

Inflation Roundup

September 12, 2024

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

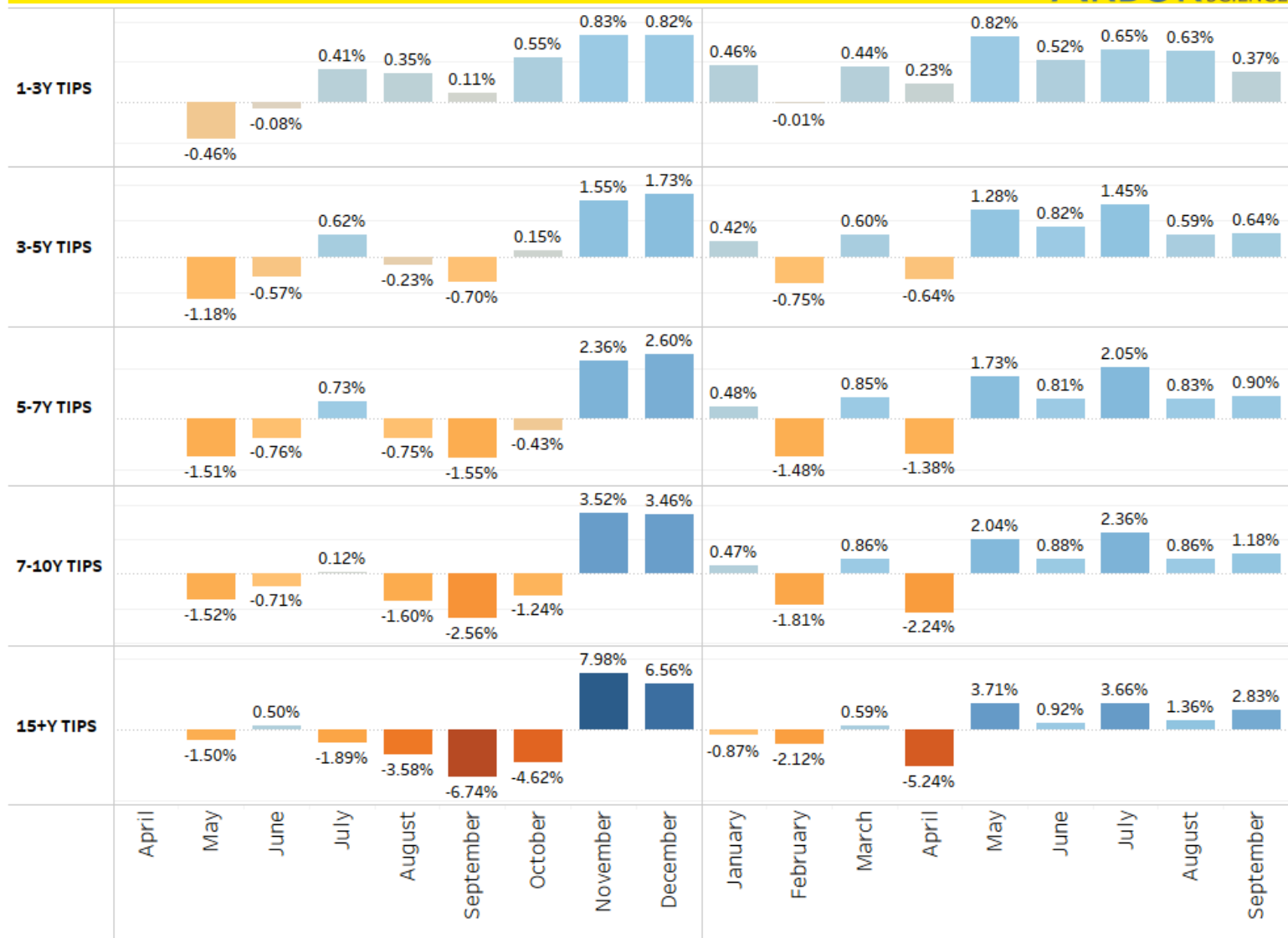
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TIPS TOTAL RETURNS:

U.S. TIPS: Monthly Returns

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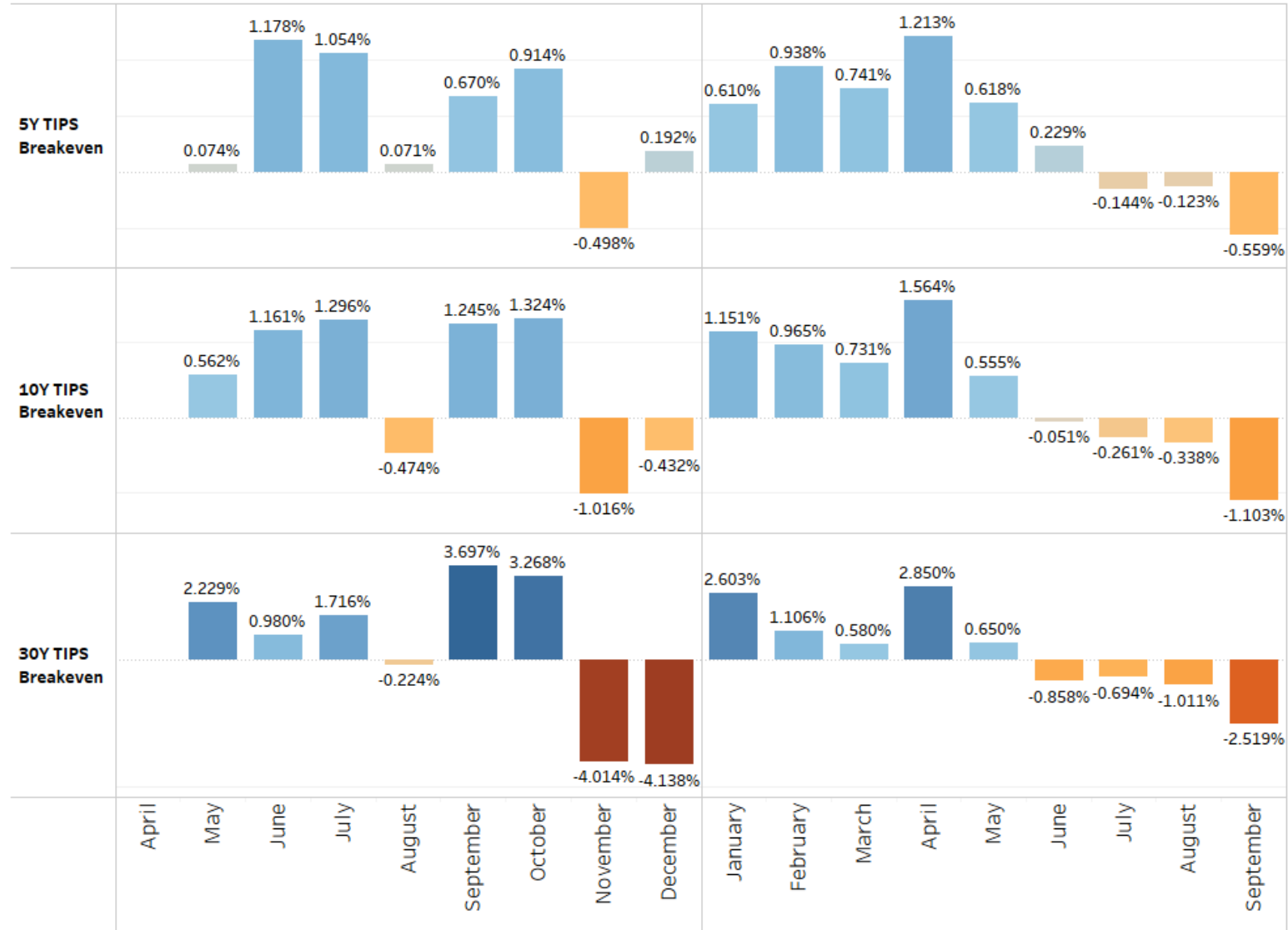
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TIPS BREAKEVENS TOTAL RETURNS:

