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DATA SCIENCE

Inflation Roundup

October 09, 2025

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

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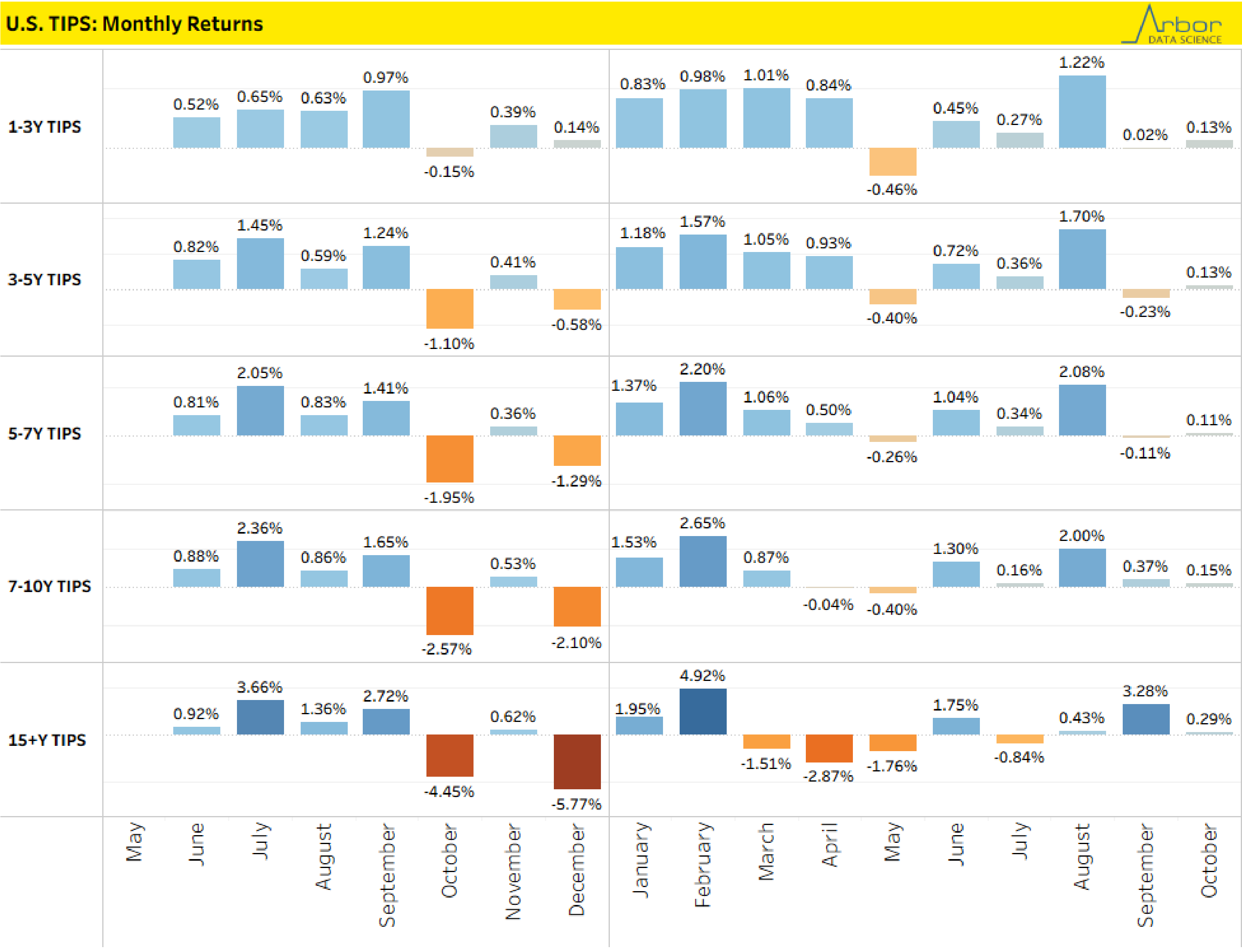
TIPS
TOTAL RETURNS:



