

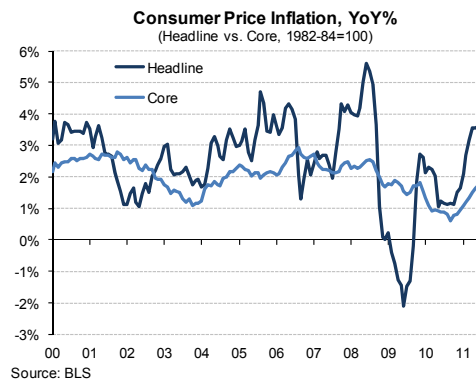


U.S.: Consumer price index higher-than-expected for second consecutive month

- Headline consumer inflation increased 0.4% MoM in August after 0.5% growth in July, exceeding consensus expectations of 0.2%
- Core CPI remained steady at 0.2% MoM, mostly due to gains in shelter and apparel

The consumer price index (CPI) increased more than expected for the second consecutive month, up 0.4% MoM in August following a 0.5% jump in July. Total energy and gasoline prices continued to grow, at 1.2% and 1.9%, respectively, however both indices reflect a slower MoM pace than in the previous month. In addition, food prices continued to accelerate, up 0.5% after a 0.4% rise in July. On a YoY non-seasonally-adjusted basis, headline CPI accelerated to 3.8%, the highest rate since September 2008. Energy prices have jumped 18.4% in the past 12 months, while food prices have increased 4.6% YoY.

Despite the rise in headline inflation, core CPI remained steady at 0.2% MoM growth. The main contributors to core inflation were apparel and shelter, which increased 1.1% and 0.2%, respectively. Prices also increased for used cars and trucks, medical care, household furnishings and operations, recreation, tobacco, and personal care, while new vehicle prices did not change. The non-seasonally-adjusted core index jumped to 2.0% on a YoY basis, hitting the Fed's maximum rate in the implicit inflation target range of 1.5-2.0%. Ultimately, inflation data for August suggest that deflationary risks have declined. Looking forward to next week's two-day FOMC meeting, today's report could have significant implications for Fed action as members discuss strategies to boost growth.



Best Regards,

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