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

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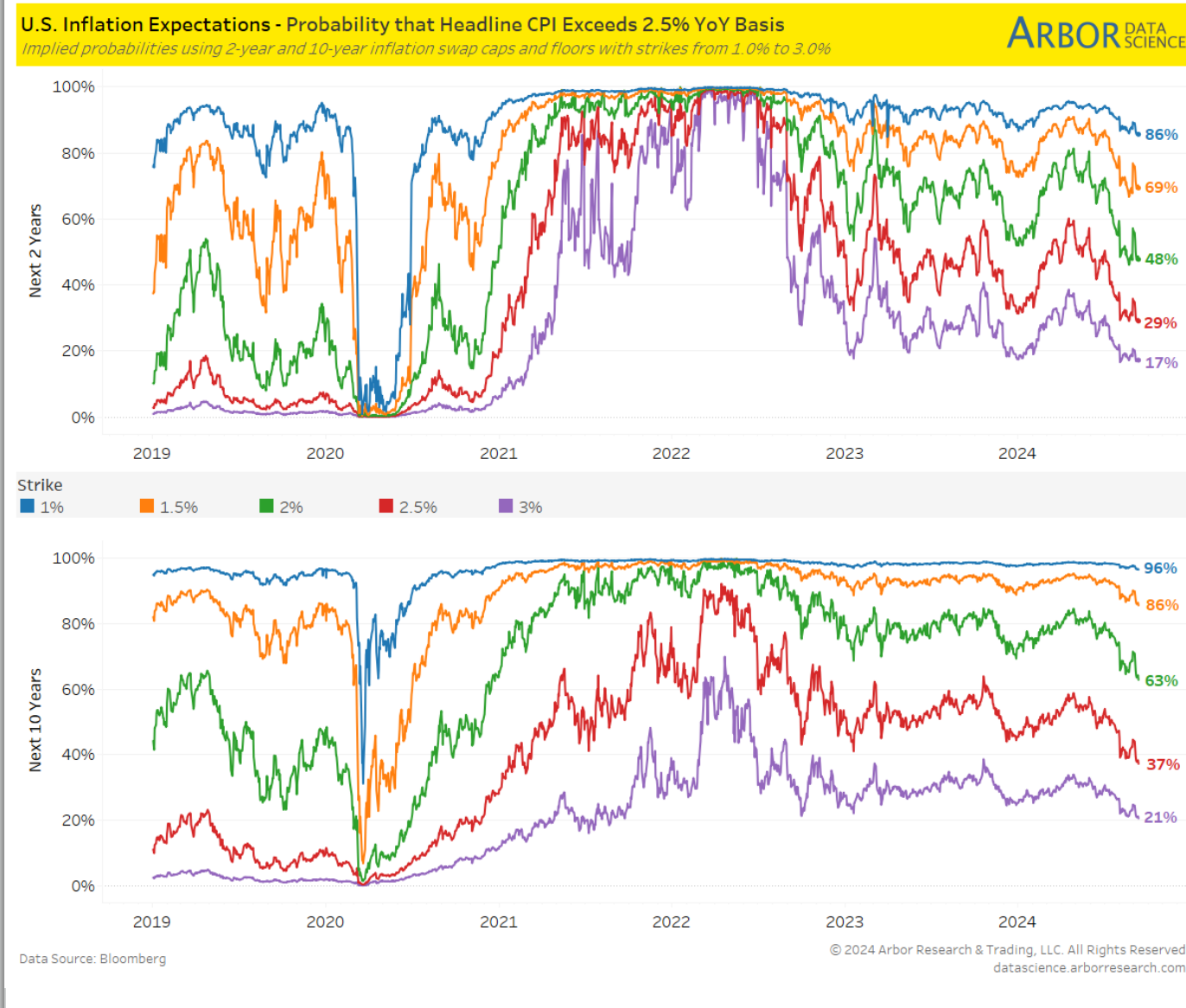


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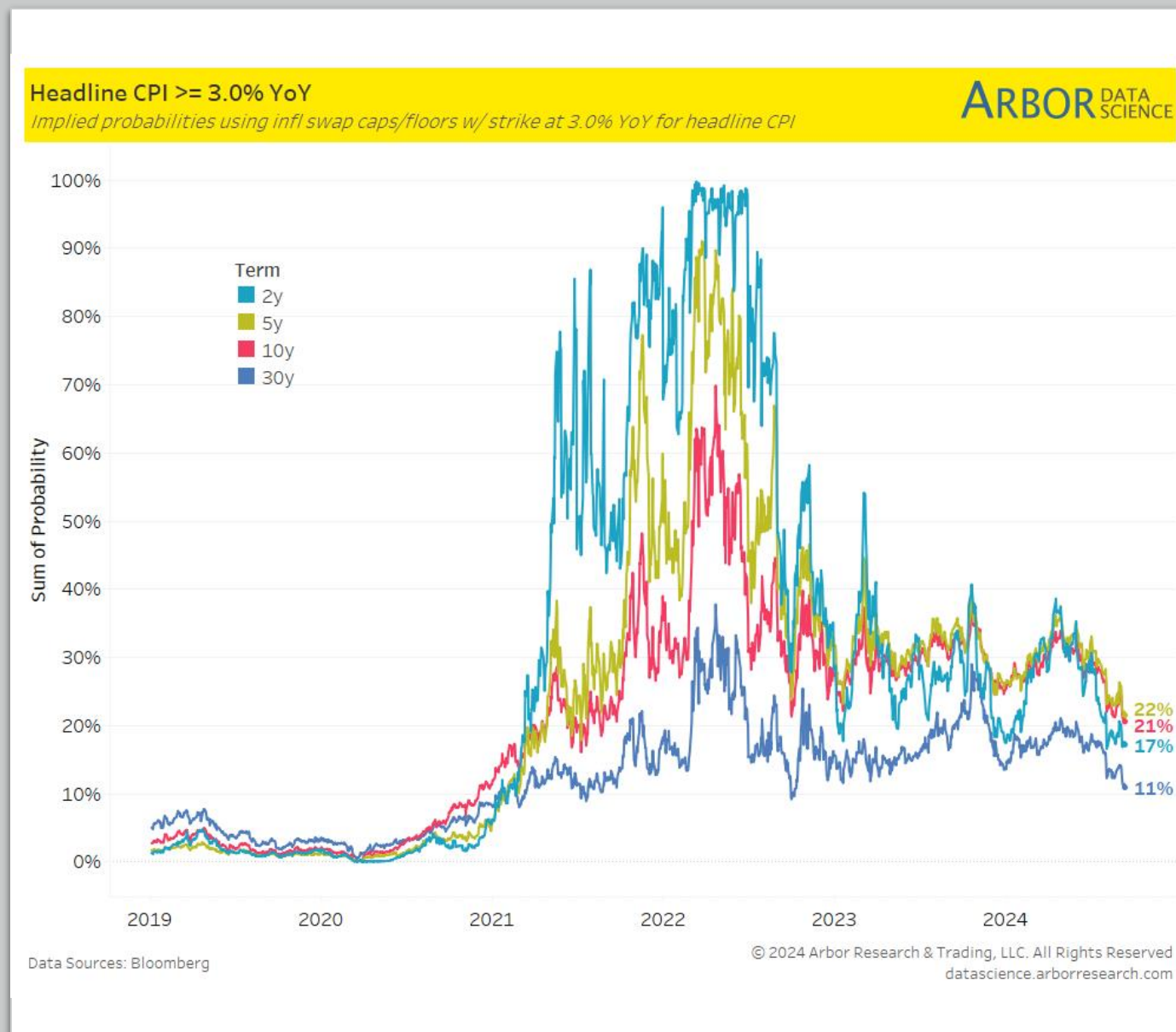
U.S. Inflation Swap Caps and Floors

- Over the past week, inflation expectations for the next 2 years have all decreased, except for 3%, which stayed the same. 10-year expectations have all decreased.
- The probability of 2.5% headline inflation for the next 2 years decreased from 30% to 29% over the past week.
- The 10-year probability of 2.5% headline inflation decreased from 39% to 37% over the past week.



