



Inflation Roundup

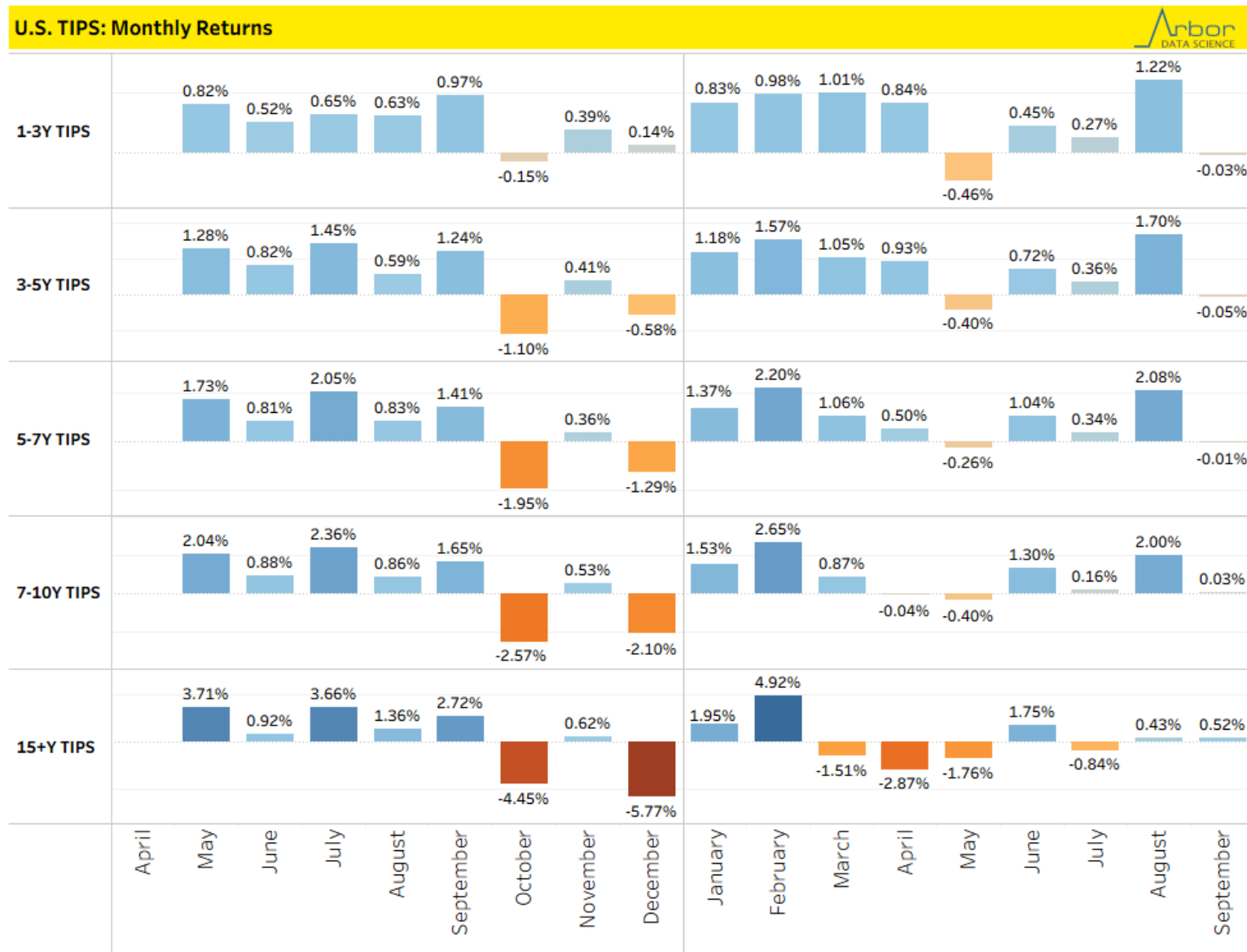
September 5, 2025

- Total Returns and Seasonality
- The State of Inflation
- Market-Based Expectations
- SPY Fund Flows
- Energy and Commodities
- Shelter Inflation

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TIPS TOTAL RETURNS:

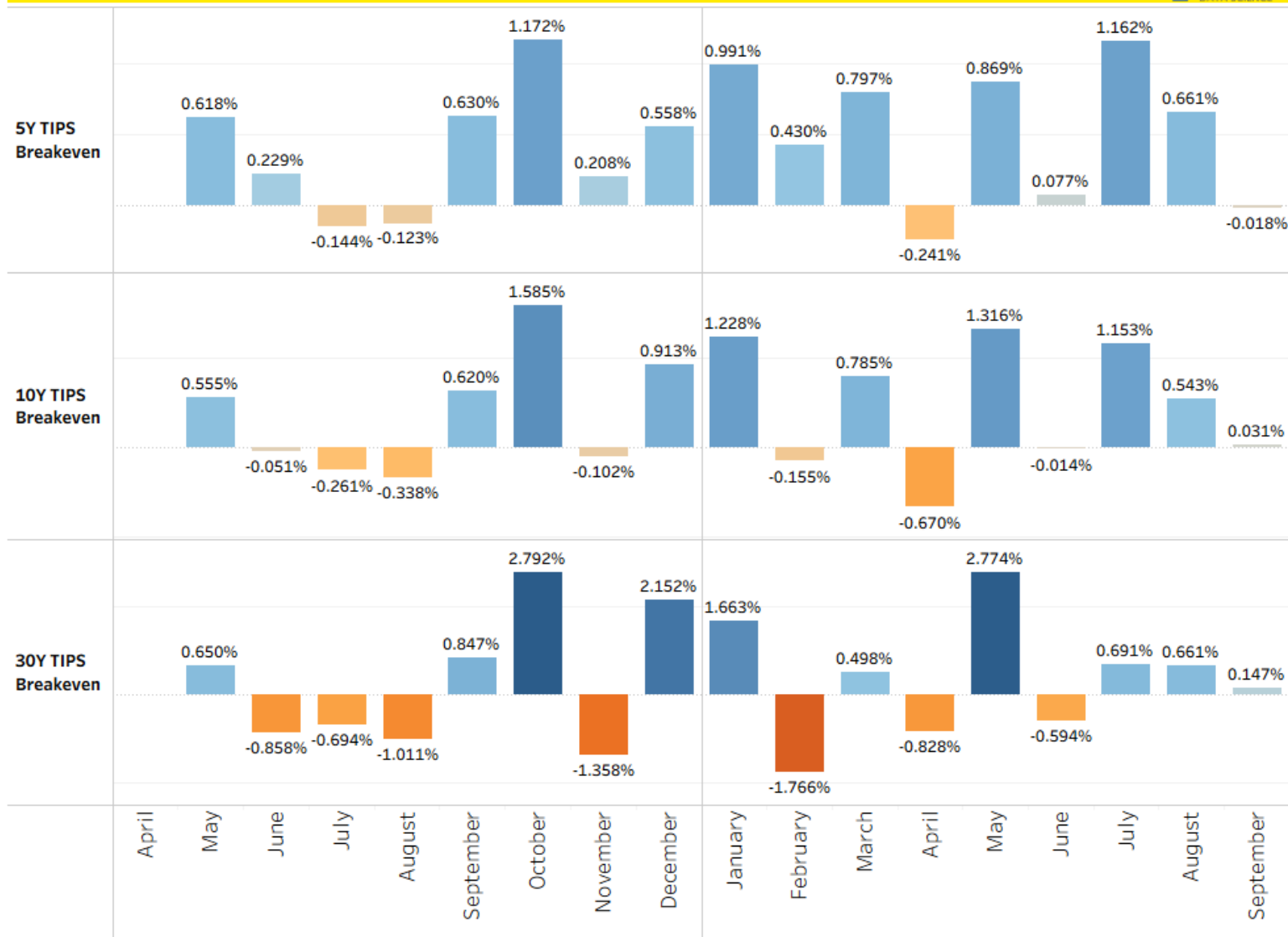


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TIPS BREAKEVENS TOTAL RETURNS:

