



Inflation Roundup

January 8, 2026

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

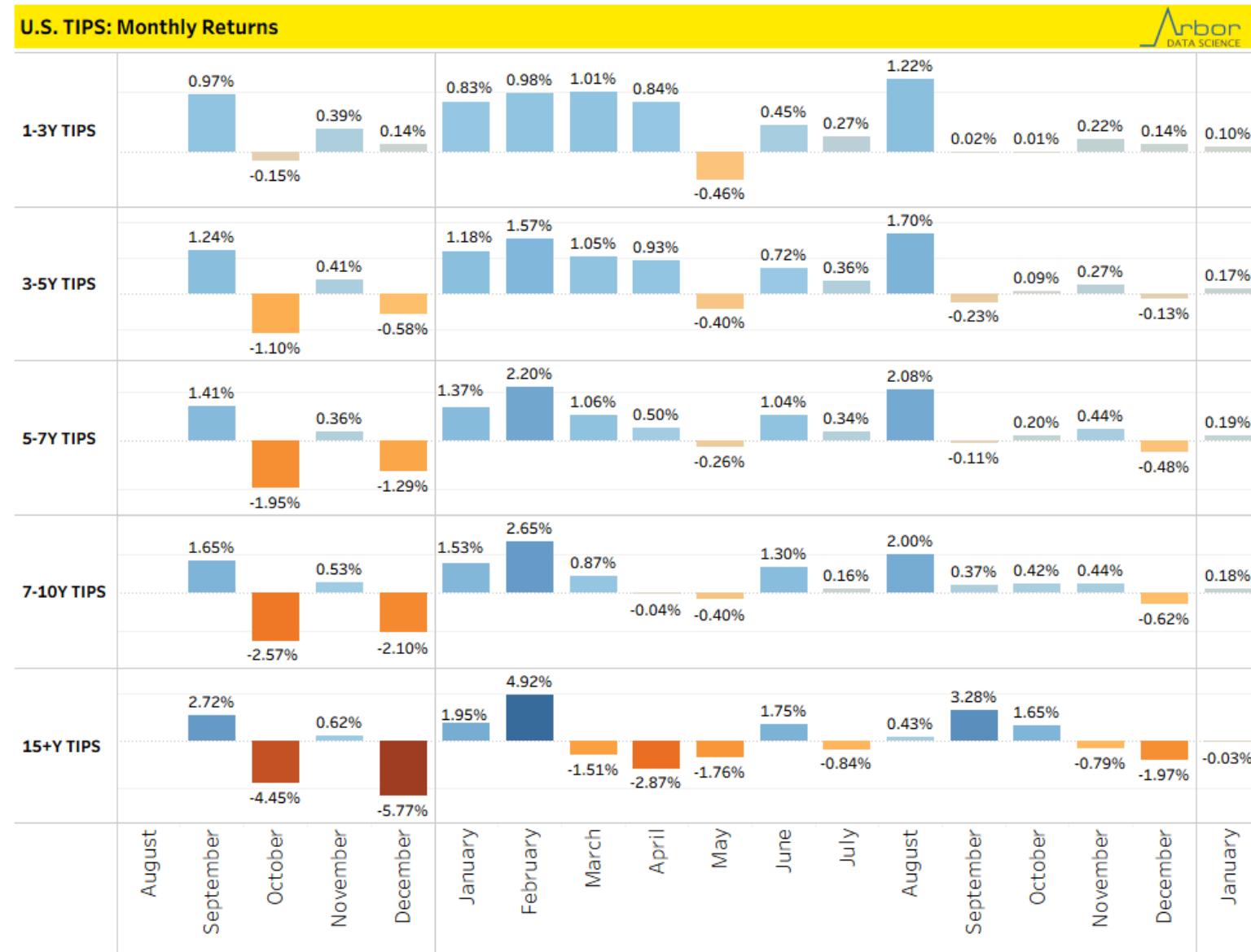
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A Division of



TIPS TOTAL RETURNS:

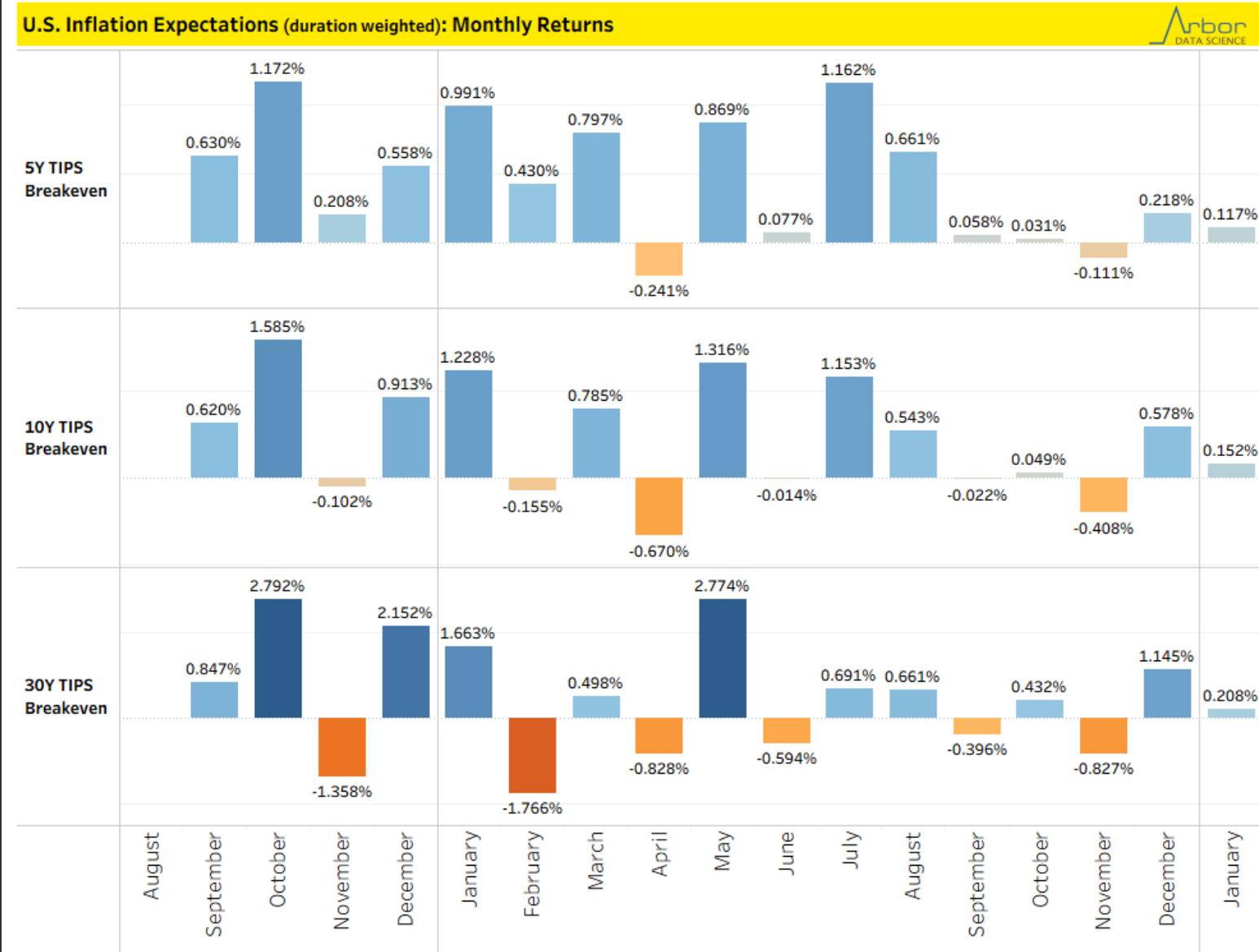


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TIPS BREAKEVENS TOTAL RETURNS:

