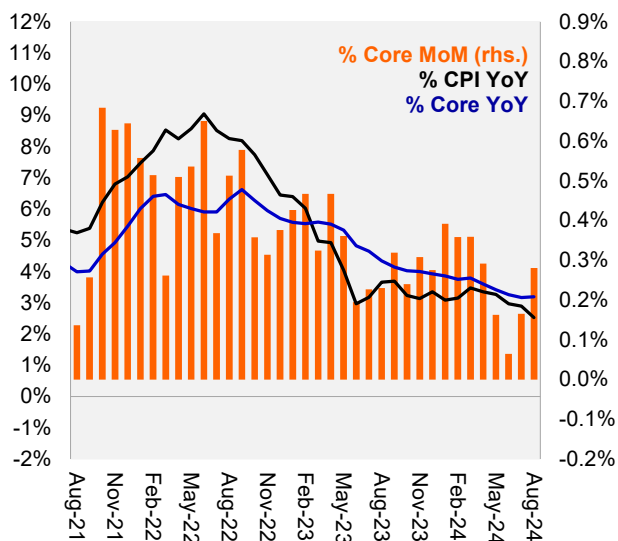


## US: Core CPI came in higher than expected in August

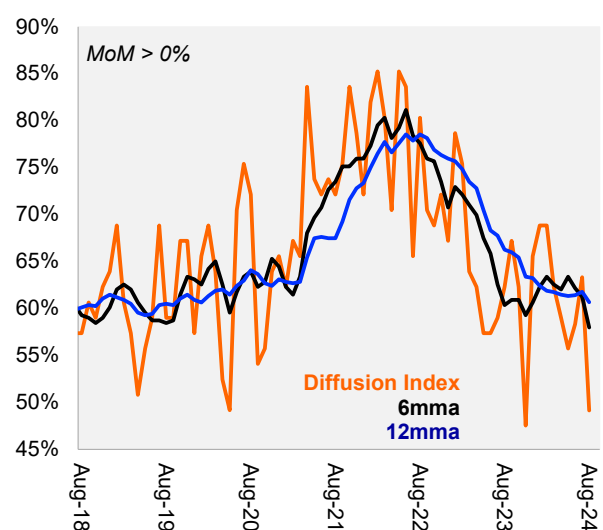
- ▶ US Core CPI came in at 0.28% m/m in August, above both our expectations of 0.23% and the market consensus of 0.2%. In 12 months, Core CPI printed stable at 3.2% (from 3.2% in July). Moreover, the headline CPI came in at 0.19% m/m, close to our expectations of 0.17% m/m and the market consensus of 0.2%, decreasing to 2.5% y/y (from 2.9%).
- ▶ Breakdown (see table below): Core Goods fell as expected, led by Core Goods ex-Cars. In turn, services increased more than we expected, partially due to a higher Shelter reading, with a rise in Rent of Primary Residence and specially in OER. This increase was offset by another decline in Healthcare. Additionally, Supercore accelerated in line with our expectation to a stronger but not worrisome pace. Our diffusion index decreased to 49% (from 63% in July).
- ▶ **Our view:** Today's numbers show a mixed breakdown, but in a net worse than expected due to the acceleration of the OER component. Services saw an increase in OER/Rent for the second month in a row that could caution the Fed somewhat as it is focusing specifically on Housing disinflation. Looking ahead, Supercore is expected to decelerate gradually in line with wages. We continue to expect the Fed to start cutting in September by 25bps, totaling three cuts this year.