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

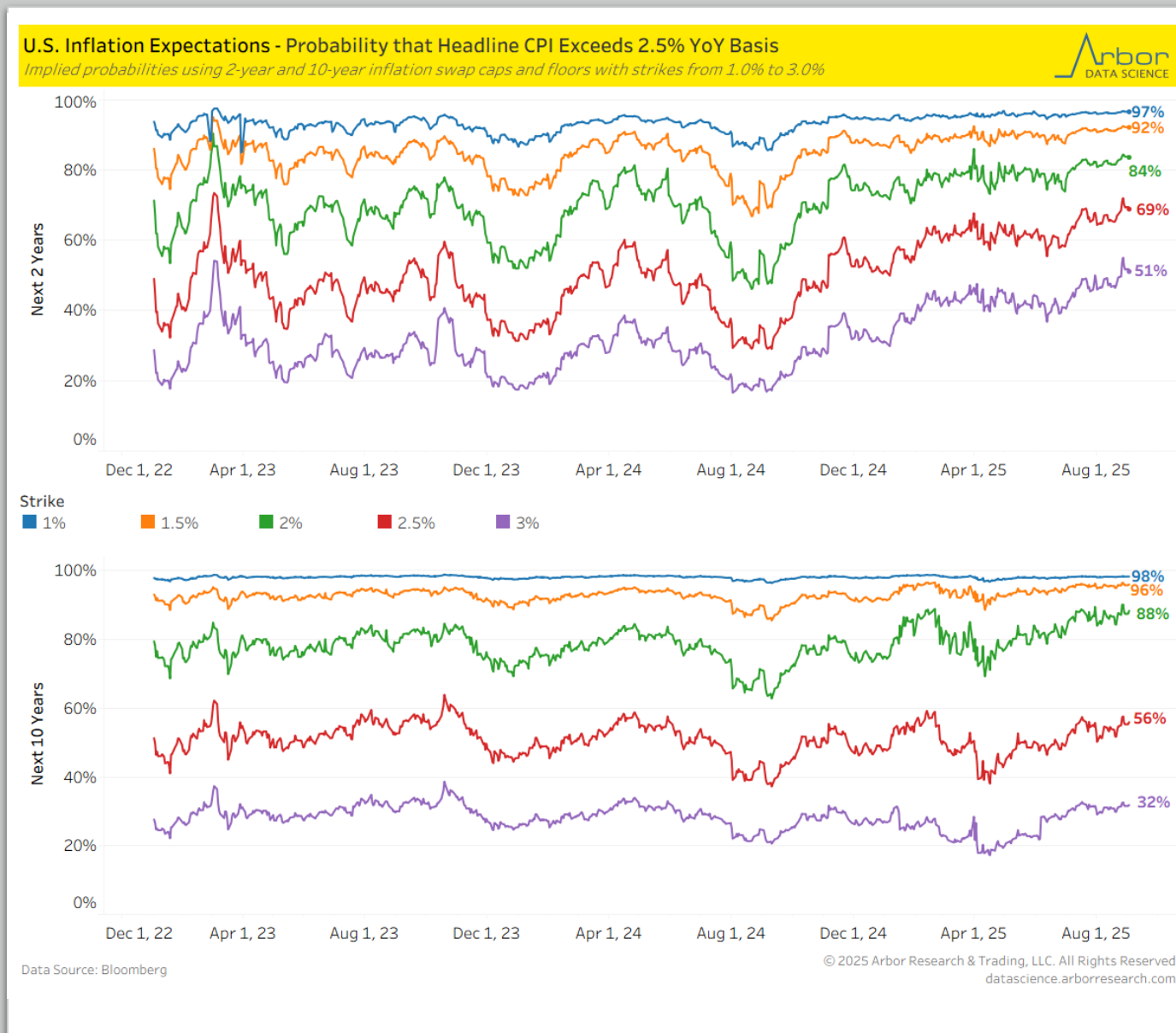


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U.S. Inflation Swap Caps and Floors

- Over the past week, inflation expectations for the next 2 years were constant (1%, 1.5% & 2%) or decreased (2.5% & 3%)
- 10-year expectations had no change, except for 1%, which had no change.
- The probability of 2.5% headline inflation for the next 2 years decreased from the previous week to 69%.
- The 10-year probability of 2.5% headline inflation decreased to 56% over the past week.

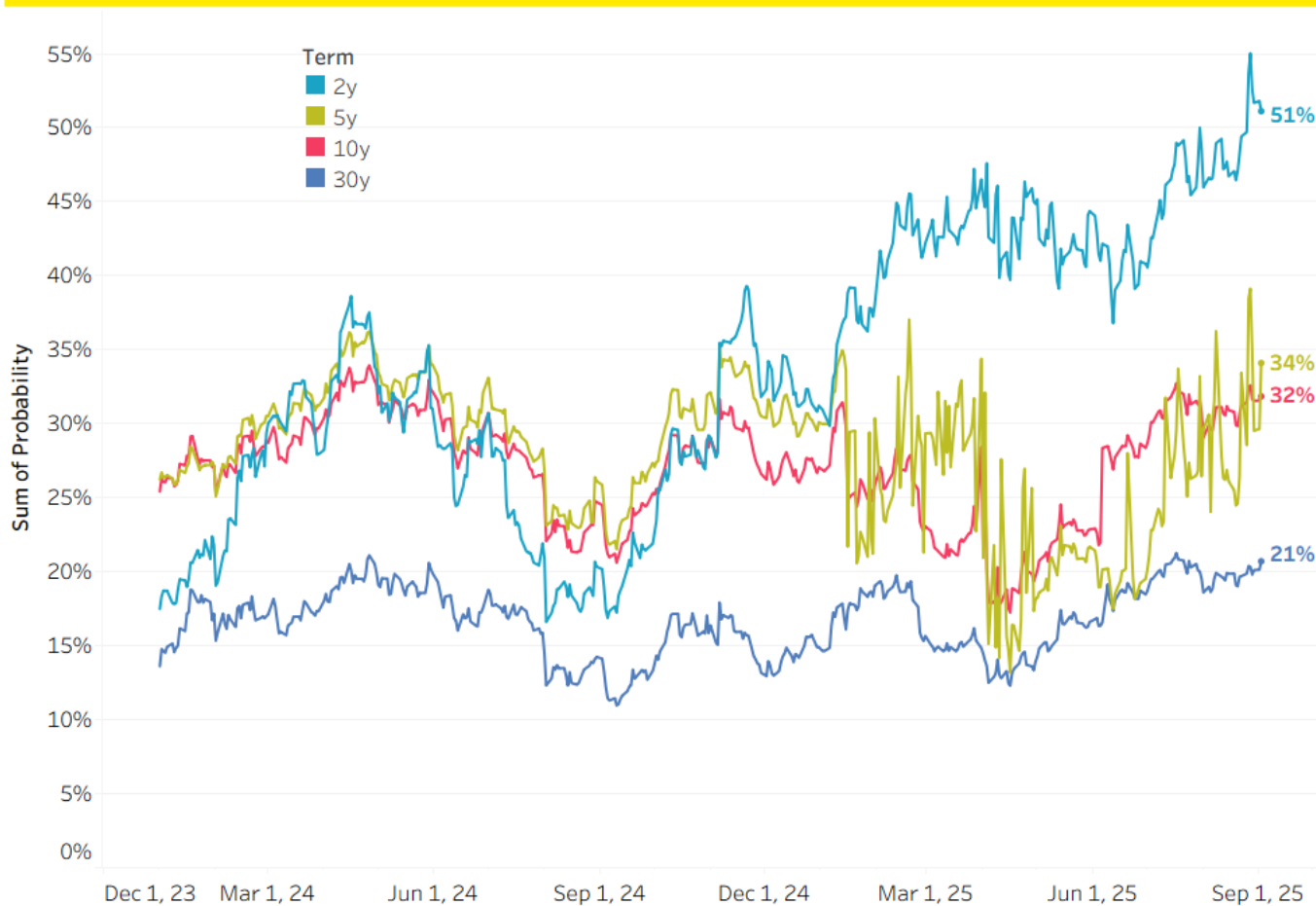


U.S. 3% Headline Expectations

- 3% inflation expectations increased over the past week.
- Based on swap cap/floor probabilities for the next 2 years, the market gives this outcome a 51% probability.