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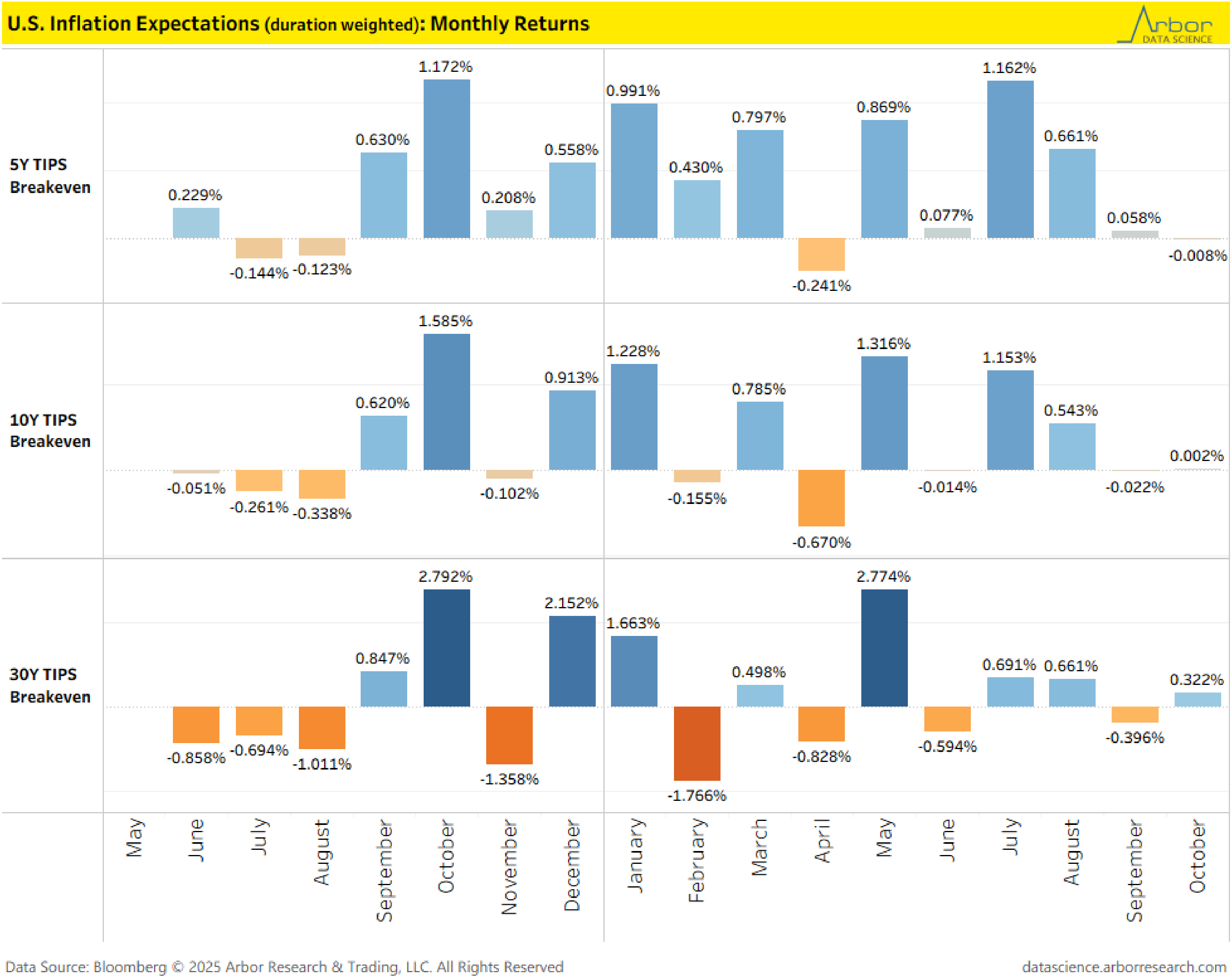
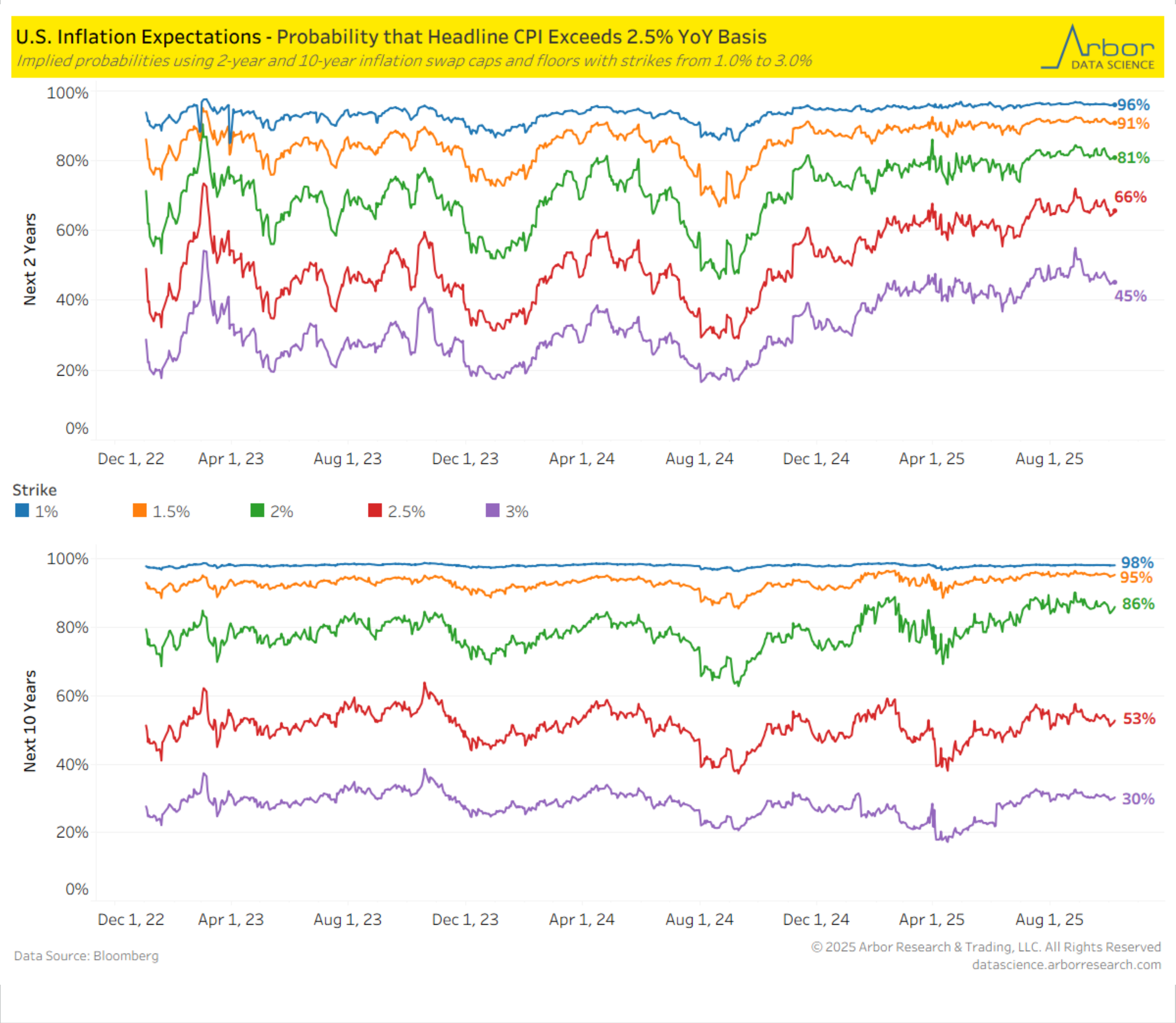
TIPS BREAKEVENS TOTAL RETURNS:



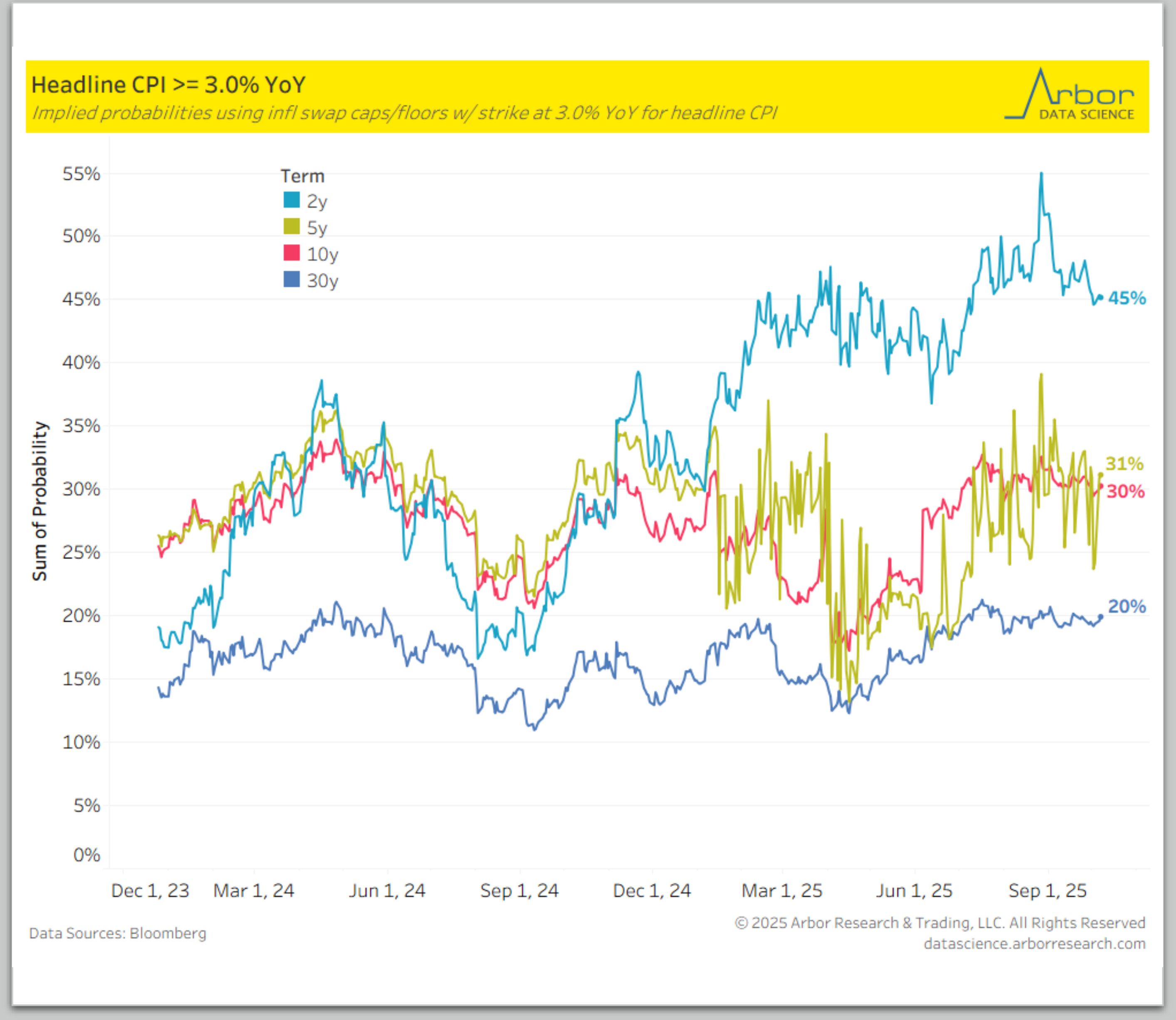
U.S. Inflation Swap Caps and Floors

- Over the past week, inflation expectations for the next 2 years were unchanged, except for 3% which decreased.
- 10-year expectations were unchanged.
- The probability of 2.5% headline inflation for the next 2 years was unchanged from the previous week at 66%.
- The 10-year probability of 2.5% headline inflation was unchanged at 53%.



