

ECONOMIC ALERT

U.S. CONSUMER PRICE INDEX – MAR 2018

Released Wednesday, April 11, 2018

Consumer Price Index (CPI): -0.1% month-over-month (Cons: +0.0%); +2.4% year-over-year

Core CPI: +0.2% month-over-month (Cons: +0.2%); +2.1% year-over-year

Quick Take:

U.S. headline CPI declined -0.1% month-over-month in March, slightly below economists' estimates. Year-over-year headline CPI growth accelerated to +2.4% in March, up from +2.3% growth as of February. Energy prices held down headline CPI in March, as gasoline prices fell -4.9% month-over-month. Energy prices were up +7.0% year-over-year.

Core CPI rose +0.2% month-over-month in March after a +0.2% increase in February. Shelter costs (+0.4%) contributed to month-over-month growth in March, as did medical care services costs (+0.5%) and transportation services costs (+0.2%), which are three of the five largest core CPI components. On a six-month annualized basis, these components were up +3.4%, +2.7%, and +5.8%, respectively. Shelter inflation, which makes up roughly forty percent of the core reading, was responsible for three quarters of the monthly core CPI increase in March and was up +3.3% year-over-year.

On a year-over-year basis, core CPI growth accelerated to +2.1% in March, up from +1.9% in February and the fastest pace of growth in 13 months. In March, the wireless phone pricing drag from last year rolled off the year-ago comparisons, adding a boost to the year-over-year growth figure. In recent months, inflation pressures have moved modestly higher as transitory headwinds from last year that held down growth have disappeared. Growth continues to remain stable in the largest components of core CPI, and we expect inflation pressures to increase gradually given the tightening labor market and healthy economic growth.