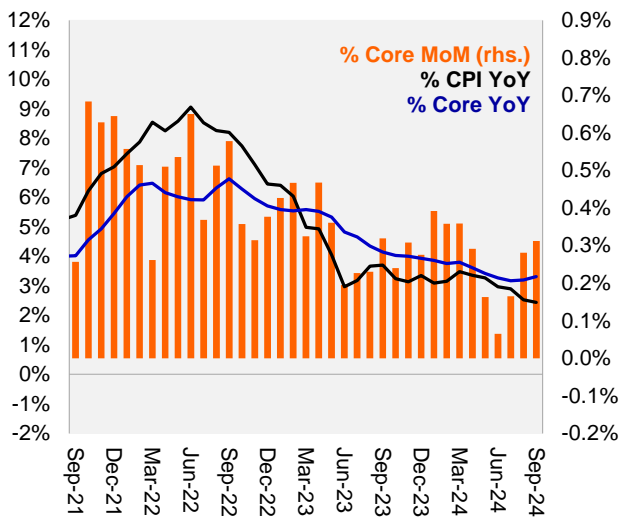


US: Core CPI stronger than consensus, as we expected

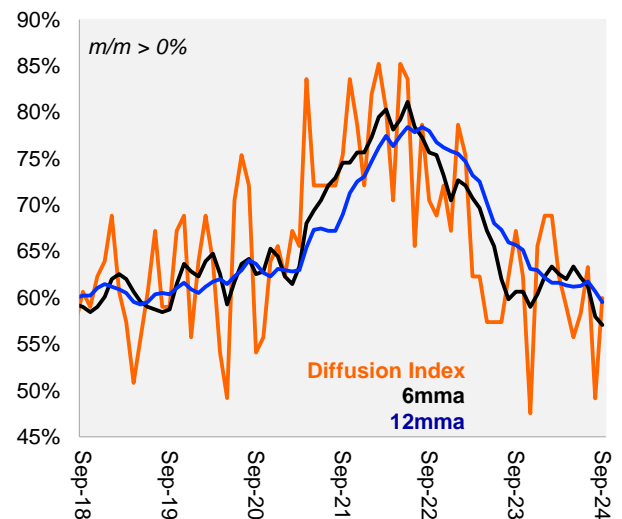
- ▶ US Core CPI came in at 0.31% m/m in September, in line with our expectations of 0.29% and above market consensus of 0.2%. In 12 months, Core CPI rose to 3.3% (from 3.2% in August). Moreover, the headline CPI came in at 0.18% m/m, above our expectations of 0.10% m/m and the market consensus of 0.1%, decreasing to 2.4% y/y (from 2.5%).
- ▶ Breakdown (see table below): ‘Core Goods’ was up due to the increase in ‘Cars’ as expected. ‘Services’ was up, as we expected, with an upside surprise in ‘Healthcare and Transportation’, while ‘Lodging away’ surprised to the downside. ‘OER/Shelter’ continue to show volatility, and printed another deceleration, as expected. Additionally, ‘Supercore’ accelerated again matching our expectation of a stronger pace. Our diffusion index increased to 60% (from 49% in August).
- ▶ **Our view:** Today’s numbers show a worse breakdown. The increase in Supercore indicates a strong pace from a persistent item that was decelerating but heated again. Although not a game changer for the Fed, which is still expected to cut rates by 25bps ahead, this number is above its forecast and should be viewed with caution.

