



Inflation Roundup

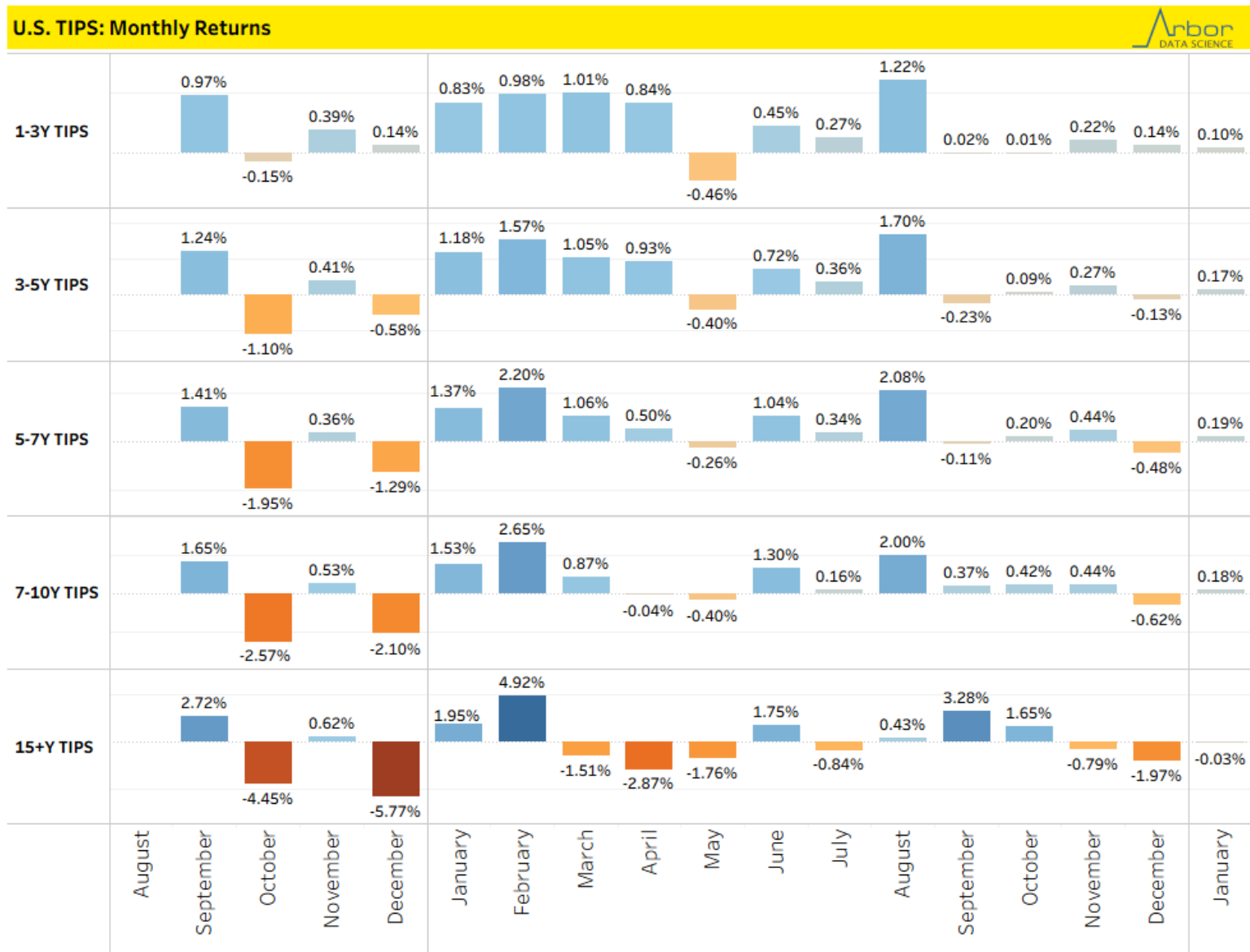
January 8, 2026

- 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:

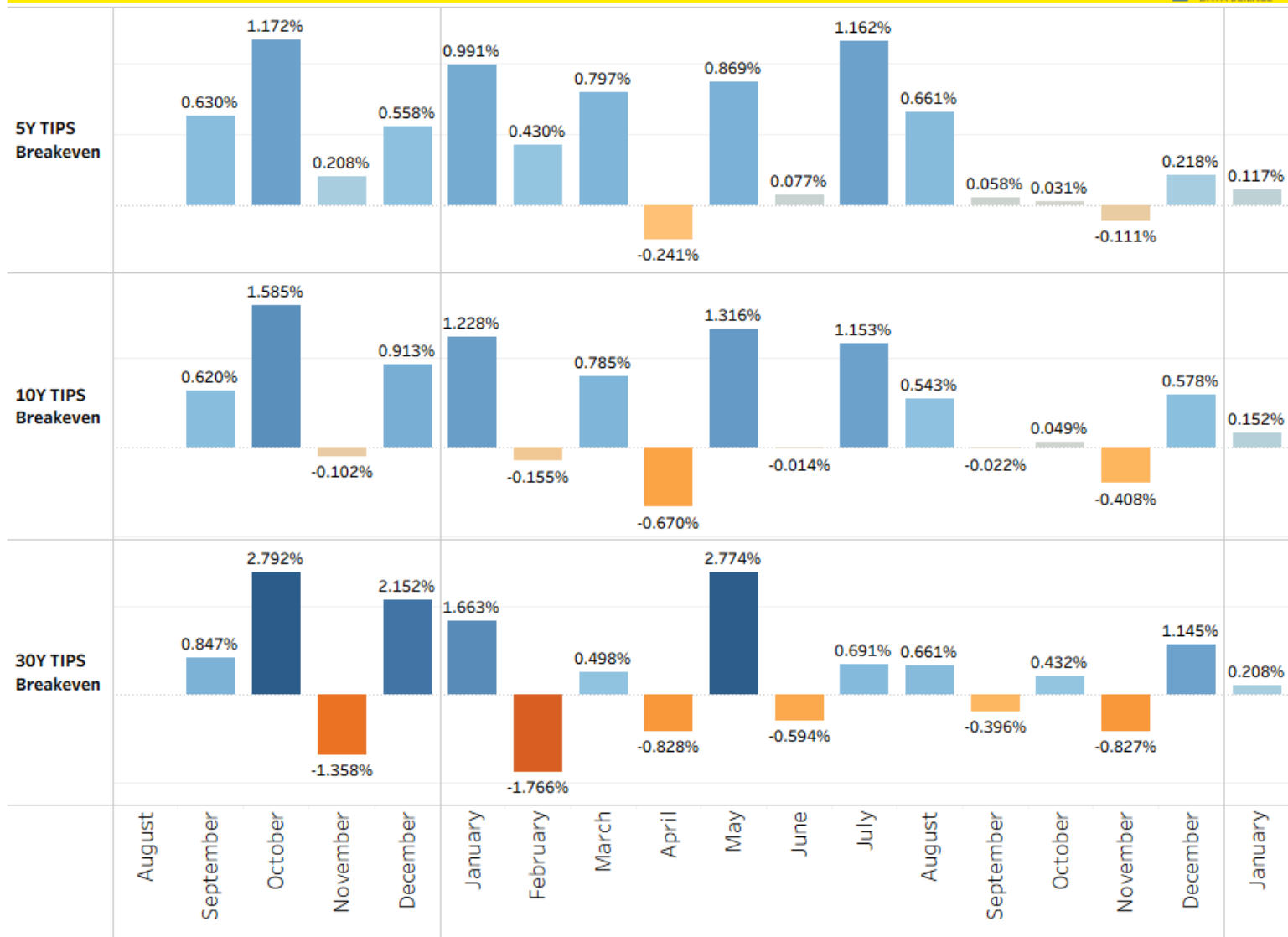


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TIPS BREAKEVENS TOTAL RETURNS:

