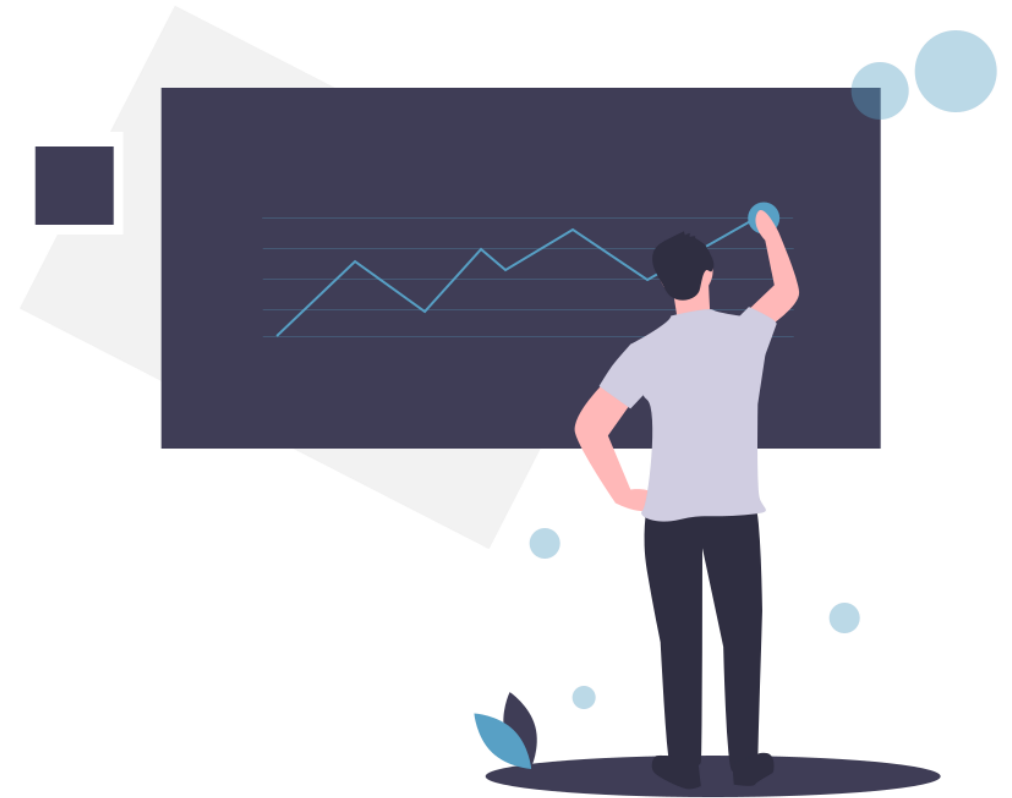


## Inflation Roundup

September 29, 2022

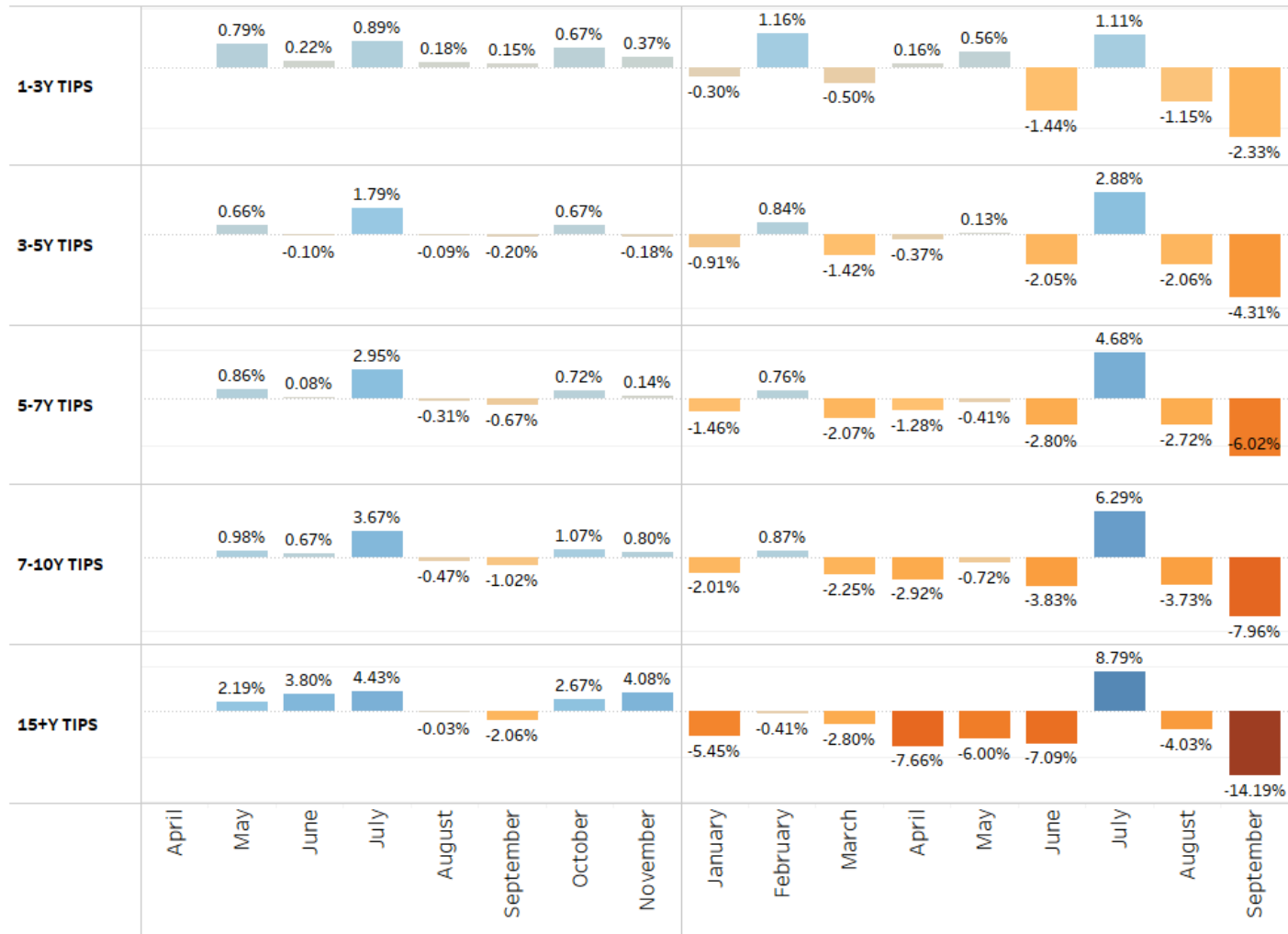
- Total Returns and Seasonality
- The State of Inflation
- Market-Based Expectations
- Energy and Commodities
- Shelter Inflation
- Search Activity

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# TIPS TOTAL RETURNS:

U.S. TIPS: Monthly Returns

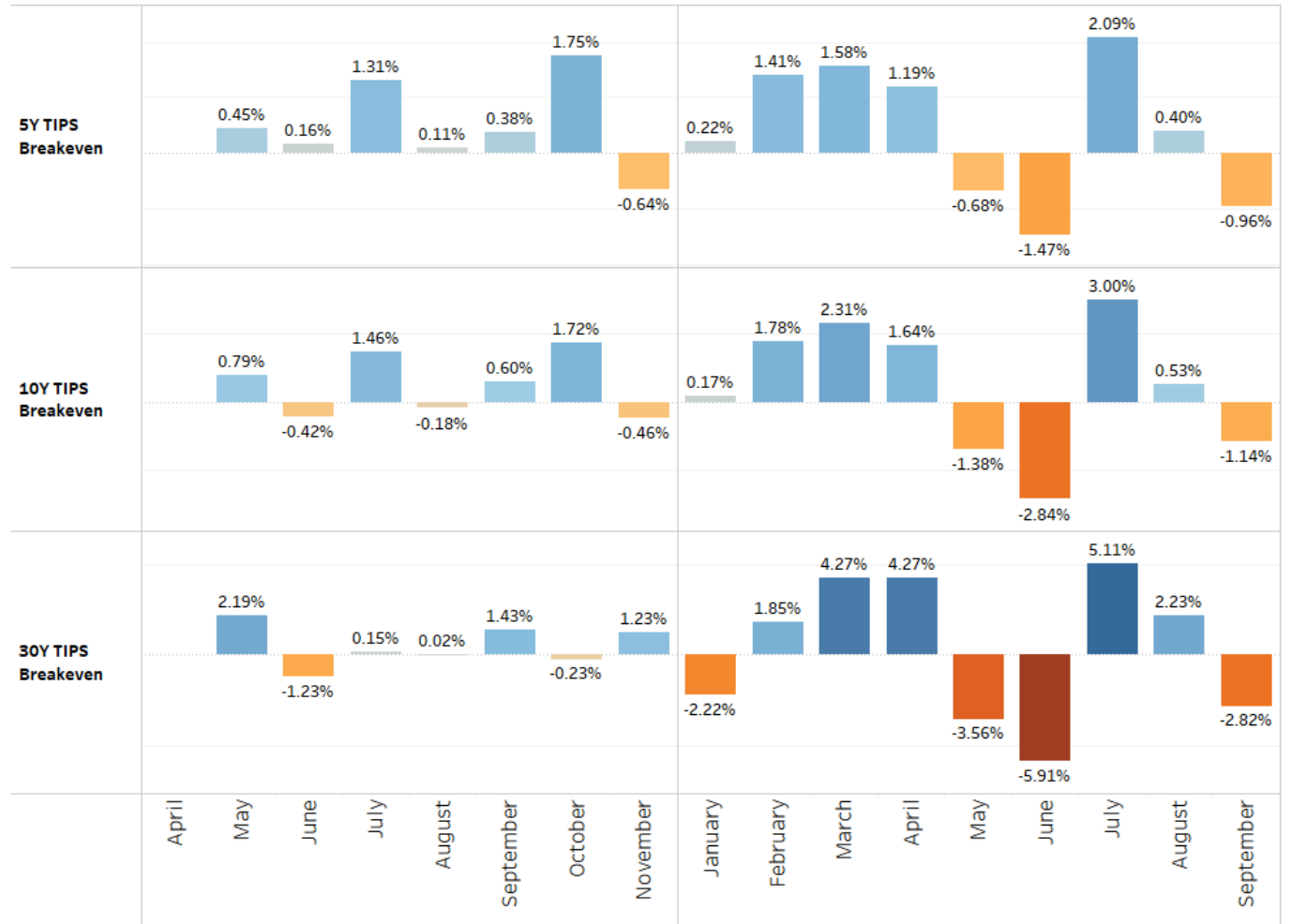


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# TIPS BREAKEVENS TOTAL RETURNS:

U.S. Inflation Expectations (duration weighted): Monthly Returns



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# 10-Year Breakevens Fall

- South Korea being the only exception, 10y breakevens fell over the past week for the US and others.

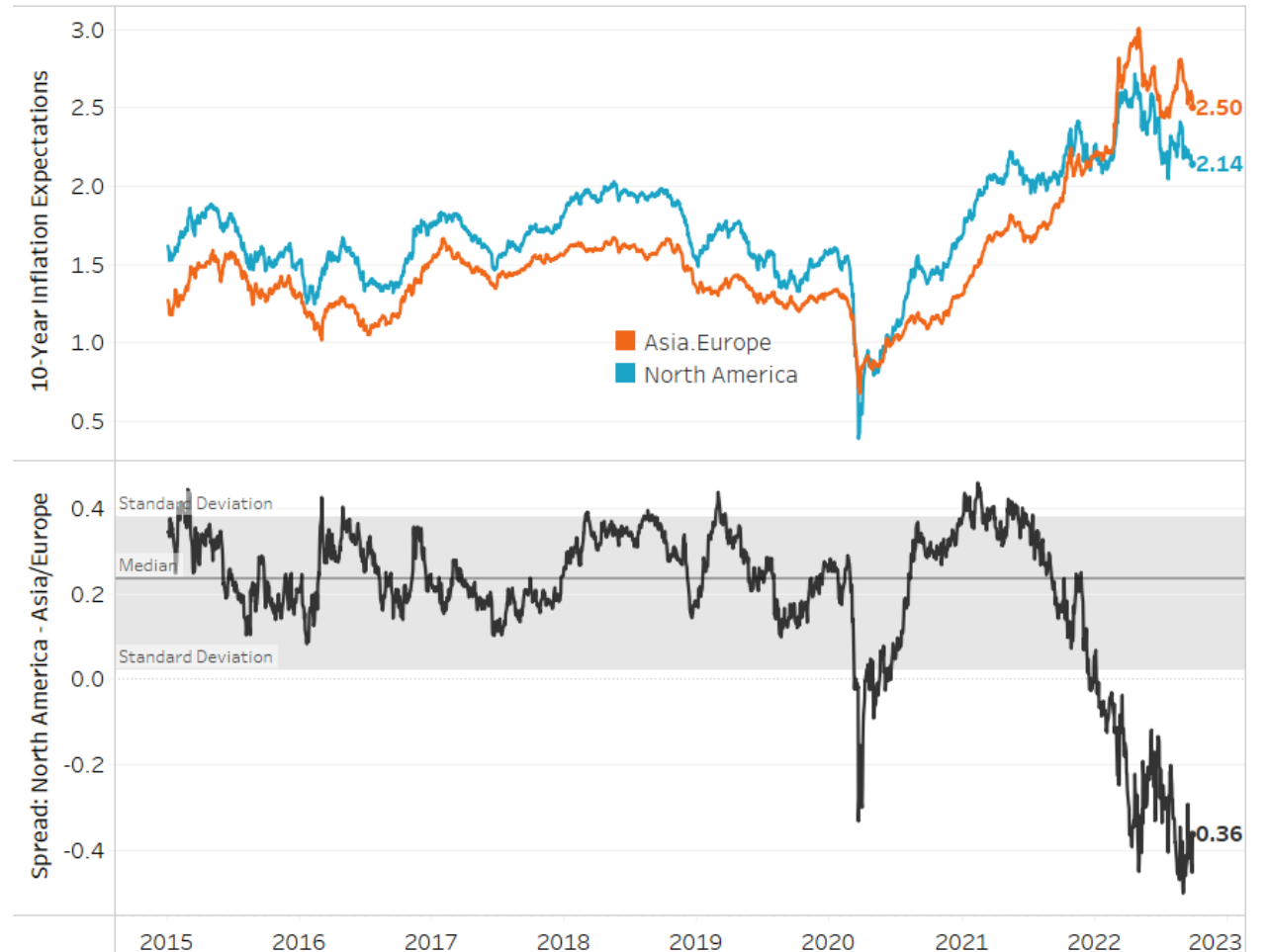


# Asia/Europe and North America Inflation Gap

- The spread between average 10-year inflation expectations between North America and Asia/Europe narrowed throughout the week as both regions saw expectations fall.

10-Year Inflation Expectations in Asia/Europe VS. North America

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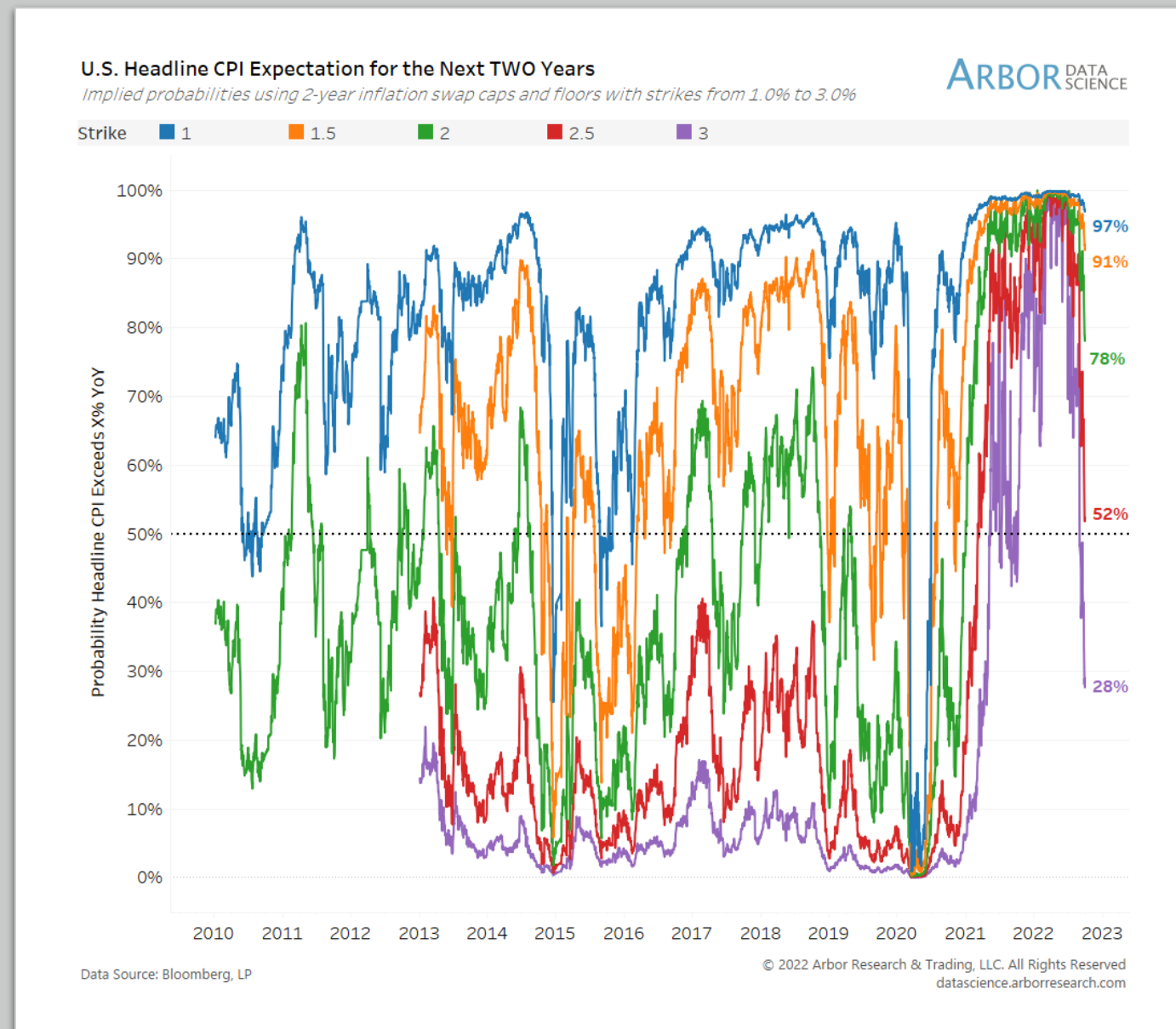