Core CPI 0.31% m/m, 3.3% y/y in September



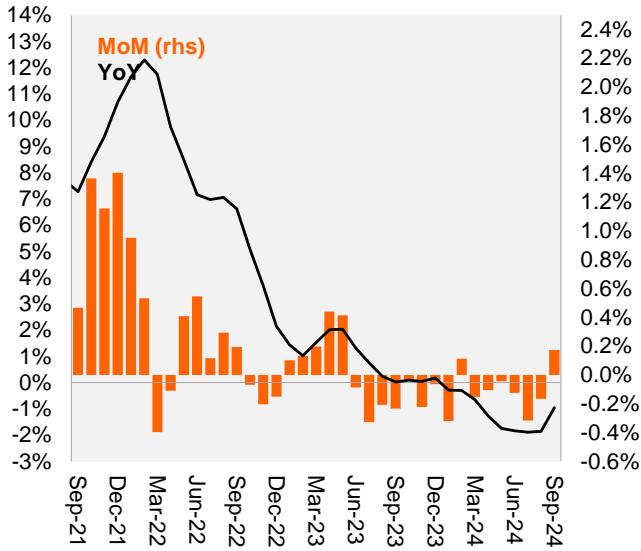
Source: BLS, Itaú

Itaú Diffusion Index up to 60% (from 49%)