Headline CPI $\geq 3.0\%$ YoY

Implied probabilities using infl swap caps/floors w/ strike at 3.0% YoY for headline CPI



Data Sources: Bloomberg

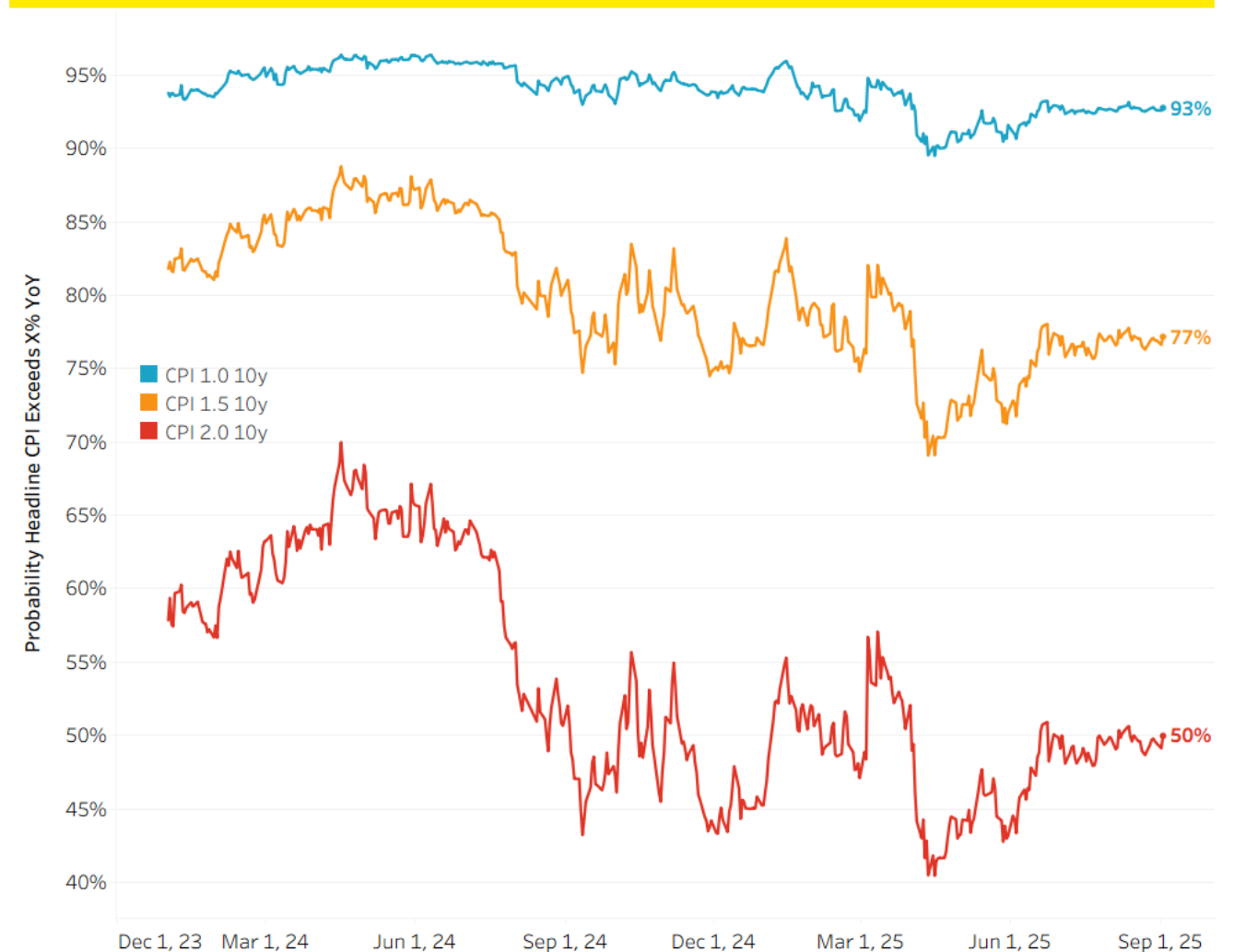
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Eurozone Inflation Expectations

- 10-year Eurozone inflation expectations remained the same.
- The probability of 2% headline inflation remained the same at 50%.

Eurozone Headline CPI Expectation for the Next TEN Years

Implied probabilities using 10-year inflation swap caps and floors with strikes from 1.0% to 2.0%