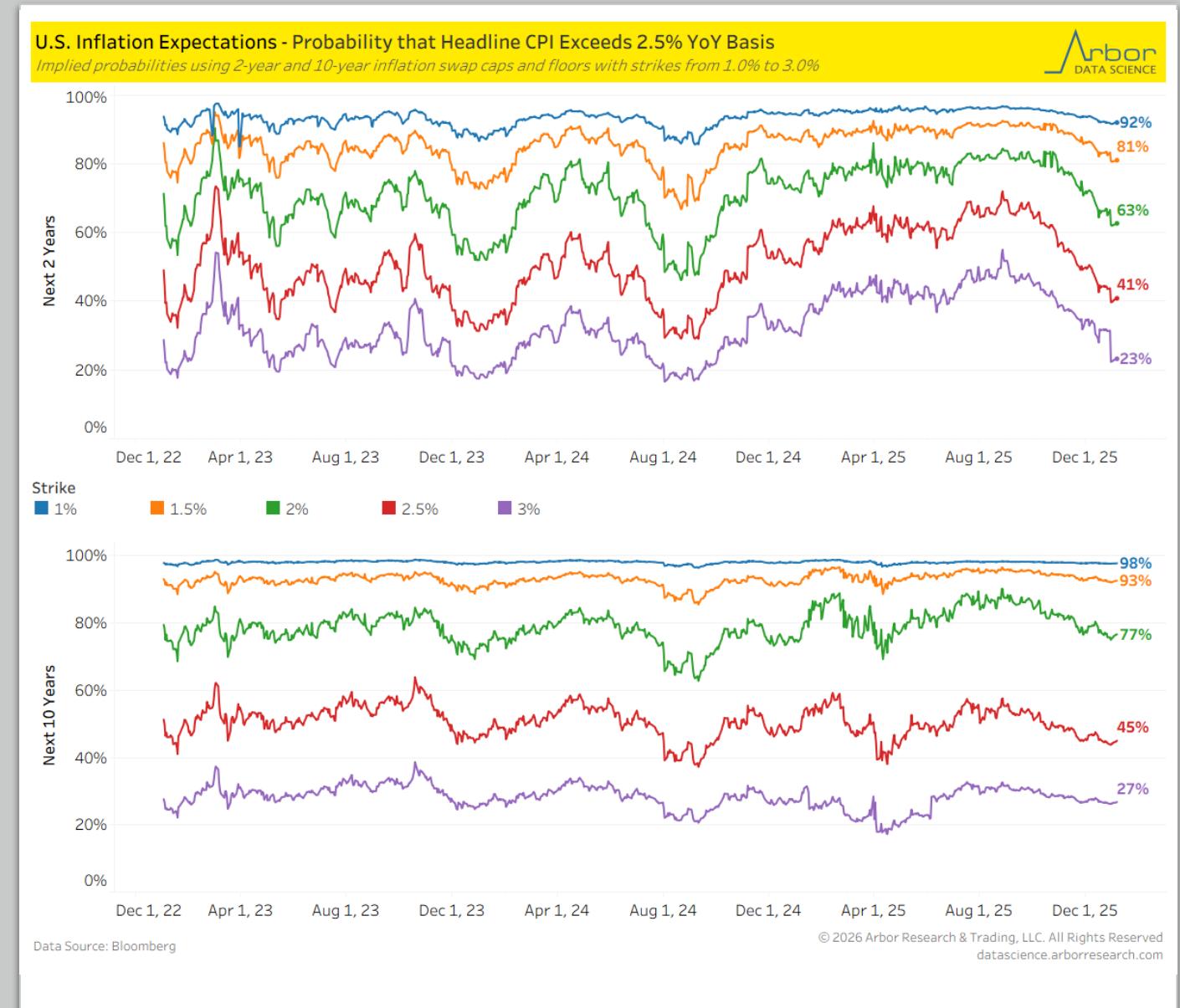


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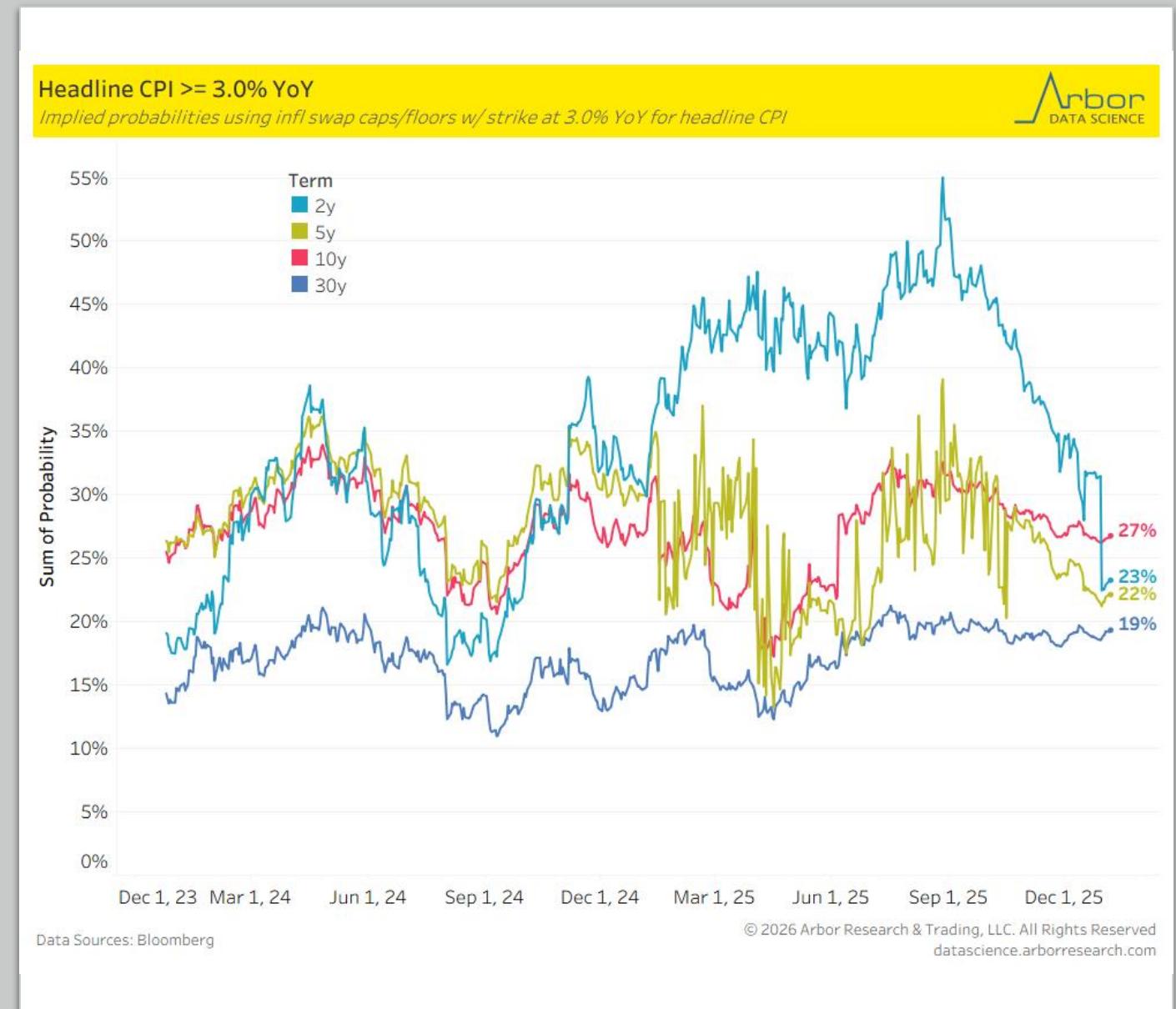
U.S. Inflation Swap Caps and Floors

- 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%.