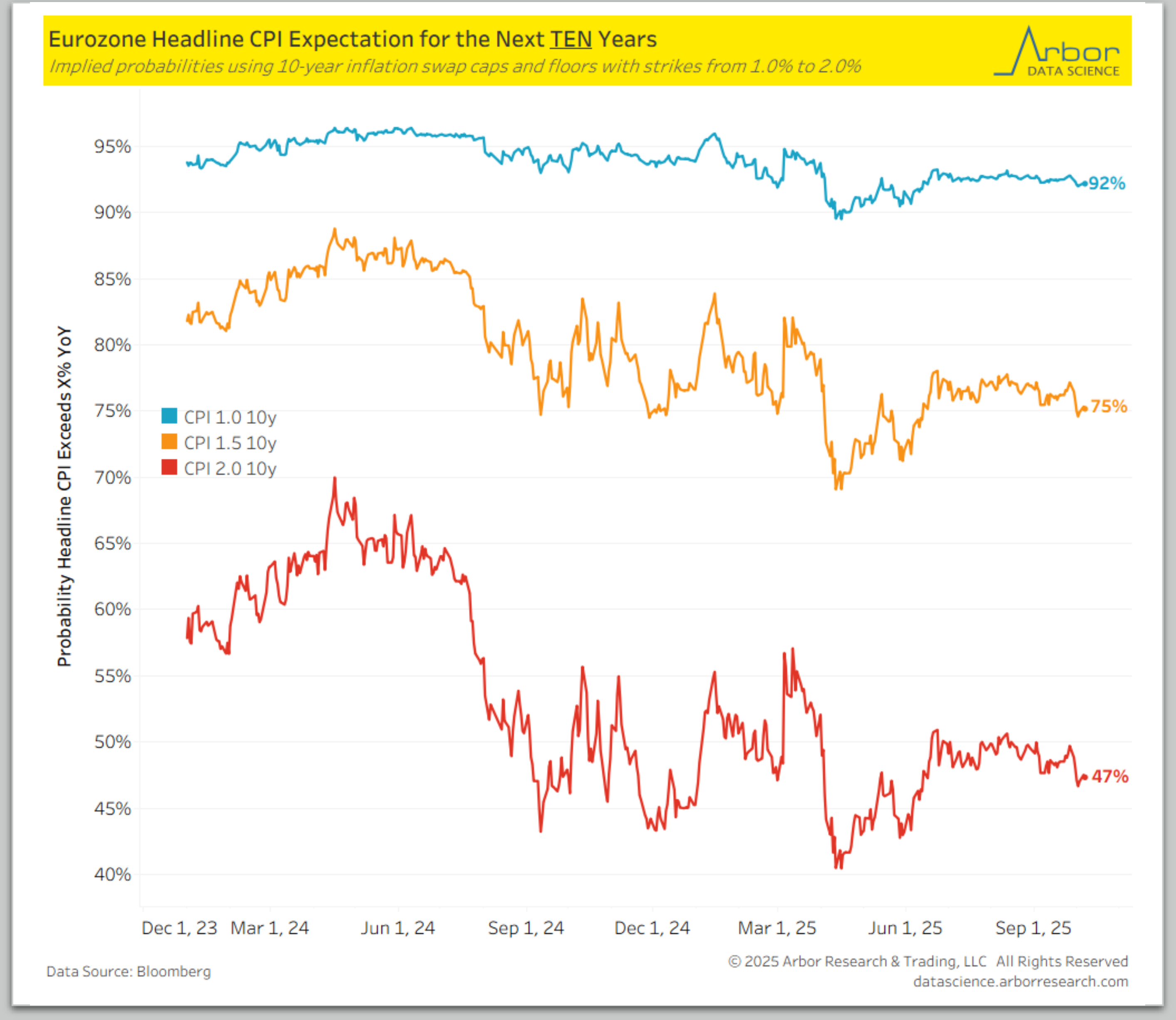
U.S.
3% Headline Expectations

- 3% inflation expectations decreased, except 10 years and 30 years which stayed the same.
- Based on swap cap/floor probabilities for the next 2 years, the market gives this outcome a 45% probability.