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

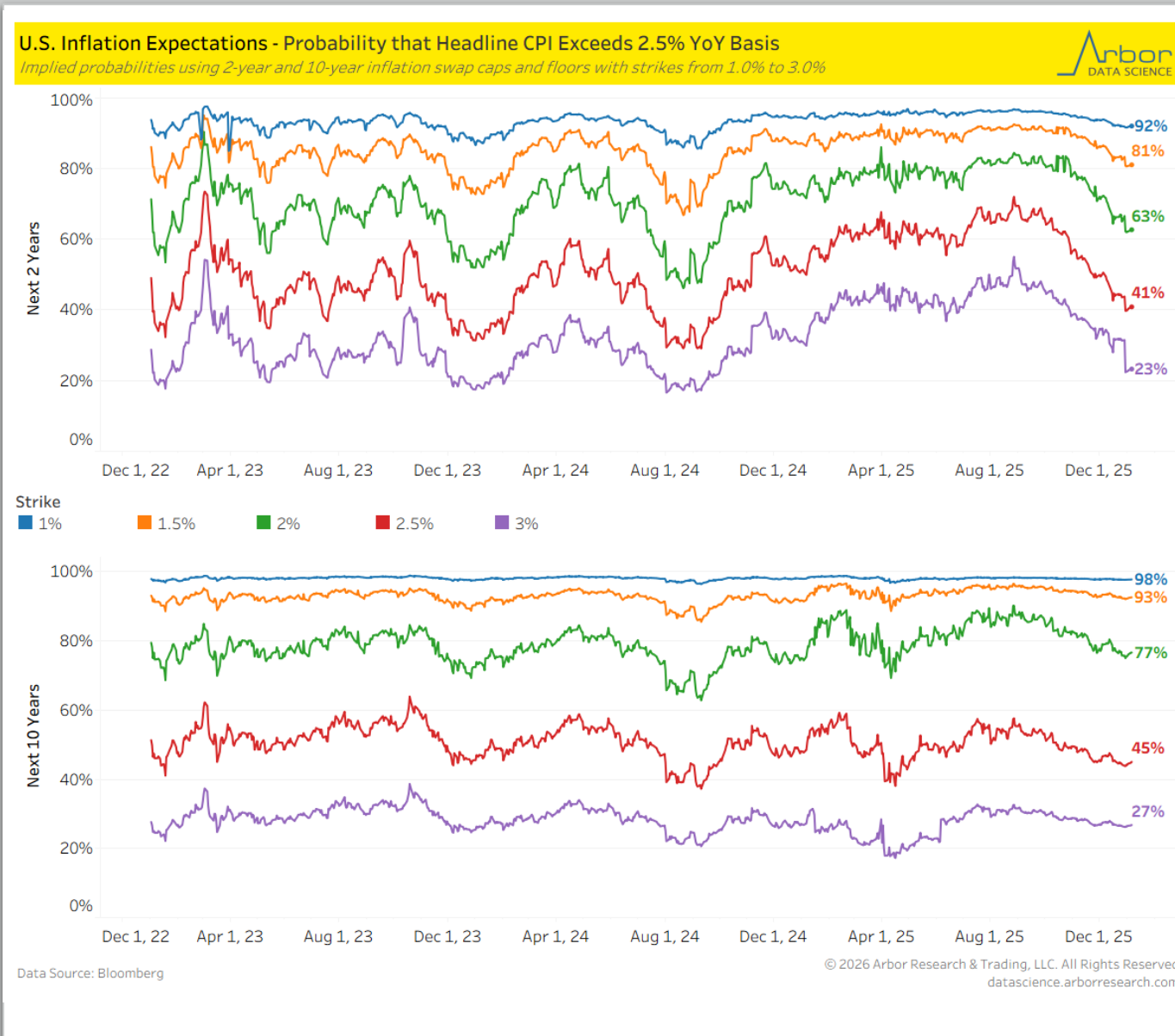


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U.S. Inflation Swap Caps and Floors

- Over the past week, inflation expectations for the next 2 years increased, except for 1% and 1.5% which stayed constant.
- 10-year expectations increased from the prior week, except for 1% which stayed constant.
- The probability of 2.5% headline inflation for the next 2 years increased from the previous week to 41%.
- The 10-year probability of 2.5% headline inflation increased from the previous week to 45%.

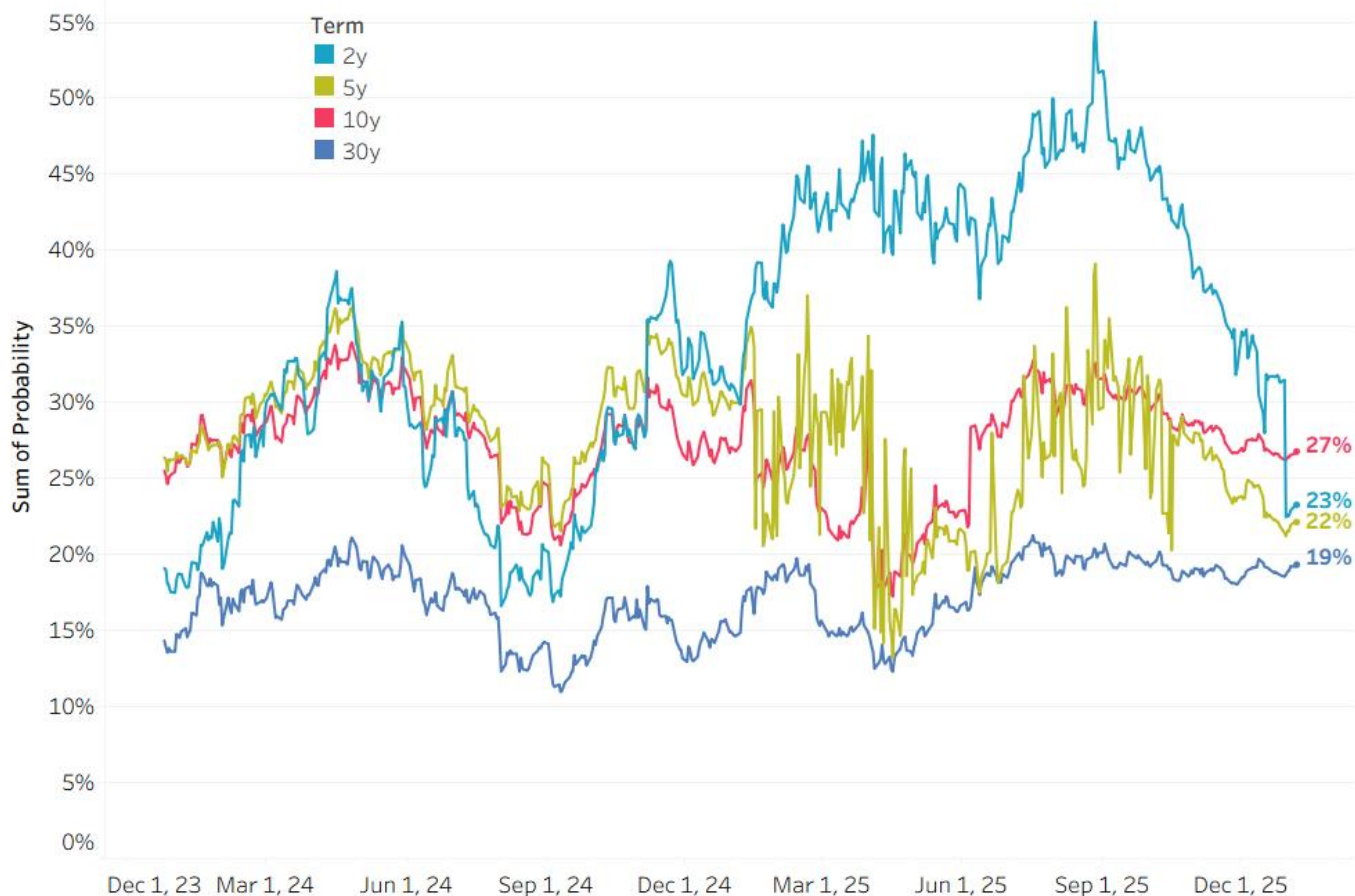


U.S. 3% Headline Expectations

- 3% inflation expectations increased, except for 30 years which stayed constant.
- Based on swap cap/floor probabilities for the next 2 years, the market gives this outcome a 23% probability.