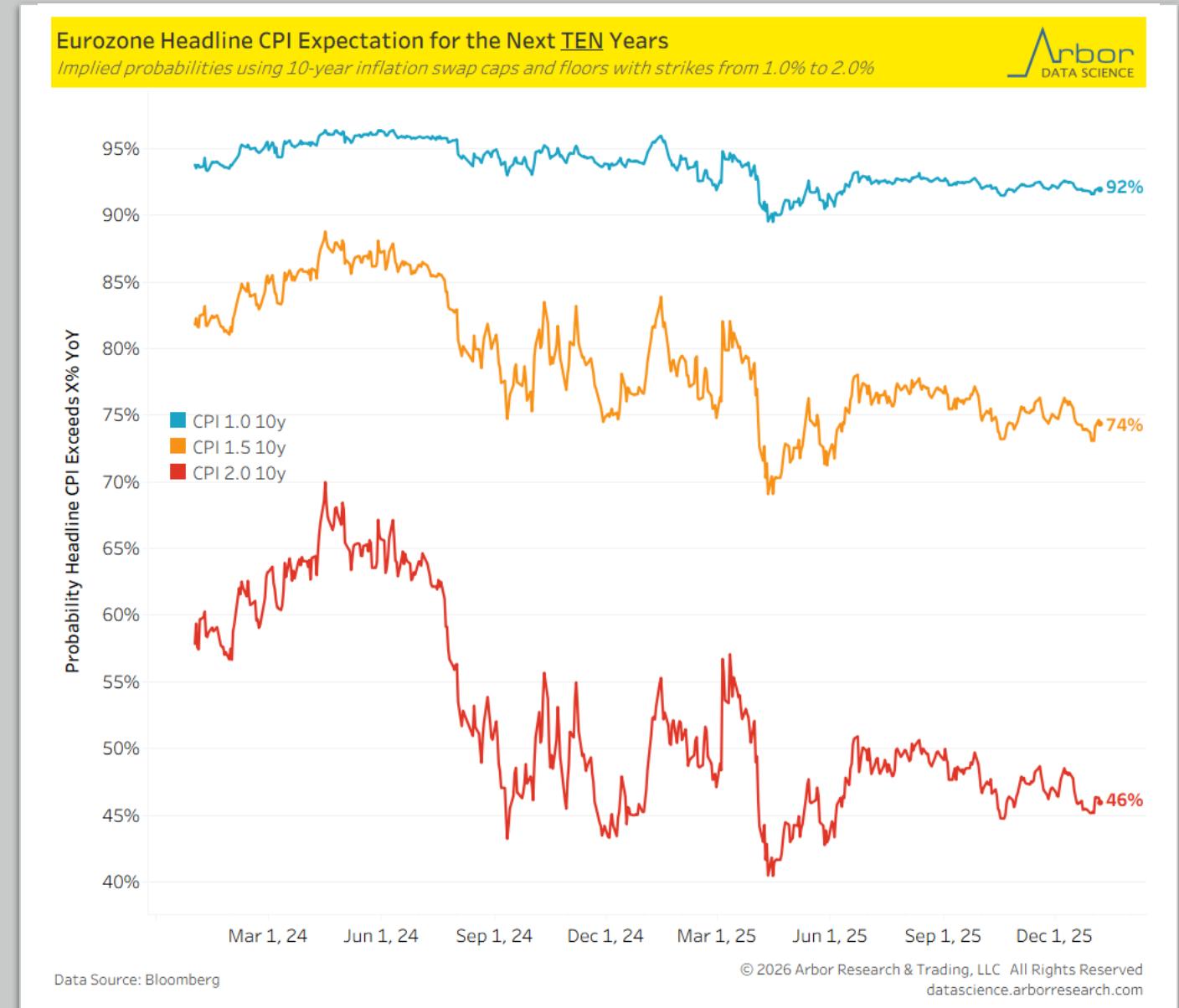
U.S. 3% Headline Expectations

- 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.



