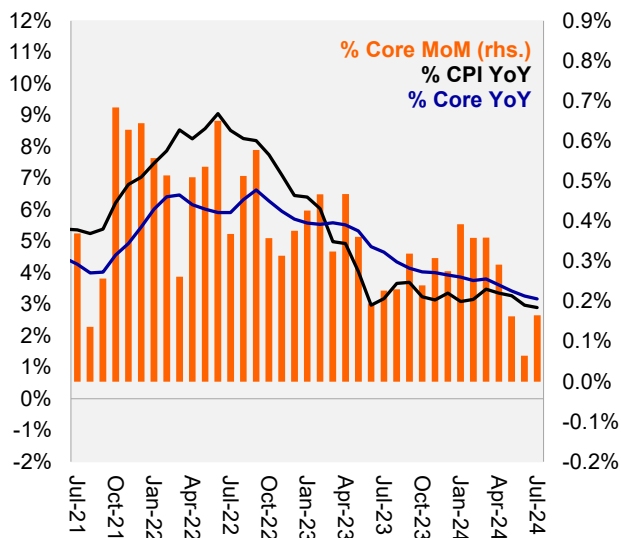


US: Core CPI remains low, close to our expectations

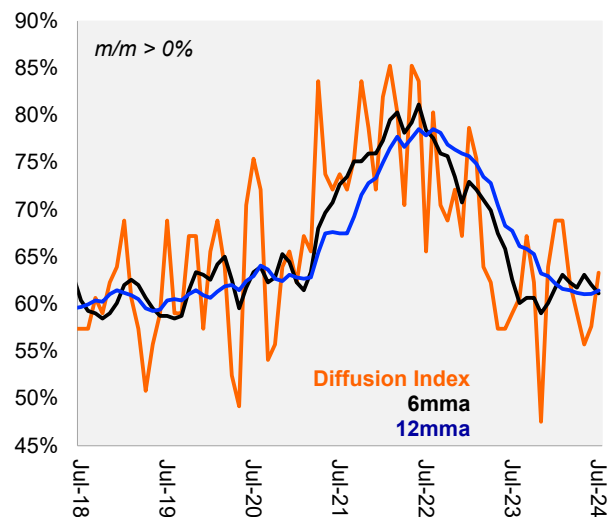
- ▶ US Core CPI came in at 0.165% m/m in July, close to our expectations of 0.15% and below the market consensus of 0.2%. In 12 months, Core CPI printed at 3.2% (down from 3.3%). Moreover, the headline CPI came in at 0.15% m/m, a bit below our expectations of 0.17% m/m and below market consensus of 0.2%, decreasing to 2.9% y/y (from 3.0%).
- ▶ Breakdown (see table below): Core Goods fell as expected, led by used cars. In turn, services increased back as we expected, but posted a higher Shelter reading, with a rise in OER and specially in Rent of Primary Residence. This increase was offset by a significant decline in Healthcare, concentrated in outpatient hospital services. Additionally, Supercore accelerated a bit in line with our expectation to a more moderate but not worrisome pace. Our diffusion index increased slightly but remains at a controlled level of 63% (up from 58%).
- ▶ **Our view:** Today's numbers show a mixed breakdown. While Core Goods fell further, as expected, Services saw an increase in OER/Rent that could caution the Fed somewhat as it is focusing specifically of Housing disinflation. On the other hand, the increase in Shelter was offset by a fall in Healthcare and by the Supercore metric printing at a moderate pace, although higher than the previous month. We continue to expect the Fed to start cutting in September by 25bps, totaling three cuts this year.