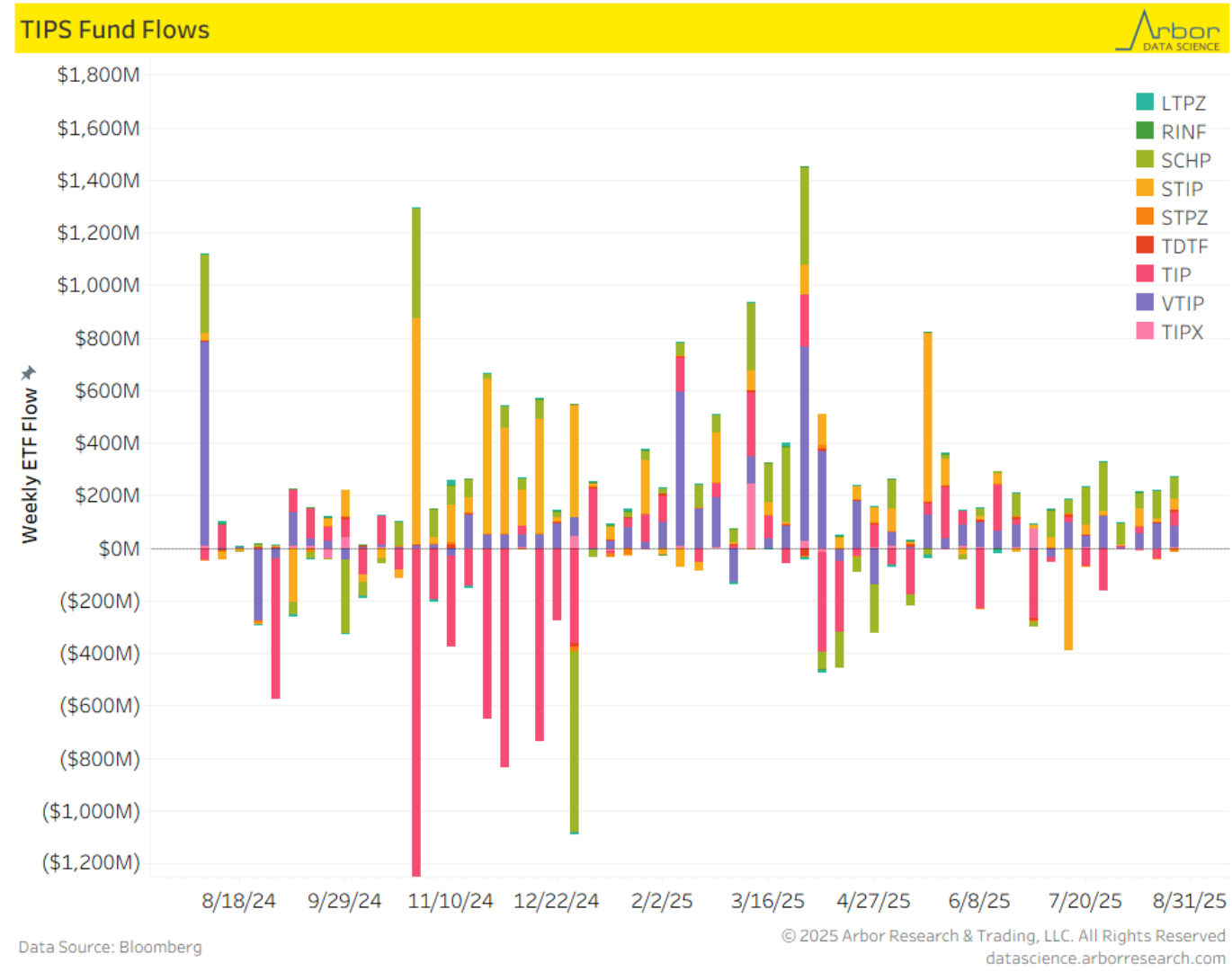


Data Source: Bloomberg

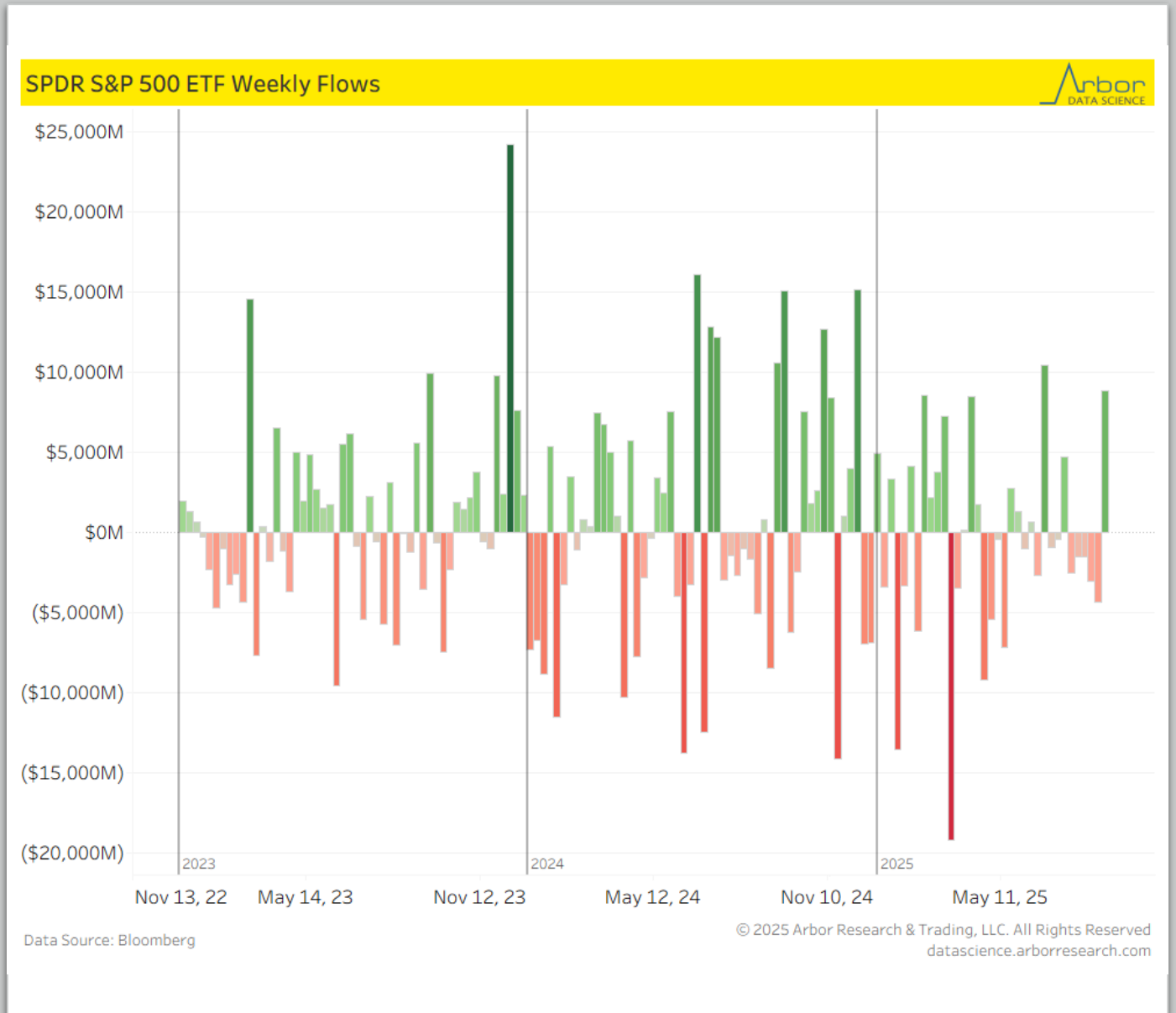
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TIPS Fund Flows

- Flows of funds were mostly positive last week, with movement concentrated in 2 funds (rounded value)
 - Schwab U.S. TIPS ETF: \$89 million Inflows
 - Vanguard Short-Term Inflation Protected Sec. Idx ETF: \$80 million



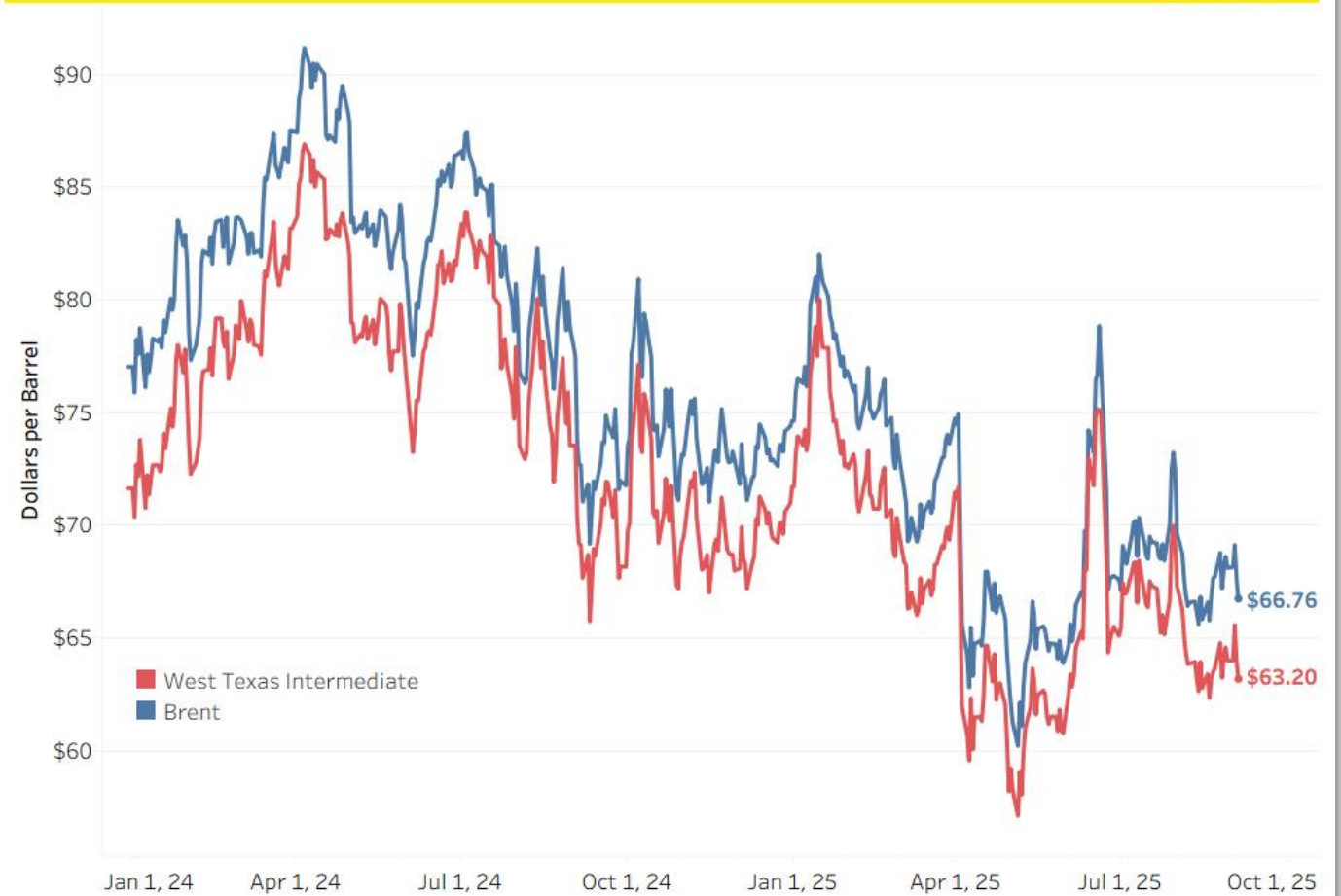
The SPY ETF had inflows of approximately \$8.839 billion last week.