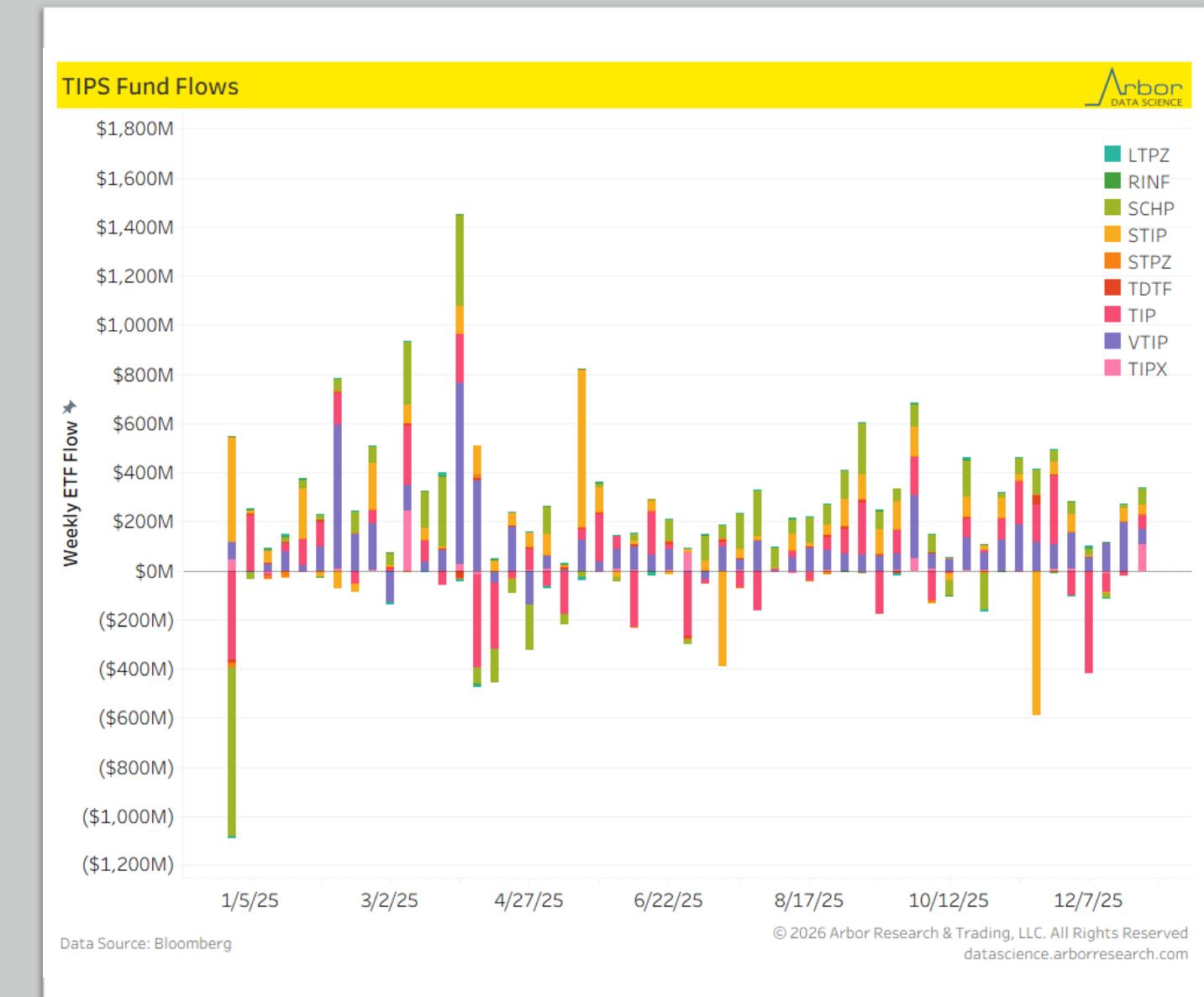
Eurozone Inflation Expectations

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

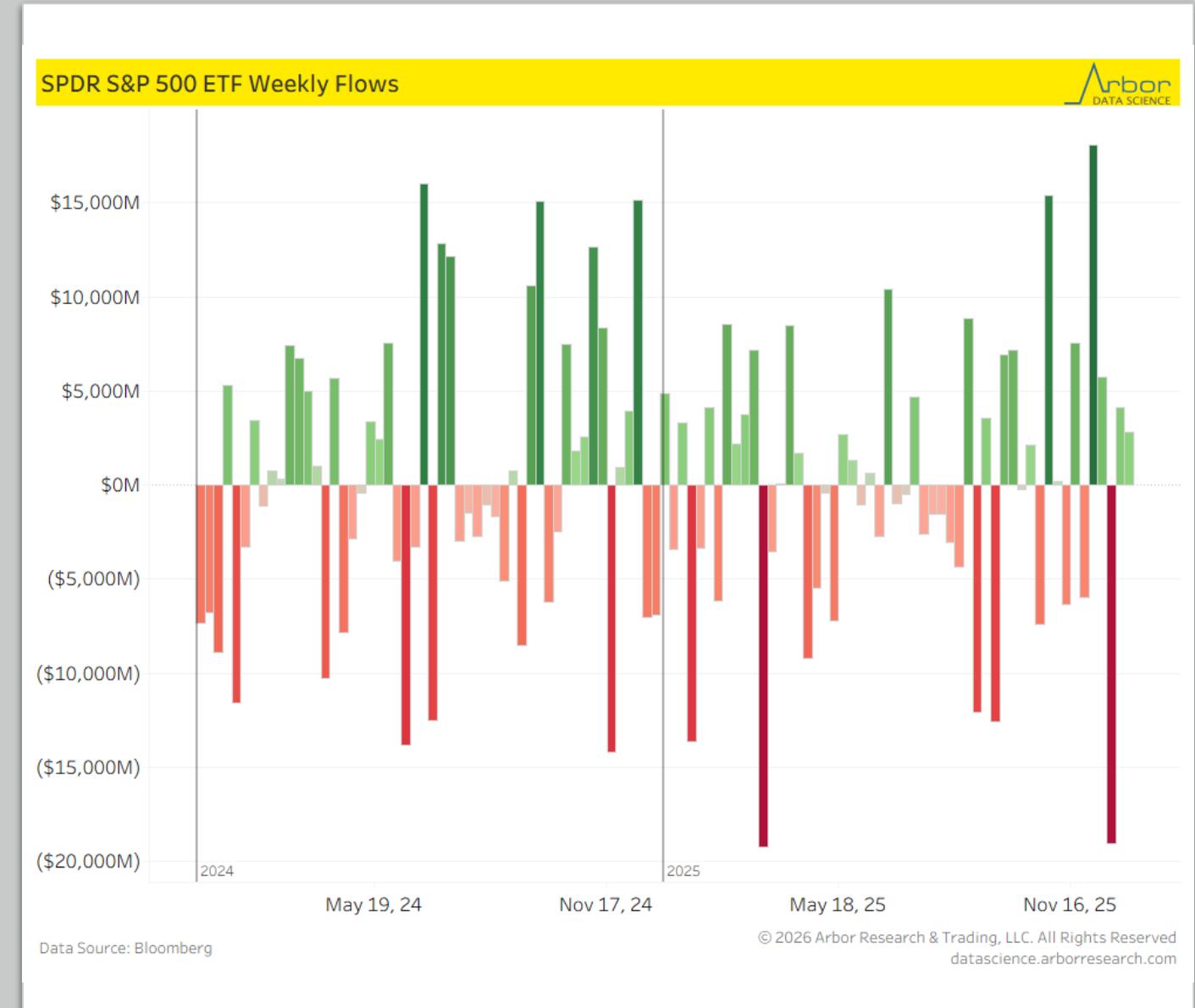


TIPS Fund Flows

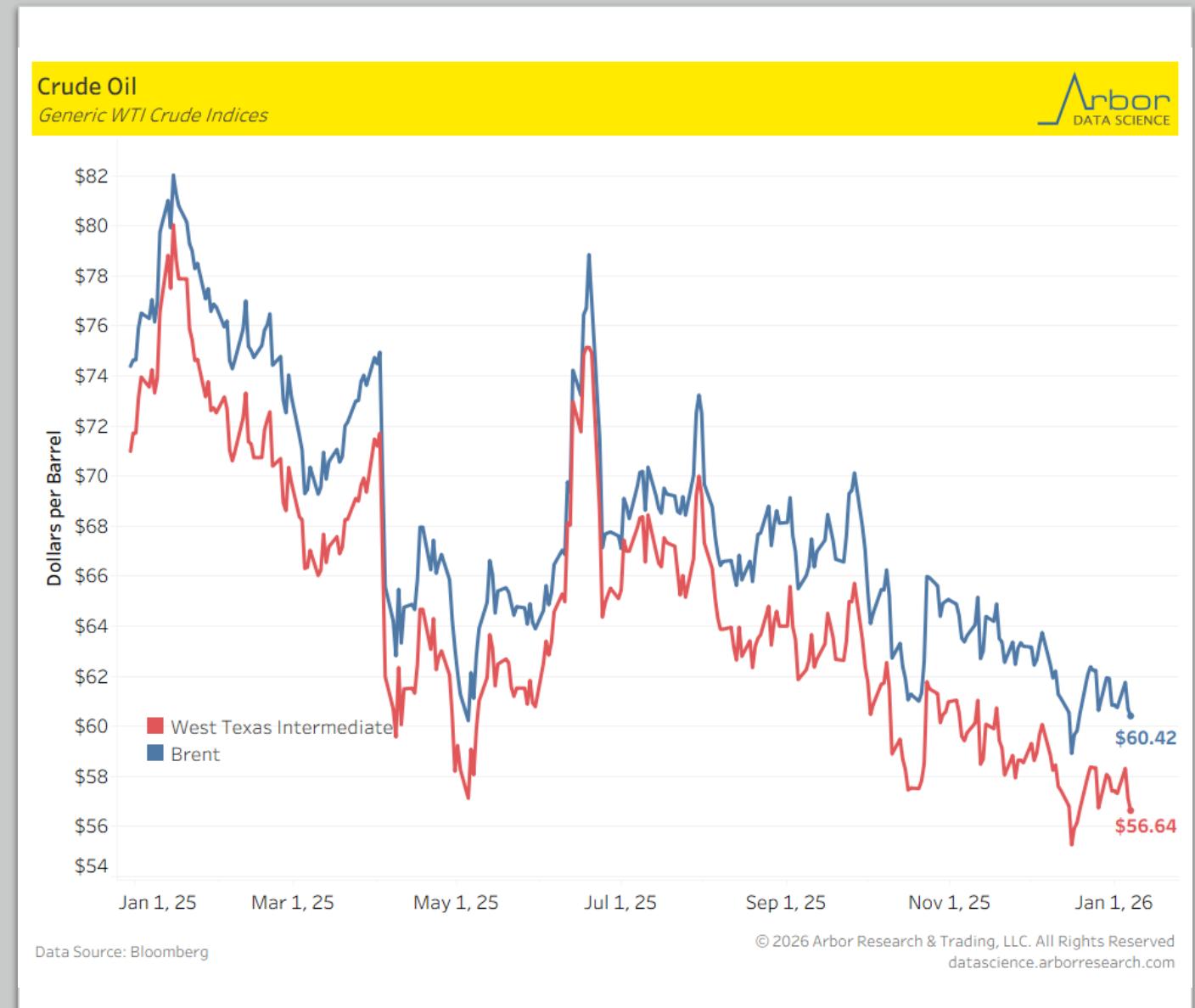
- Flows of funds were positive last week, with inflows concentrated in three funds. (rounded value)
 - State Street SPDR Bloomberg 1-10 Year TIPS ETF: \$105 million inflows
 - Schwab U.S. TIPS ETF: \$69 million inflows
 - Vanguard Short-Term TIPS: \$64 million inflows



