

Inflation Monitor

4/12/2022

CPI printed today with Core CPI rising to 6.5% and Urban CPI hitting 8.5%. No surprise that price pressures remain large, with front and center mentality for the markets. We don't expect these pressures going away anytime soon, even with the Fed moving quickly on its rate hiking path. However, some of the largest prints in monthly Core CPI will begin to roll off next month which should bring it closer to the 4.5-5.5% range before long from the current 6.5%. Overall inflation measures will remain extremely high until commodity price pressures alleviate. Not seeing this happening in the near-term without a global downturn (which could be in the cards). As a reminder, the current CPI levels have set a record above nominal Treasury rates with Core CPI minus the 10yr Treasury yield more negative than what was experienced in the 1970s (see the chart).

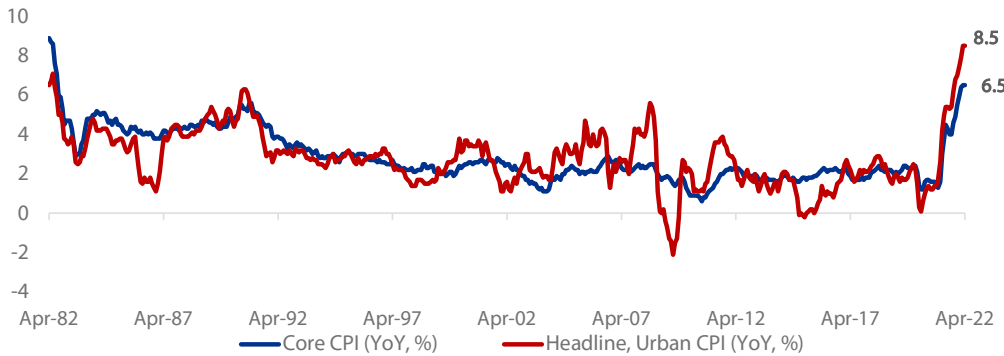
Inflation Rates and Changes

Annual (%)

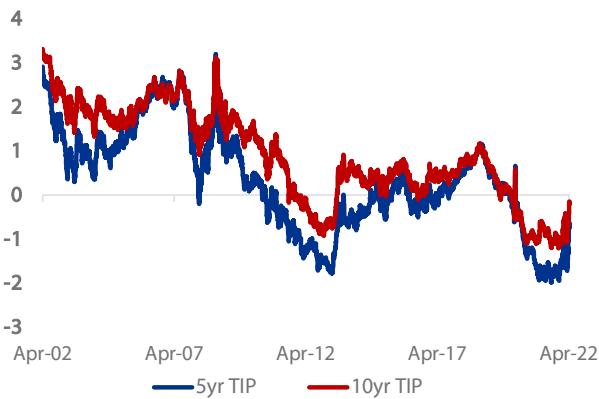
		Current	Last Year	Change
Consumer-Based	PCE Price Index (YoY)	6.4	3.6	2.8
	PCE Core Price Index (YoY)	5.4	3.1	2.3
	CPI Ex-Food & Energy (YoY)	6.5	3.0	3.5
	Consumer Price Index (YoY)	8.5	4.2	4.3
Producer	Producer Price Index (PPI, YoY)	10.0	6.5	3.5
	PPI Core (YoY)	8.4	4.6	3.8
Survey	UofM 1yr Inflation Expectations	5.4	3.4	2.0
	UofM 5-10yr Inflation Expectations	3.0	2.7	0.3
Market-Based	1yr Inflation Breakeven	5.6	2.7	2.9
	5yr5yr Forward Inflation Breakeven	2.4	2.3	0.1
	10yr Inflation Breakeven	2.8	2.4	0.5

Consumer Price Inflation

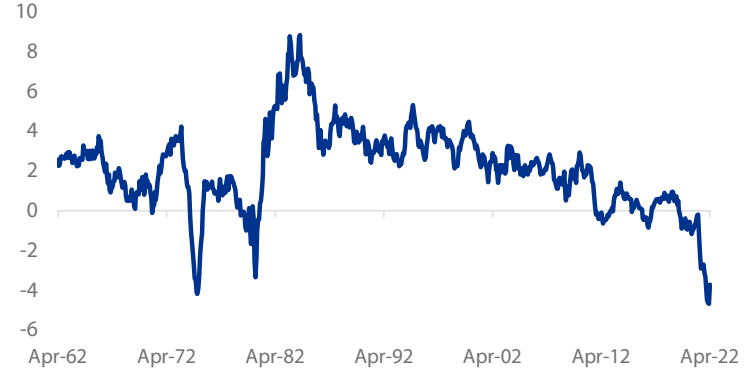
Annual (%)



Treasury Inflation Protection Real Yields (%)



Nominal 10yr Treasury Yield - Core CPI



Source: Bloomberg, Hilltop Securities

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