Core CPI 0.165% m/m, 3.2% y/y in July



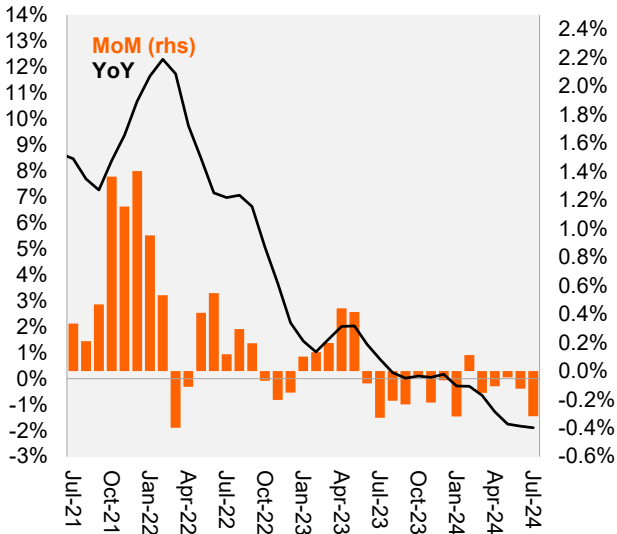
Source: BLS, Itaú

Itaú Diffusion Index a bit up to 63% (from 58%)