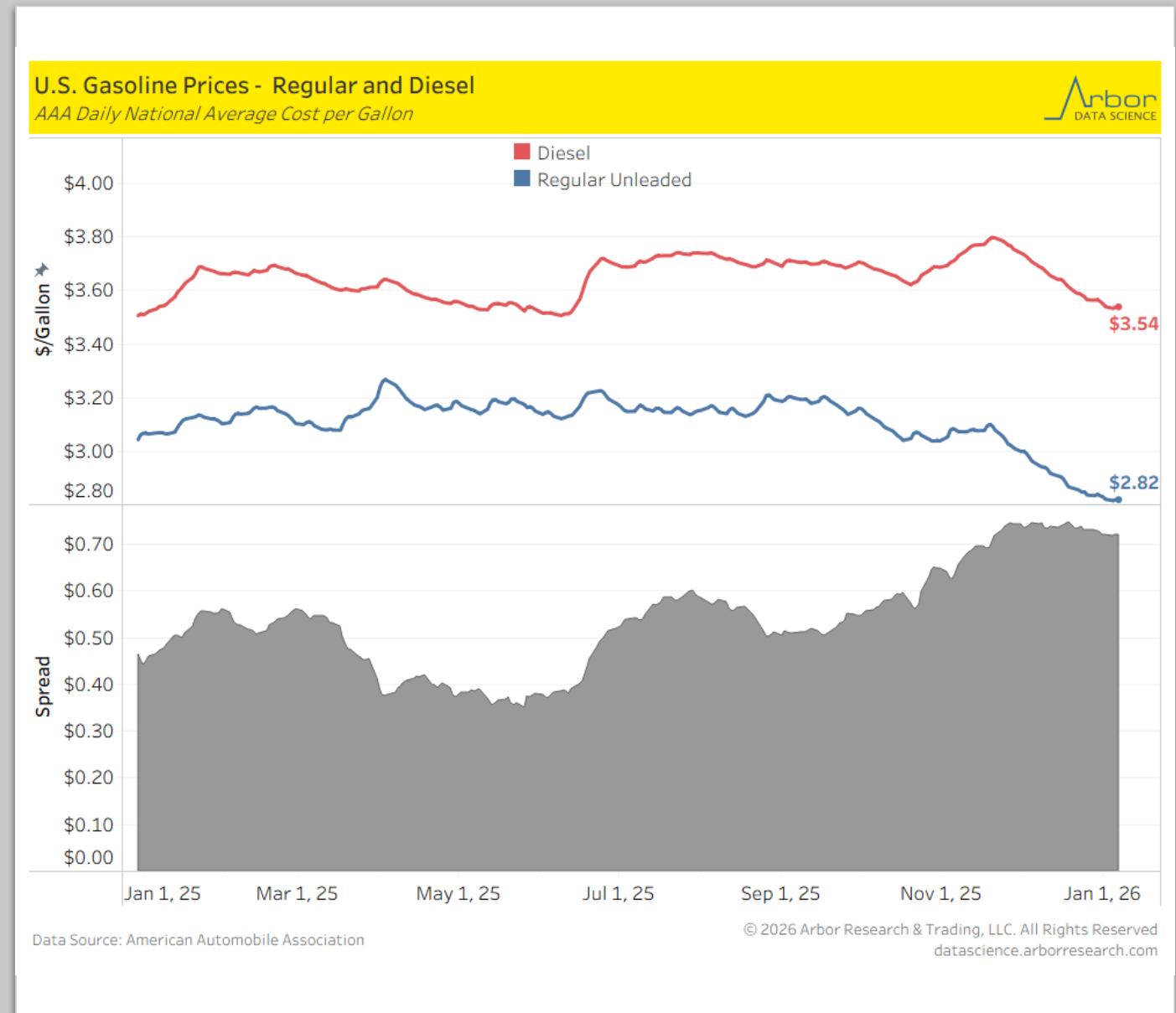
The SPY ETF had inflows of approximately \$2.797 billion last week.



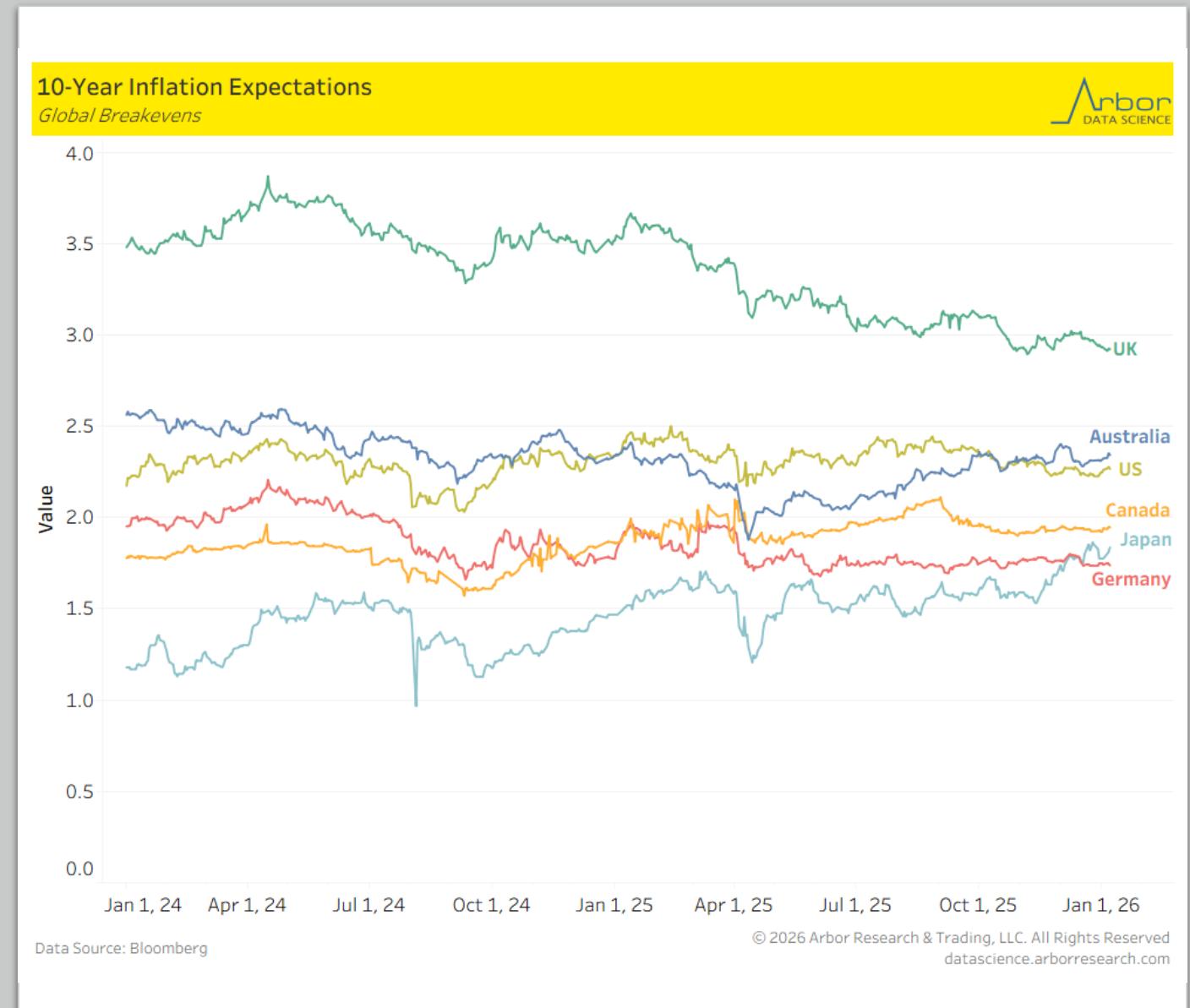
**Brent Crude was down
\$1.21 from last week to
\$60.42**