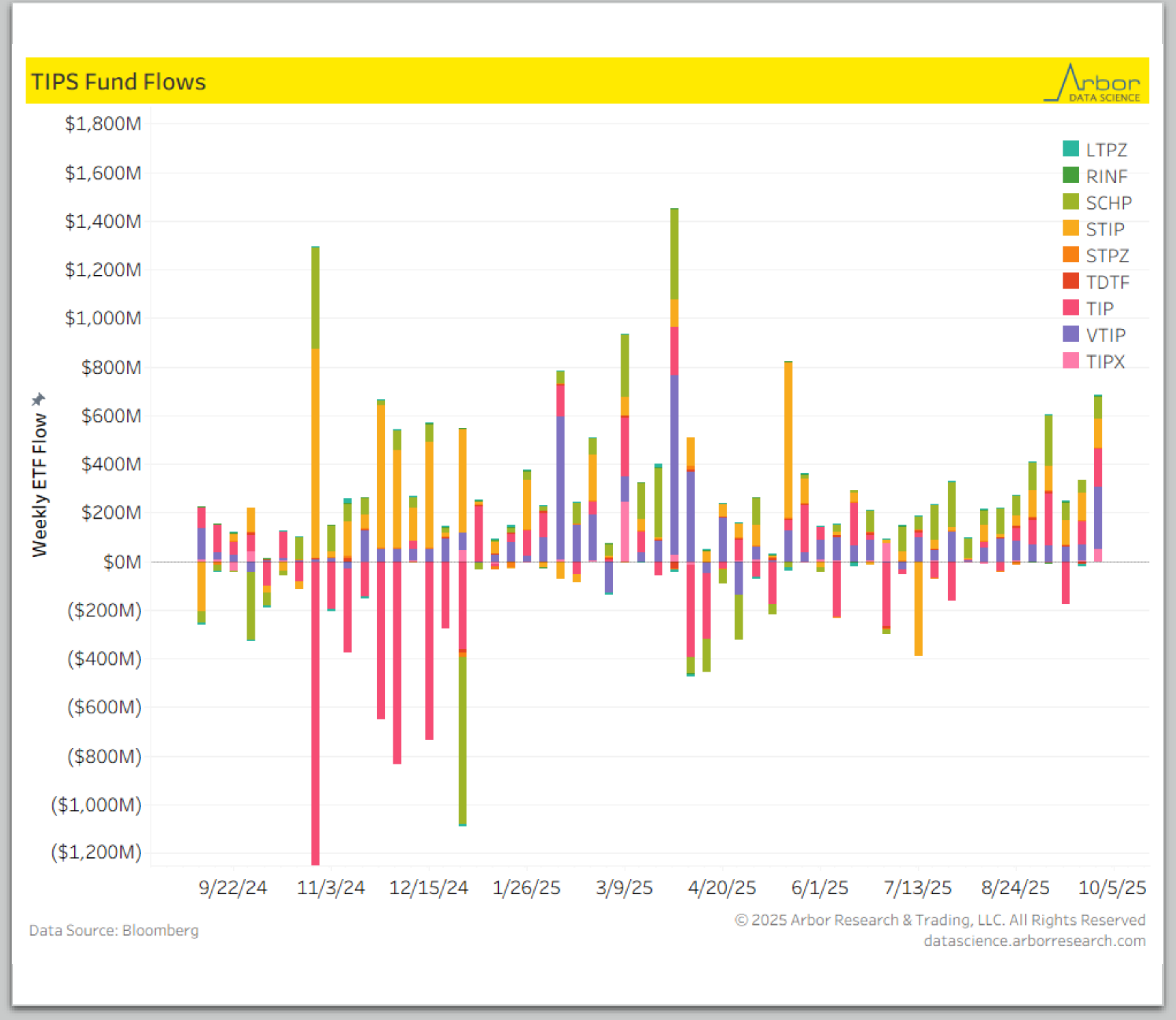
Eurozone
Inflation Expectations

- 10-year Eurozone inflation expectations decreased.
- The probability of 2% headline inflation decreased to 47%.

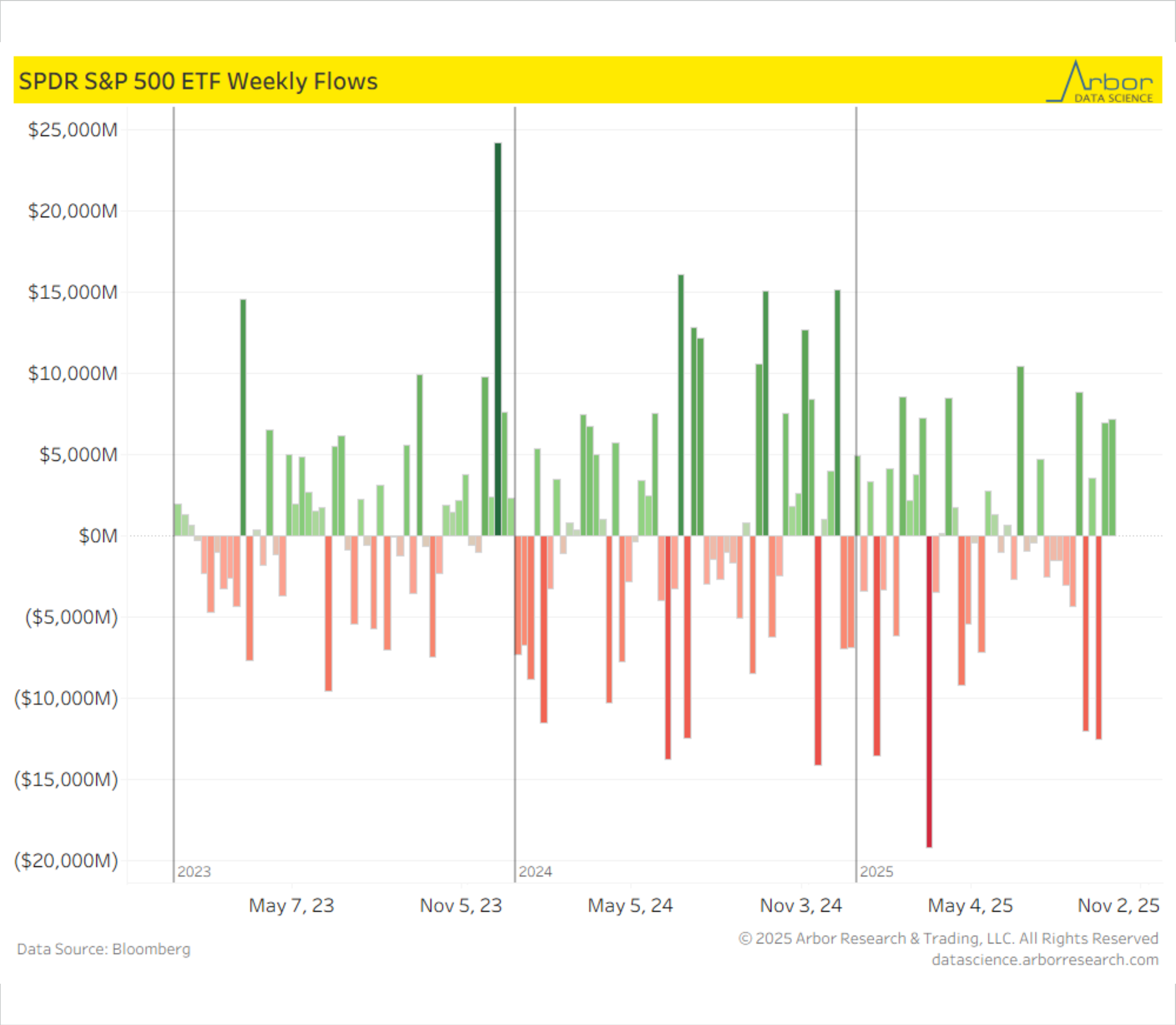


TIPS Fund Flows

- Flows of funds were mostly positive last week, with movement concentrated in 3 fund (rounded value)
  - Vanguard Short-Term TIPS ETF: $259 million inflows
  - iShares TIPS Bond ETF: $155 million inflows
  - iShares 0-5 Year TIPS ETF: $119 million inflows