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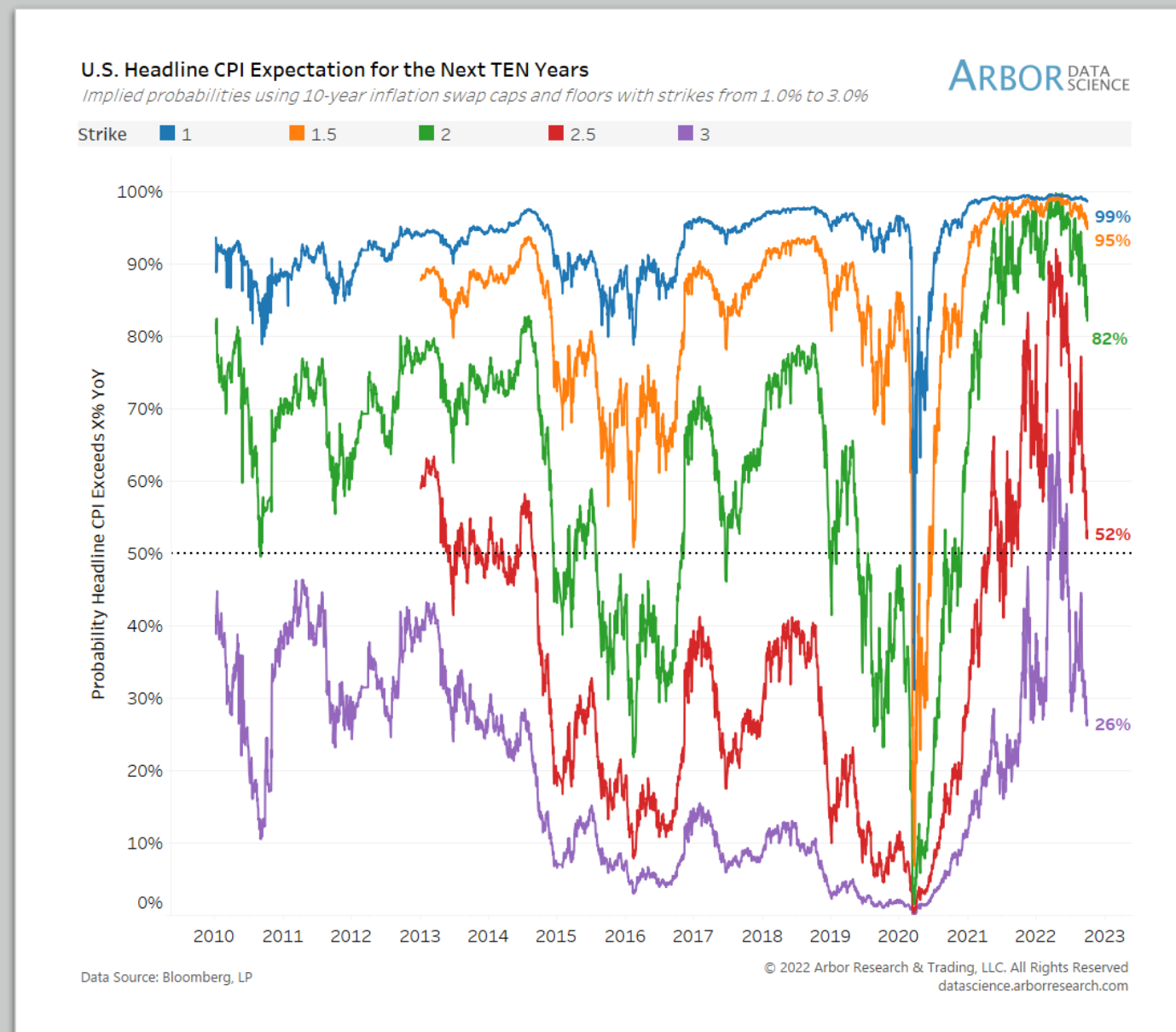
# U.S. Short-Term Inflation Swap Caps and Floors

- 2y Headline CPI expectations further declined last week with, 3% inflation falling to a 28% probability.



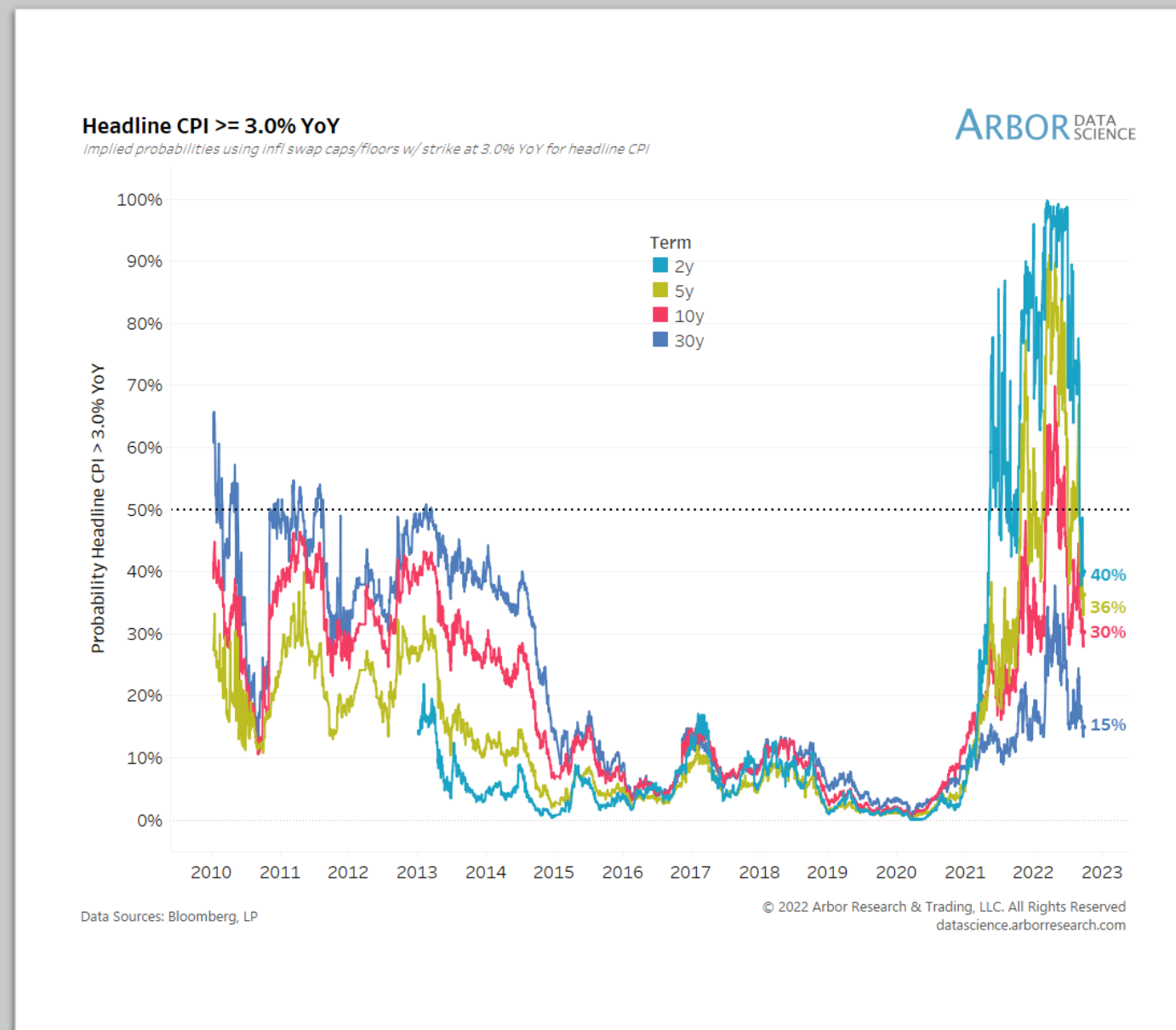
# U.S. Inflation Swap Caps and Floors

- 10y Headline 2.5% CPI fell 6 points over the past week to 53% probability.
- 3% inflation over the next 10 years declined and now sits at a 26% probability.