**Average Diesel/Gas
Spread decreased to
\$0.72**

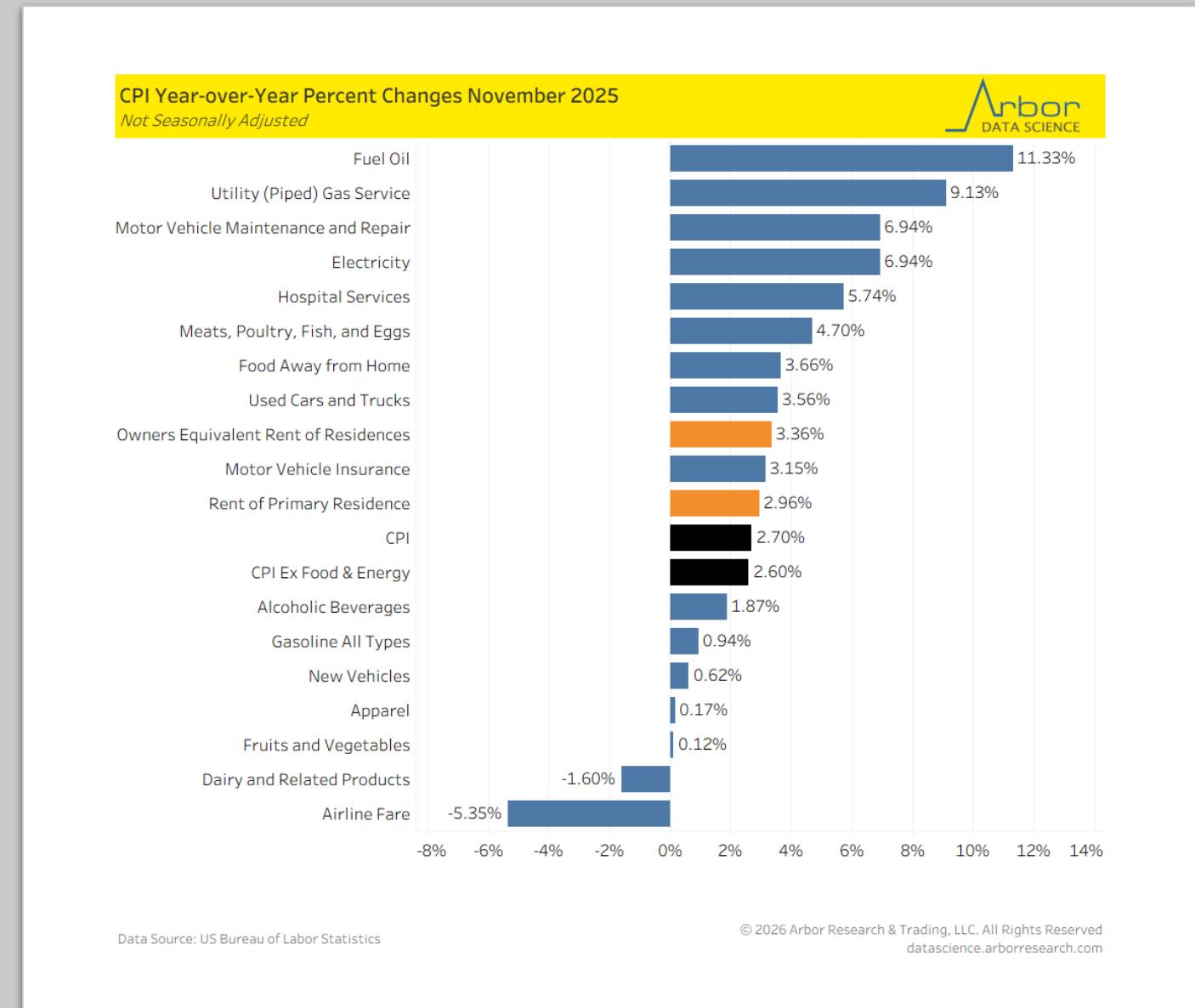


10-Year Global Breakevens



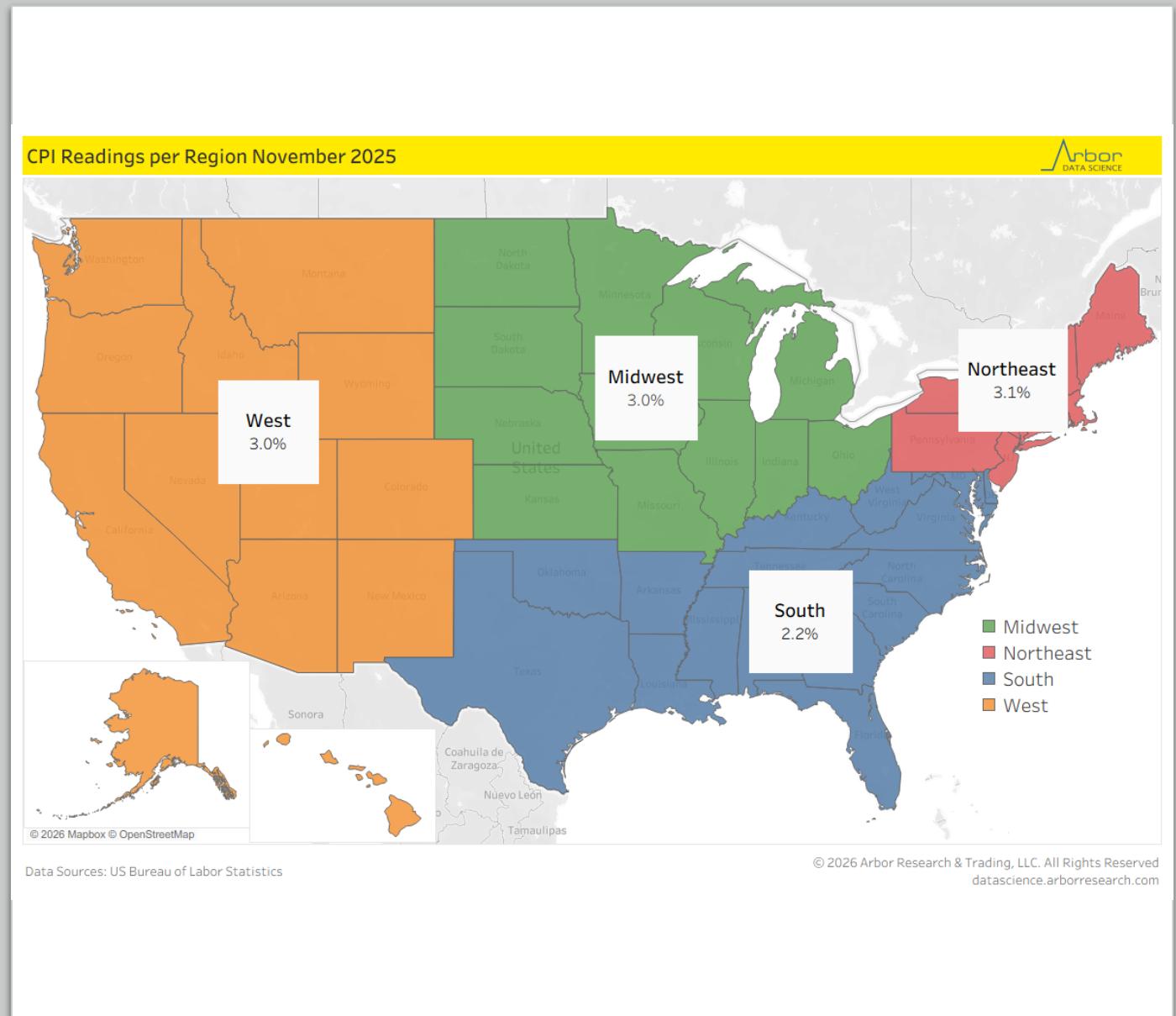
CPI YoY% Changes November 2025

- 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%.