**Brent Crude was down
\$0.68 from last week at
\$67.44**

Crude Oil

Generic WTI Crude Indices



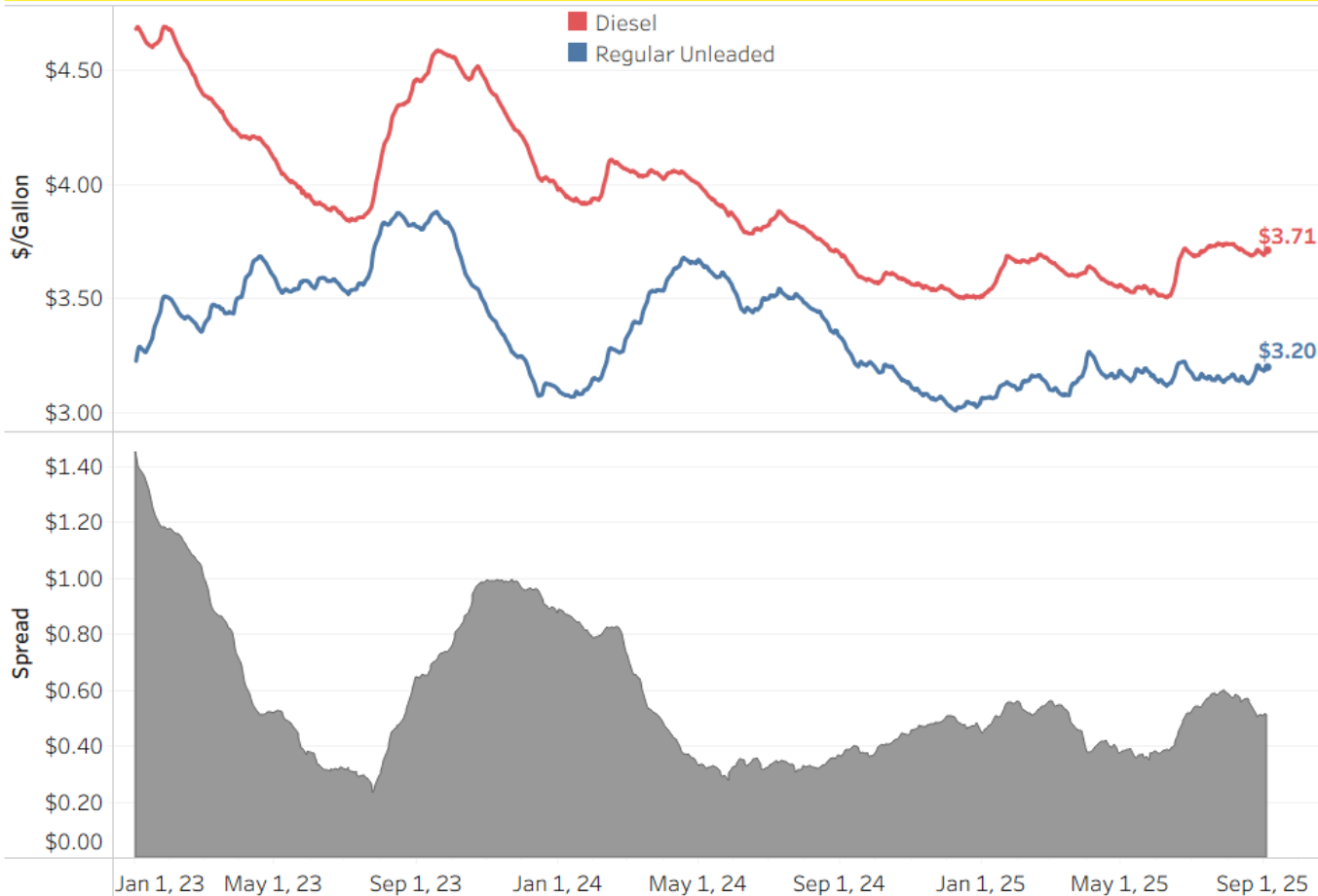
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Average Diesel/Gas
Spread increased to \$0.51

U.S. Gasoline Prices - Regular and Diesel

AAA Daily National Average Cost per Gallon



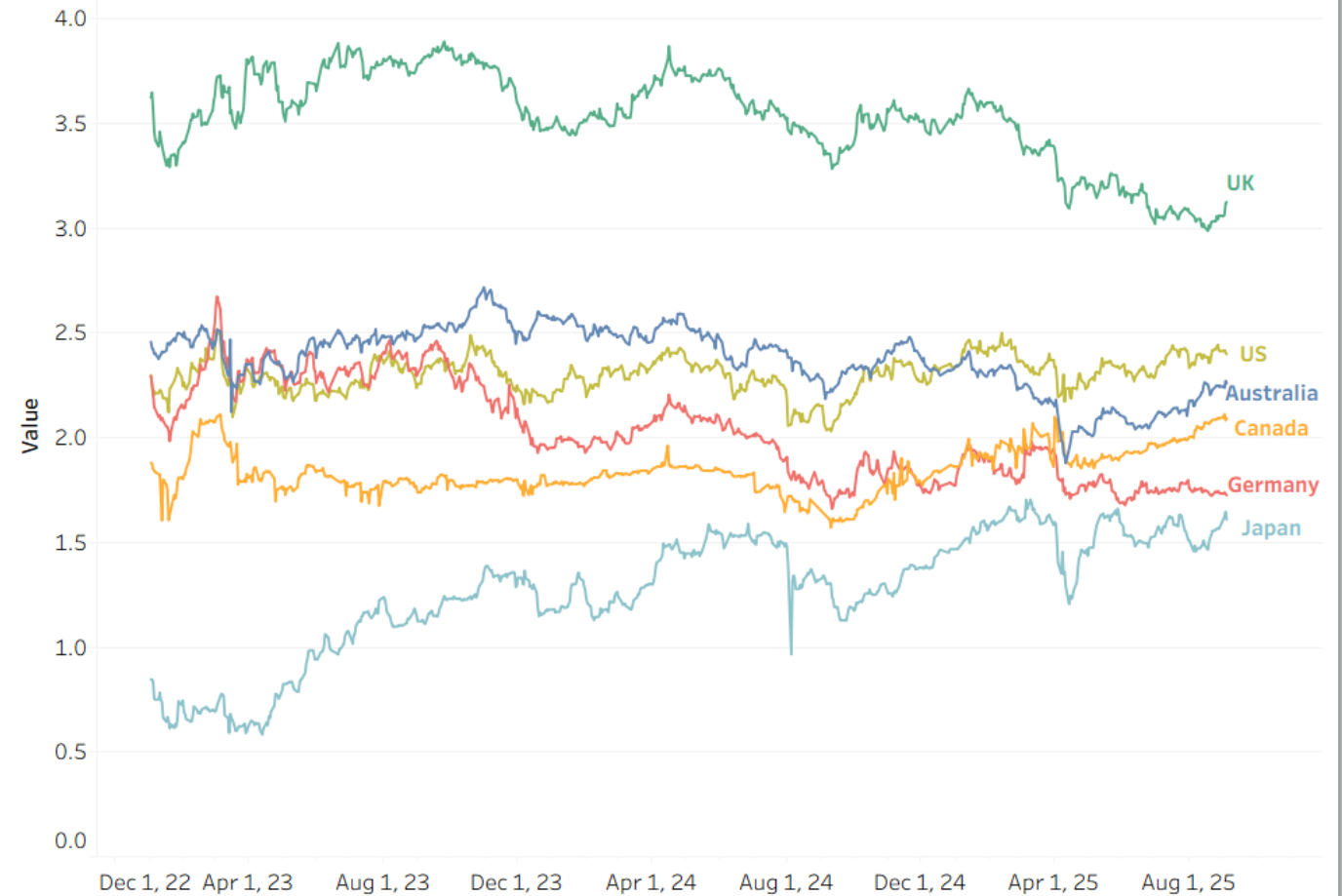
Data Source: American Automobile Association