# U.S. 3% Headline Expectations

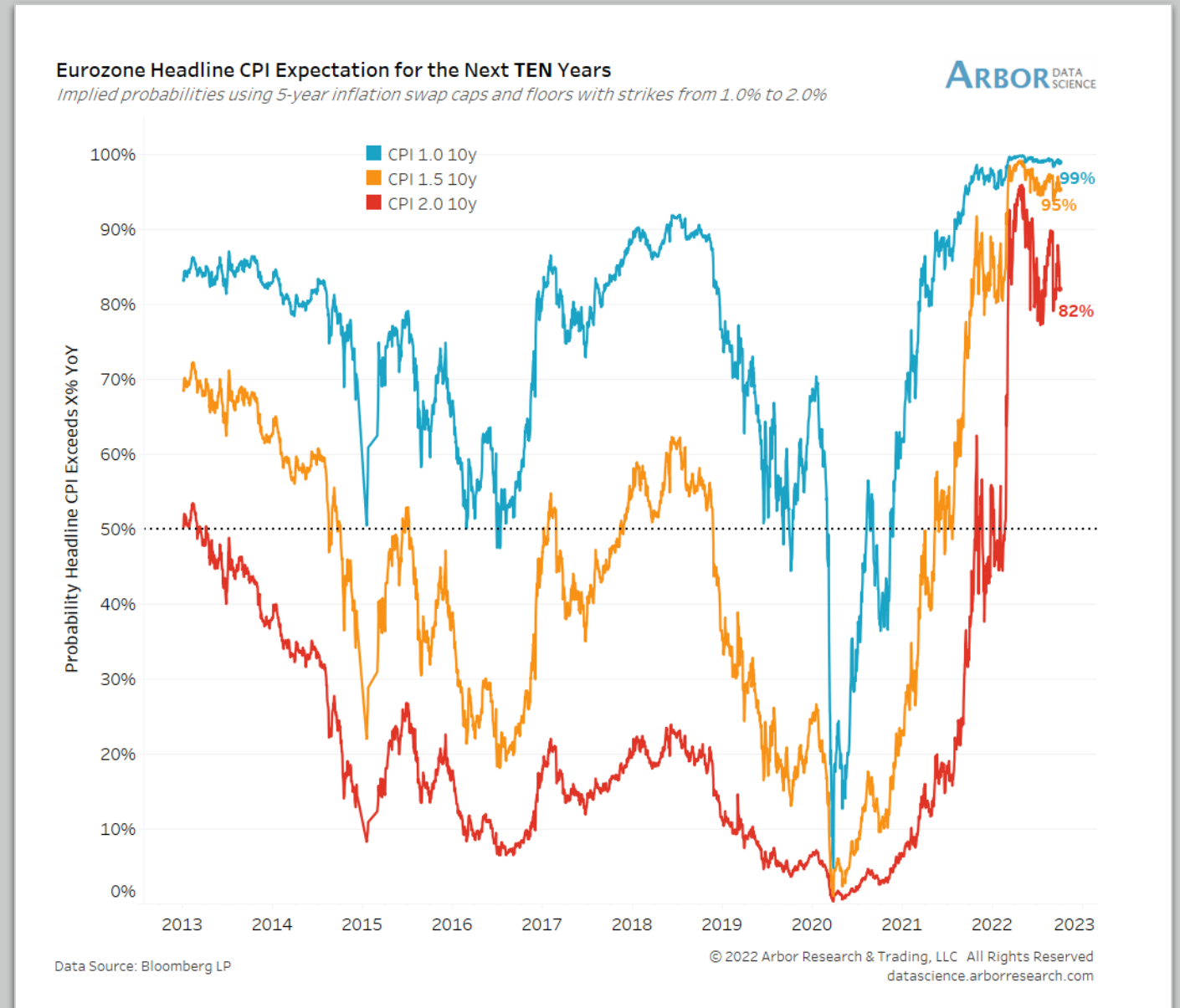
- 3% for any significant period of time is looking less and less likely. Even over the next two years, markets give it a 40% probability.





# Eurozone Inflation Expectations

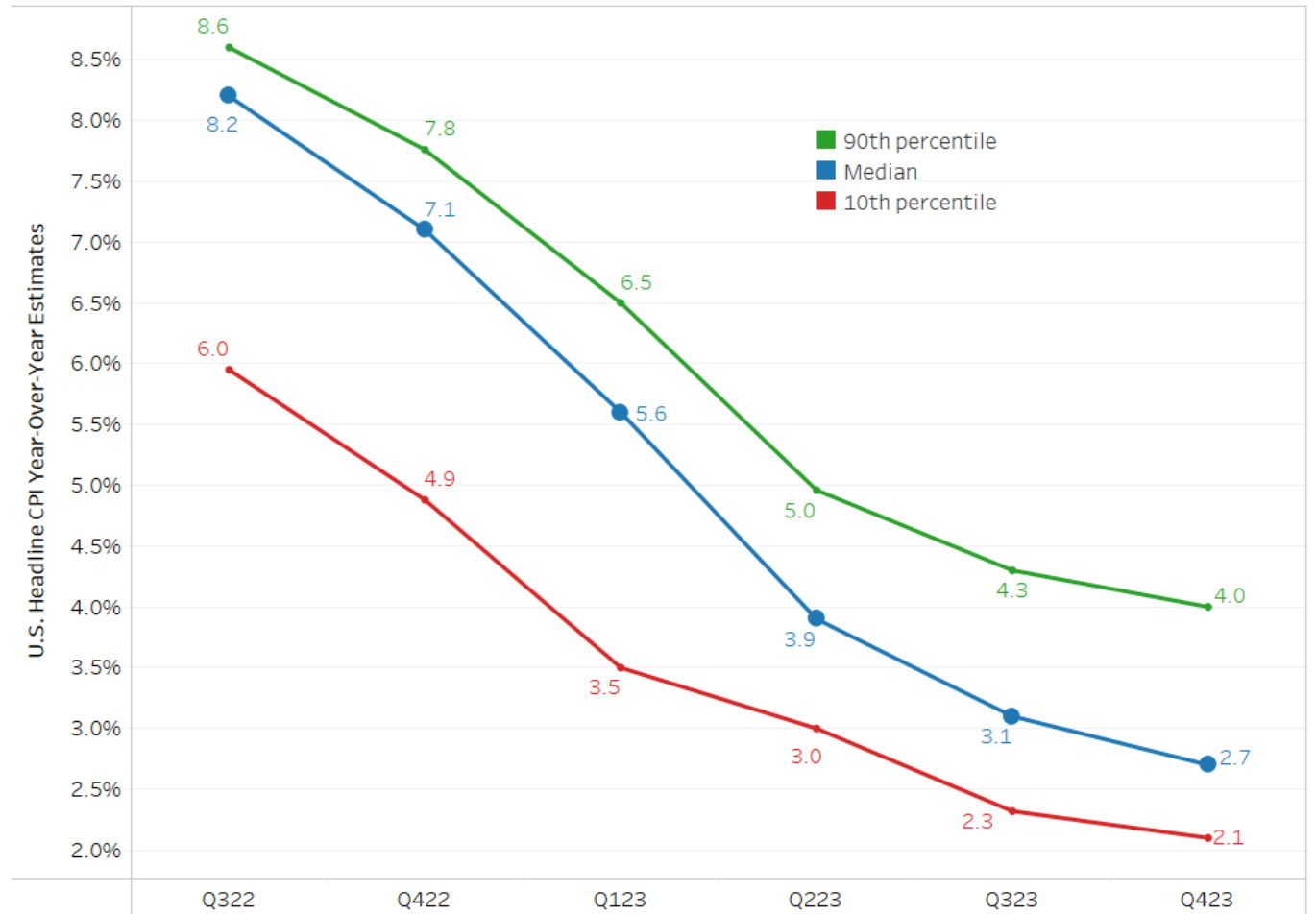
- Eurozone inflation expectations fell alongside the US.
- The 10-year 2% inflation implied probability is now 82%.



# Economist Inflation Forecasts

- The median economist projection is now 8.2% headline inflation thru the current quarter.