**Core CPI 0.28% m/m, 3.2% y/y in August**



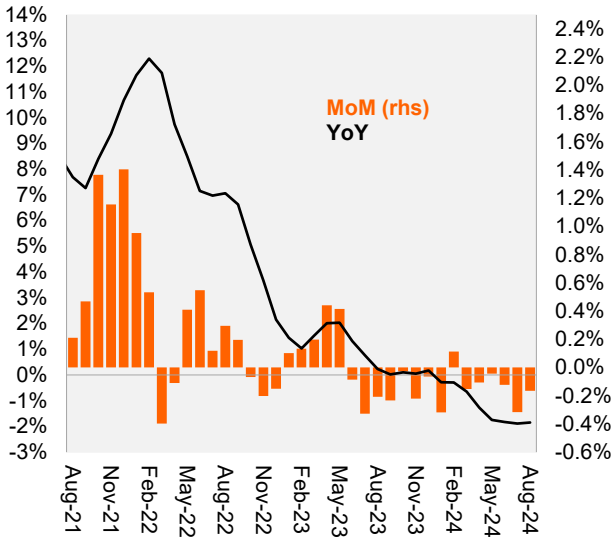
Source: BLS, Itaú

**Itaú Diffusion Index down to 49% (from 63%)**



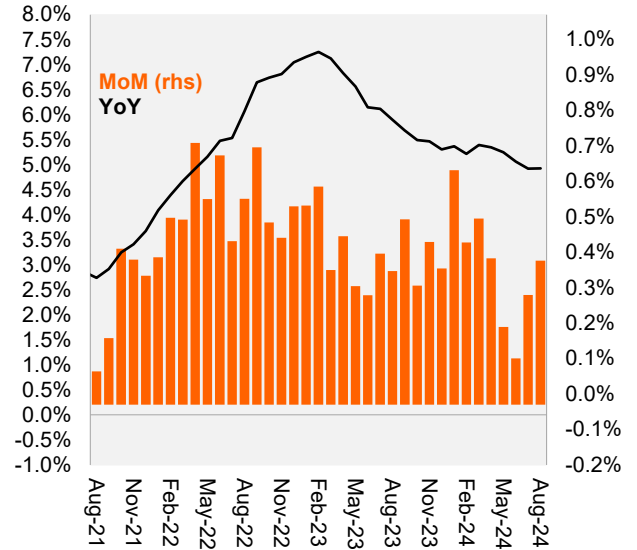
Source: BLS, Itaú

### CPI Core Goods



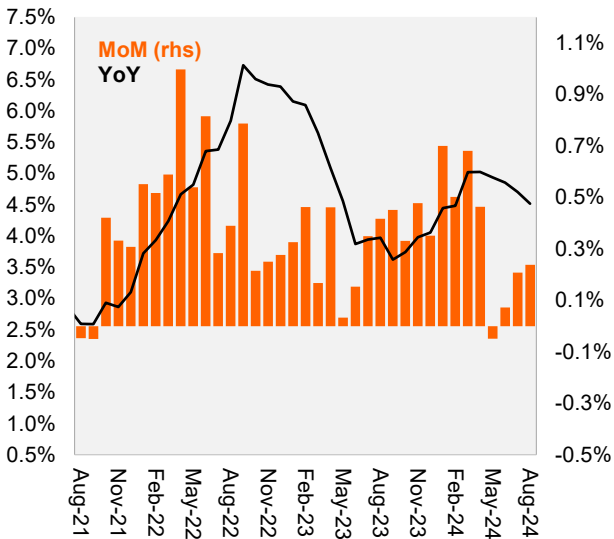
Source: BLS, Itaú

### CPI Core Services



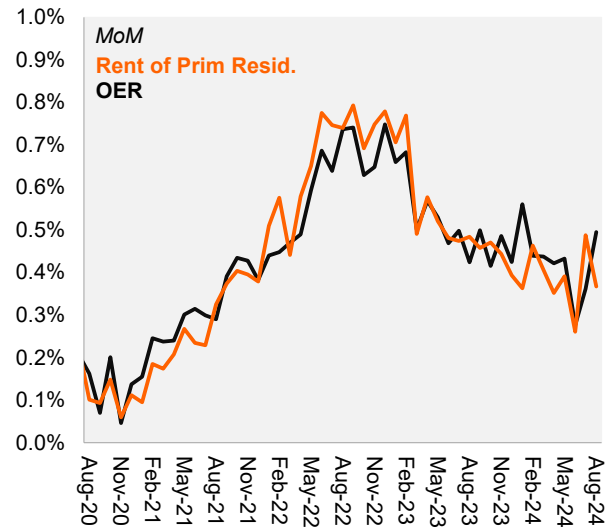
Source: BLS, Itaú

### Core Services ex-Shelter



Source: BLS, Itaú

### Shelter



Source: BLS, Itaú

Component	Weight %	% MoM						% YoY		
		May-24	Jun-24	Jul-24	Aug-24	Forecast	Surp (bps)	Jun-24	Jul-24	Aug-24
<b>CPI</b>	<b>100.0</b>	<b>0.01%</b>	<b>-0.06%</b>	<b>0.15%</b>	<b>0.19%</b>	<b>0.17%</b>	<b>1</b>	<b>3.0%</b>	<b>2.9%</b>	<b>2.5%</b>
Food	13.4	0.1%	0.2%	0.2%	0.1%	0.1%	0	2.2%	2.2%	2.1%
Energy	6.8	-2.0%	-2.0%	0.0%	-0.8%	-0.4%	-3	1.0%	1.1%	-4.0%
<b>CPI ex-food&amp;energy</b>	<b>79.8</b>	<b>0.16%</b>	<b>0.06%</b>	<b>0.17%</b>	<b>0.28%</b>	<b>0.23%</b>	<b>4</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.2%</b>
<b>Core Goods</b>	<b>18.4</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.3%</b>	<b>-0.2%</b>	<b>-0.1%</b>	<b>-1</b>	<b>-1.8%</b>	<b>-1.9%</b>	<b>-1.9%</b>
New Vehicles	3.6	-0.5%	-0.2%	-0.2%	0.0%	-0.1%	1	-0.9%	-1.0%	-1.2%
Used Vehicles	1.9	0.6%	-1.5%	-2.3%	-1.0%	-0.8%	0	-10.1%	-10.9%	-10.4%
Core Goods ex-Cars	13.0	-0.02%	0.09%	-0.06%	-0.11%	0.01%	-2	-0.9%	-0.8%	-0.8%
<b>Core Services</b>	<b>61.3</b>	<b>0.22%</b>	<b>0.13%</b>	<b>0.31%</b>	<b>0.41%</b>	<b>0.32%</b>	<b>5</b>	<b>5.1%</b>	<b>4.9%</b>	<b>4.9%</b>