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10-Year Global Breakevens

10-Year Inflation Expectations

Global Breakevens



Data Source: Bloomberg

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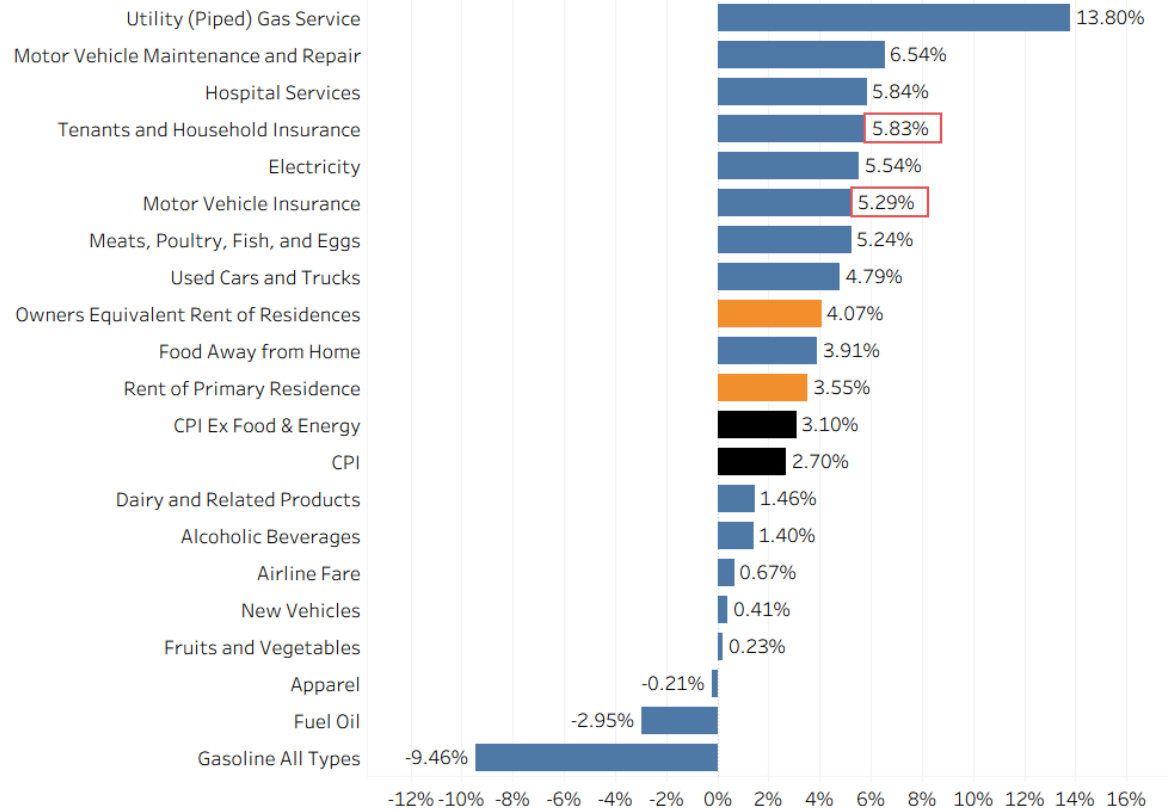
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CPI YoY% Changes July 2025

- CPI YoY had a 2.7% increase in July 2025.
- Utility (Piped) Gas Service had the largest increase YoY% change for our selected categories at 13.80% in July 2025, while Gasoline All Types had the largest decrease YoY% change for our selected categories of -9.46%.