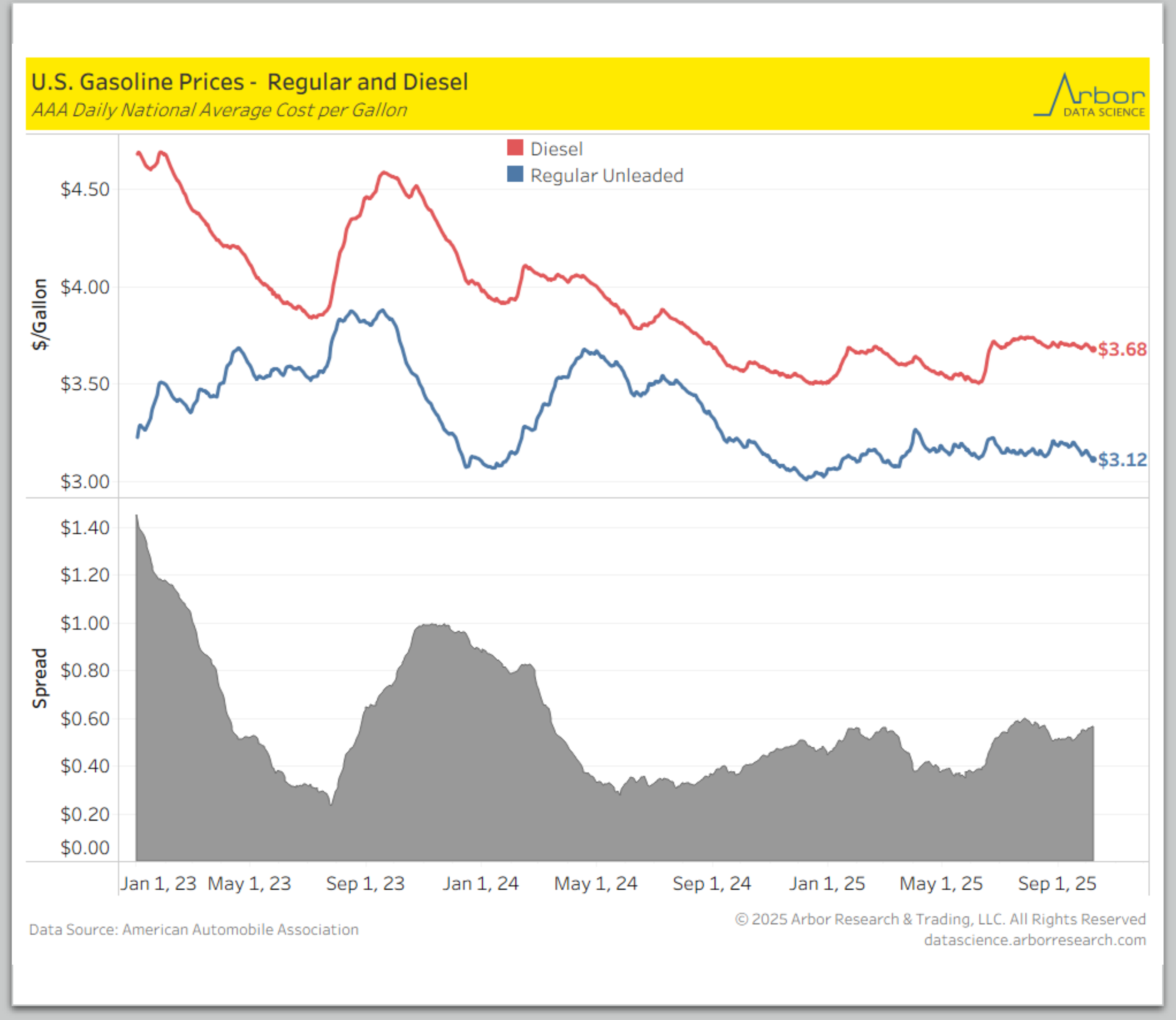


The SPY ETF had inflows of approximately $7.18 million last week.