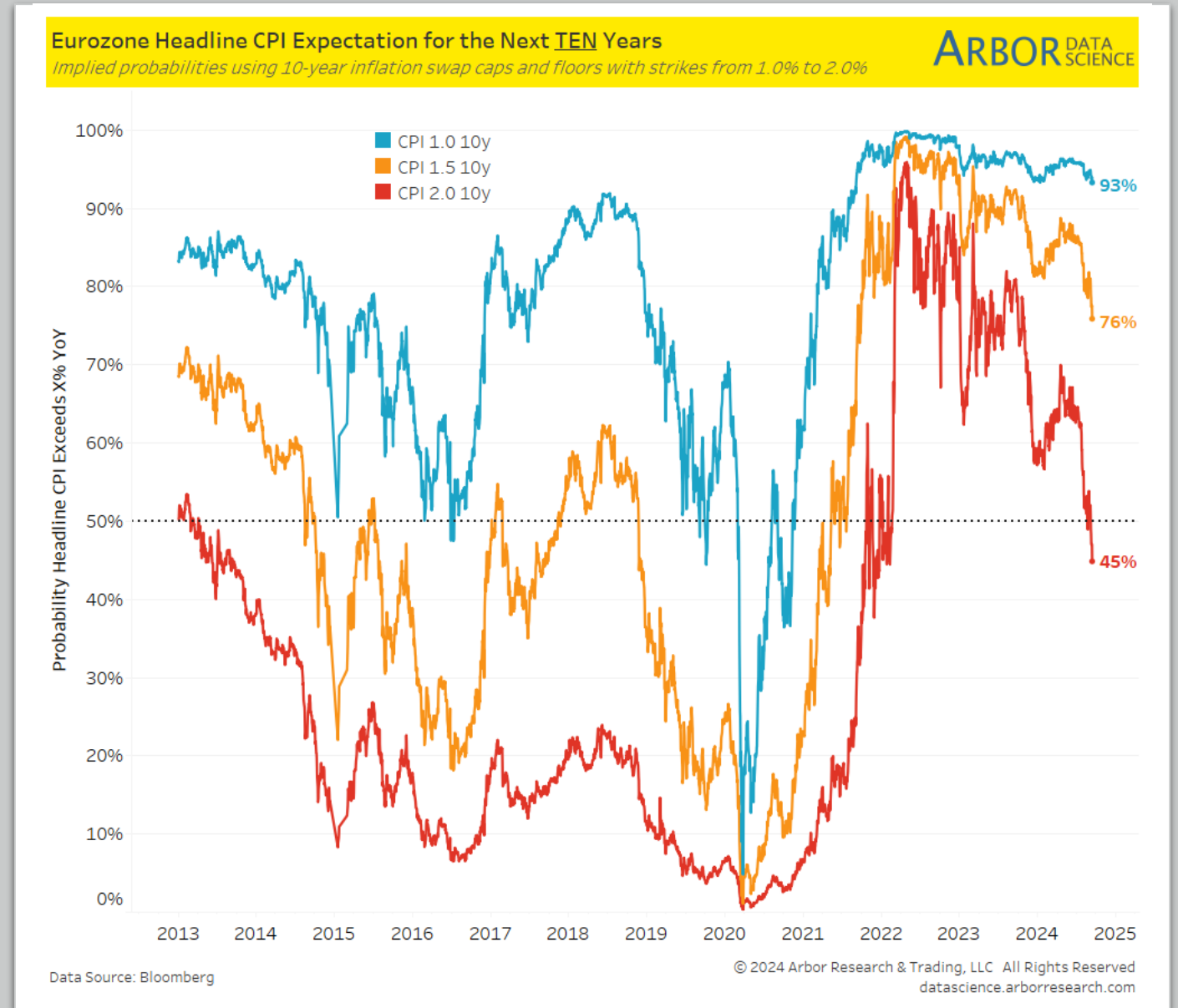
U.S. 3% Headline Expectations

- 3% inflation probabilities all decreased over the past week, except for 2y, which stayed the same.
- Based on swap cap/floor probabilities for the next 2 years, the market gives this outcome a 17% probability.