CPI Year-over-Year Percent Changes July 2025

Not Seasonally Adjusted

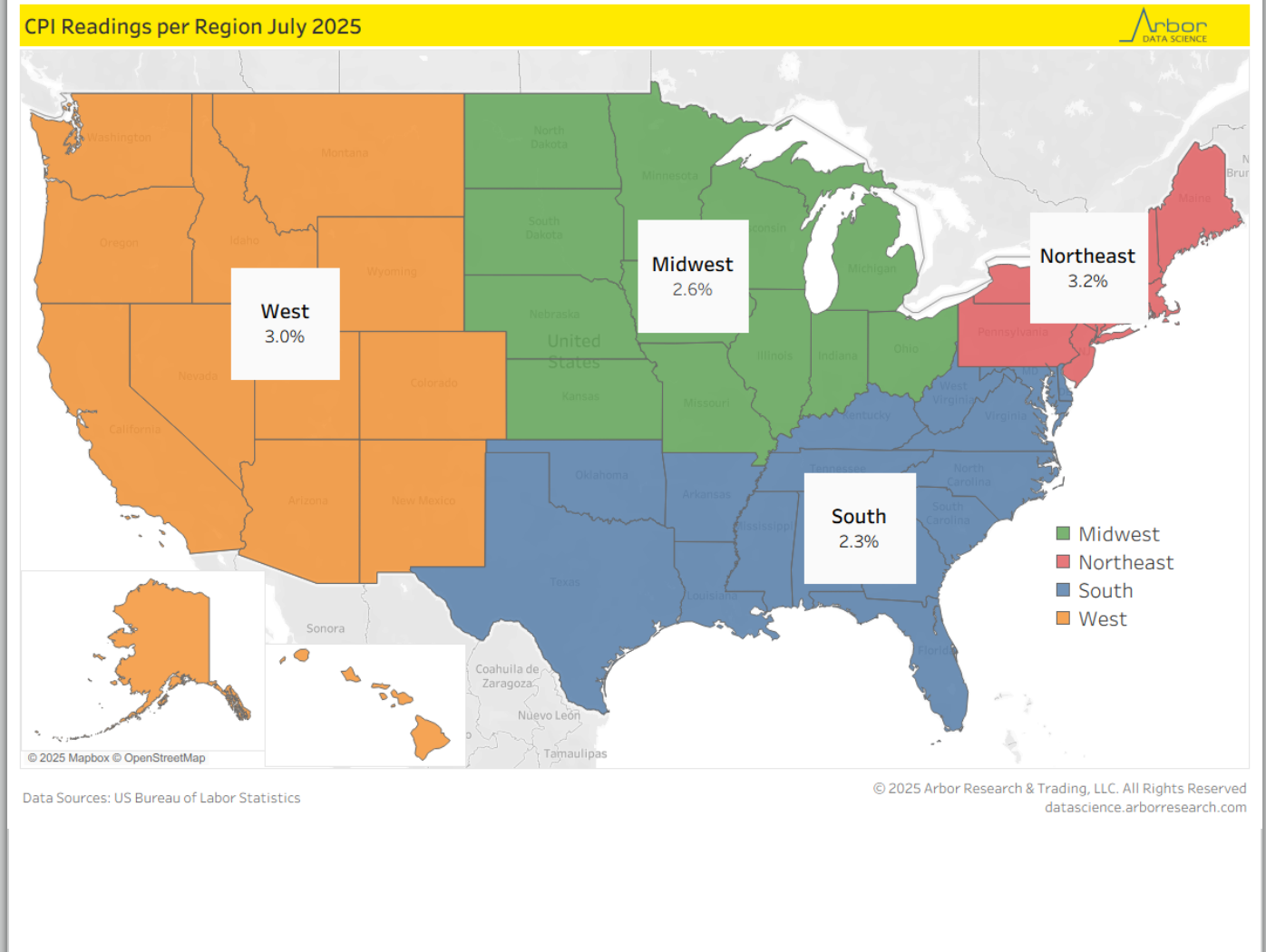


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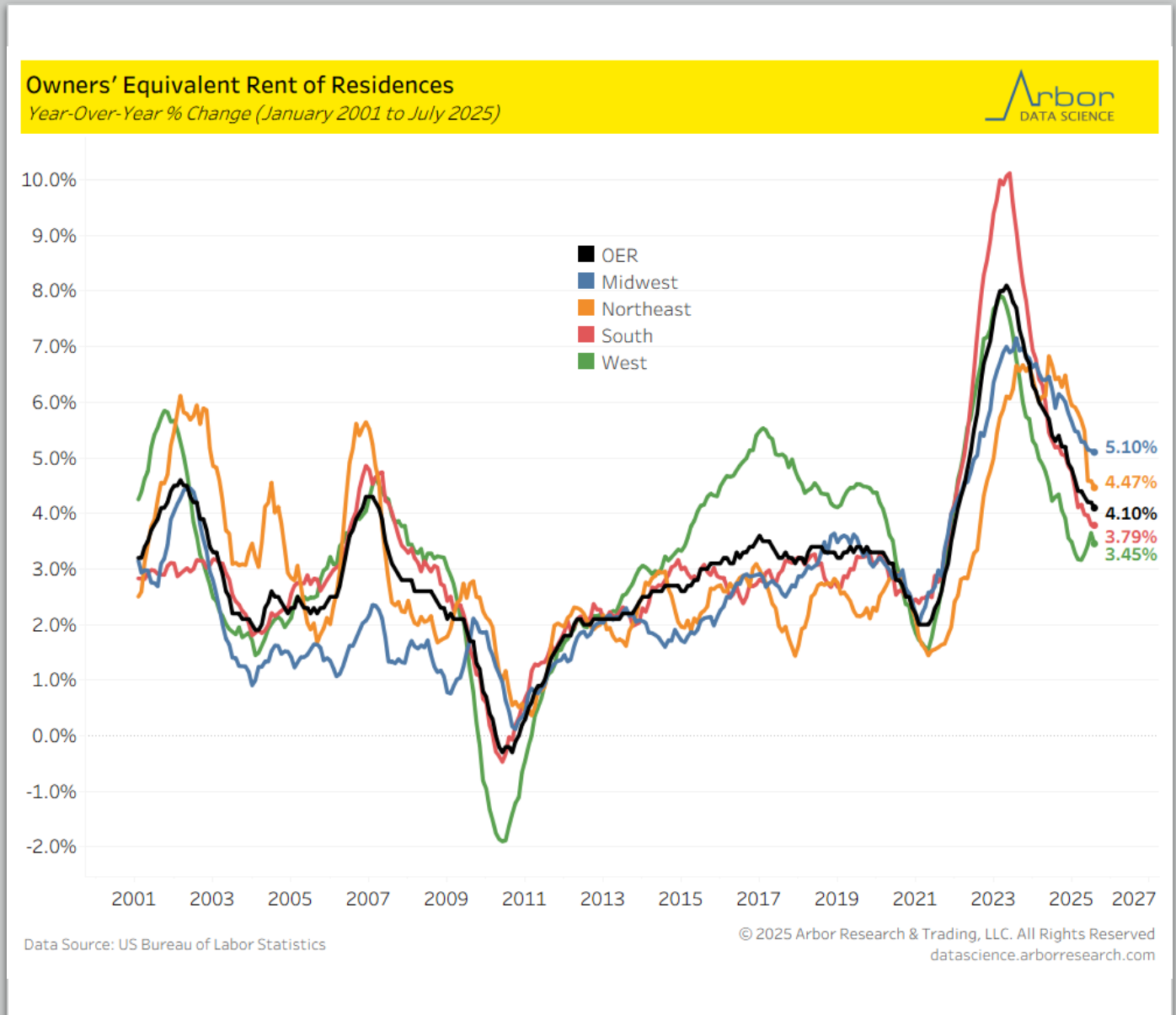
CPI Readings per Region July 2025

- The Northeast had the highest inflation reading for July 2025, at 3.2 % YoY, followed by the West at 3.0 % YoY, the Midwest at 2.6% YoY, and the South at 2.3% YoY.



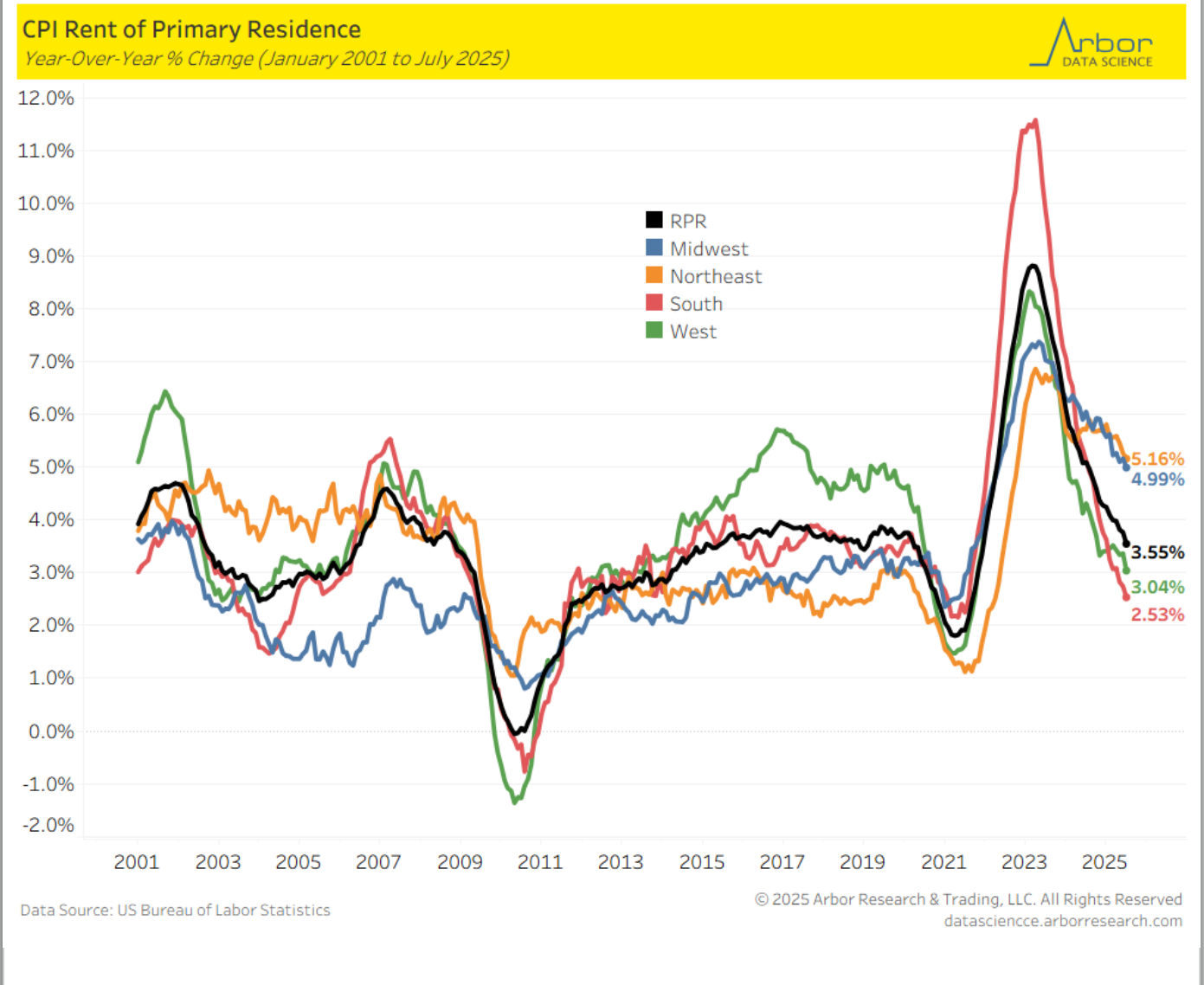
Owners' Equivalent Rent of Residences

- Owners' Equivalent Rent of Residences (OER), the component of shelter representing homeowners, had its first decline in the year-over-year rate in May 2023.
- OER was decreased to 4.10% year-over-year nationally in July 2025.



Rent of Primary Residence

- Rent of Primary Residence (RPR), the renters' side of shelter inflation, continued to decline to 3.55% year-over-year.