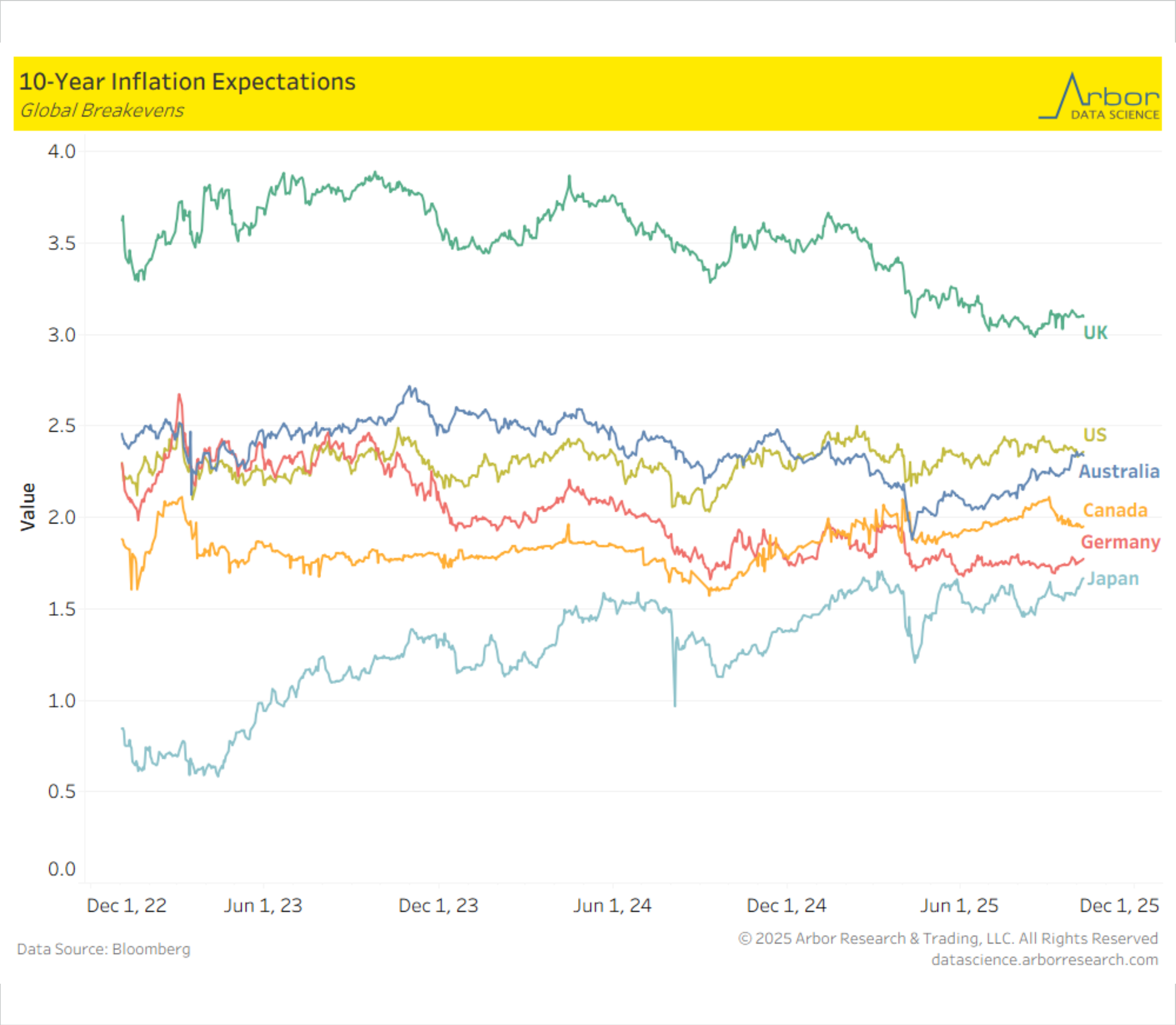


Brent Crude was up $0.47 from last week to $66.21

Average Diesel/Gas Spread increased to $0.56

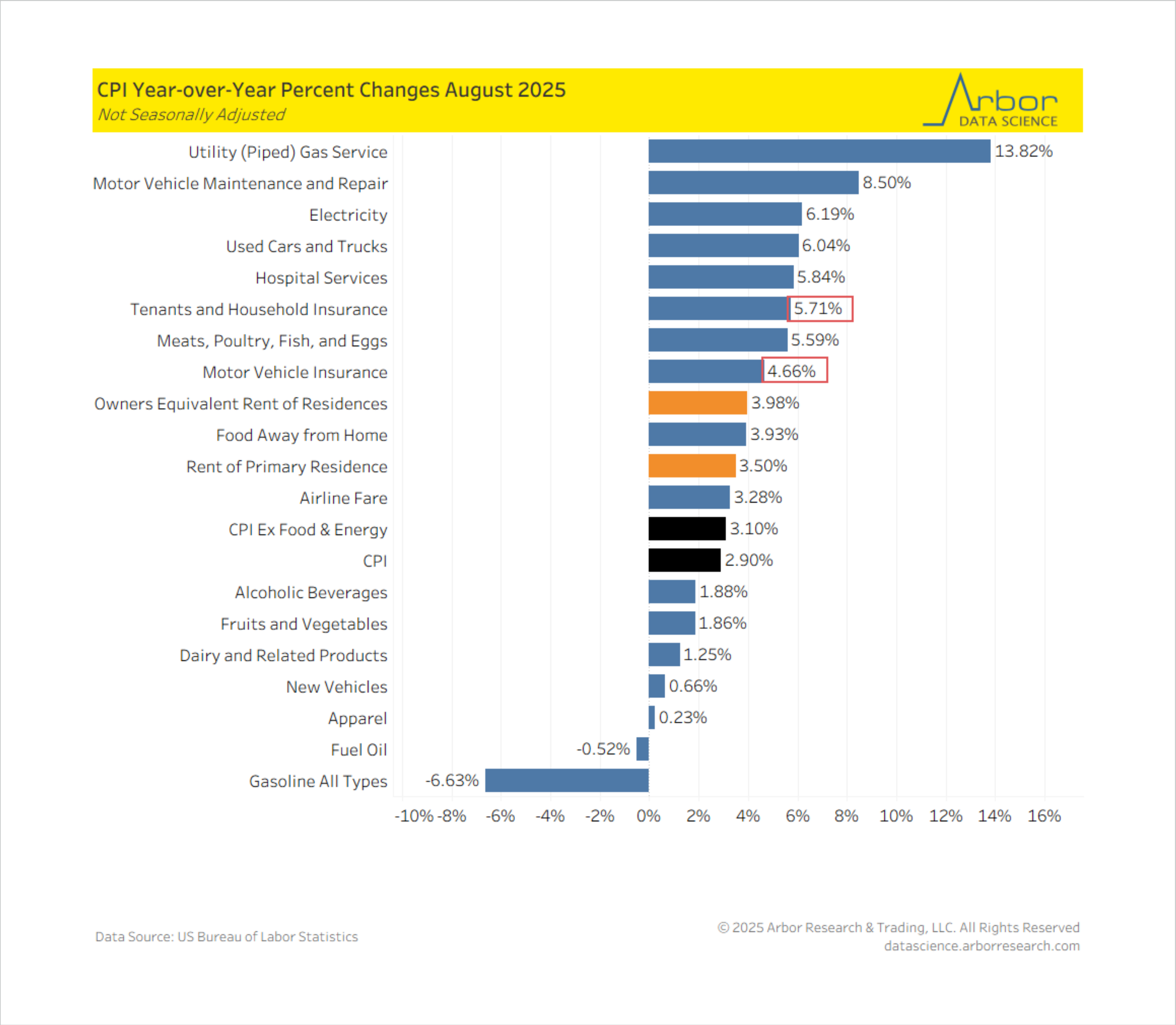


10-Year Global Breakevens



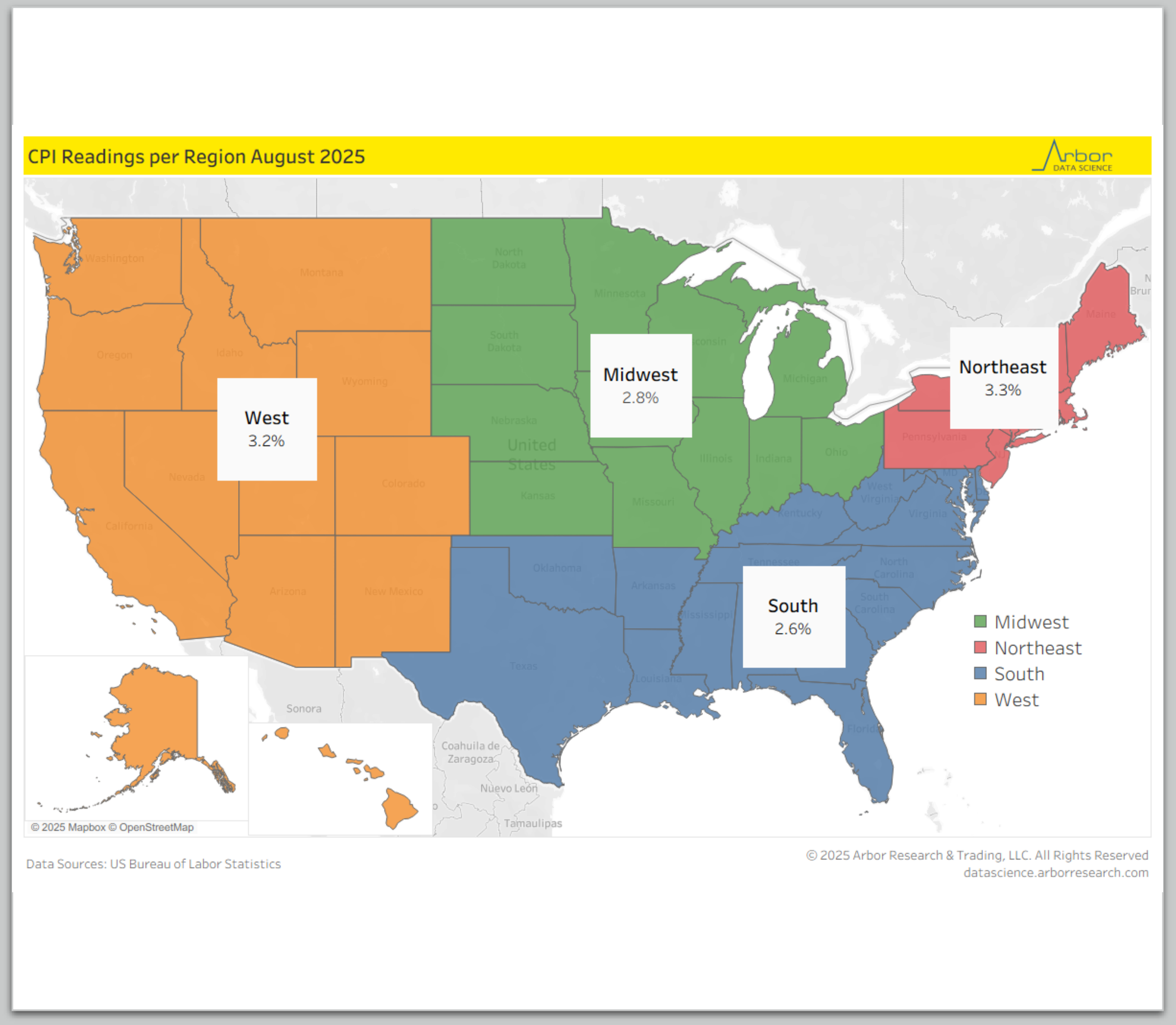
CPI YoY% Changes August 2025

- CPI YoY had a 2.9% increase in August 2025.
- Utility (Piped) Gas Service had the largest increase YoY% change for our selected categories at 13.82% in August 2025, while Gasoline All Types had the largest decrease YoY% change for our selected categories of -6.63%.