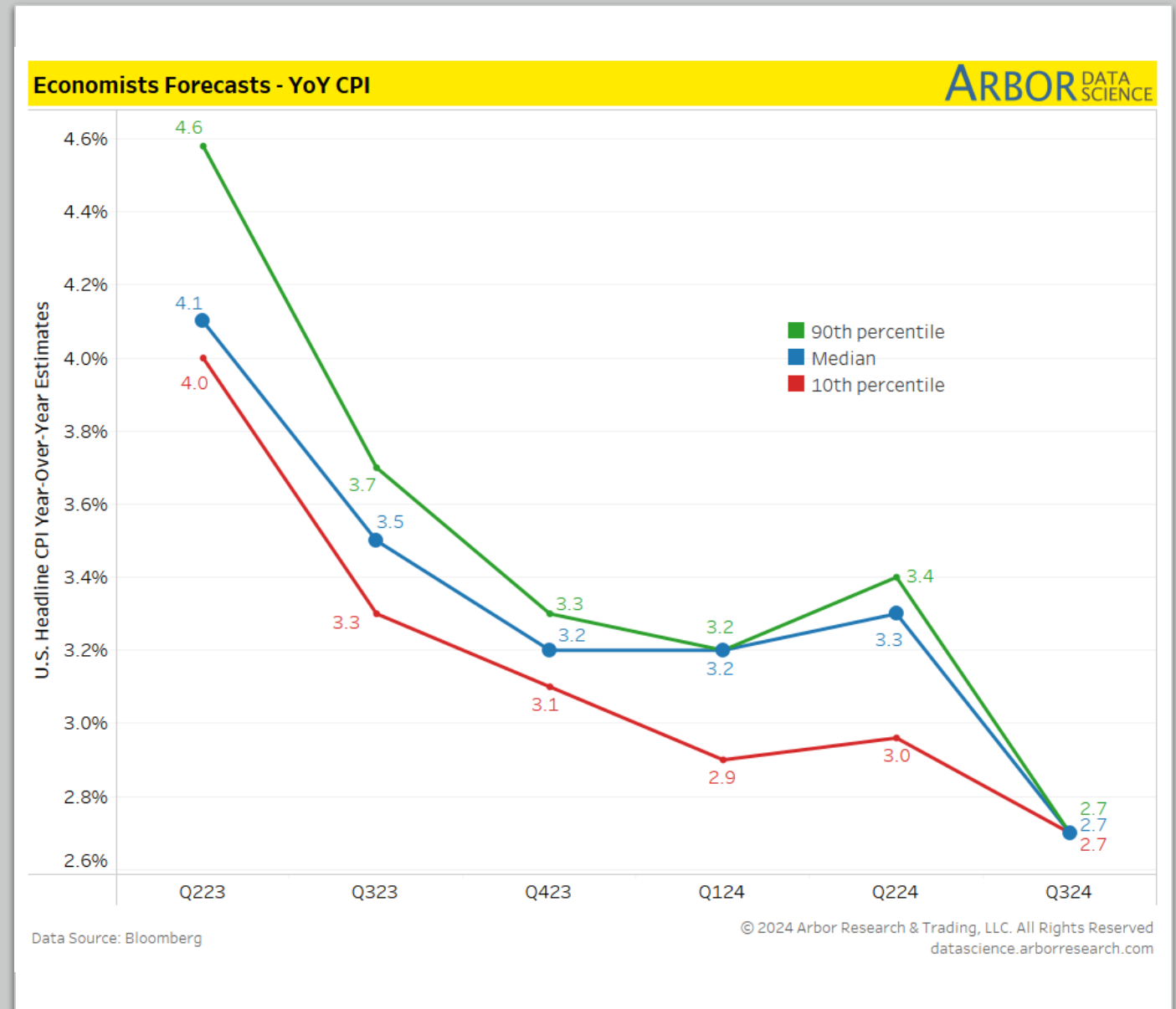
Eurozone Inflation Expectations

- 10-year Eurozone inflation expectations all decreased.
- The probability of 2% headline inflation over the next decade decreased to 45%.



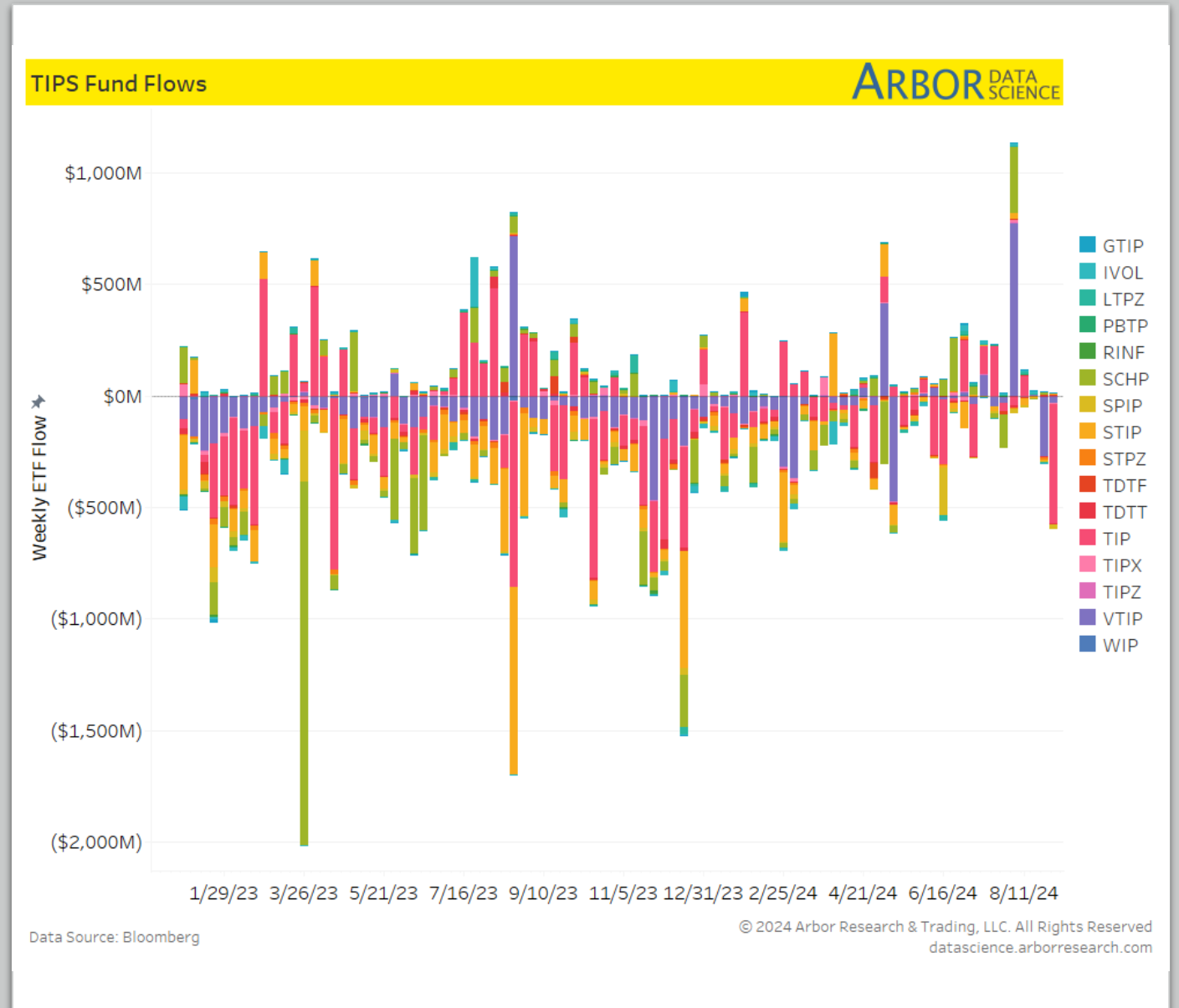
Economist Inflation Forecasts

- The median economist's forecast from big banks (BOA, PNC, JPM, UBS, etc.) suggests US inflation will average 2.7% YoY in Q3 2024. More pessimistic and optimistic estimates are also 2.7% YoY in Q3 2024.
- Final University of Michigan inflation expectations data showed Americans expect a 2.8% inflation rate over the next year.

