0.4%	-0.1%	-0.4%
Used Vehicles	1.9	-3.4%	0.5%	-1.1%	-1.4%	-1.0%	-1	-1.8%	-2.2%	-6.9%
Core Goods ex-Cars	13.1	0.05%	0.11%	-0.01%	0.17%	0.03%	2	-0.3%	-0.6%	-0.7%
Core Services	61.0	0.7%	0.5%	0.5%	0.41%	0.42%	0	5.2%	5.4%	5.3%
Shelter	36.1	0.6%	0.4%	0.4%	0.4%	0.4%	0	5.7%	5.7%	5.5%
OER	26.6	0.56%	0.44%	0.44%	0.42%	0.44%	0	6.0%	5.9%	5.8%
Rent of primary res	7.6	0.36%	0.46%	0.41%	0.35%	0.38%	0	5.8%	5.7%	5.4%
Lodging Away	1.5	1.8%	0.1%	0.1%	-0.2%	-0.5%	1	-0.4%	-1.9%	-0.3%
Health Care	6.5	0.7%	-0.1%	0.6%	0.4%	0.5%	0	1.1%	2.1%	2.7%
Transportation svcs	6.5	1.0%	1.4%	1.5%	0.9%	0.7%	1	9.9%	10.7%	11.2%
Airline Fare	0.8	1.4%	3.6%	-0.4%	-0.8%	0.0%	-1	-6.1%	-7.1%	-5.8%
Car and Truck Rental	0.1	-0.7%	3.8%	-0.8%	-4.6%	0.5%	-1	-10.0%	-8.8%	-10.1%
Other Transp Svc	5.6	0.9%	1.0%	1.9%	1.3%	0.8%	3	12.4%	13.3%	13.7%
Other Core Services	11.8	0.56%	0.33%	0.29%	0.25%	0.33%	-1	3.6%	3.7%	3.2%
Alternative Cores										
Core Services ex-OER&RPR	26.7	0.85%	0.47%	0.65%	0.42%	0.40%	0	4.3%	4.8%	4.9%
(Powell Supercore)										
Core Services ex-Shelter	24.8	0.70%	0.50%	0.68%	0.46%	0.46%	0	4.5%	5.0%	5.0%
Core Svcs ex-Shelter & Health	18.3	0.70%	0.70%	0.72%	0.47%	0.45%	0	5.7%	6.0%	5.9%

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