

December 12, 2023

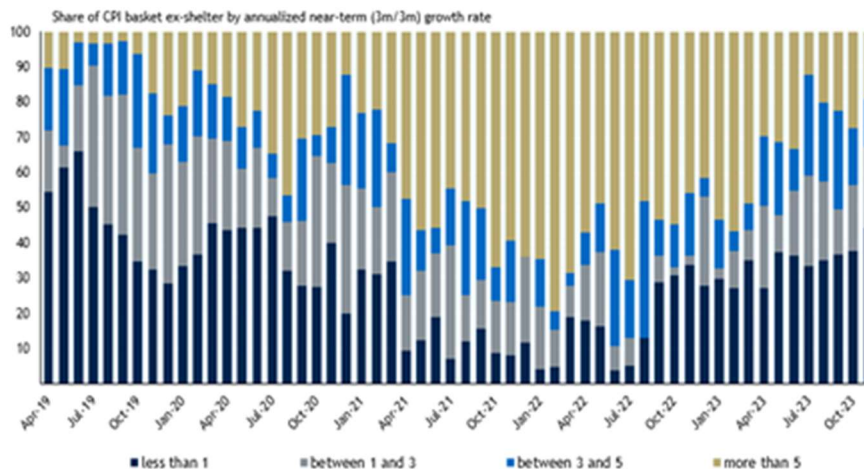
Moderating US inflation pressures extended

- US headline inflation ticked down to 3.1% in November from 3.2% in October. Food and energy inflation both eased while core ex-food and energy inflation was little changed at 4%.

- Lower gasoline prices in November pushed energy inflation down further to 5.4% below year-ago levels. Food price growth also slowed again, to a 2.9% year-over-year rate that was the lowest reading in over two years. Persistent slowing in global commodity prices over the fall should see those trends persist into the end of the year.

- Excluding food and energy products, core price growth held at 4.0% year-over-year in November on a 0.3% month-over-month increase from October. All of the yearly increase in core inflation is now accounted for by services components – CPI for core goods dropped to 0% year-over-year in November.
- Among services components, shelter, including rent and owner’s equivalent of rent (OER) again accounted for a larger share – over 60% of that 0.3% monthly increase in core prices. Moving forward, we continue to expect moderations in rent inflation, as slowing in market rent measures feeds through to leases with a lag.
- Other services components including physicians’ services and airline fares were seeing price deflation in November, with declines of 0.7% and 12.1% from year ago levels, respectively.

Breadth of inflation pressures in the U.S. is narrowing towards pre-pandemic norms



Source: U.S. Bureau of Labor Statistics, RBC Economics

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