Headline CPI $\geq 3.0\%$ YoY

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

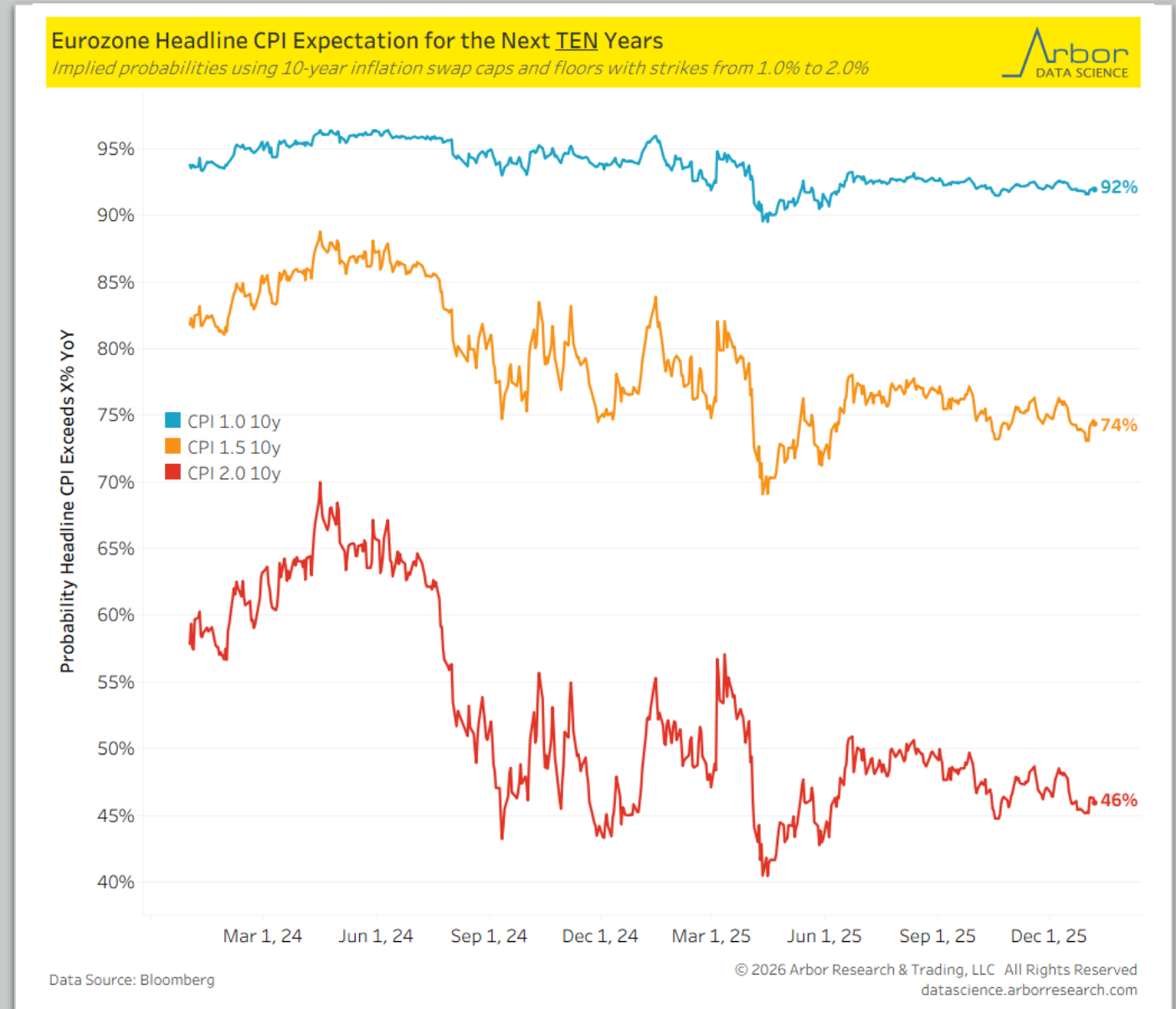


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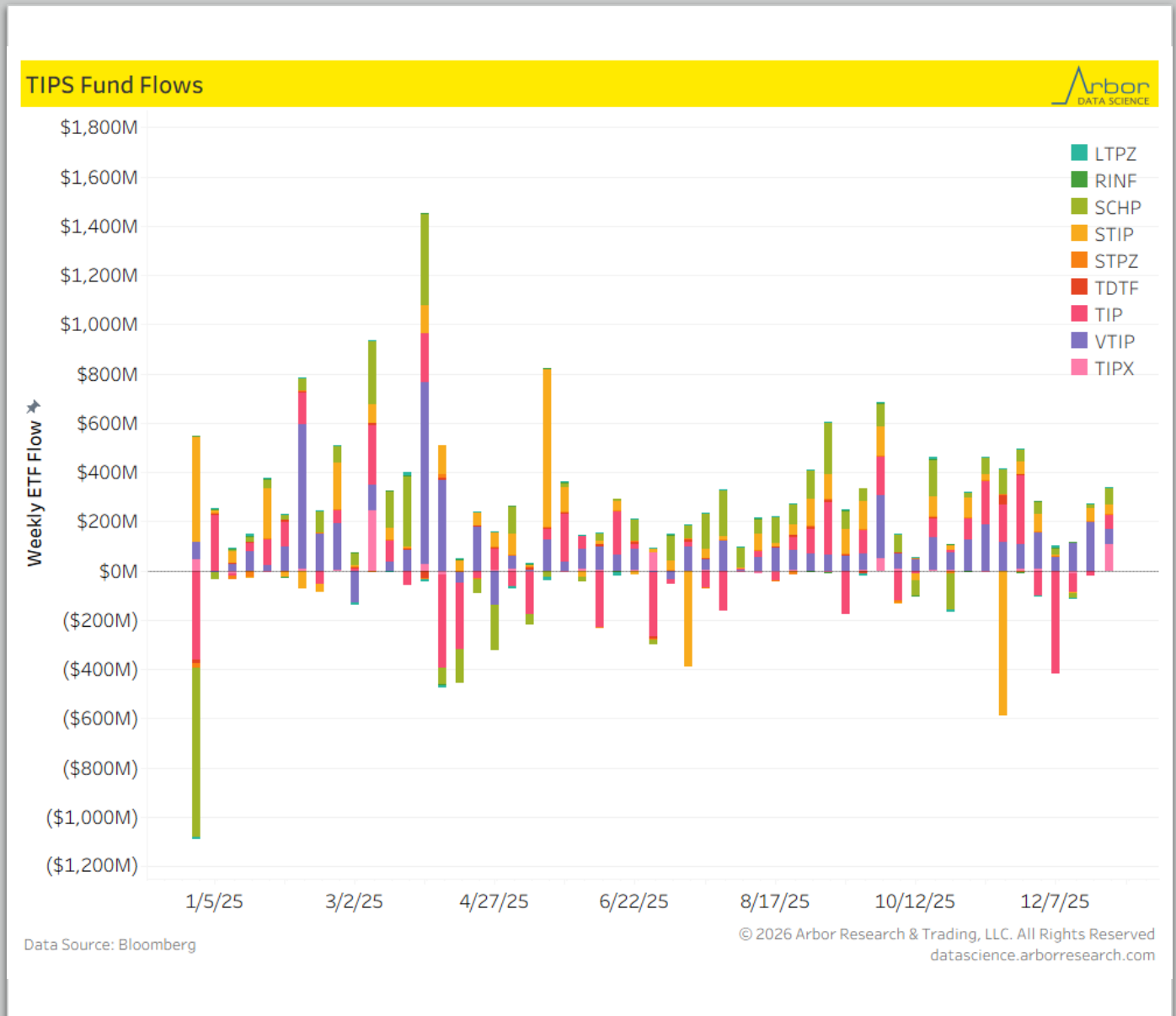
Eurozone Inflation Expectations

- 10-year Eurozone inflation expectations increased, except for 1% which was unchanged.
- The probability of 2% headline inflation increased to 46%.