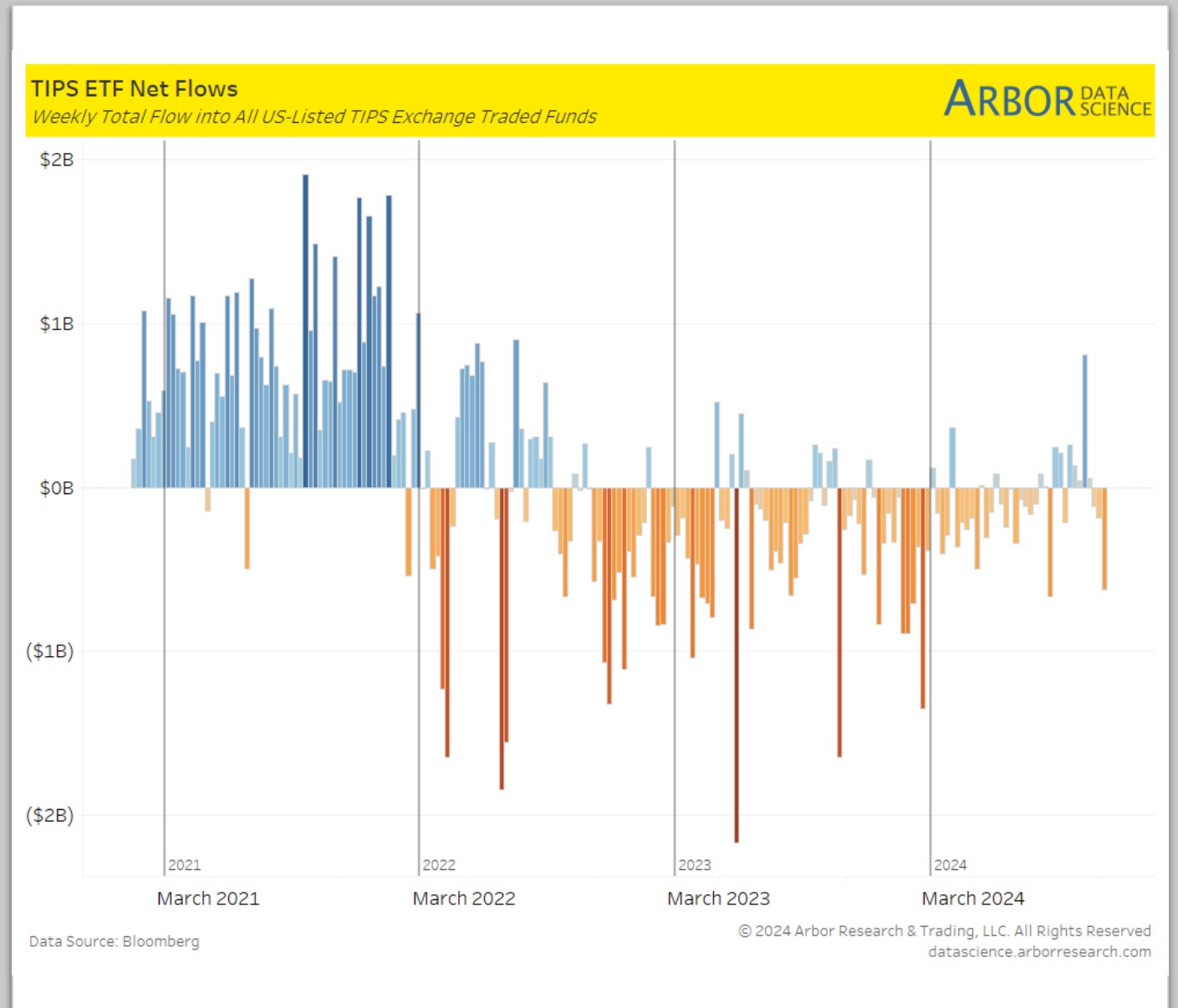


TIPS Fund Flows

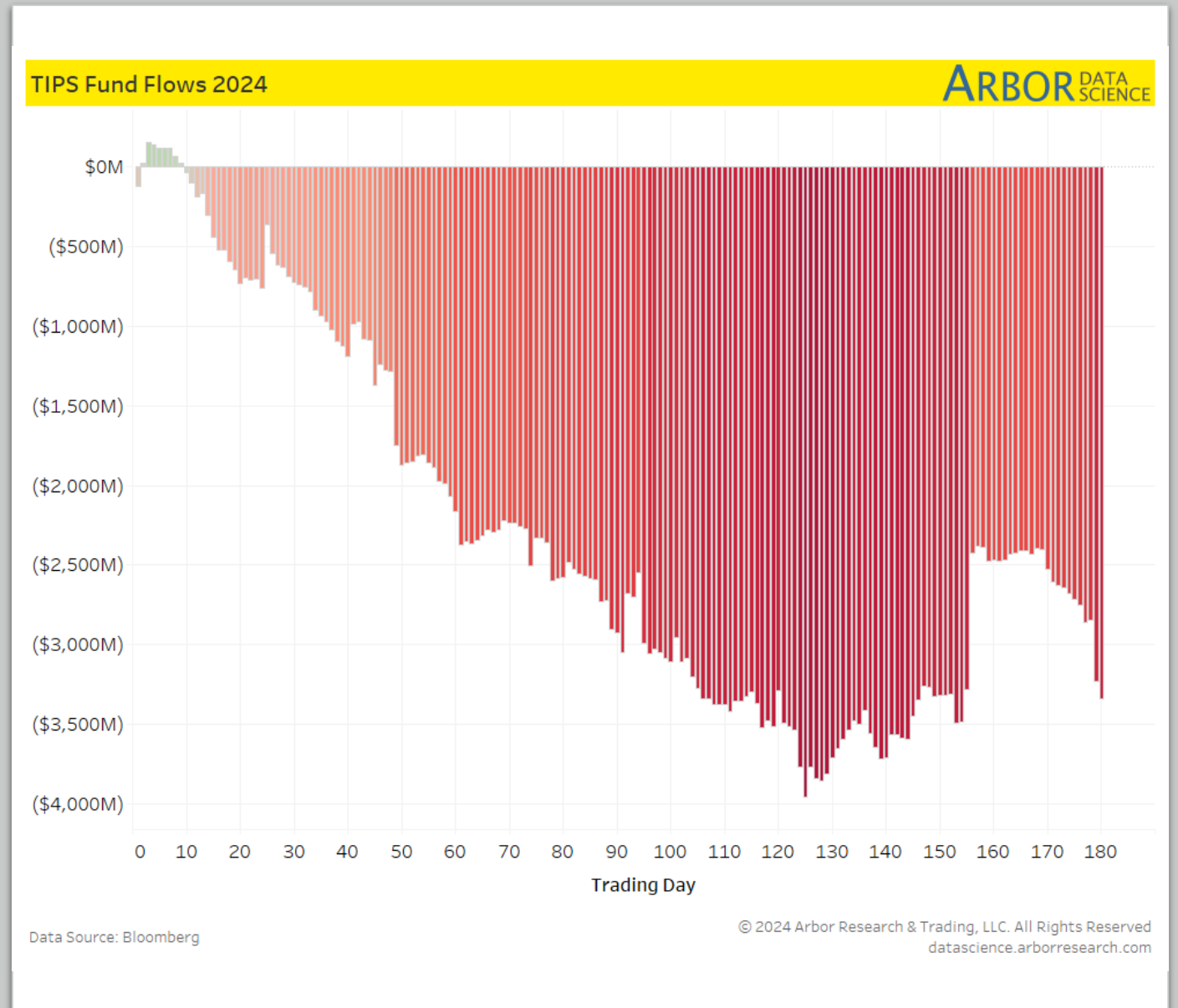
- The majority of flows last week were negative with outflows concentrated in three funds (rounded value):
- iShares TIPS Bond ETF: (\$536 million)
- Vanguard Sht-Term TIPS ETF: (\$35 million)
- SPDR Portfolio TIPS ETF: (\$18 million)



