

## Markets Sigh as Hot December CPI isn't any Hotter

The headline consumer price index (CPI) rose +0.5% in December and +7.0% on a year-over-year basis, *the largest annual gain since June 1982*. In 2020, headline consumer prices increased by just +1.4%, and in 2019, consumer prices rose at a +2.3% pace. As eye-popping as this morning's +7.0% annual increase appeared, it was right on top of the median forecast. The fact that it wasn't any worse, with assurances that Fed officials have already begun the process of cooling demand, has prompted an early rally in stocks and a mixed (evolving) bond market response.

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