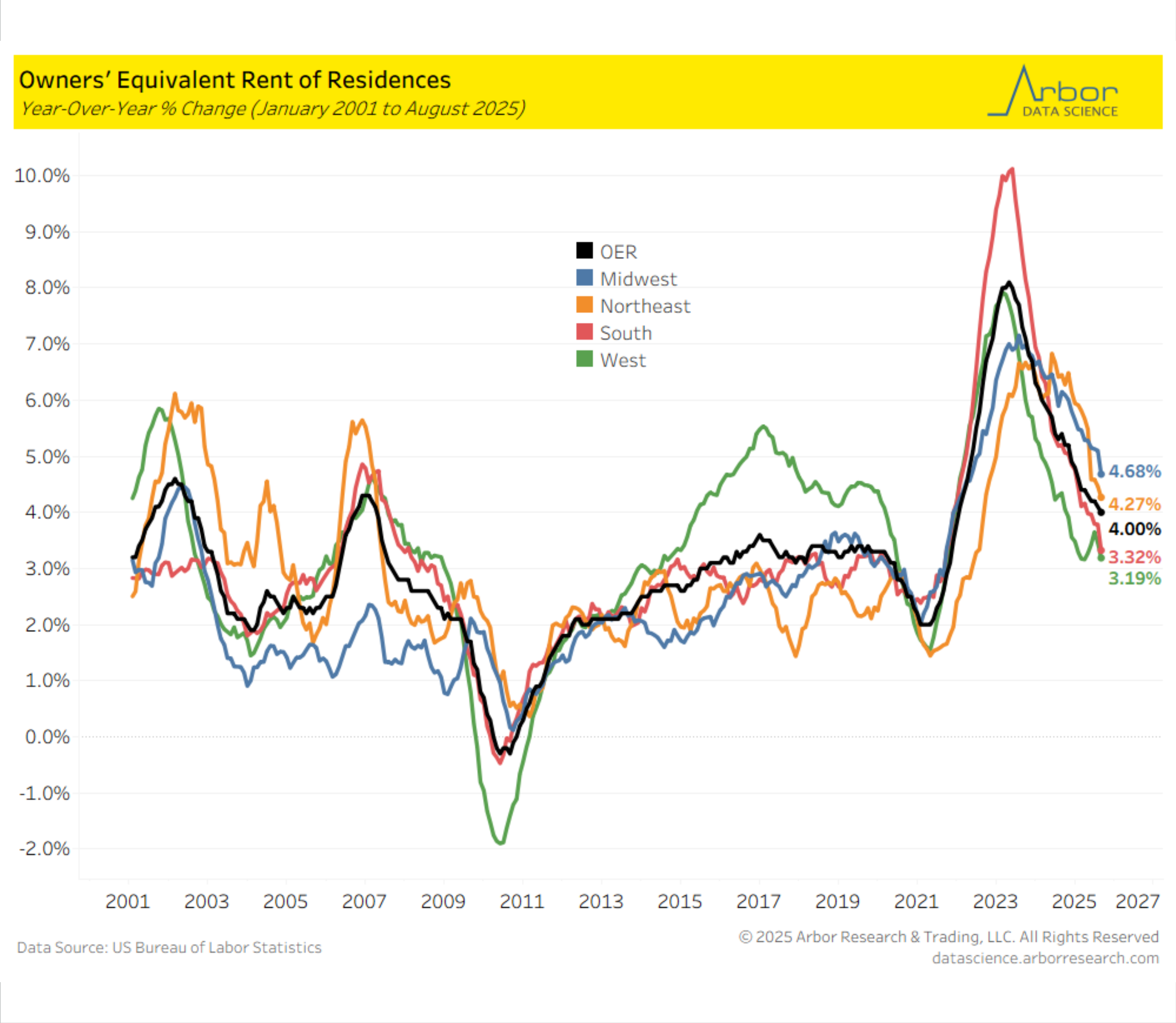
CPI Readings per Region August 2025

- The Northeast had the highest inflation reading for August 2025, at 3.3% YoY, followed by the West at 3.2% YoY, the Midwest at 2.8% YoY, and the South at 2.6% YoY.



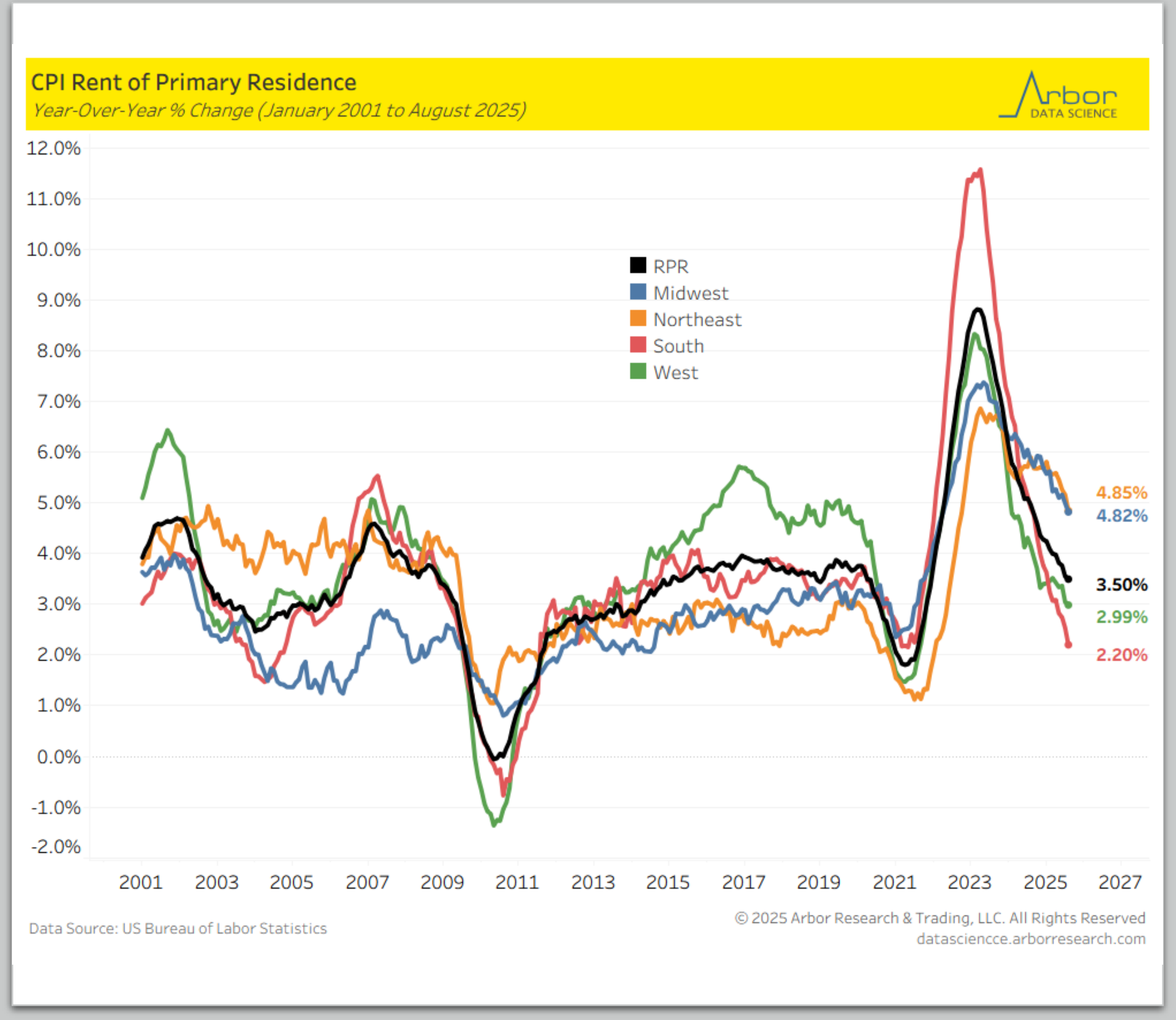
Owners' Equivalent Rent of Residences

- 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 4.00% year-over-year nationally in August 2025.