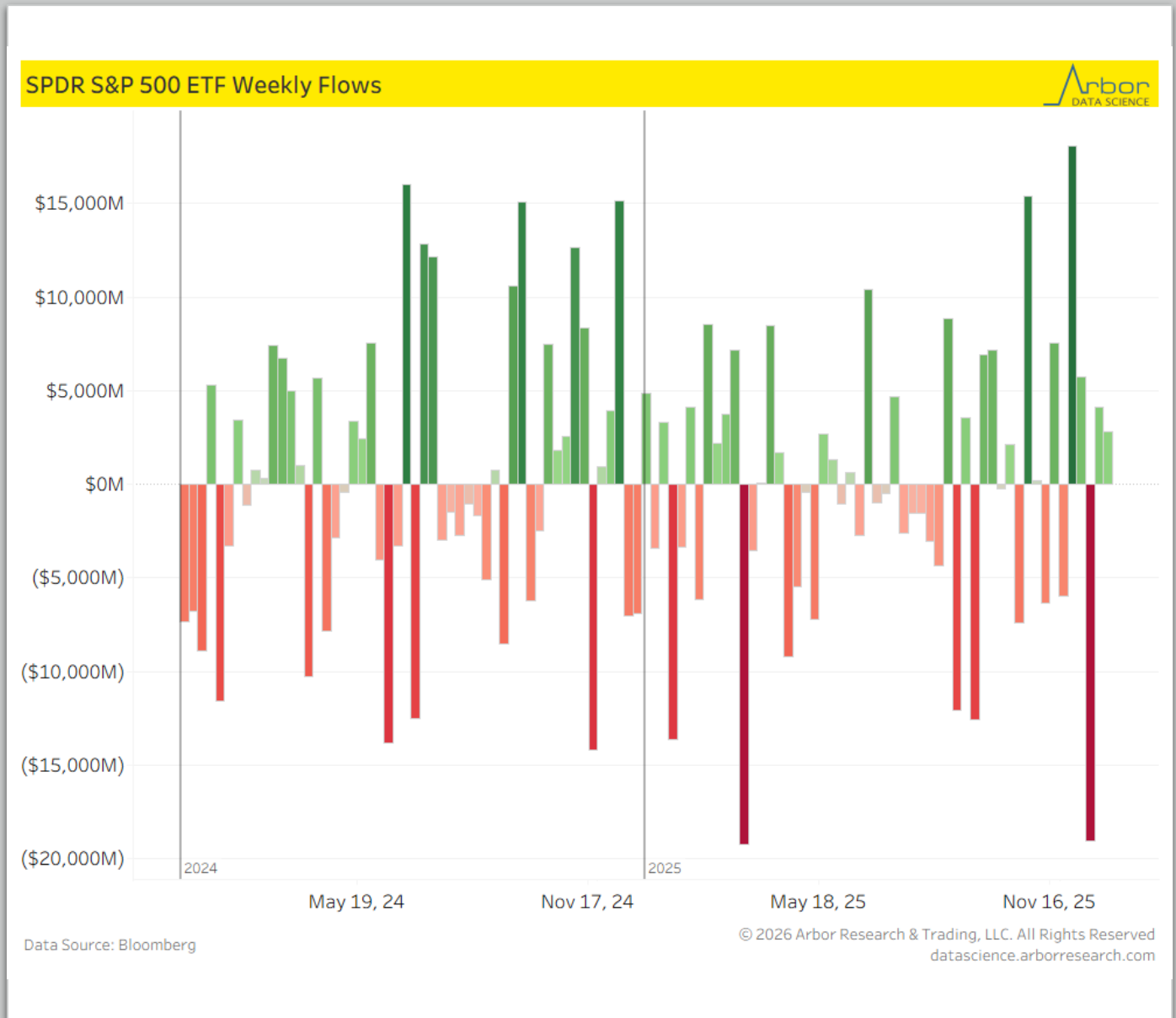


TIPS Fund Flows

- Flows of funds were positive last week, with inflows concentrated in three funds. (rounded value)
 - State Street SPDR Bloomberg 1-10 Year TIPS ETF: \$105 million inflows
 - Schwab U.S. TIPS ETF: \$69 million inflows
 - Vanguard Short-Term TIPS: \$64 million inflows



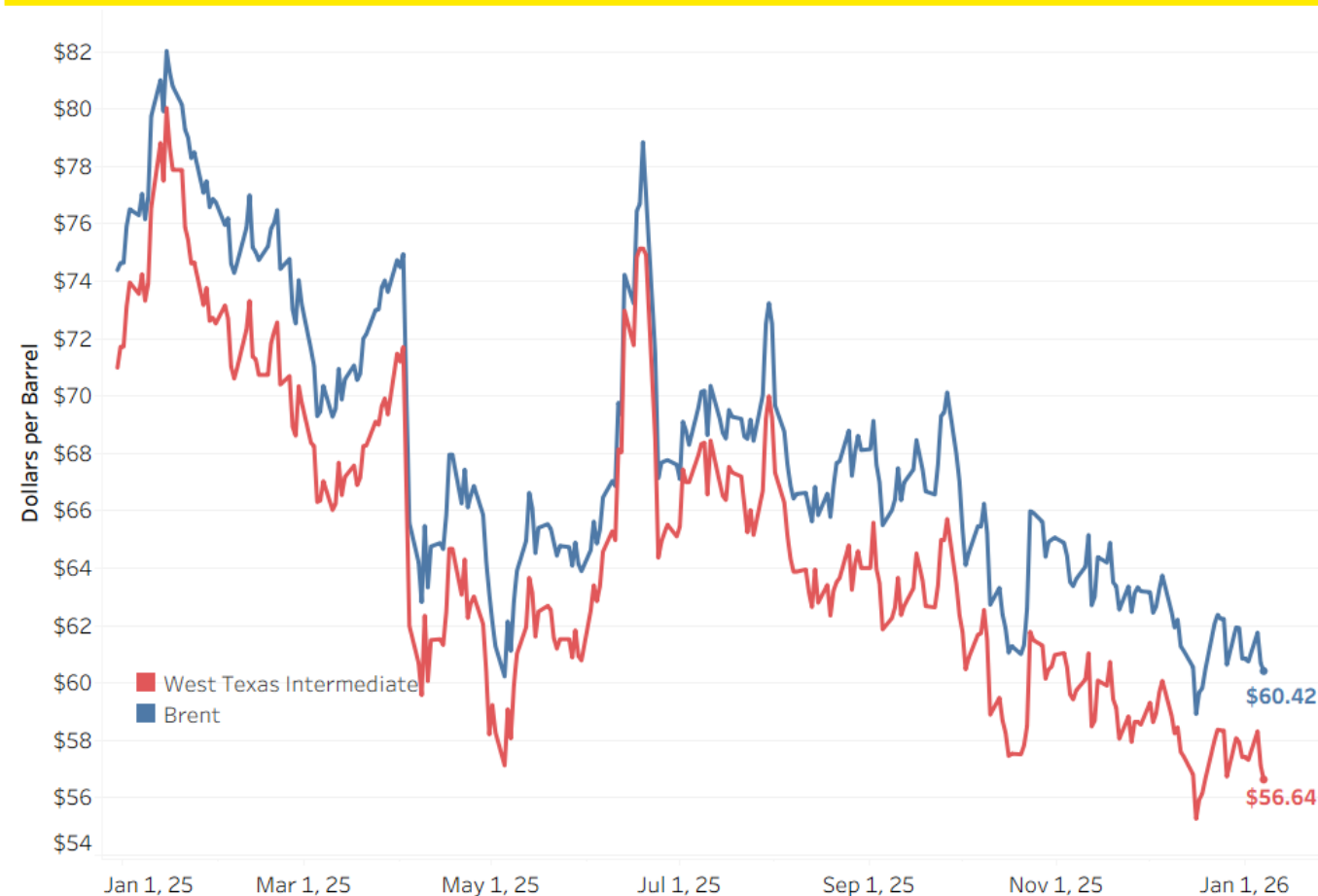
The SPY ETF had inflows of approximately \$2.797 billion last week.



