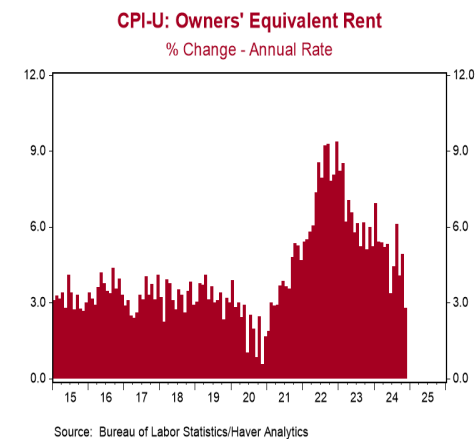
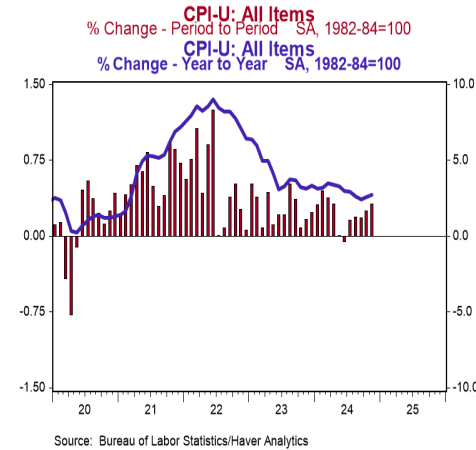


November CPI

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- The Consumer Price Index (CPI) rose 0.3% in November, matching consensus expectations. The CPI is up 2.7% from a year ago.
- Food prices increased 0.4% in November, while energy prices rose 0.2%. The “core” CPI, which excludes food and energy, increased 0.3% in November, also matching consensus expectations. Core prices are up 3.3% versus a year ago.
- Real average hourly earnings – the cash earnings of all workers, adjusted for inflation – were unchanged in November but are up 1.3% in the past year. Real average weekly earnings are up 1.0% in the past year.

Implications: The Consumer Price Index came in as expected in November but remains stubbornly above the Federal Reserve’s 2.0% mandate, suggesting inflation progress has stalled. Headline prices rose 0.3% in November (+3.8% annualized) while the twelve-month reading rose for the second month in a row to 2.7%. Notably, that 2.7% gain in prices in the past year was in spite of a 3.2% decline in energy prices. Excluding energy, overall prices are up 3.2% in the last year. Stripping out both food and energy shows a 3.3% increase in the past year. The main driver of core inflation has been housing rents, which rose a more tepid 0.2% in November. Some analysts – including those at the Fed – have argued that housing rents have artificially boosted the inflation picture due to the way it’s measured and the lags at which those changes are reflected in the monthly reports. But a subset category of prices the Fed used to tell investors to watch closely but no longer seems to mention – known as the “Supercore” – which excludes food, energy, other goods, and housing rents, rose 0.3% in November and are up 4.3% in the last year, worse than the 3.9% reading in the year ending in November 2023. No matter which way you cut it, inflation is still running above the Fed’s 2.0% target, now for the 45th consecutive month. We have said for some time that easing in inflation will come should the Fed have the resolve to let the lagged effects of tighter monetary policy do its work. But the Fed has cut rates a total of 75bps since September and looks likely to cut by another 25bps at the meeting next week. And yet the embers of inflation continue to burn. It remains to be seen whether inflation will reach 2.0% or less on a consistent basis. This month’s report did no favors proving that.



CPI - U	Nov-24	Oct-24	Sep-24	3-mo % Ch. annualized	6-mo % Ch. annualized	Yr to Yr % Change
<i>All Data Seasonally Adjusted Except for Yr to Yr</i>						
Consumer Price Index	0.3%	0.2%	0.2%	3.0%	2.1%	2.7%
Ex Food & Energy	0.3%	0.3%	0.3%	3.7%	2.9%	3.3%
Ex Energy	0.3%	0.3%	0.3%	3.7%	2.9%	3.2%
Energy	0.2%	0.0%	-1.9%	-6.5%	-8.6%	-3.2%
Food	0.4%	0.2%	0.4%	3.9%	3.0%	2.4%
Housing	0.3%	0.4%	0.2%	3.9%	3.7%	4.1%
Owners Equivalent Rent	0.2%	0.4%	0.3%	3.9%	4.3%	4.9%
New Vehicles	0.6%	0.0%	0.2%	2.8%	0.8%	-0.7%
Medical Care	0.3%	0.3%	0.4%	4.0%	1.6%	3.1%
Services (Excluding Energy Services)	0.3%	0.3%	0.4%	4.0%	3.7%	4.6%
Real Average Hourly Earnings	0.0%	0.2%	0.2%	1.4%	2.0%	1.3%

Source: U.S. Department of Labor