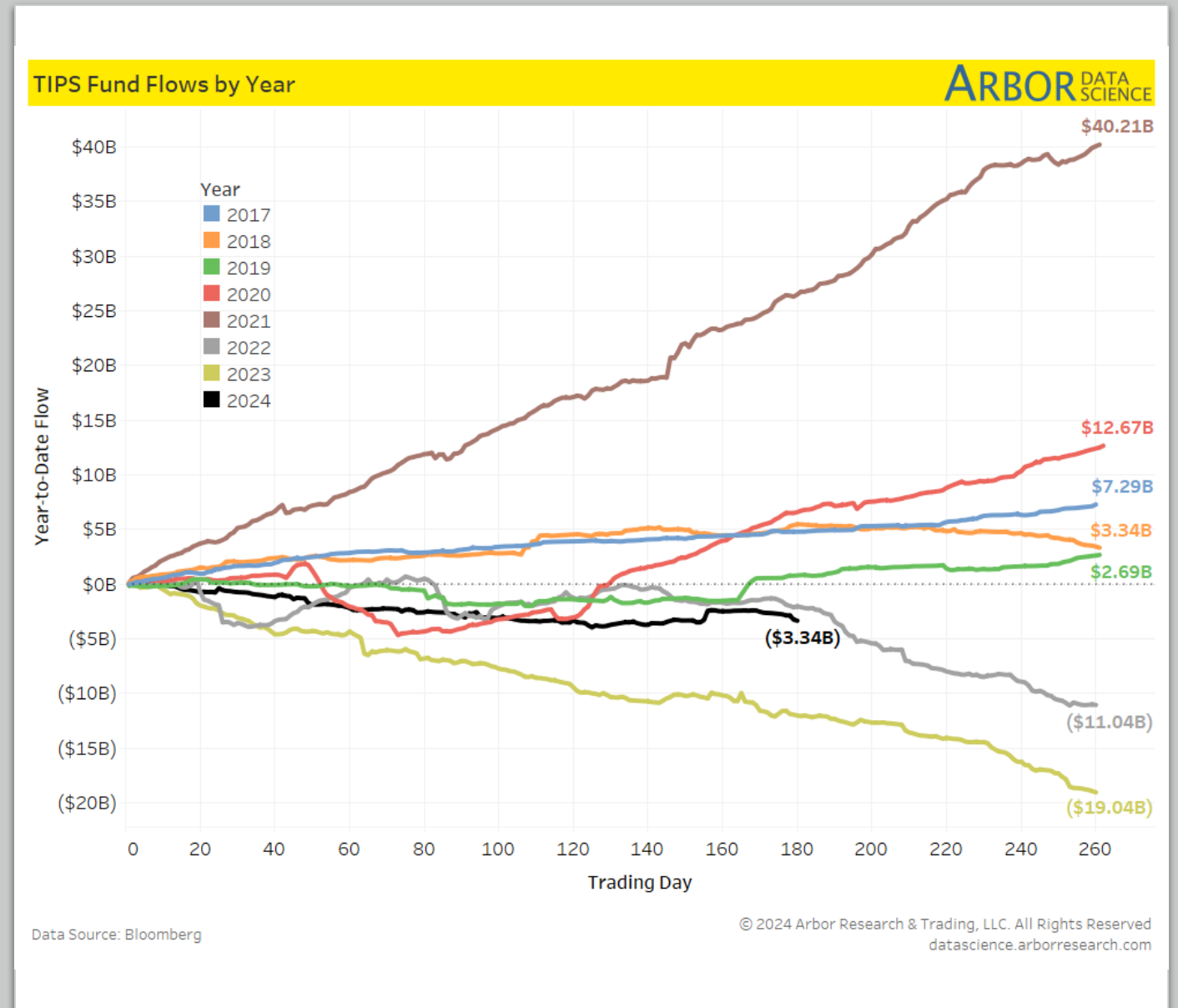
Last week's total flows for all US-listed TIPS ETFs had outflows of \$625.46 million.



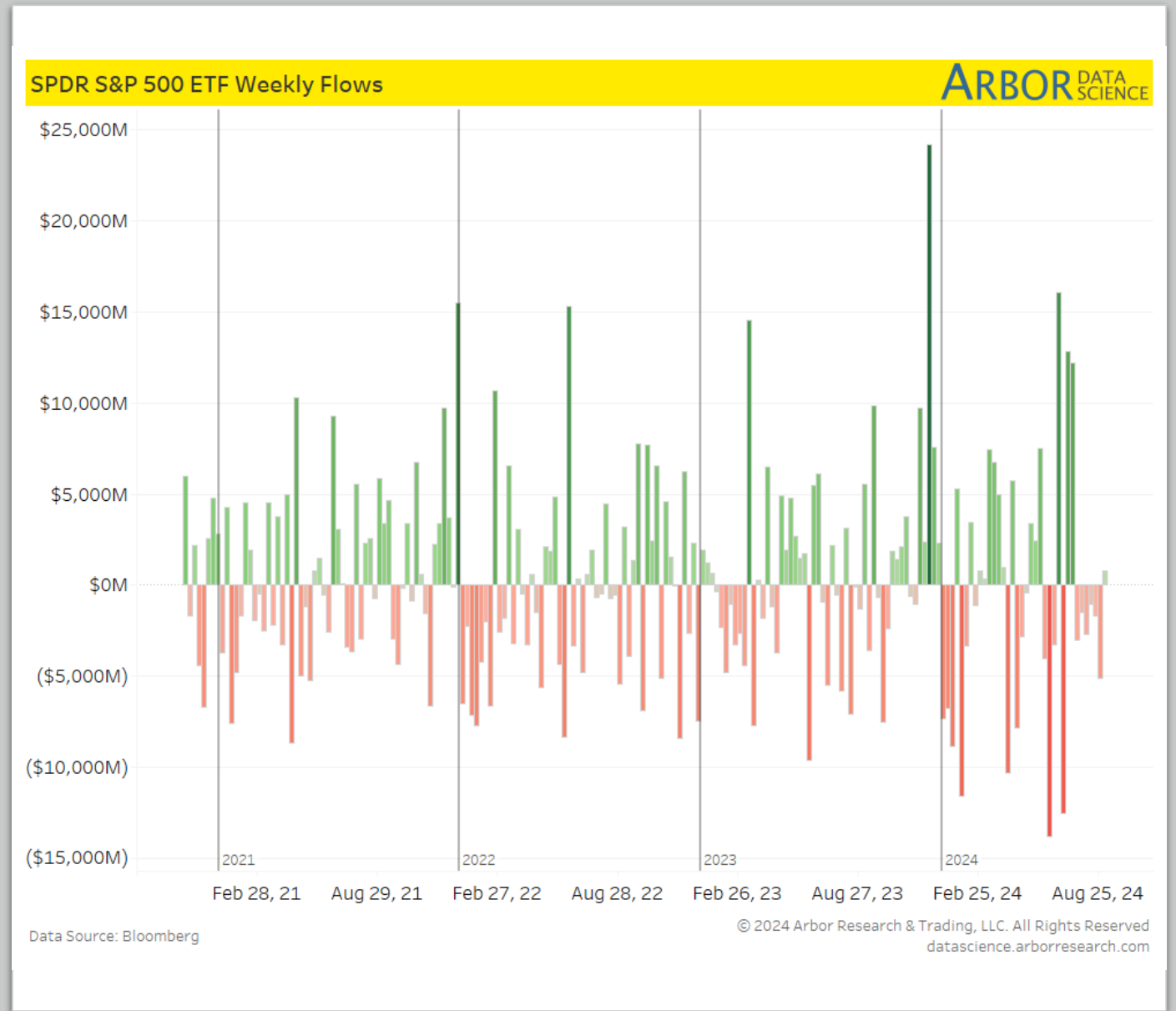
2024 Year-to-date total flows for all US-listed TIPS ETFs had outflows of \$3.34 billion.