Brent Crude was down
\$1.21 from last week to
\$60.42

Crude Oil

Generic WTI Crude Indices



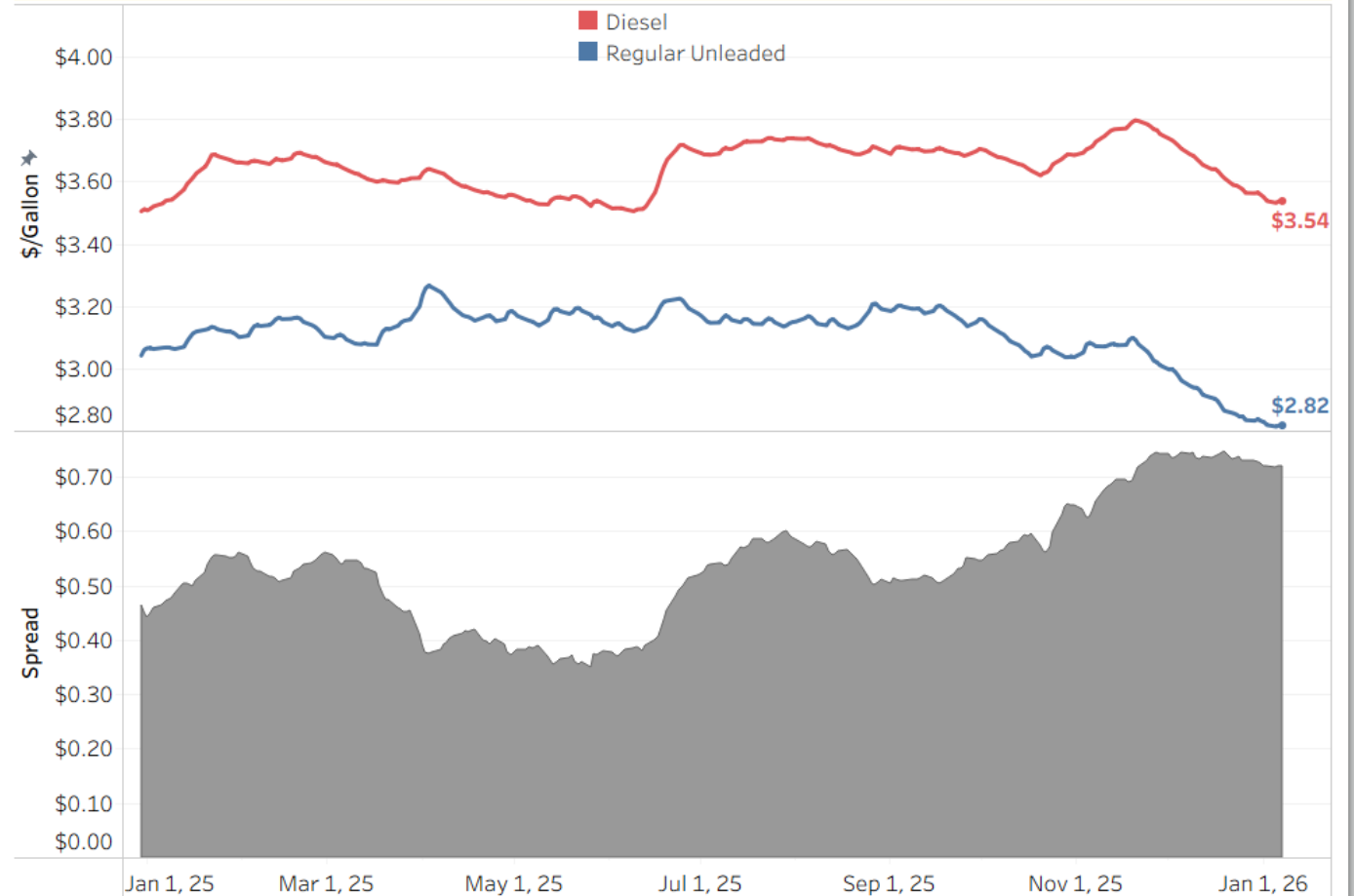
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Average Diesel/Gas
Spread decreased to
\$0.72

U.S. Gasoline Prices - Regular and Diesel

AAA Daily National Average Cost per Gallon



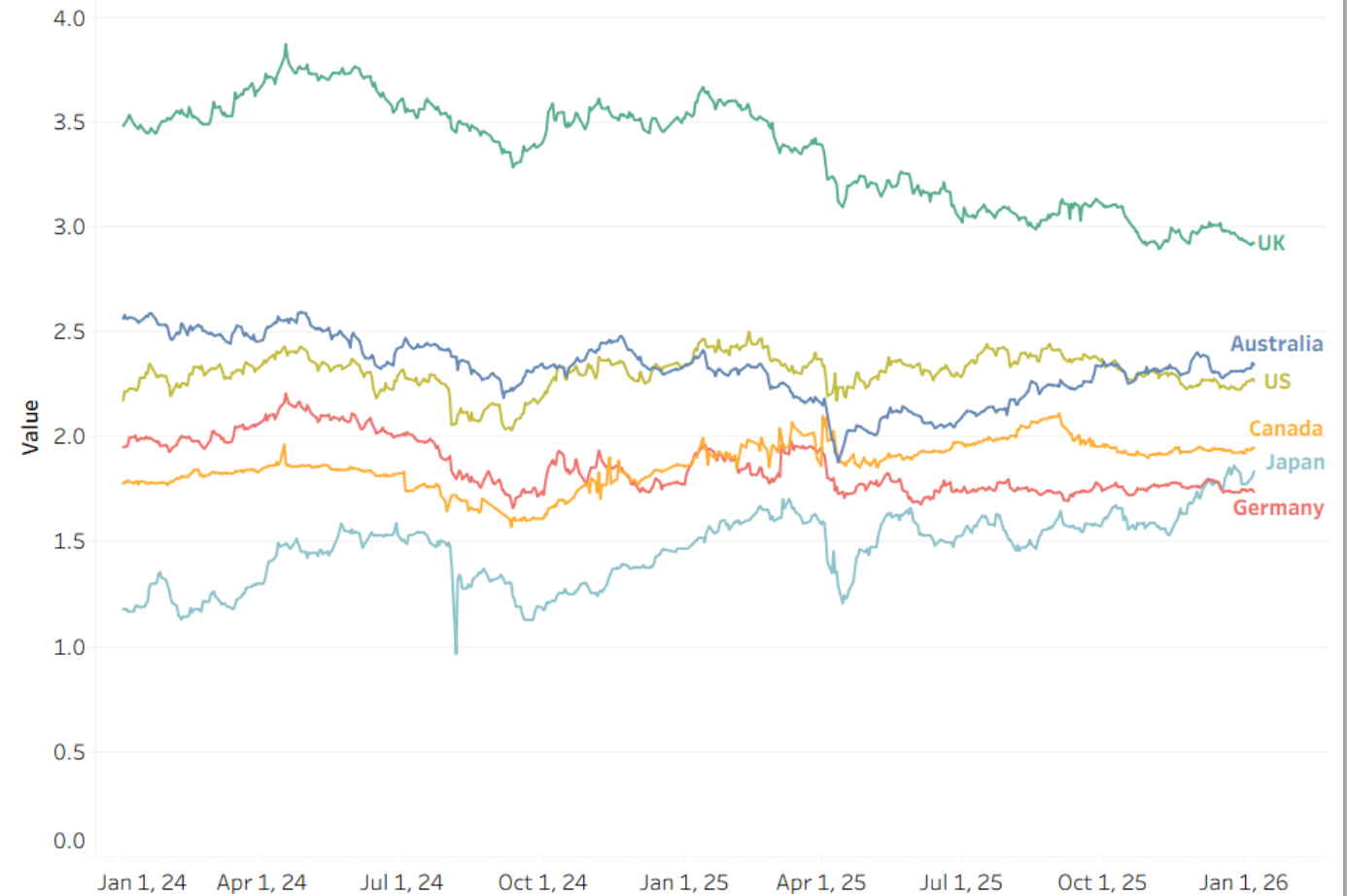
Data Source: American Automobile Association

