

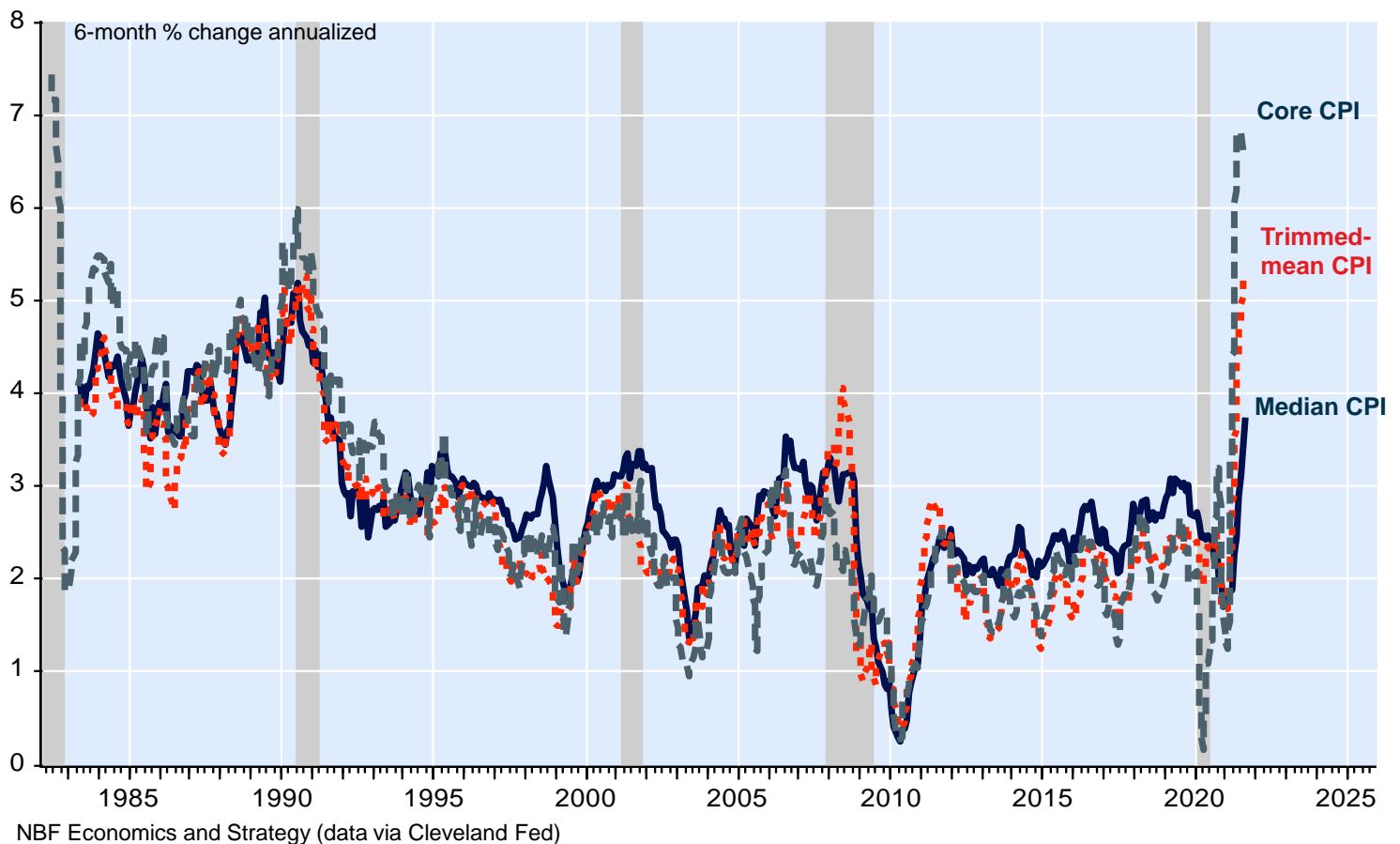
## U.S. Watch

By Matthieu Arseneau & Jocelyn Paquet

The Bureau of Labour Statistics published this morning the much-awaited Consumer Price Index data for September. The inflation report was a tad stronger than expected, with the headline print benefiting from yet another rise in energy prices. The core index, for its part, came in line with consensus expectations at a moderate 0.2% (but could have been stronger had it not been for yet another steep drop in airfares). As a recall, this advance follows a tepid 0.1% rise in August. Is core inflation already back on its pre-pandemic trend? In our view, it would be premature to draw such conclusions, especially considering the data just released by the Federal Reserve Bank of Cleveland. This regional Fed publishes two indicators that measure underlying inflation by excluding the most volatile components each month, a key feature in today's environment where specific components show high volatilities. We note that these indicators did not moderate in September, with the trimmed-mean CPI and the median CPI rising by 0.5%, the strongest monthly increase since 1990 and 2008, respectively. As today's Hot charts shows, both measures are running at their fastest pace in years on a six-month annualized basis. Median CPI is at 3.7% while trimmed-mean CPI is at 5.2%, both at their highest level in more than three decades. This morning report reinforces our view that inflation will be resilient over the next few quarters as labor shortages continue to weigh on businesses in an environment where the global supply chain is under stress.

### U.S.: Pressure on the core CPI is still there

Trimmed-mean CPI and Median CPI, 6-month annualized variation



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