Economists Forecasting CPI >8% YoY This Quarter

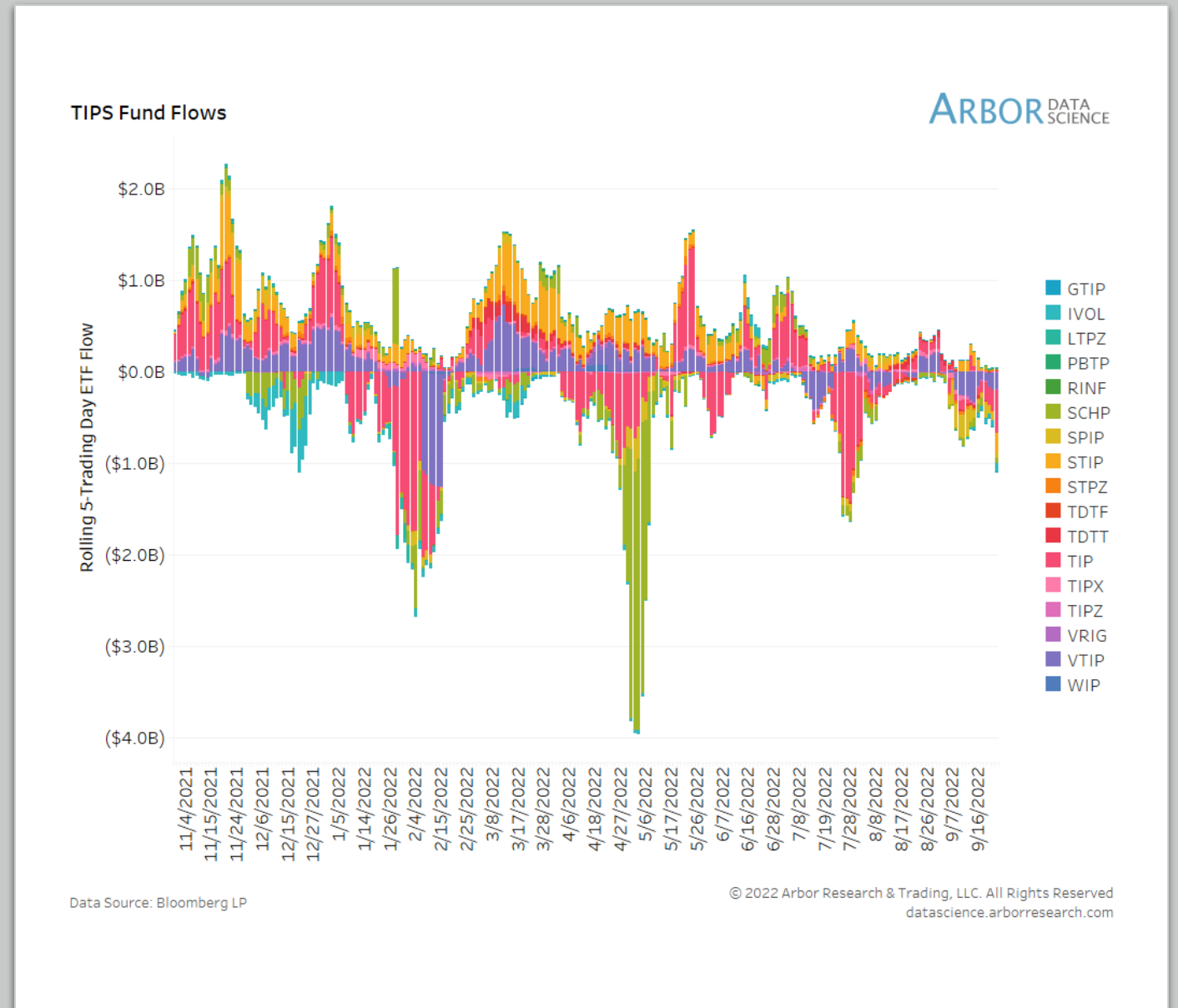


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# TIPS Fund Flows

- TIPS funds had another week of heavy out-flows.
- The week ended with net out-flows >\$1 billion (Sept 19-23).

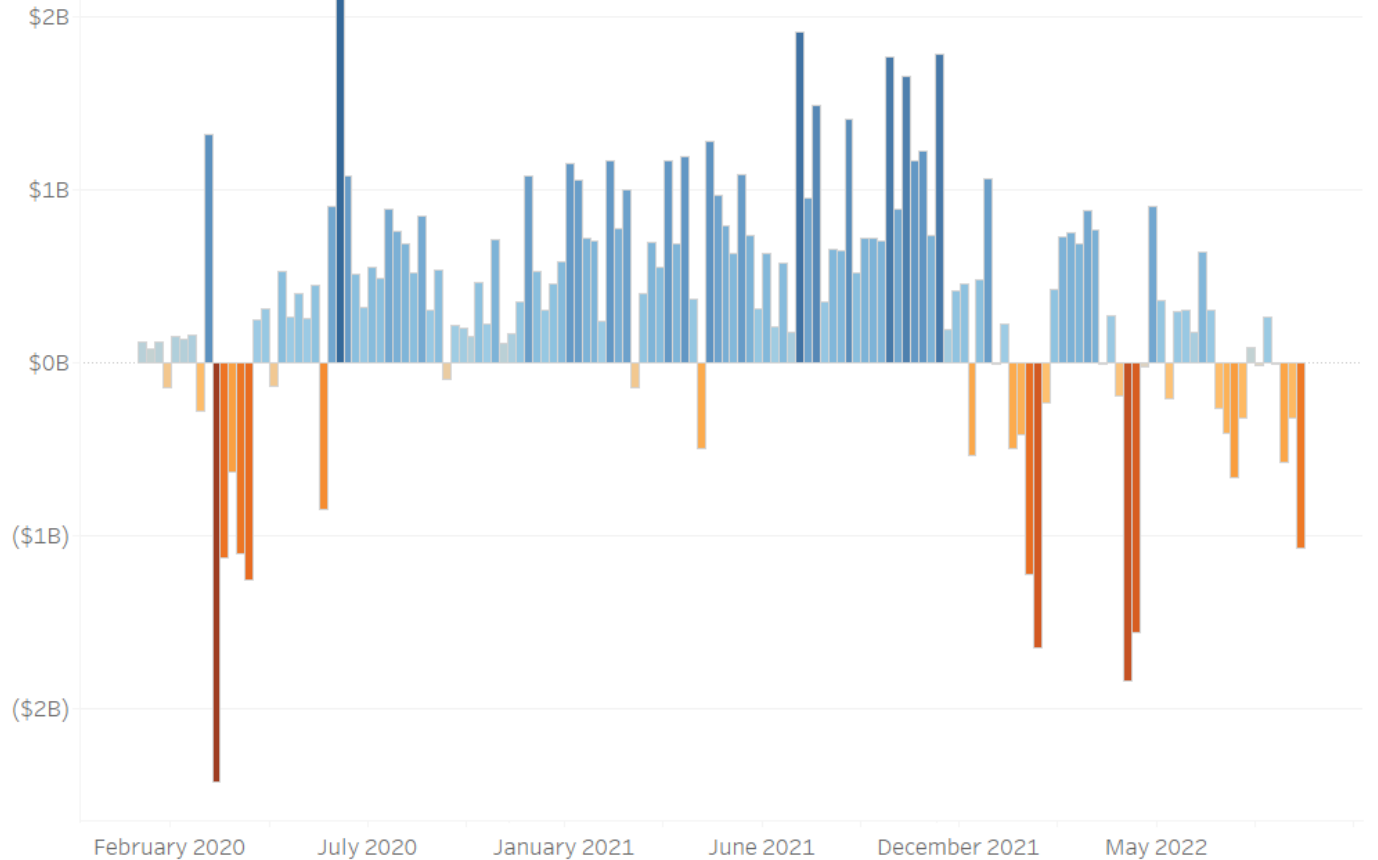


# TIPS Fund Flows Negative Last Week

## TIPS ETFs Net Flow

Weekly Total Flow into All US-Listed TIPS Exchange Traded Funds

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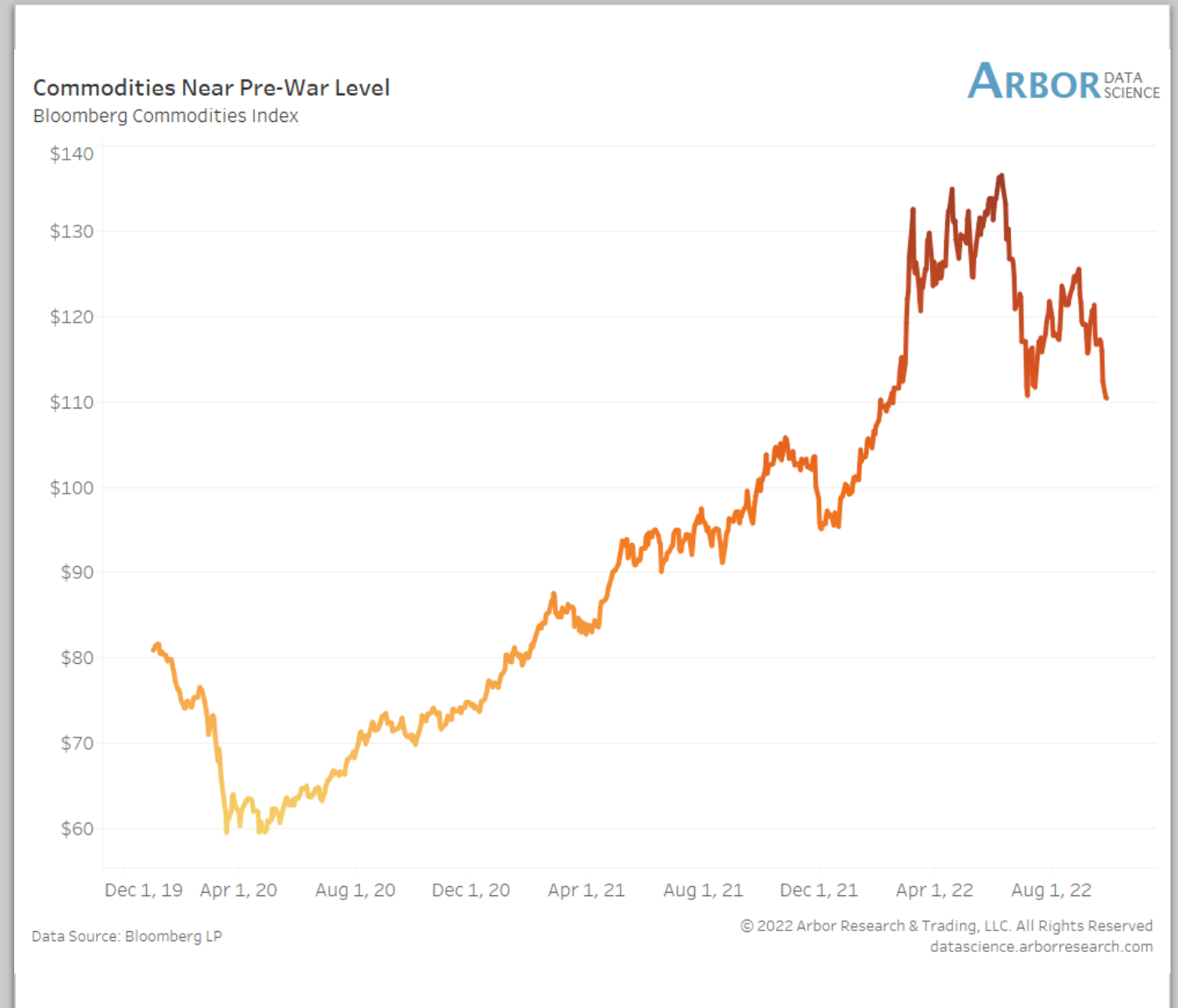


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# Bloomberg Commodity Index Trending Back Down

- Highest weighted Commodities in the BCOM Index are Gold, Natural Gas, Crude and Corn.
- For more on commodities check out this week's [Commodities Update](#).