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10-Year Global Breakevens

10-Year Inflation Expectations

Global Breakevens



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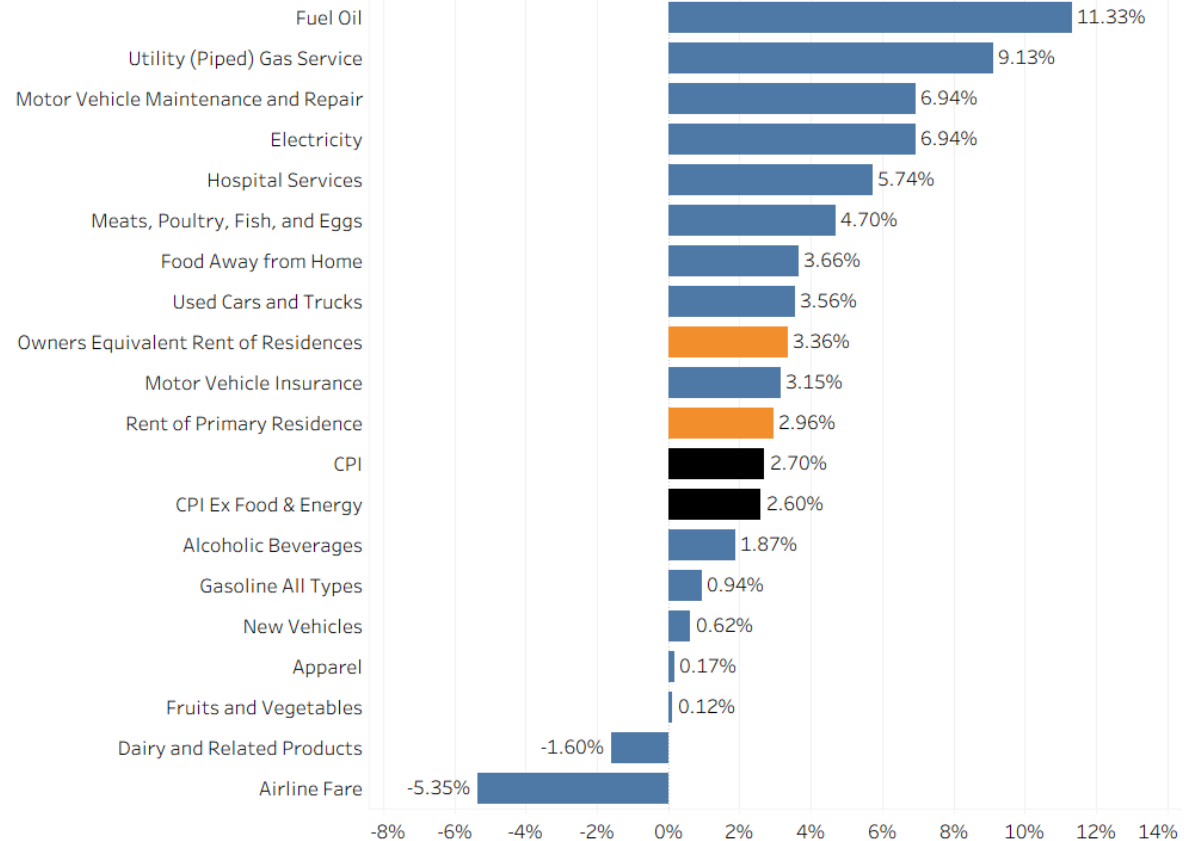
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CPI YoY% Changes November 2025

- CPI YoY had a 2.7% increase in November 2025.
- Utility (Piped) Gas Service had the largest increase YoY% change for our selected categories at 11.33% in November 2025, while Airline Fare had the largest decrease YoY% change for our selected categories of -5.35%.