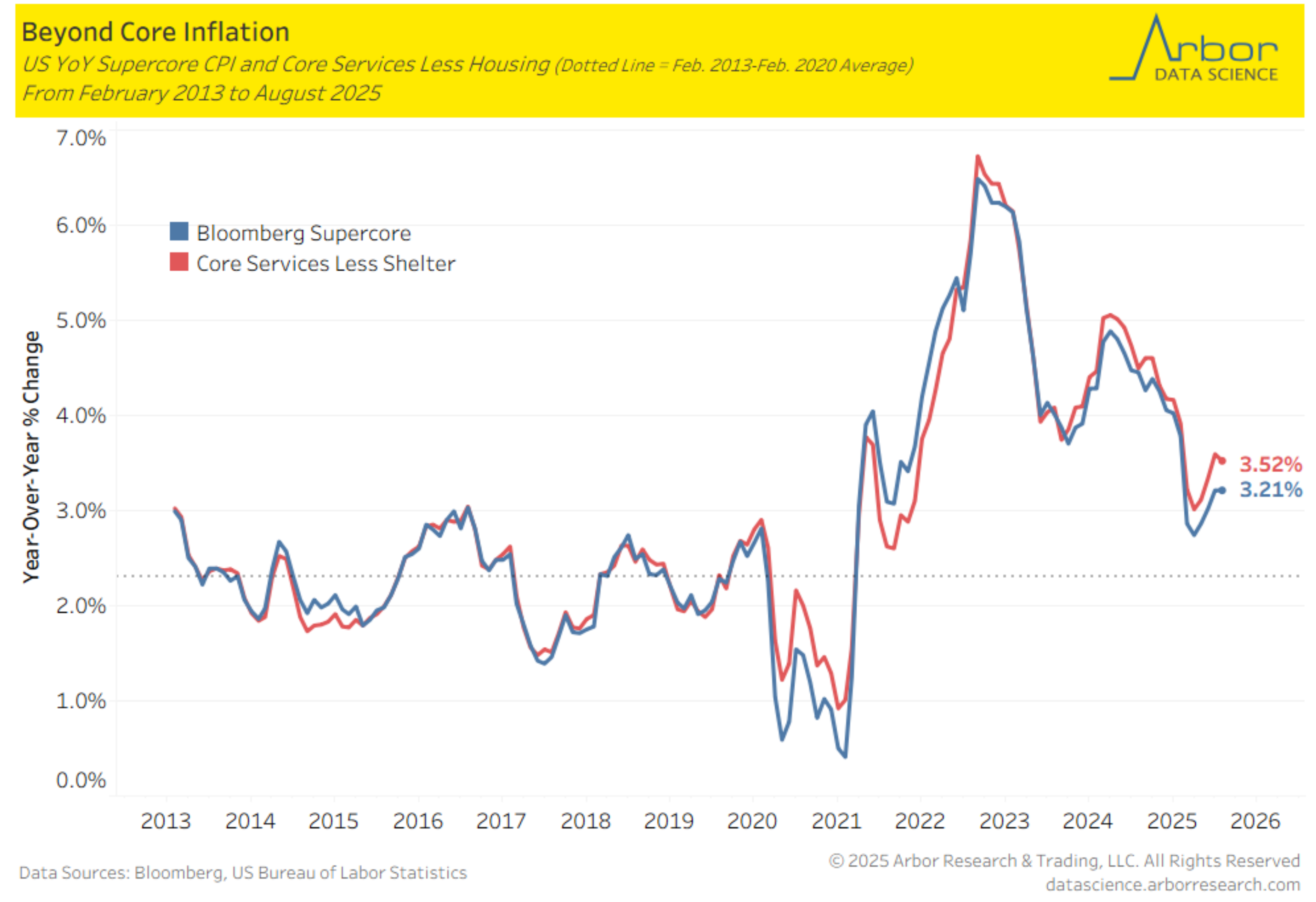
Rent of Primary Residence

- Rent of Primary Residence (RPR), the renters' side of shelter inflation, continued to decline to 3.50% year-over-year.



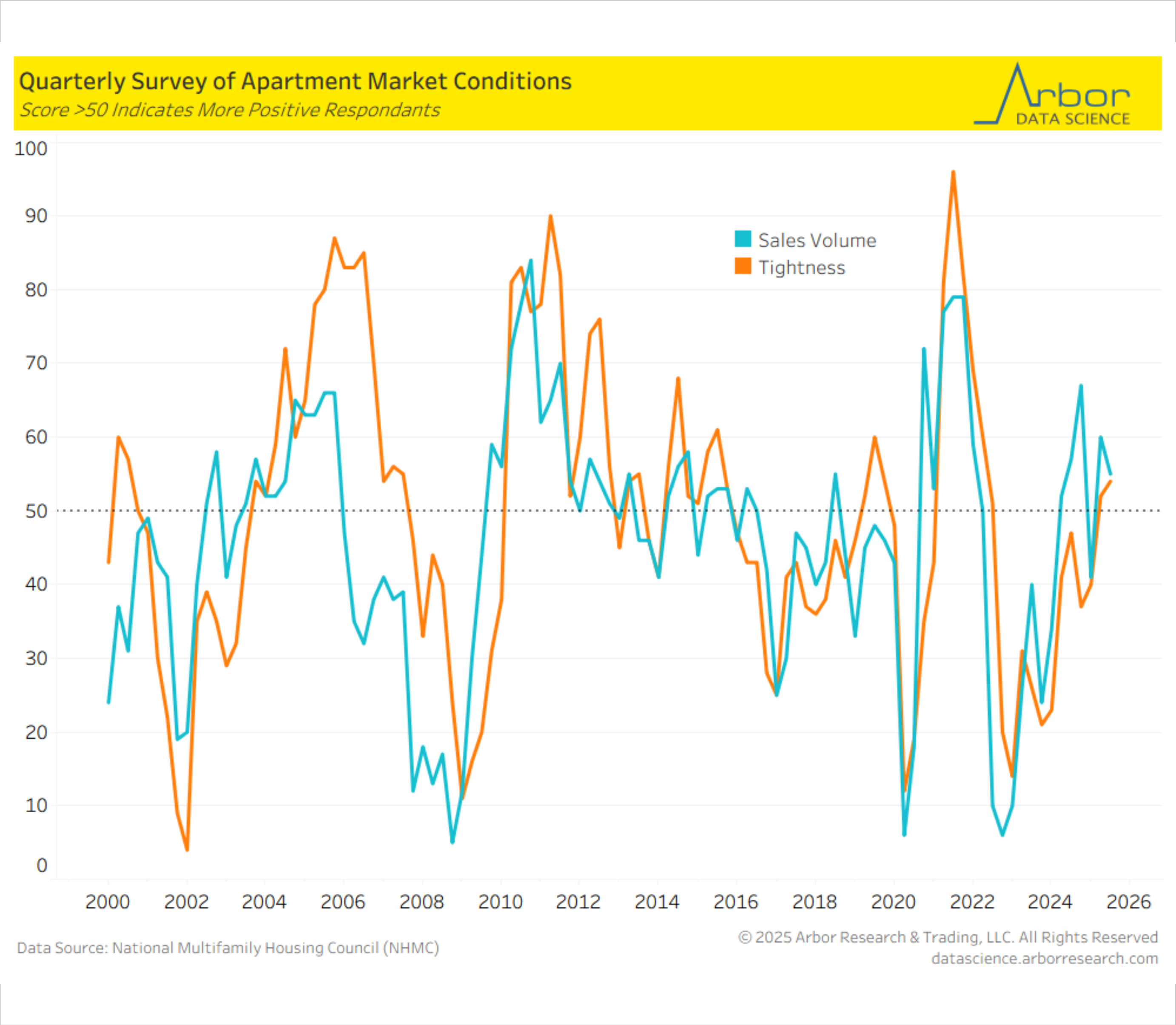
Services Ex-Shelter and Supercore Inflation

- 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.



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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