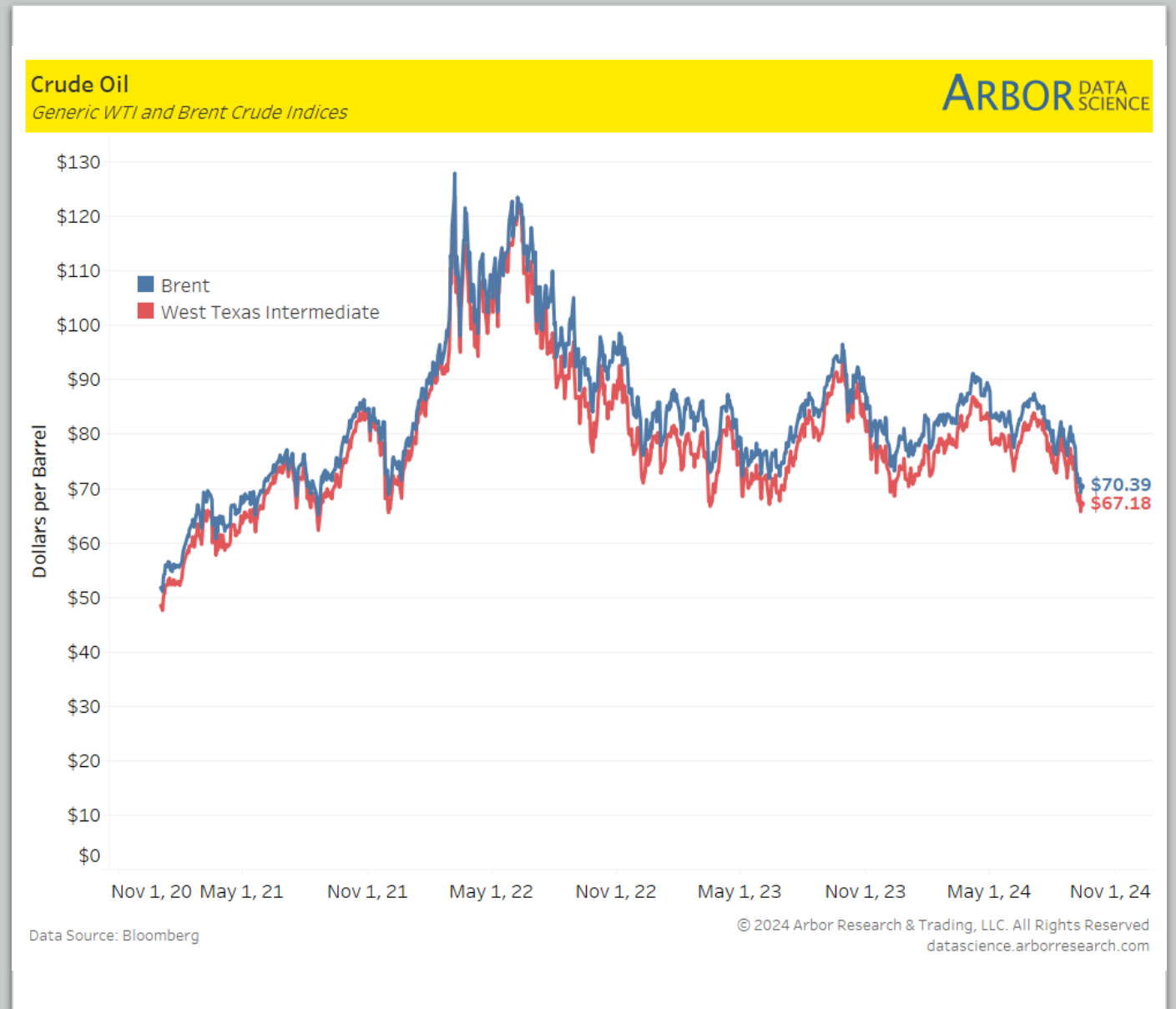
Year-to-date total flows for all US-listed TIPS ETFs.



The SPY ETF had inflows of approximately \$786 million last week.



**Brent Crude is Below \$80
a Barrel**

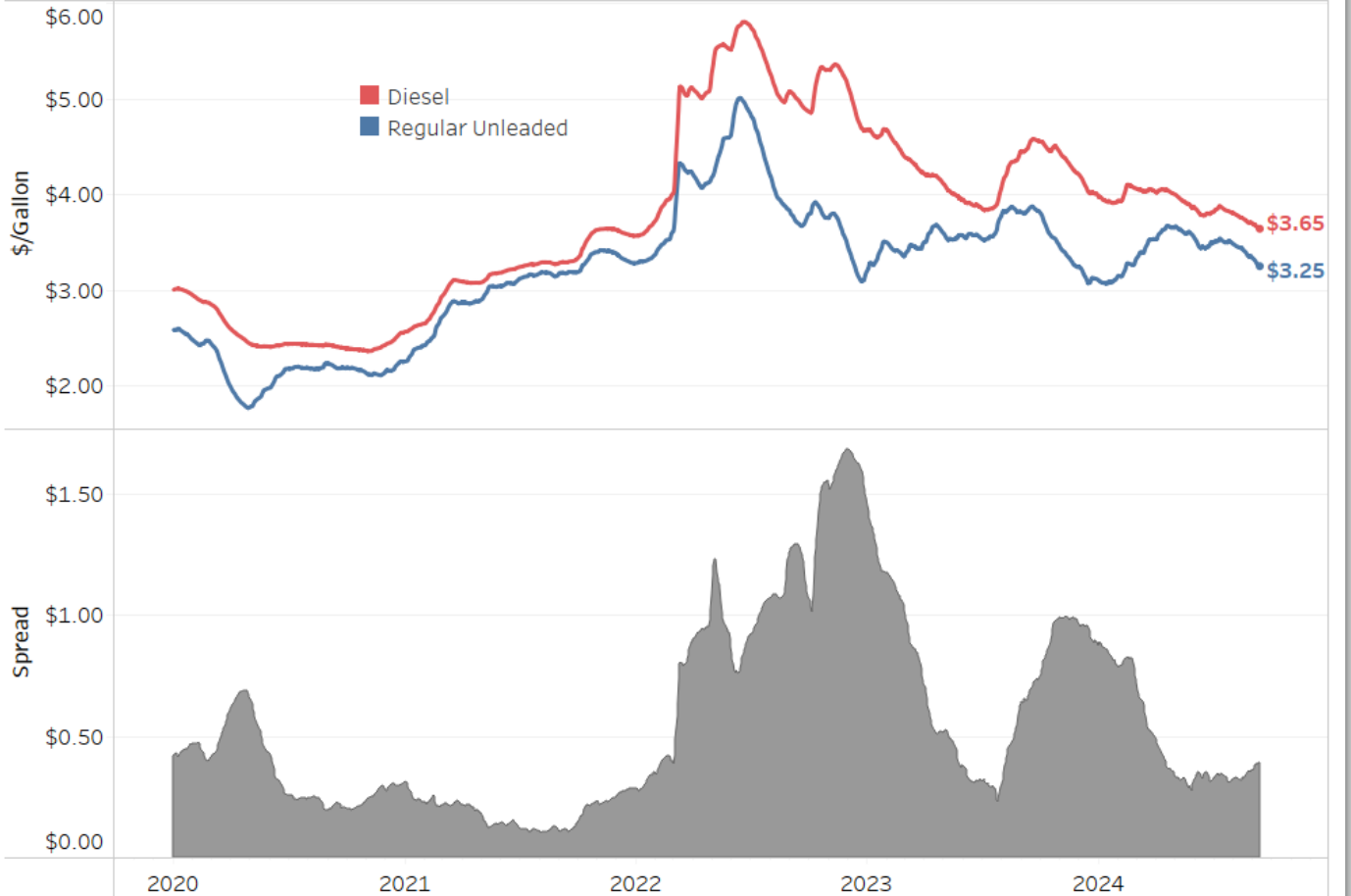


Average Diesel/Gas Spread Rose to \$0.40

U.S. Gasoline Prices - Regular and Diesel

AAA Daily National Average Cost per Gallon

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Data Source: American Automobile Association