CPI Year-over-Year Percent Changes November 2025

Not Seasonally Adjusted

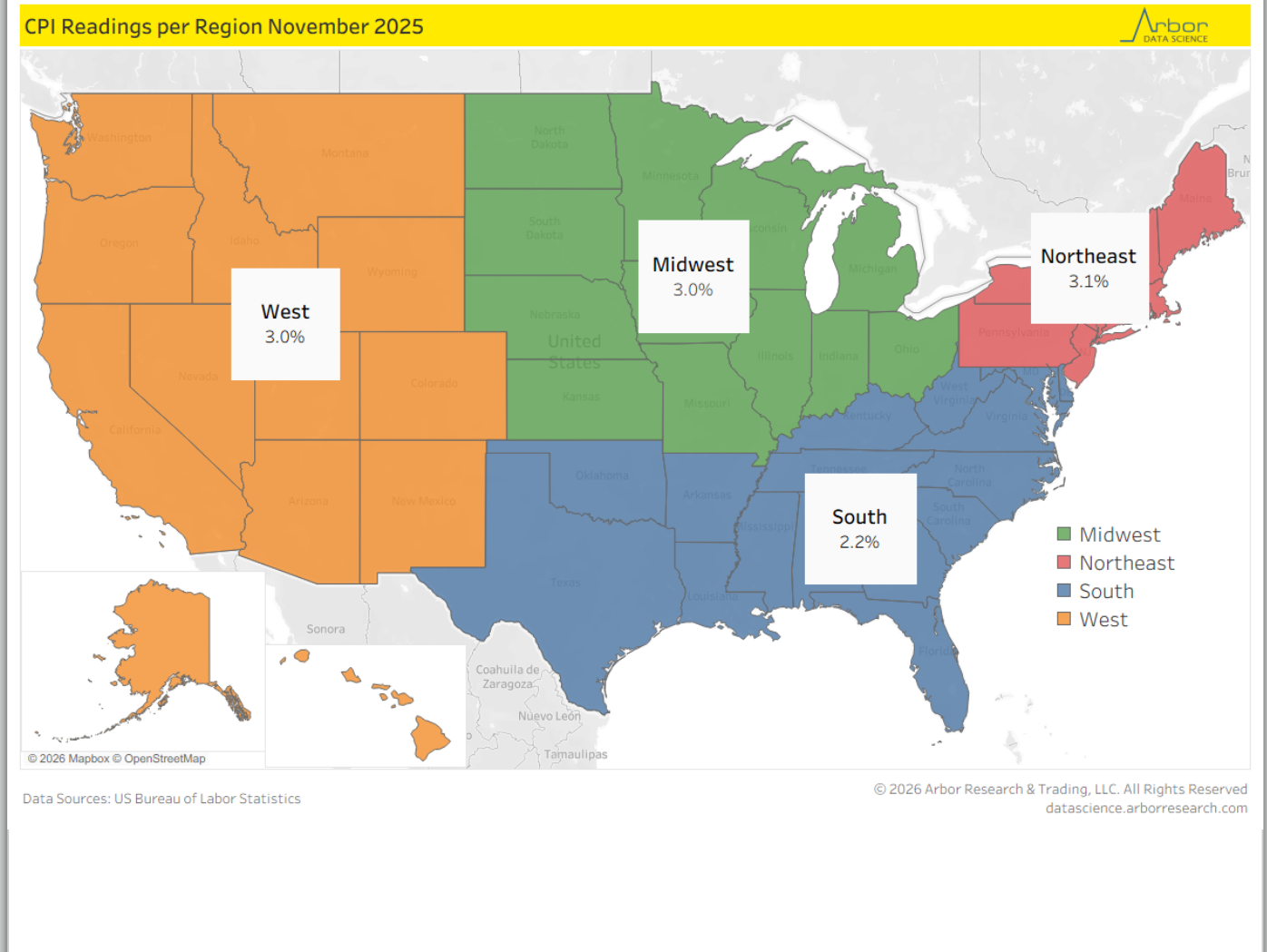


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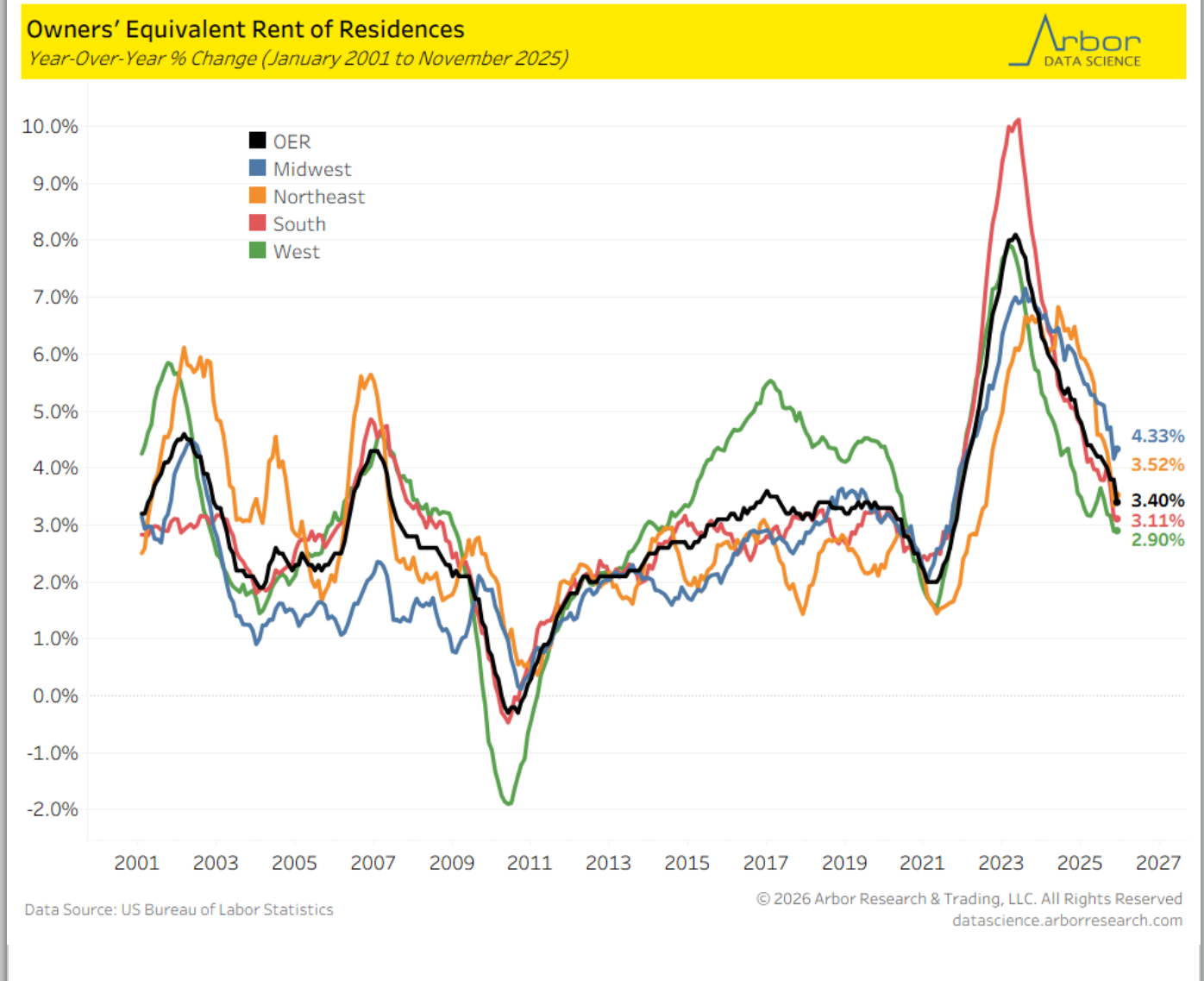
CPI Readings per Region November 2025

- The Northeast had the highest inflation reading for November 2025, at 3.1% YoY, followed by the West at 3.0% YoY, the Midwest at 3.0% YoY, and the South at 2.2% YoY.



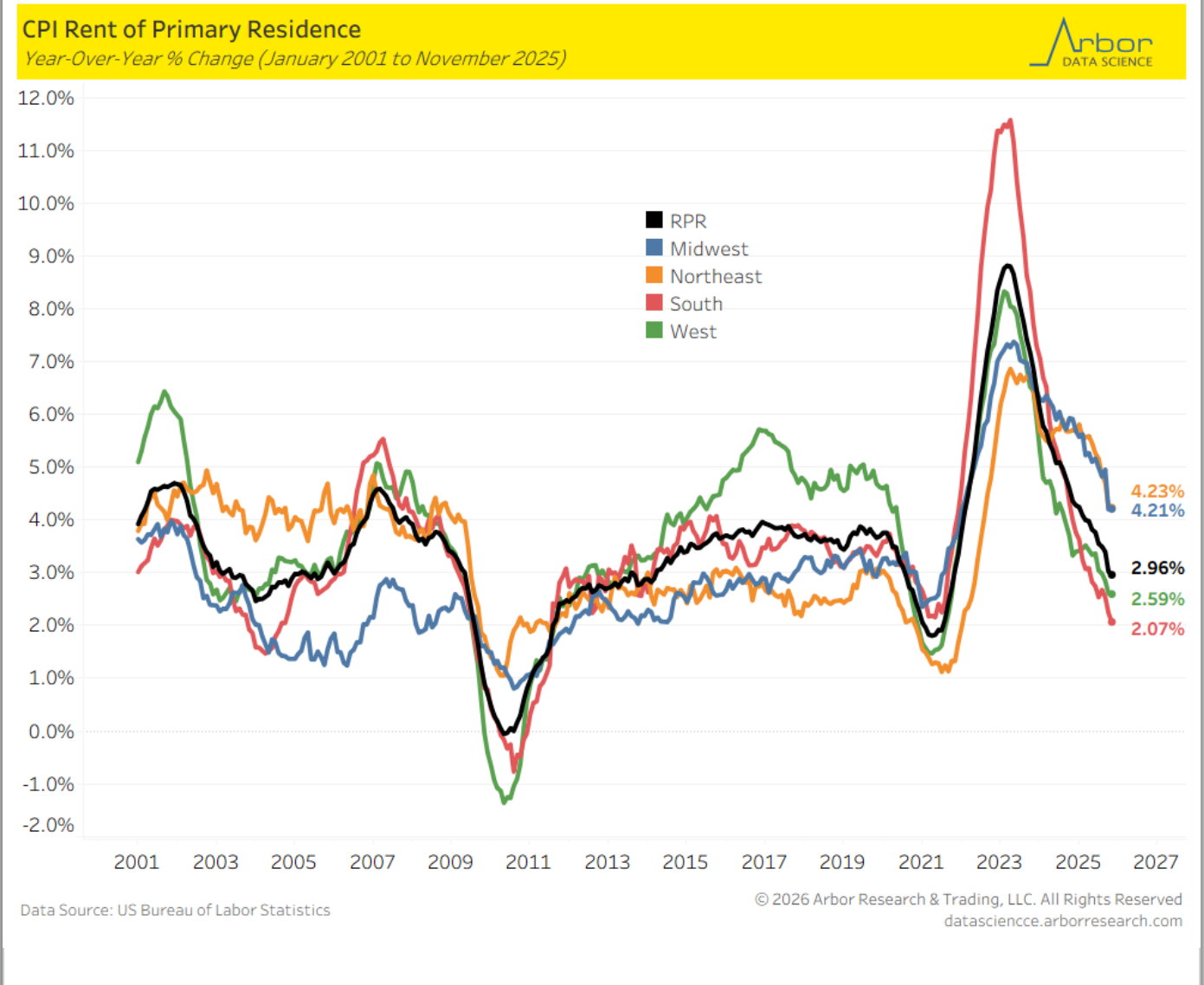
Owners' Equivalent Rent of Residences

- 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 decreased to 3.40% year-over-year nationally in November 2025.



Rent of Primary Residence

- Rent of Primary Residence (RPR), the renters' side of shelter inflation, continued to decline to 2.96% year-over-year.