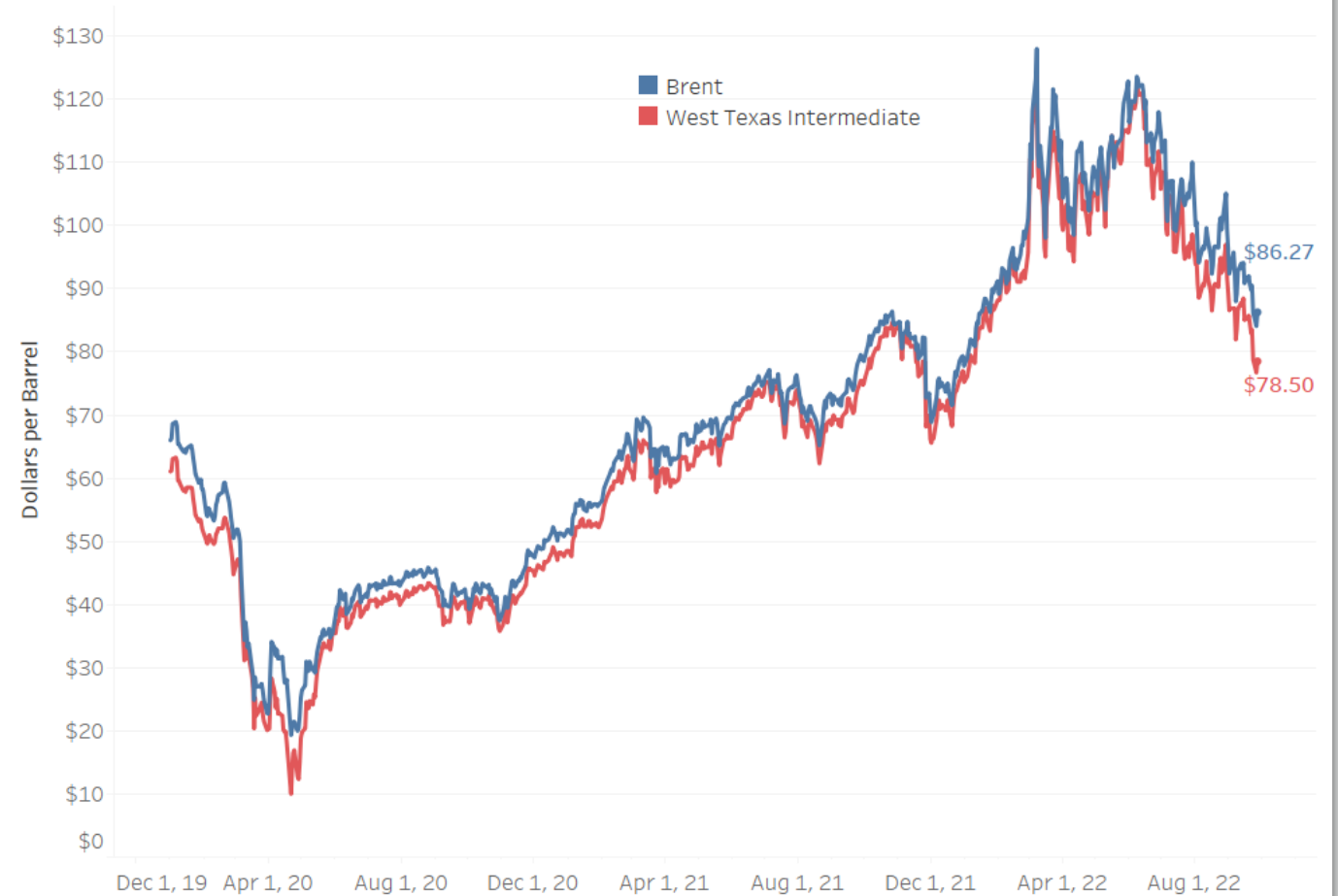


## Oil Falls even as US Gasoline Prices Rise

### Oil Back at Pre-Ukraine Invasion Level

Generic WTI and Brent Crude Indices

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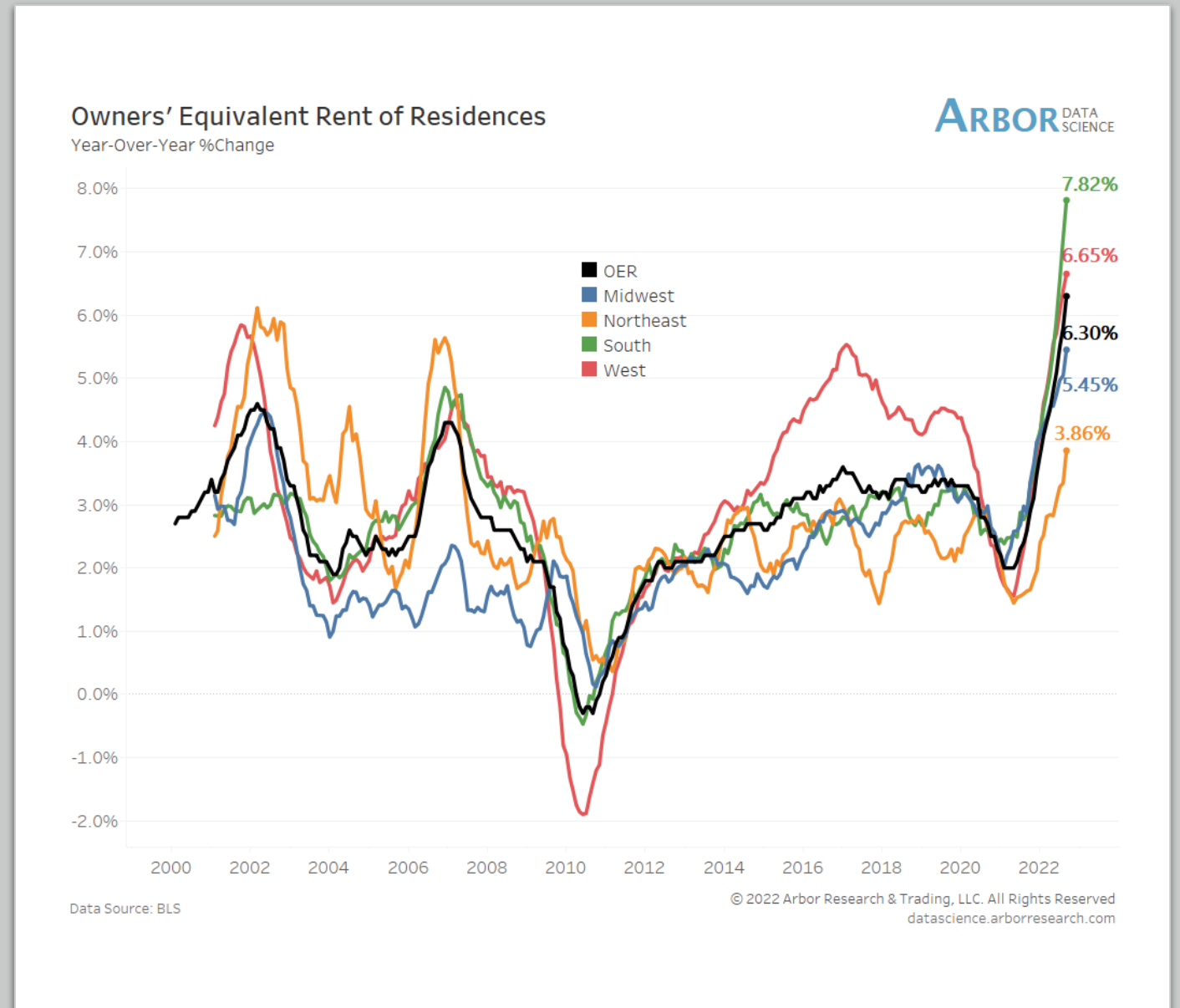