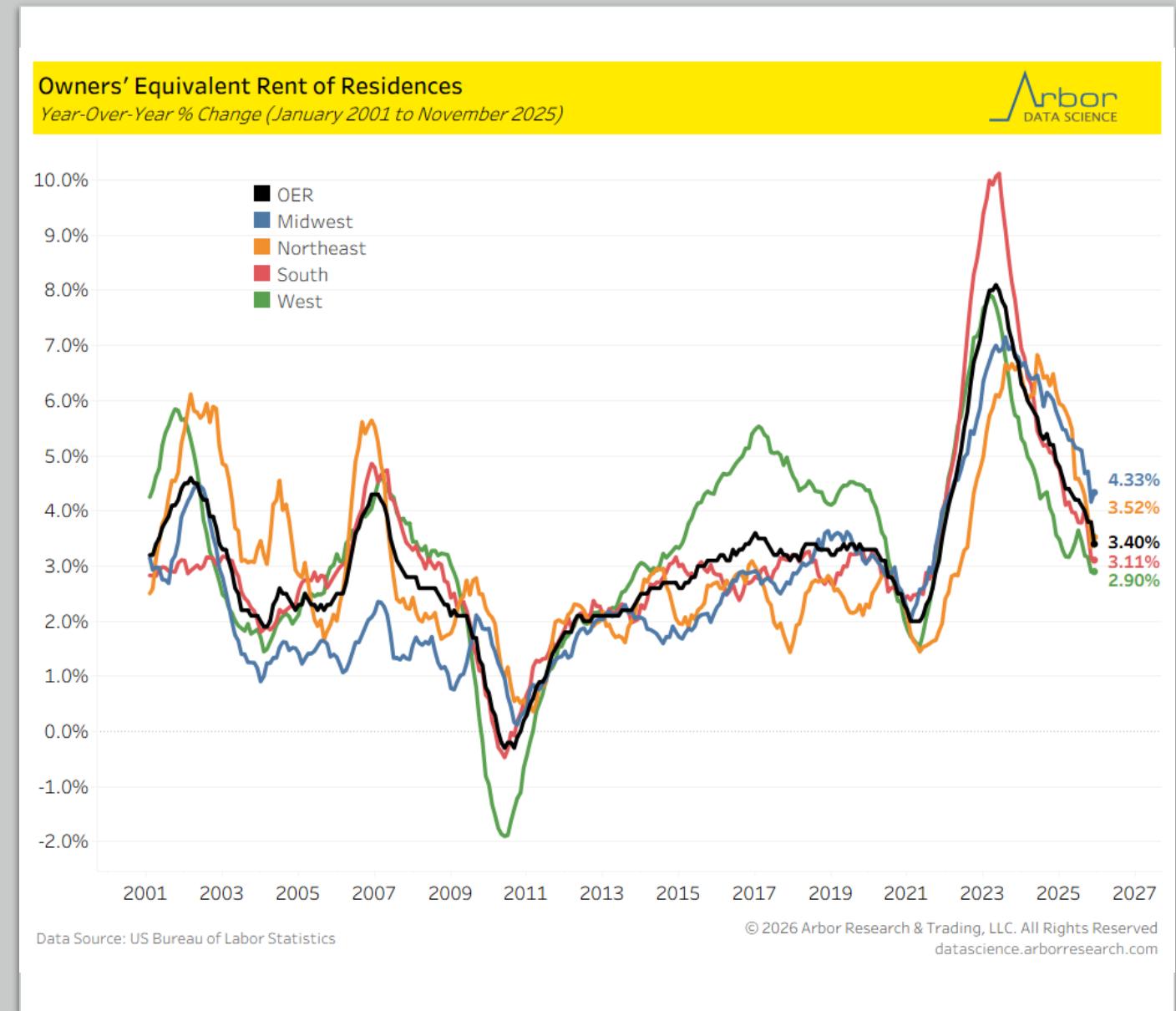
CPI Readings per Region November 2025

- 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.



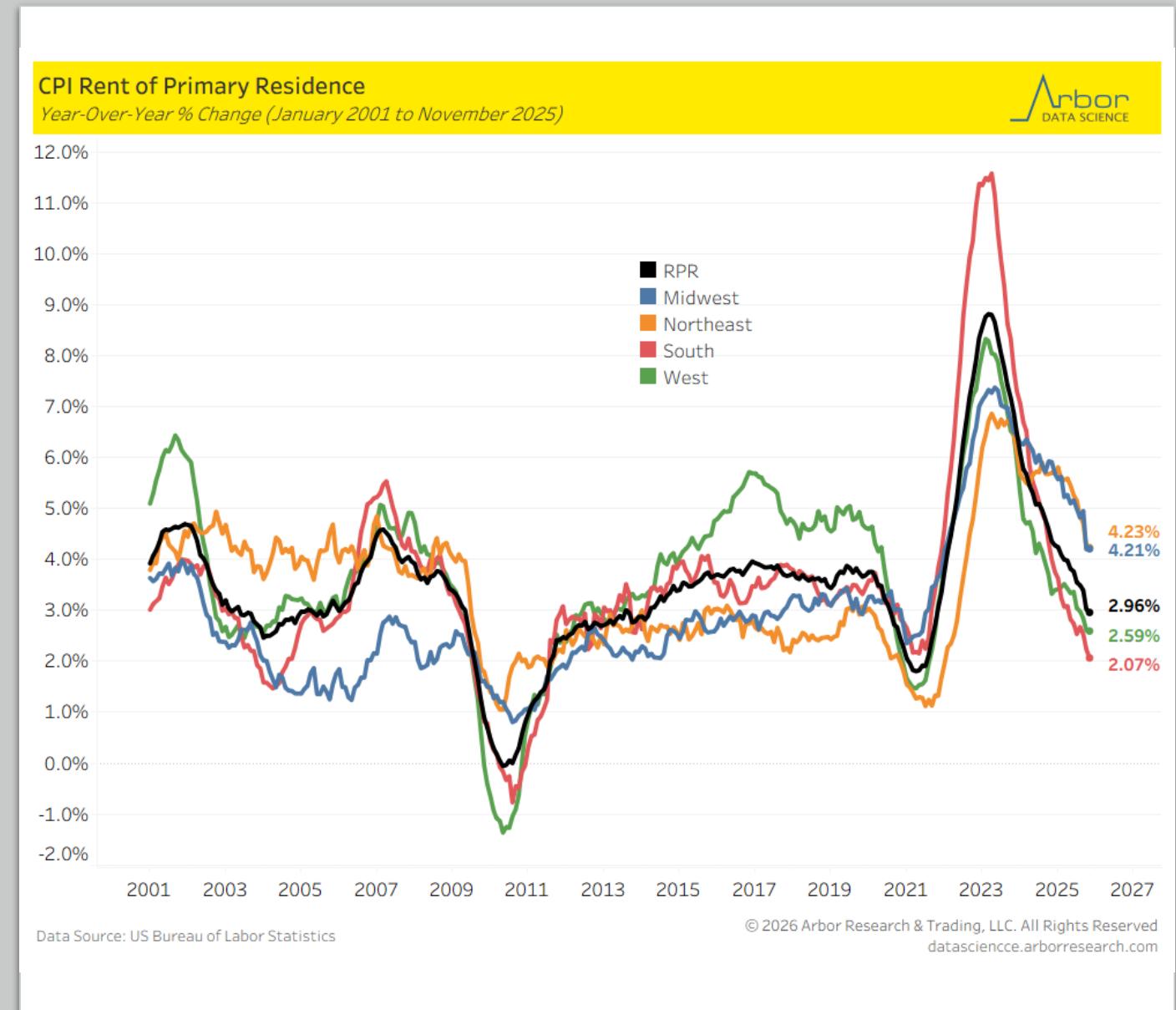
Owners' Equivalent Rent of Residences

- 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.