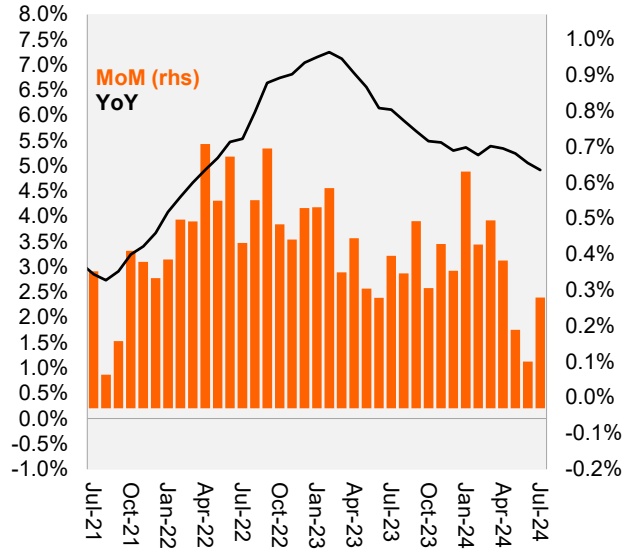
Source: BLS, Itaú

CPI Core Goods



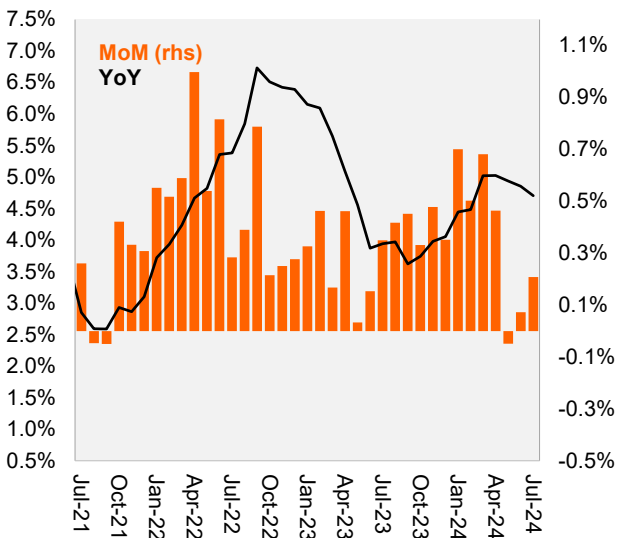
Source: BLS, Itaú

CPI Core Services

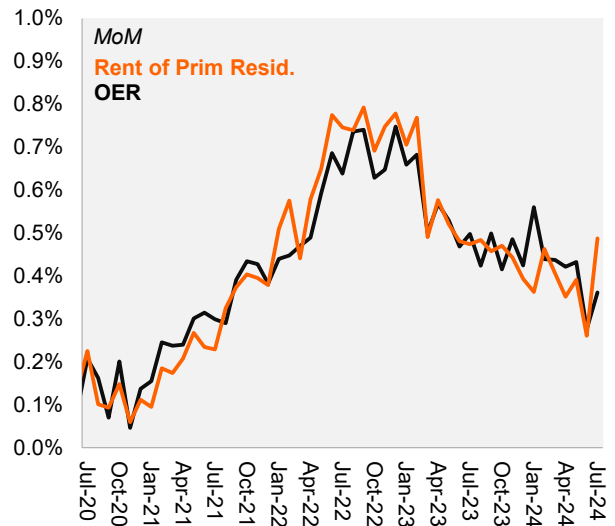


Source: BLS, Itaú

Core Services ex-Shelter



Shelter



Source: BLS, Itaú

| Component | Weight % | % MoM | | | | | | % YoY | | |
|--|--------------|--------------|--------------|---------------|--------------|--------------|------------|--------------|--------------|--------------|
| | | Apr-24 | May-24 | Jun-24 | Jul-24 | Forecast | Surp (bps) | May-24 | Jun-24 | Jul-24 |
| CPI | 100.0 | 0.31% | 0.01% | -0.06% | 0.15% | 0.17% | -2 | 3.3% | 3.0% | 2.9% |
| Food | 13.4 | 0.0% | 0.1% | 0.2% | 0.2% | 0.2% | 0 | 2.1% | 2.2% | 2.2% |
| Energy | 6.9 | 1.1% | -2.0% | -2.0% | 0.0% | 0.3% | -2 | 3.7% | 1.0% | 1.1% |
| CPI ex-food&energy | 79.6 | 0.29% | 0.16% | 0.06% | 0.17% | 0.15% | 1 | 3.4% | 3.3% | 3.2% |
| Core Goods | 18.4 | -0.1% | 0.0% | -0.1% | -0.3% | -0.2% | -2 | -1.7% | -1.8% | -1.9% |
| New Vehicles | 3.6 | -0.4% | -0.5% | -0.2% | -0.2% | -0.2% | 0 | -0.8% | -0.9% | -1.0% |
| Used Vehicles | 1.9 | -1.4% | 0.6% | -1.5% | -2.3% | -1.8% | -1 | -9.3% | -10.1% | -10.9% |
| Core Goods ex-Cars | 13.0 | 0.17% | -0.02% | 0.09% | -0.06% | 0.04% | -1 | -0.9% | -0.9% | -0.8% |
| Core Services | 61.2 | 0.41% | 0.22% | 0.13% | 0.31% | 0.26% | 3 | 5.3% | 5.1% | 4.9% |
| Shelter | 36.4 | 0.4% | 0.4% | 0.2% | 0.38% | 0.30% | 3 | 5.4% | 5.2% | 5.1% |
| OER | 26.8 | 0.42% | 0.43% | 0.28% | 0.36% | 0.29% | 2 | 5.7% | 5.4% | 5.3% |
| Rent of primary res | 7.7 | 0.35% | 0.39% | 0.26% | 0.49% | 0.31% | 1 | 5.3% | 5.1% | 5.1% |
| Lodging Away | 1.5 | -0.16% | -0.10% | -2.02% | 0.2% | 0.5% | 0 | -1.4% | -2.3% | -2.3% |
| Health Care | 6.5 | 0.45% | 0.34% | 0.17% | -0.34% | 0.29% | -4 | 3.1% | 3.3% | 3.3% |
| Transportation svcs | 6.5 | 0.9% | -0.5% | -0.5% | 0.4% | -0.1% | 3 | 10.5% | 9.4% | 8.8% |
| Airline Fare | 0.7 | -0.8% | -3.6% | -5.0% | -1.6% | -3.0% | 1 | -5.9% | -5.1% | -2.8% |
| Car and Truck Rental | 0.2 | -4.6% | -1.2% | 1.3% | 0.3% | -2.0% | 0 | -8.8% | -6.3% | -6.2% |
| Other Transp Svc | 5.6 | 1.2% | -0.1% | 0.0% | 0.7% | 0.4% | 2 | 12.8% | 11.5% | 10.8% |
| Other Core Services | 11.9 | 0.25% | -0.01% | 0.36% | 0.40% | 0.32% | 1 | 3.2% | 3.5% | 3.4% |
| Alternative Cores | | | | | | | | | | |
| Core Services ex-OER&RPR (Powell Supercore) | 26.7 | 0.42% | -0.04% | -0.05% | 0.21% | 0.22% | 0 | 4.7% | 4.6% | 4.4% |
| Core Services ex-Shelter | 24.8 | 0.46% | -0.05% | 0.07% | 0.21% | 0.20% | 0 | 4.9% | 4.9% | 4.7% |
| Core Svcs ex-Shelter & Health | 18.3 | 0.47% | -0.19% | 0.04% | 0.40% | 0.17% | 4 | 5.6% | 5.4% | 5.2% |

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