Data Source: Bloomberg LP

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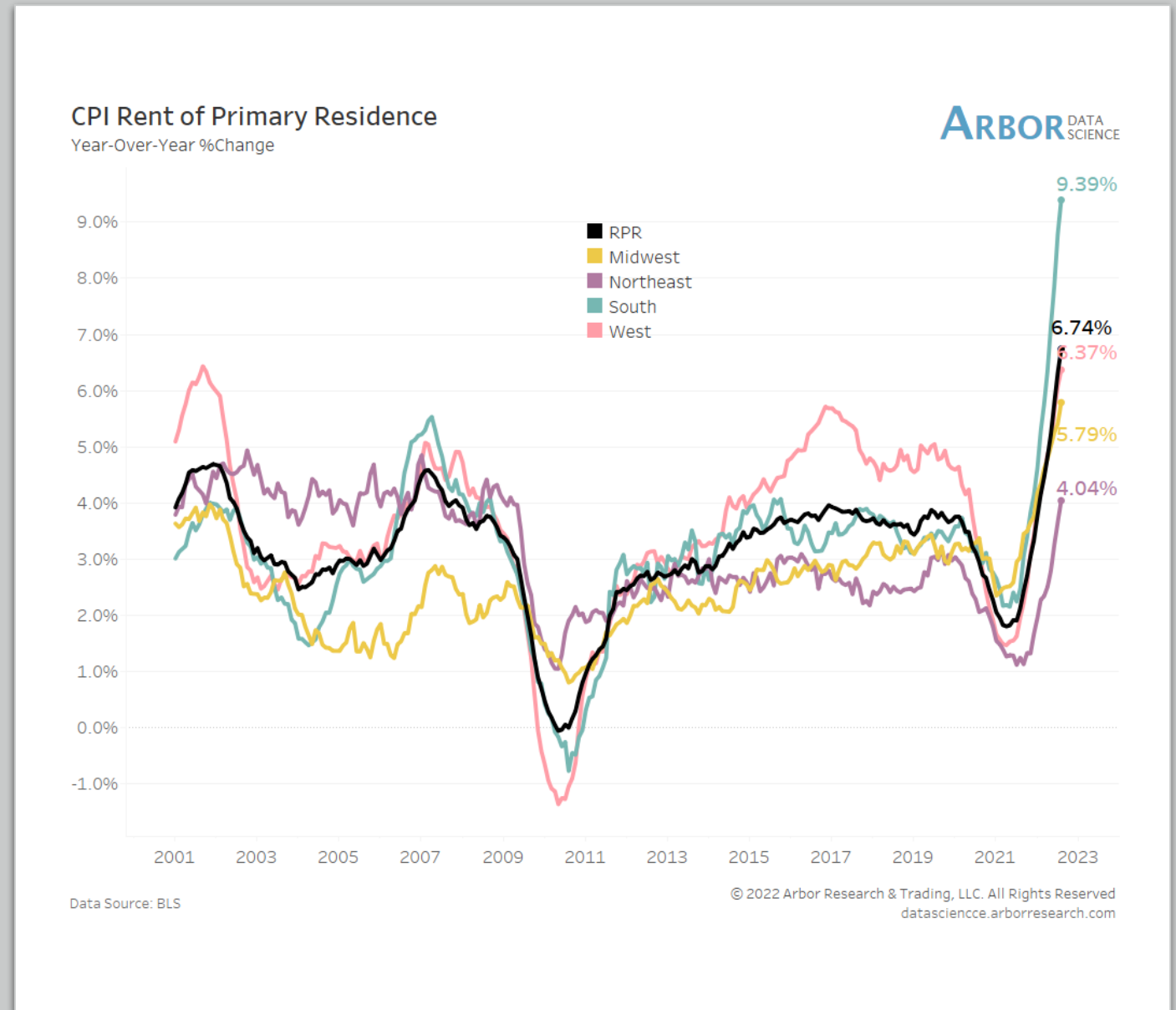
# Shelter Inflation Continues to Increase

- Owners' Equivalent Rent of Residences (OER) rose to a 6.3% increase year-over-year in August.
- For the second consecutive month, the South suffered the highest increase in OER.



# Rent of Primary Residence

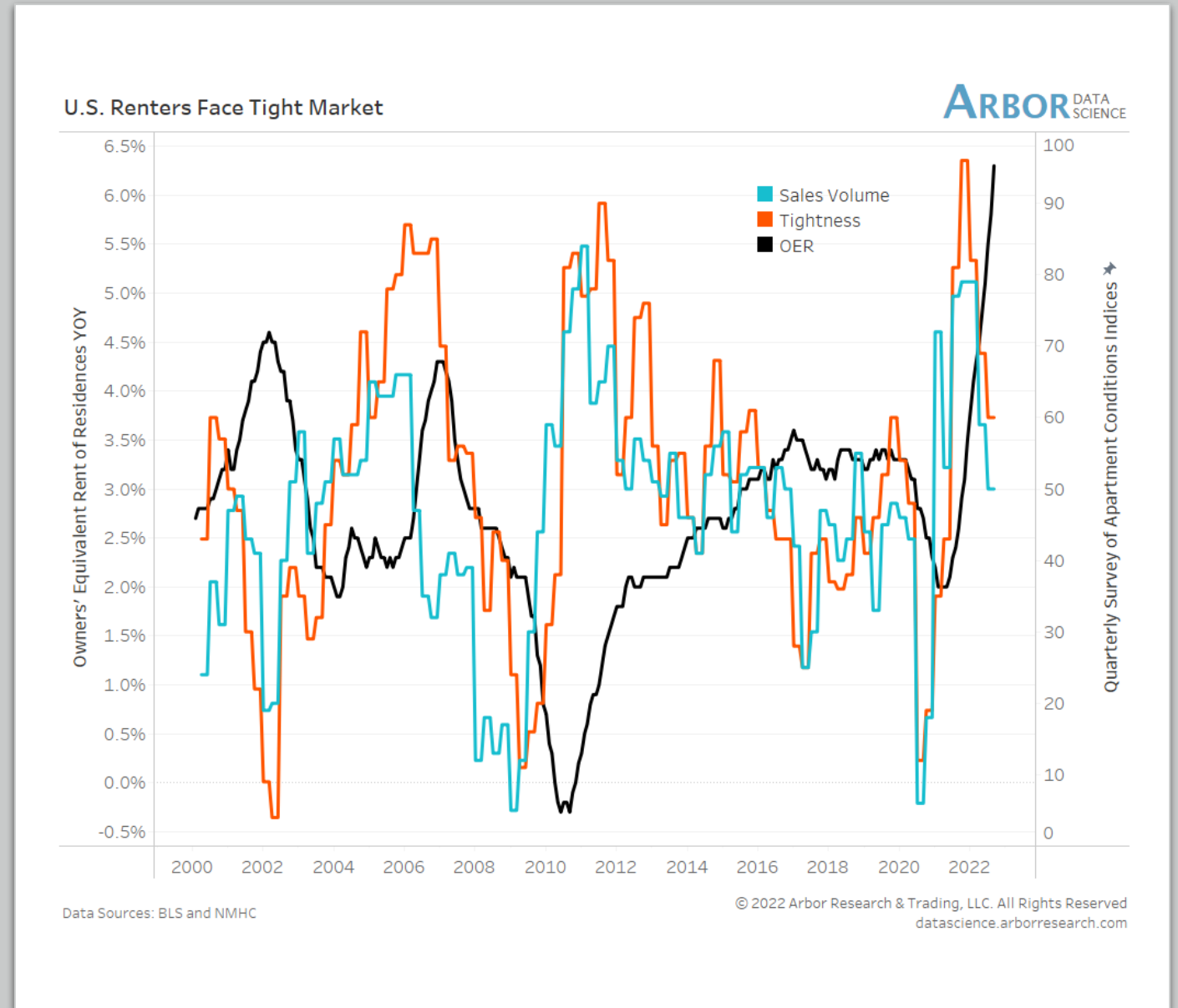
- Rent of Primary Residence (RPR) rose to 6.74% year-over-year in August.
- Like OER, the South got the worst of this with a 9.39% year-over-year increase.