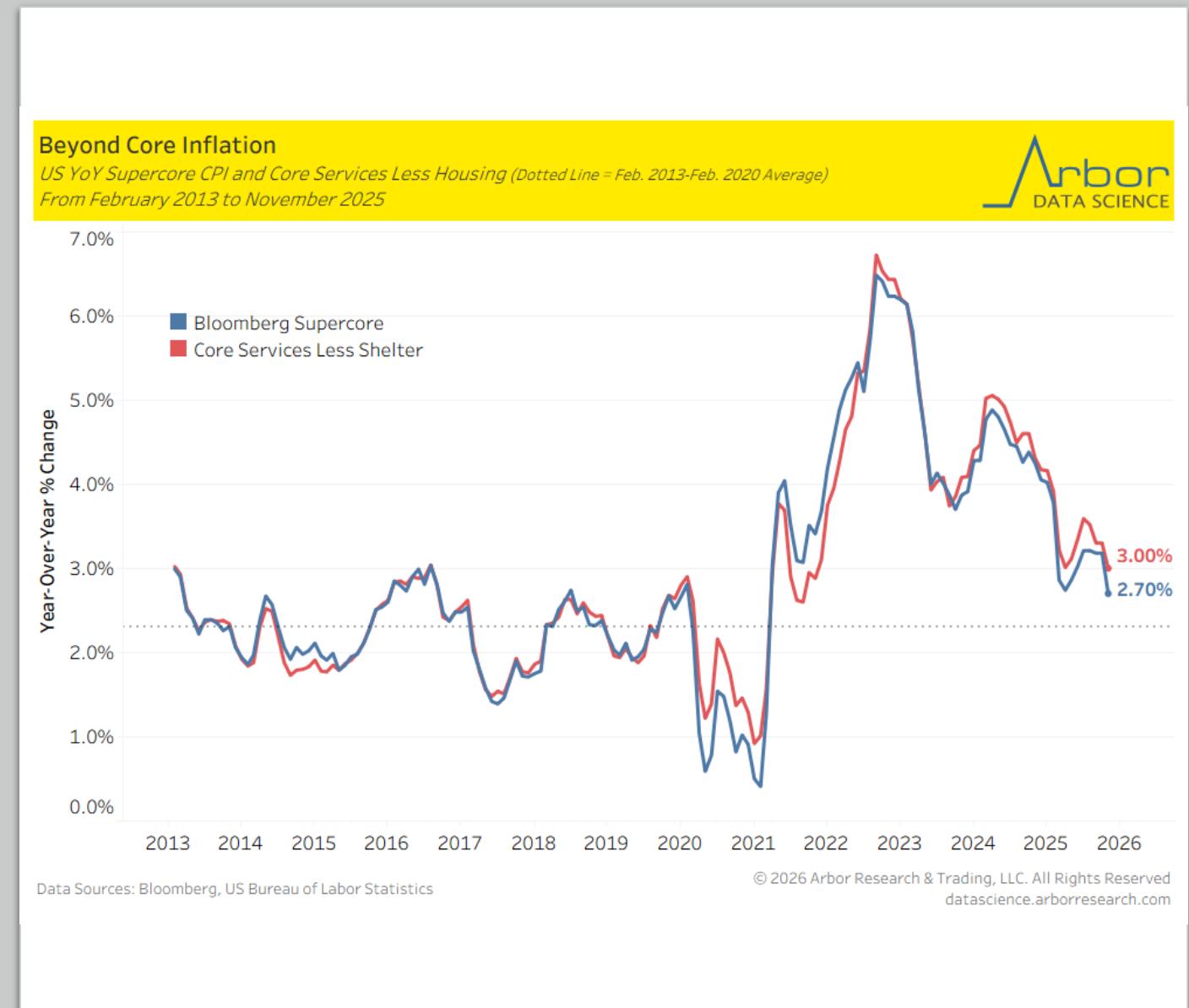
Rent of Primary Residence

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



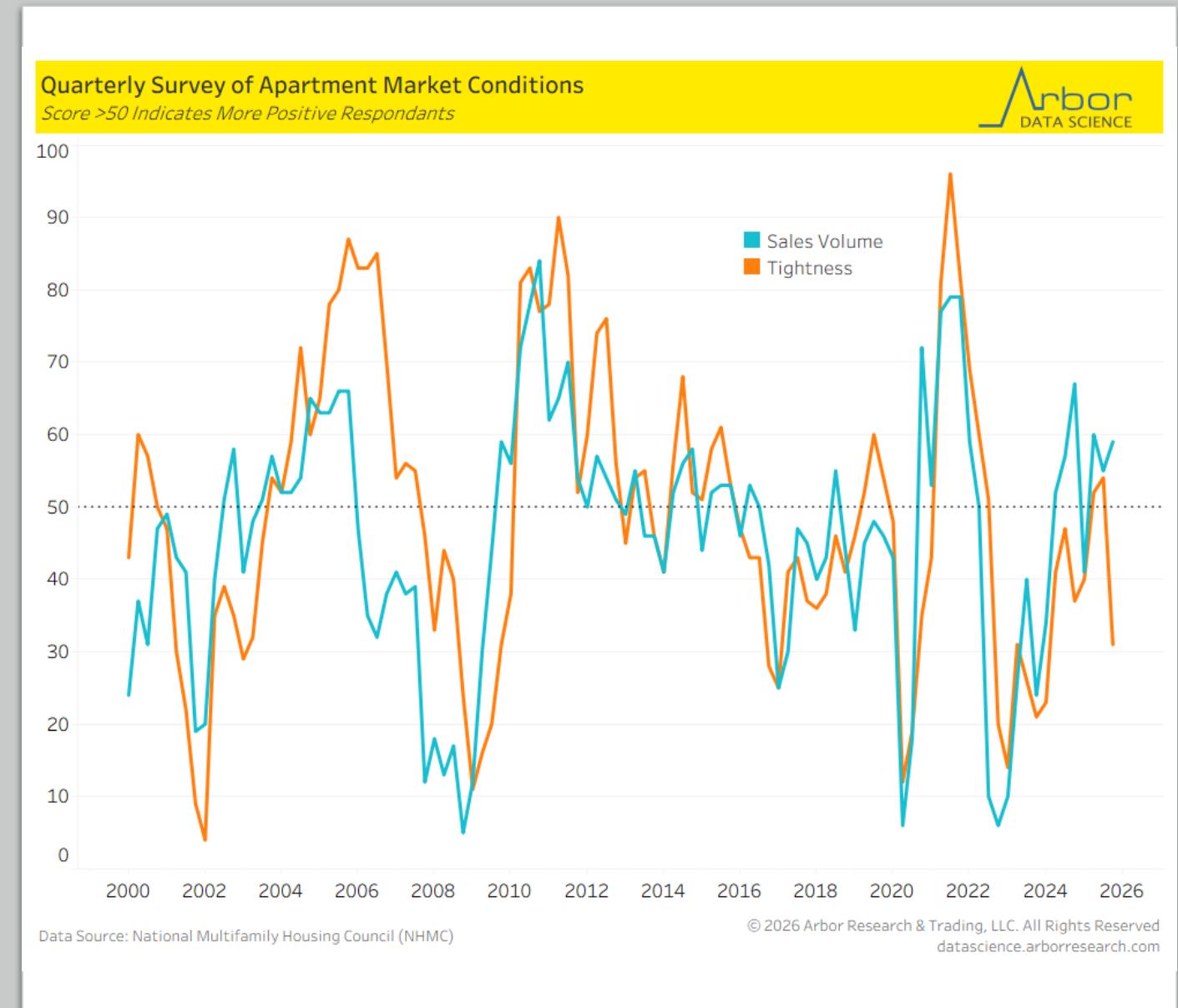
Services Ex-Shelter and Supercore Inflation

- 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.



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.



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