<b>Shelter</b>	<b>36.5</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.4%</b>	<b>0.51%</b>	<b>0.30%</b>	<b>8</b>	<b>5.2%</b>	<b>5.1%</b>	<b>5.2%</b>
OER	26.9	0.43%	0.28%	0.36%	0.50%	0.30%	5	5.4%	5.3%	5.4%
Rent of primary res	7.7	0.39%	0.26%	0.49%	0.37%	0.31%	0	5.1%	5.1%	5.0%
Lodging Away	1.5	-0.10%	-2.02%	0.22%	1.8%	0.4%	2	-2.3%	-2.3%	1.8%
<b>Health Care</b>	<b>6.5</b>	<b>0.34%</b>	<b>0.17%</b>	<b>-0.34%</b>	<b>-0.09%</b>	<b>0.19%</b>	<b>-2</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.2%</b>
<b>Transportation svcs</b>	<b>6.5</b>	<b>-0.5%</b>	<b>-0.5%</b>	<b>0.4%</b>	<b>0.9%</b>	<b>0.5%</b>	<b>3</b>	<b>9.4%</b>	<b>8.8%</b>	<b>7.9%</b>
Airline Fare	0.7	-3.6%	-5.0%	-1.6%	3.9%	1.6%	2	-5.1%	-2.8%	-1.3%
Car and Truck Rental	0.1	-1.2%	1.3%	0.3%	-1.5%	0.5%	0	-6.3%	-6.2%	-8.4%
Other Transp Svc	5.6	-0.1%	0.0%	0.7%	0.6%	0.4%	1	11.5%	10.8%	9.7%
<b>Other Core Services</b>	<b>11.9</b>	<b>-0.01%</b>	<b>0.36%</b>	<b>0.40%</b>	<b>0.06%</b>	<b>0.33%</b>	<b>-3</b>	<b>3.5%</b>	<b>3.4%</b>	<b>3.4%</b>
<b>Alternative Cores</b>										
<b>Core Services ex-OER&amp;RPR (Powell Supercore)</b>	<b>26.7</b>	<b>-0.04%</b>	<b>-0.05%</b>	<b>0.21%</b>	<b>0.33%</b>	<b>0.35%</b>	<b>-1</b>	<b>4.6%</b>	<b>4.4%</b>	<b>4.5%</b>
<b>Core Services ex-Shelter</b>	<b>24.8</b>	<b>-0.05%</b>	<b>0.07%</b>	<b>0.21%</b>	<b>0.24%</b>	<b>0.35%</b>	<b>-3</b>	<b>4.9%</b>	<b>4.7%</b>	<b>4.5%</b>
<b>Core Svcs ex-Shelter &amp; Health</b>	<b>18.3</b>	<b>-0.19%</b>	<b>0.04%</b>	<b>0.40%</b>	<b>0.36%</b>	<b>0.40%</b>	<b>-1</b>	<b>5.4%</b>	<b>5.2%</b>	<b>5.0%</b>

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