

Uncomfortably Hot August CPI Report Increases Pressure on Fed

The headline consumer price index rose +0.1% in August, above the expected -0.1% decline and following an *unchanged* reading in July. On a year-over-year basis, CPI increased at a +8.3% pace, down from +8.5%, but above the +8.0% forecast. Unfortunately, it was much worse when food and energy prices were excluded. Core CPI was up +0.6% in August, doubling both the median forecast and the July increase. On an annual basis, the rate of core consumer inflation rose from +5.9% to +6.3%. *This is what the market will focus on.*

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