Odds of a September Rate Hike Slip Further as CPI Matches Forecasts

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The overall and core consumer price index (CPI) rose by +0.2% in July, both *equaling the median forecast* while continuing to indicate a long-term downtrend in price pressures. On a year-over-year basis, headline CPI actually climbed from +3.0% to +3.2%, the first increase in more than a year. However, an uptick was widely expected due to a slightly lower base last July.

The annual pace of core CPI declined from +4.8% to +4.7%, matching the median forecast and down from a peak of +6.6% last September. On a quarter-over-quarter/annualized basis, core CPI clocks in at +3.0%, still above the Fed's +2.0% target but moving in the right direction …and at an agreeable pace.

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