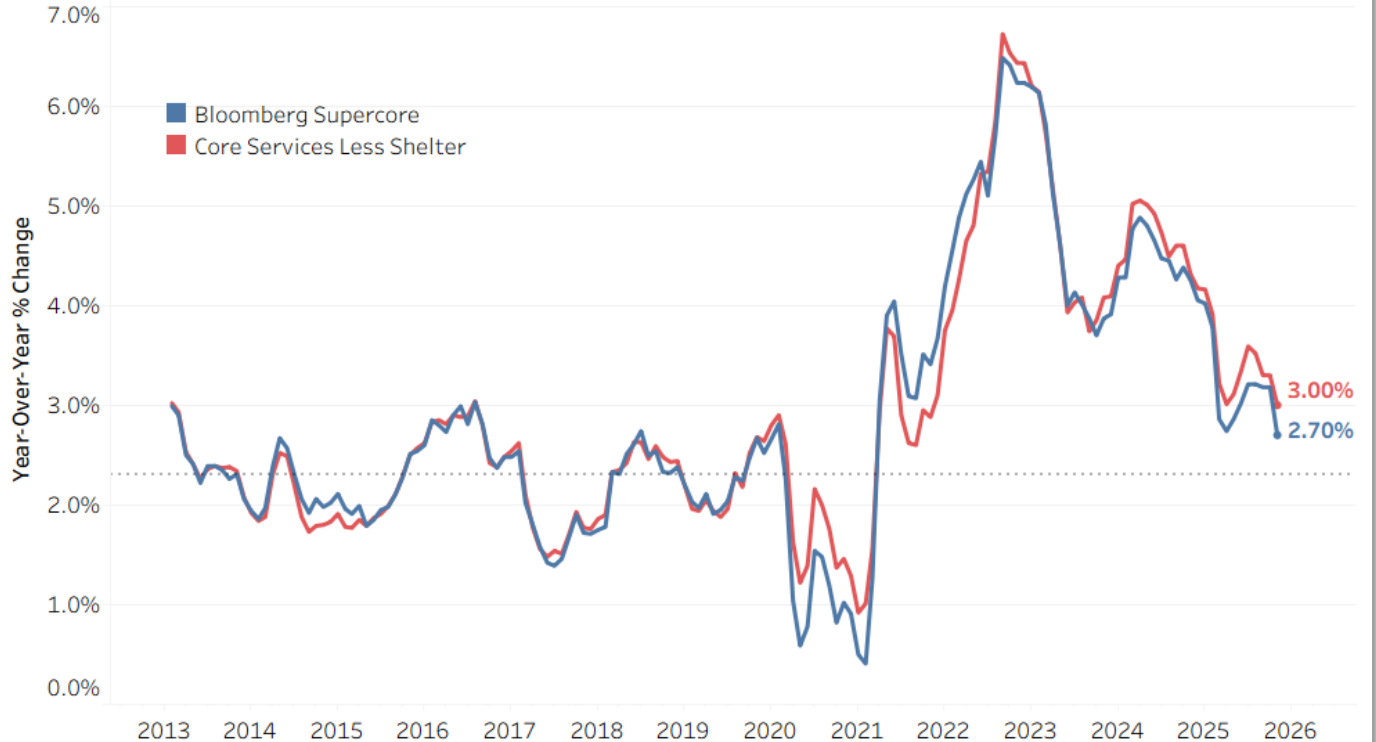


Services Ex-Shelter and Supercore Inflation

- 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 November 2025

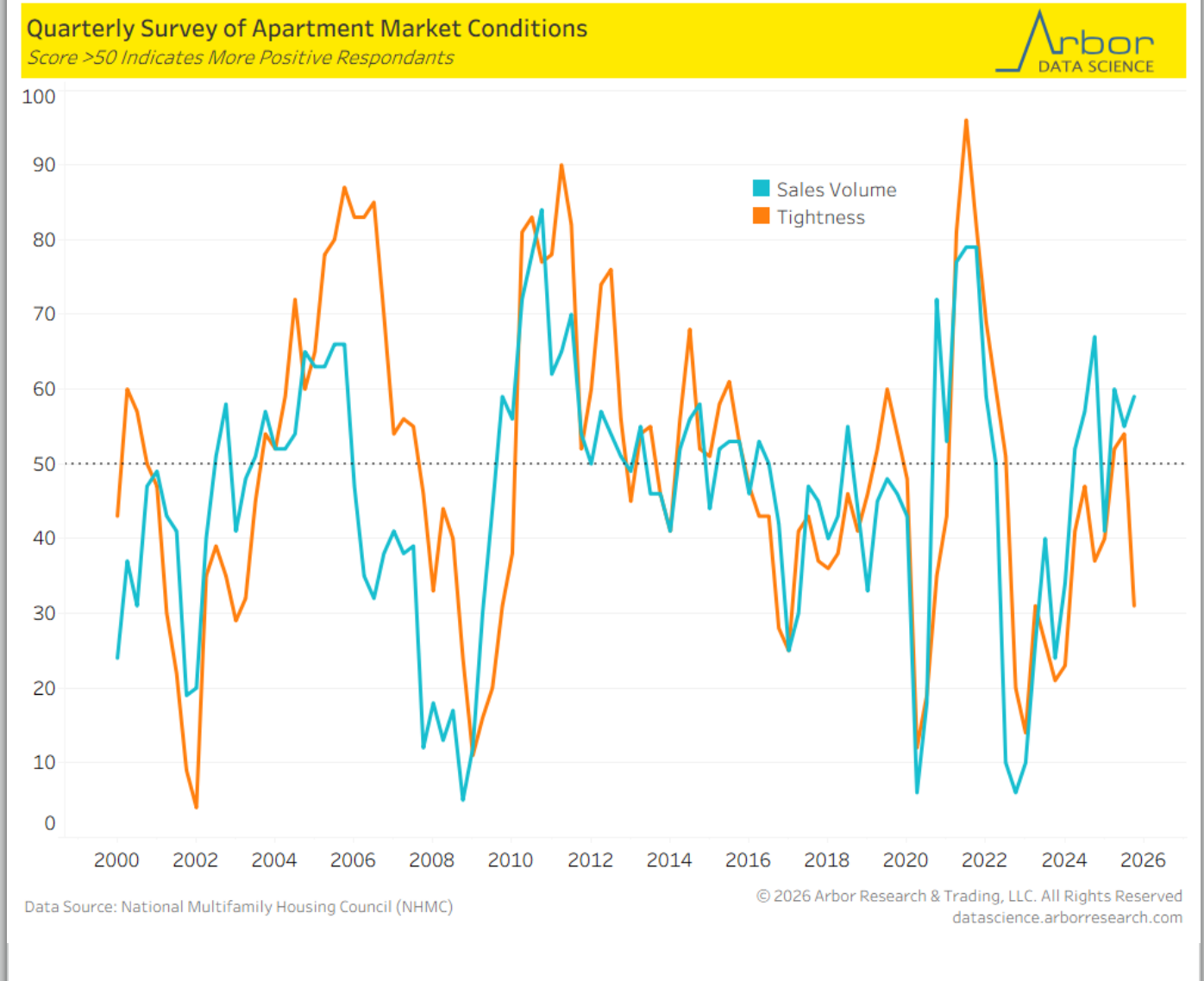


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Renters' Market Conditions

- [Q4 2025's Survey of Apartment Market Conditions](#) conducted by the National Multifamily Housing Council (NMHC) showed more respondents describing conditions as looser in comparison to Q3 2025. The same survey reported an increase in apartment sales volume.



Contact Us

Give us a call for more information about our services and products.

Kristen Radosh

kristen.radosh@arborresearch.com

Max Konzelman

max.konzelman@arborresearch.com

Gus Handler

gus.handler@arborresearch.com

Sam Handler

sam.handler@arborresearch.com

Arbor Research & Trading, LLC

22333 Classic Court

Lake Barrington, IL 60010

1-800-606-1872

datascience.arborresearch.com



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