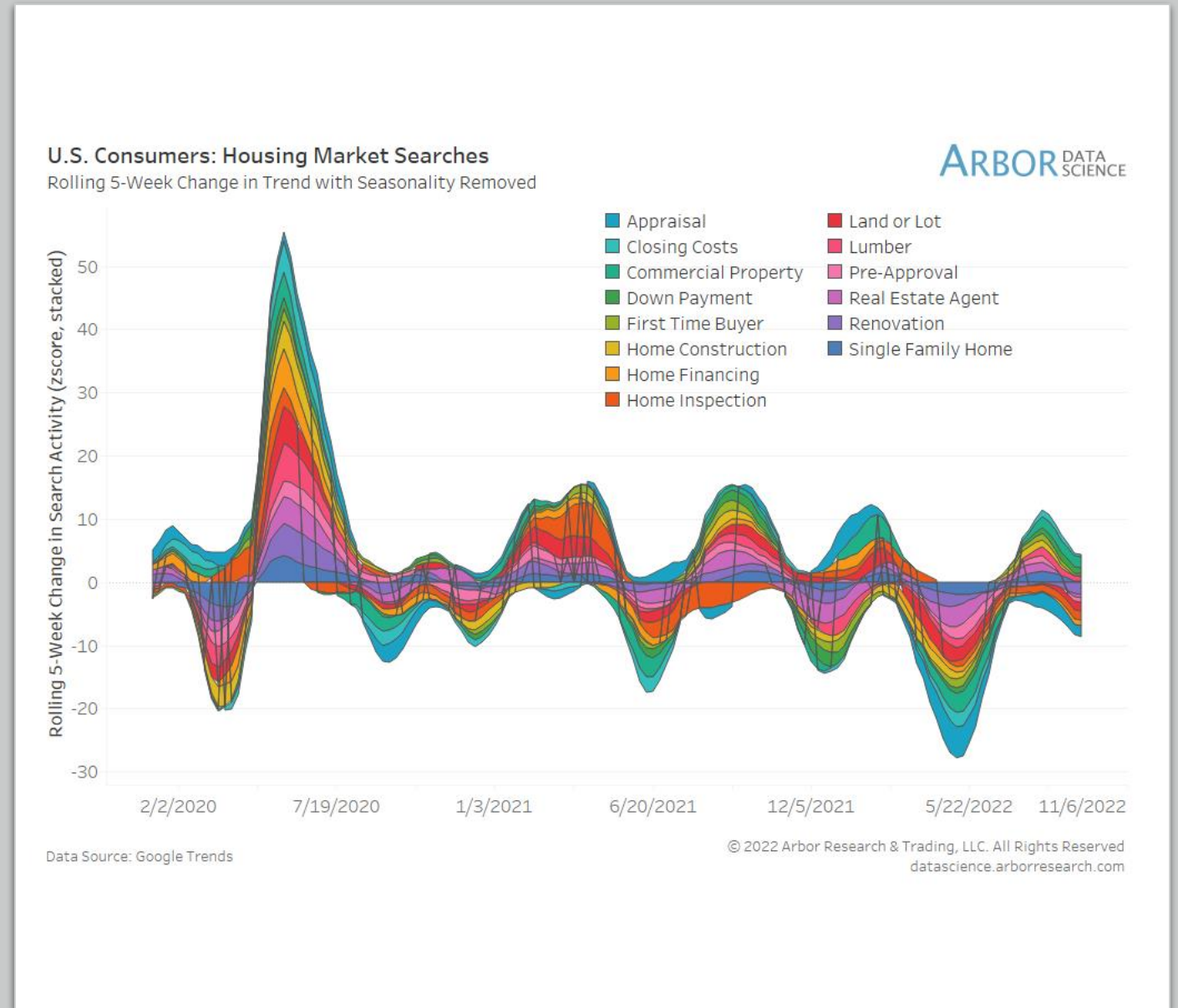
# Renters' Market Sees Slight Relief

- [The Quarterly Survey of Apartment Conditions](#) conducted by the National Multifamily Housing Council (NMHC) still points to tightening rental conditions.



# Housing Market Search Activity Turns Around

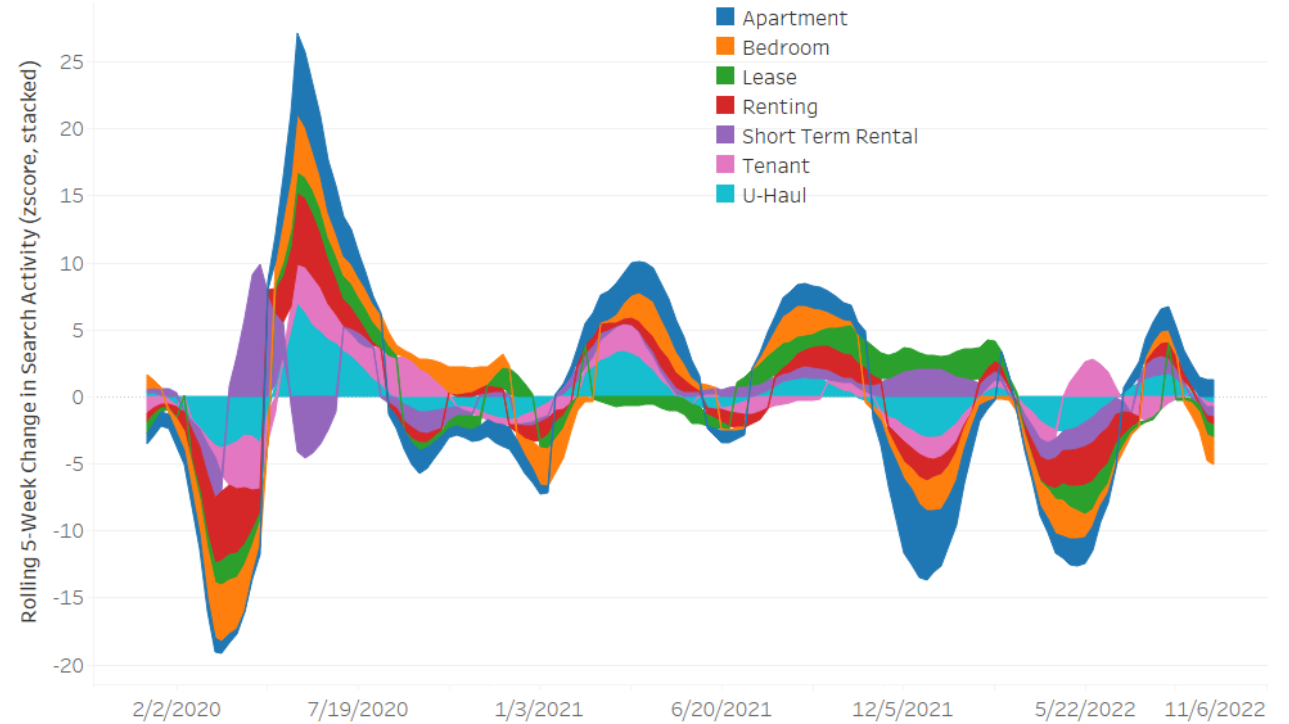
- Search trends are starting to reverse after a couple months rise. Indeed, new home sales are down as rising mortgages push more buyers out of the market.



# Apartment Seeking Declines

U.S. Consumers: Apartment Seeking  
Rolling 5-Week Change in Trend with Seasonality Removed

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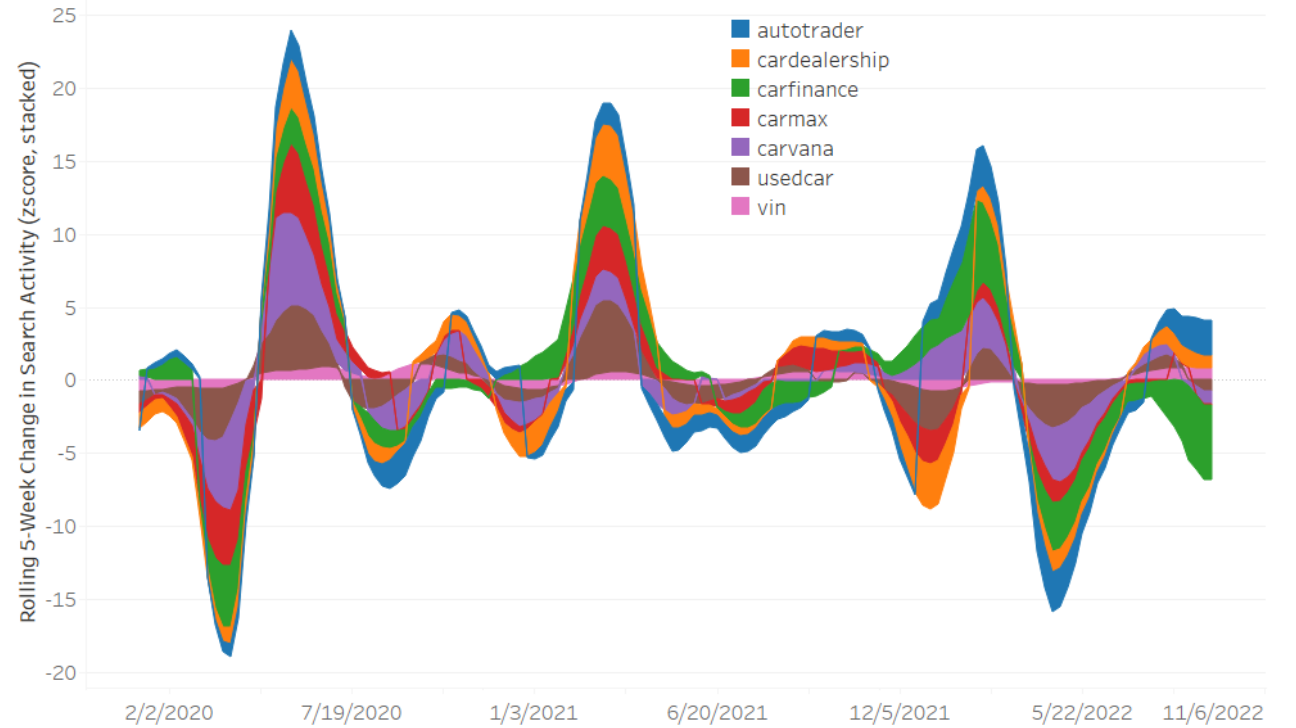
Data Source: Google Trends

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# Vehicle Search Trends Mixed

U.S. Consumers: New and Used Vehicle Searches  
Rolling 5-Week Change in Trend with Seasonality Removed

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Data Source: Google Trends

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