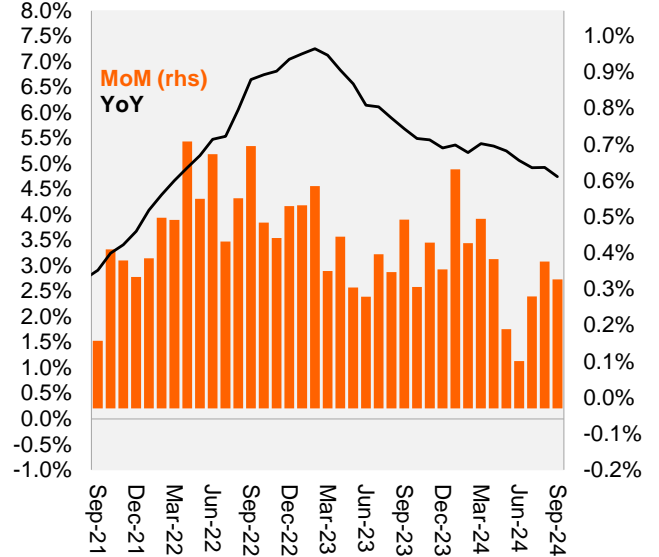
Source: BLS, Itaú

CPI Core Goods



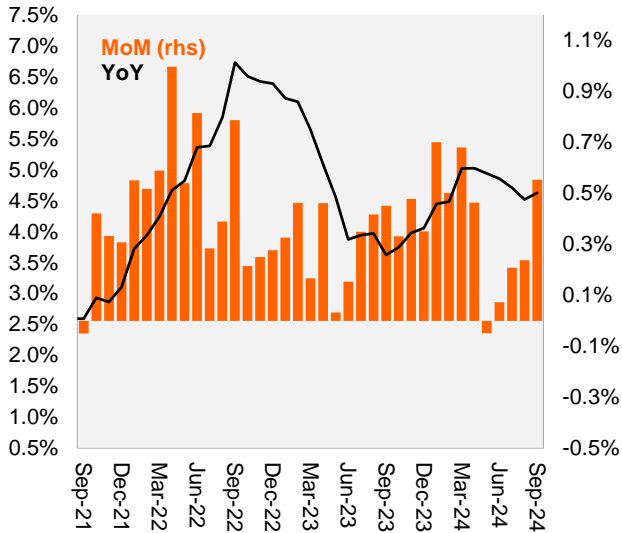
Source: BLS, Itaú

CPI Core Services



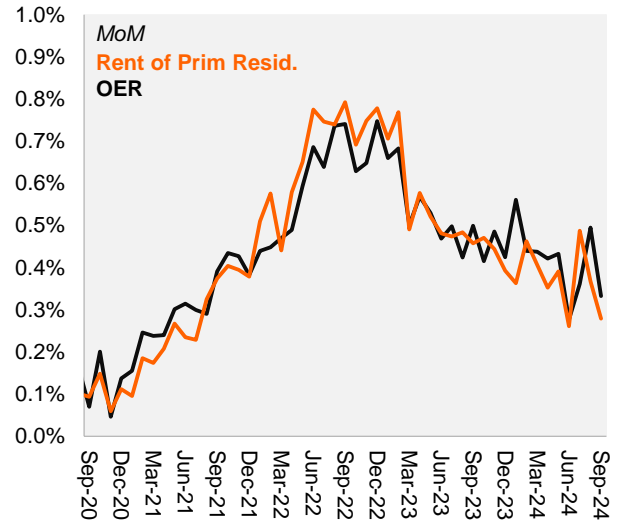
Source: BLS, Itaú

Core Services ex-Shelter



Source: BLS, Itaú

Shelter



Source: BLS, Itaú

Component	Weight %	% MoM						% YoY		
		Jun-24	Jul-24	Aug-24	Sep-24	Forecast	Surp (bps)	Jul-24	Aug-24	Sep-24
CPI	100.0	-0.06%	0.15%	0.19%	0.18%	0.10%	8	2.9%	2.5%	2.4%
Food	13.4	0.2%	0.2%	0.1%	0.4%	0.2%	3	2.2%	2.1%	2.3%
Energy	6.9	-2.0%	0.0%	-0.8%	-1.9%	-2.3%	3	1.1%	-4.0%	-6.8%
CPI ex-food&energy	79.7	0.06%	0.17%	0.28%	0.31%	0.29%	1	3.2%	3.2%	3.3%
Core Goods	18.5	-0.1%	-0.3%	-0.2%	0.2%	0.1%	1	-1.9%	-1.9%	-1.0%
New Vehicles	3.6	-0.2%	-0.2%	0.0%	0.2%	0.1%	0	-1.0%	-1.2%	-1.3%
Used Vehicles	1.9	-1.5%	-2.3%	-1.0%	0.3%	0.8%	-1	-10.9%	-10.4%	-5.1%
Core Goods ex-Cars	13.0	0.09%	-0.06%	-0.11%	0.16%	0.02%	2	-0.8%	-0.8%	-0.3%
Core Services	61.1	0.1%	0.3%	0.4%	0.36%	0.35%	0	4.9%	4.9%	4.7%
Shelter	36.3	0.2%	0.4%	0.5%	0.2%	0.4%	-7	5.1%	5.2%	4.9%
OER	26.8	0.28%	0.36%	0.50%	0.33%	0.36%	-1	5.3%	5.4%	5.2%
Rent of primary res	7.6	0.26%	0.49%	0.37%	0.28%	0.30%	0	5.1%	5.0%	4.8%
Lodging Away	1.5	-2.0%	0.2%	1.8%	-1.9%	2.0%	-6	-2.3%	1.8%	-2.8%
Health Care	6.5	0.2%	-0.3%	-0.1%	0.7%	0.2%	3	3.3%	3.2%	3.6%
Transportation svcs	6.5	-0.5%	0.4%	0.9%	1.4%	0.2%	8	8.8%	7.9%	8.5%
Airline Fare	0.8	-5.0%	-1.6%	3.9%	3.2%	1.5%	1	-2.8%	-1.3%	1.6%
Car and Truck Rental	0.1	1.3%	0.3%	-1.5%	1.2%	0.0%	0	-6.2%	-8.4%	-6.8%
Other Transp Svc	5.5	0.0%	0.7%	0.6%	1.1%	0.0%	6	10.8%	9.7%	10.1%
Other Core Services	11.8	0.36%	0.40%	0.06%	0.06%	0.37%	-4	3.4%	3.4%	3.0%
Alternative Cores										
Core Services ex-OER&RPR (Powell Supercore)	26.7	-0.05%	0.21%	0.33%	0.40%	0.36%	1	4.4%	4.5%	4.3%
Core Services ex-Shelter	24.8	0.07%	0.21%	0.24%	0.55%	0.27%	7	4.7%	4.5%	4.6%
Core Svcs ex-Shelter & Health	18.3	0.04%	0.40%	0.36%	0.52%	0.30%	4	5.2%	5.0%	5.0%

Bernardo Dutra
Nathan Teixeira

Macro Research – Itaú
Mario Mesquita – Chief Economist

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