

# ECONOMIC NEWS

## United States: Prices for Goods Moderate

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### HIGHLIGHTS

- ▶ The consumer price index (CPI) rose 0.4% in October after an identical increase in September and a gain of just 0.1% in August.
- ▶ Energy prices increased 1.8%, led by a 4.0% jump in gasoline prices and a 19.8% spike in fuel oil prices. Food prices were up 0.6%, the smallest monthly advance since December 2021.
- ▶ The index for all items less food and energy rose 0.3% in October, less than the 0.6% gains posted in the previous two months.
- ▶ The all items index continued to decline, posting its smallest 12-month increase since the period ending January 2022. It increased 7.7% for the 12 months ending October, down from 8.2% in September. The 12-month change in the all items less food and energy index also slowed from 6.6% to 6.3%.

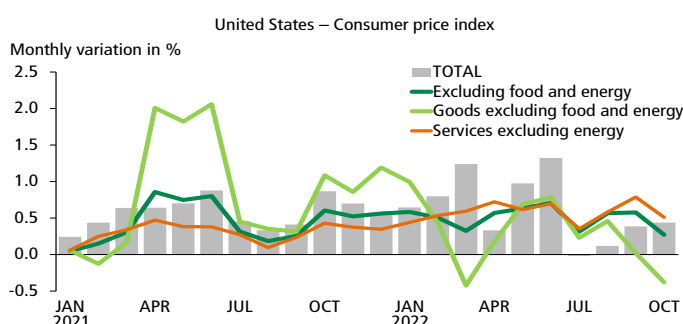
### COMMENTS

After a few months of stronger than expected price growth, especially on the core side, today's report finally suggests that price pressures may be easing. Analysts expected total CPI to increase 0.6% and CPI excluding food and energy to rise 0.5%. Inflation is falling despite the recent uptick in gasoline and heating oil prices. And heading into Thanksgiving, the slowdown in food prices—including an increase of just 0.4% in groceries—is welcome news for US consumers.

October's CPI print is further proof that price growth for goods is cooling. The price of goods excluding food and energy even fell. It was down 0.4%, the first drop since March. Prices declined for used cars and trucks (-2.4%), apparel (-0.7%), appliances (-0.5%), computers (-0.3%), toys (-1.1%) and smartphones (-5.9%). It looks like supply chain improvements including lower international freight costs are having an effect. Service prices continue to rise, but the 0.5% gain in services excluding energy is the smallest since July. There's still strong price pressure on

### GRAPH

Prices for goods excluding food and energy declined in October



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

shelter and accommodation, but prices for medical services are down.

### IMPLICATIONS

Inflation is still too high in the United States, but some pressures seem to be easing, especially on the goods side. That doesn't mean the Fed's work is done, however. Expect more rate hikes to come.