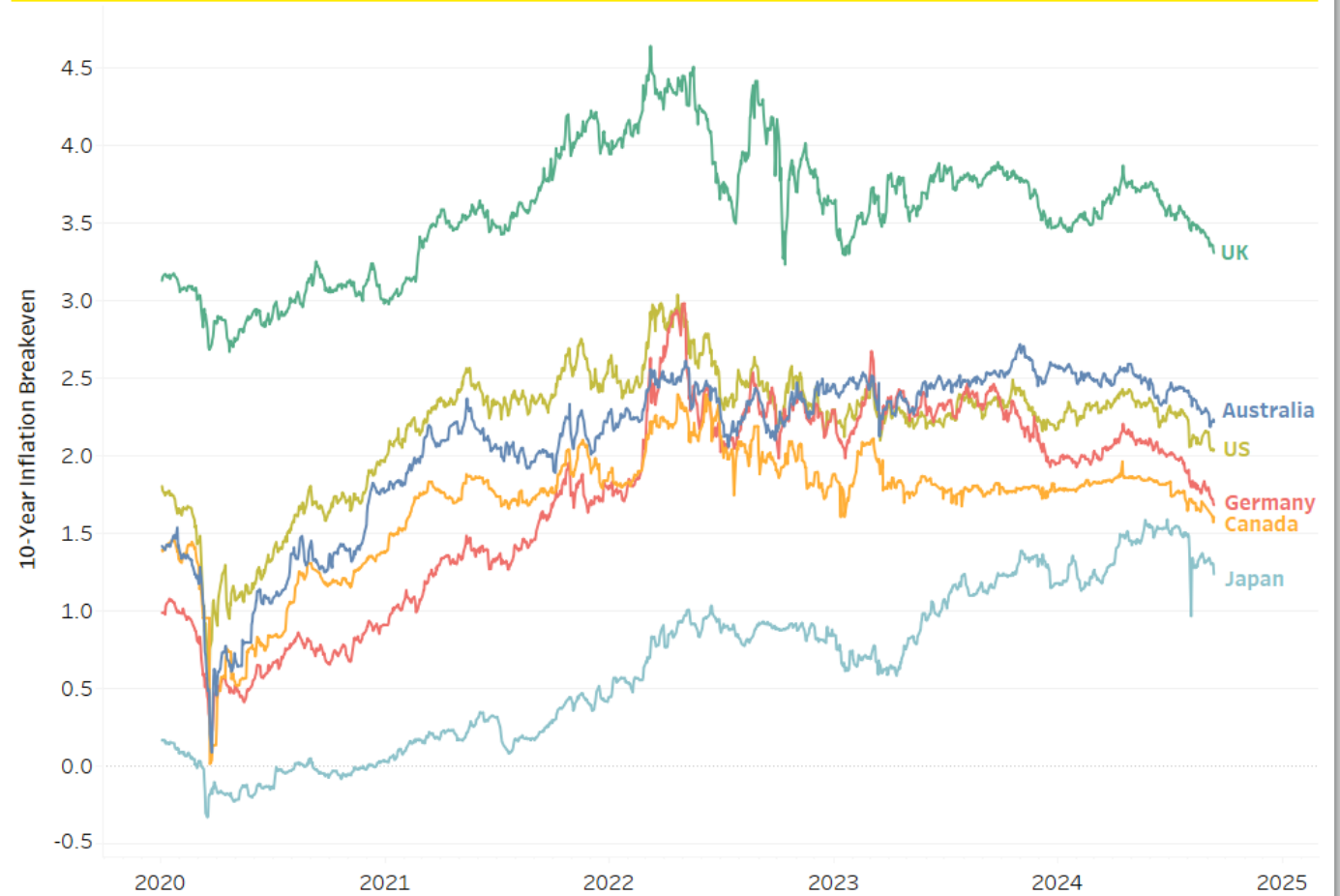
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10-Year Global Breakevens

10-Year Inflation Expectations *Global Breakevens*

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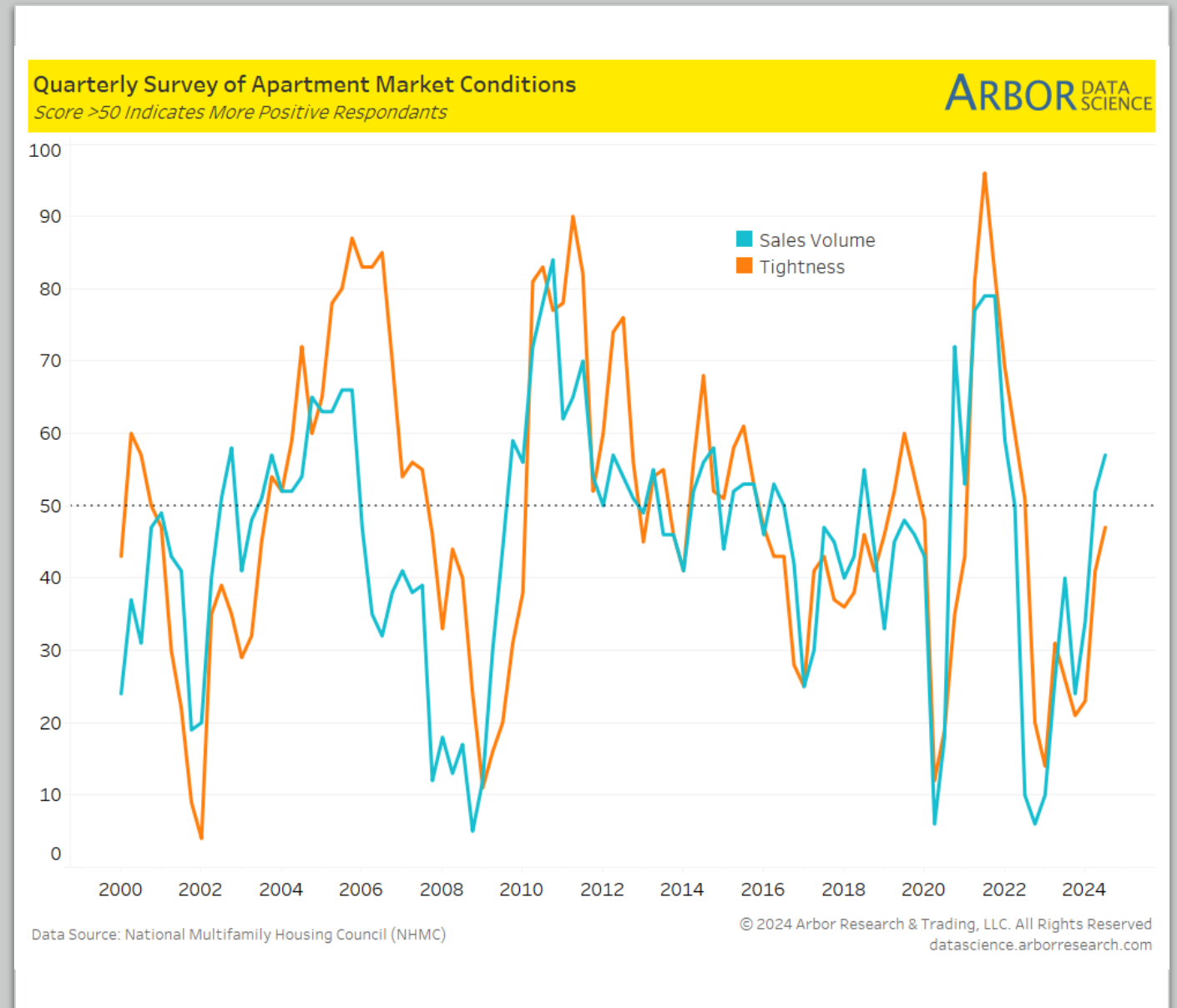
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Renters' Market Conditions

- [Q3 2024's Survey of Apartment Market Conditions](#) conducted by the National Multifamily Housing Council (NMHC) showed fewer respondents describing conditions as tight in comparison to Q2 2024. The same survey reported an increase in apartment sales volume.



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