

## Stubborn Shelter Costs Keep CPI Elevated

There were few surprises in the November Consumer Price Index (CPI), although stubbornly high housing costs continue to frustrate Fed efforts to wring out remaining price pressure. Overall CPI rose +0.1% last month after an unchanged reading in October. Within the headline, gasoline prices fell -6.0% last month and -8.9% year-over-year.

The unfortunate counterbalance to the drop in pump prices was a +0.4% increase in shelter costs. Within the shelter index, both the rent and owner's equivalent rent subindexes climbed +0.5%, while the *lodging away from home* subindex fell -0.9%. On an annual basis, housing costs are up +6.5%. This single component makes up roughly 70% of the service price index and is the key to driving core inflation down to the Fed's +2.0% target.

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