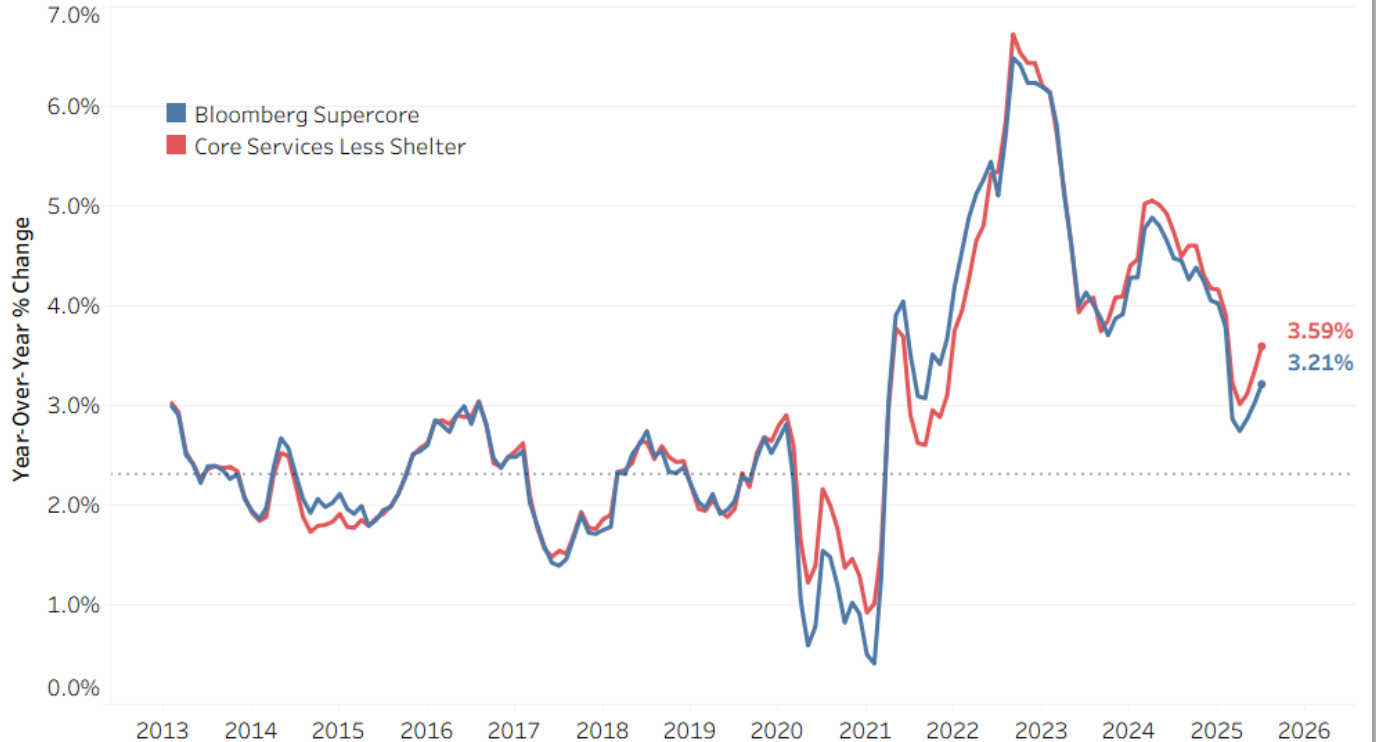


Services Ex-Shelter and Supercore Inflation

- The Federal Reserve allegedly keeps an eye on specific CPI indexes, including core services less shelter, which Jerome Powell has referred to during press appearances.
- Bloomberg also calculates what it calls "Supercore" inflation, a similar metric made up of Ex-Energy Services with Owners' Equivalent Rent of Residences and Rent of Primary Residences (both components of shelter) removed.

Beyond Core Inflation

US YoY Supercore CPI and Core Services Less Housing (Dotted Line = Feb. 2013-Feb. 2020 Average)
From February 2013 to July 2025

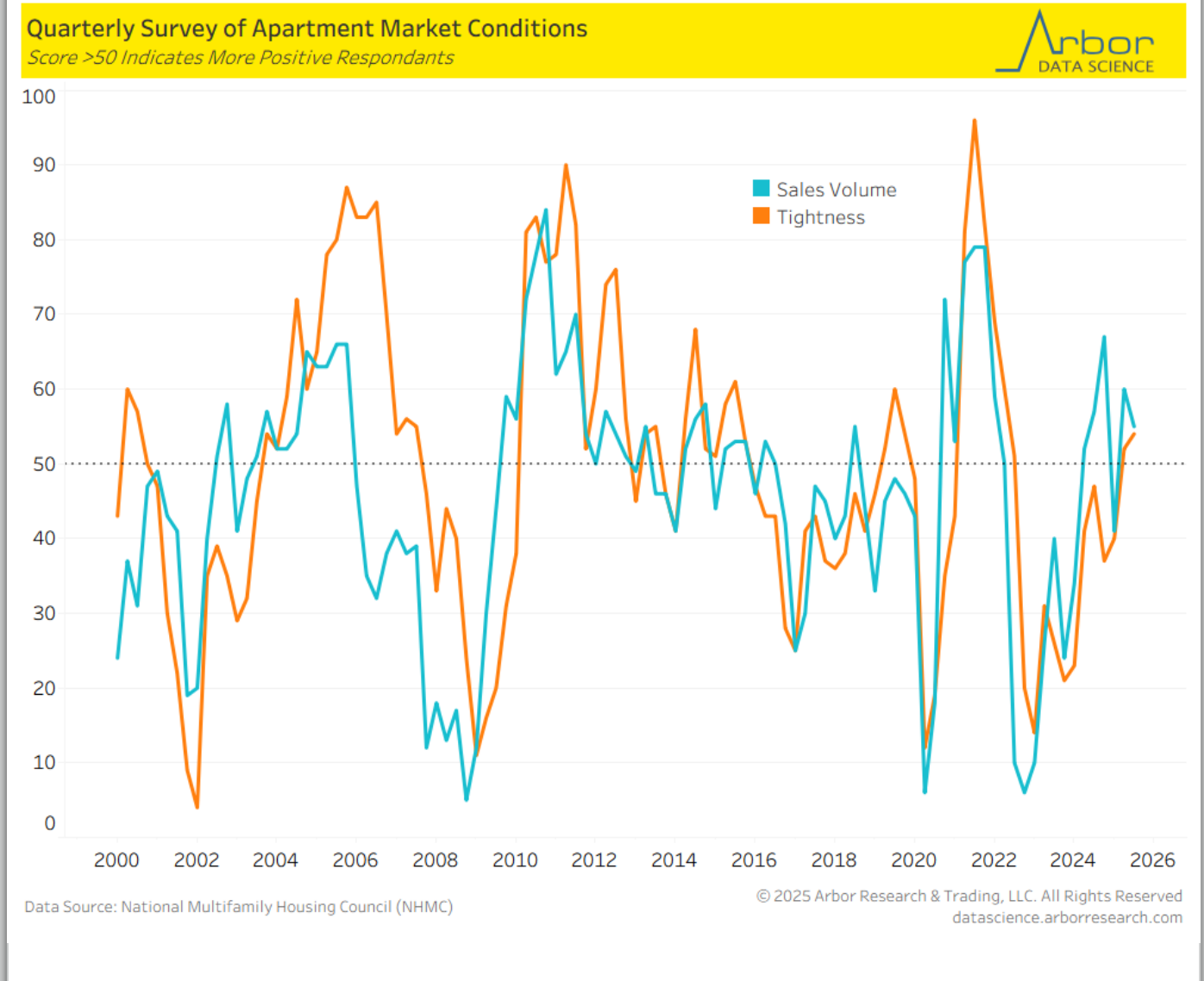


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Renters' Market Conditions

- [Q3 2025's Survey of Apartment Market Conditions](#) conducted by the National Multifamily Housing Council (NMHC) showed more respondents describing conditions as tight in comparison to Q2 2025. The same survey reported an decrease in apartment sales volume.



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