

SCOTIA FLASH

April 10, 2025

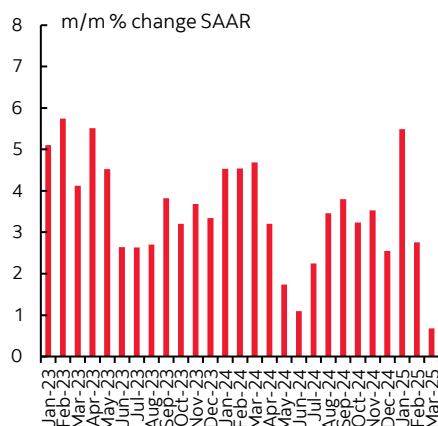
Contributors

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Chart 1

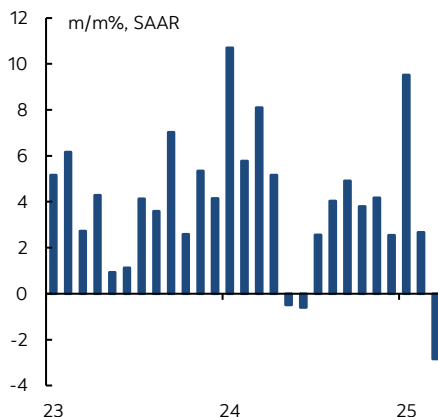
US Core CPI Inflation



Sources: Scotiabank Economics, BLS.

Chart 2

US CPI Core Services Ex-Housing



Sources: Scotiabank Economics, BLS.

US Inflation Stalled in March. So What.

- Core CPI was weaker than expected ahead of accelerating pressures...
- ...which makes the market reaction look a tad ridiculous

US CPI, m/m % // y/y, March, SA:

Actual: -0.05 / 2.41

Scotia: 0.1 / 2.5

Consensus: 0.1 / 2.5

Prior: 0.2 / 2.8

US core CPI, m/m % // y/y, March, SA:

Actual: 0.06 / 2.81

Scotia: 0.2 / 2.9

Consensus: 0.3 / 3.0

Prior: 0.2 / 3.1

That's it folks, there's no inflation in the US economy, none ahead either. Nope, Navarro is rrr...rrrii...riiighh.....ack, I can't do it! The initial market reaction to weaker than expected US CPI was more about positioning covering that subsequently reversed when reality sank in again. The US economy remains in excess demand and is imposing a large tariff shock upon itself even after yesterday's temporary tweaks. Sharp inflationary pressures lie ahead. Also recall that we're coming off earlier distortions like weather effects, tariff front-running, LA fires etc.

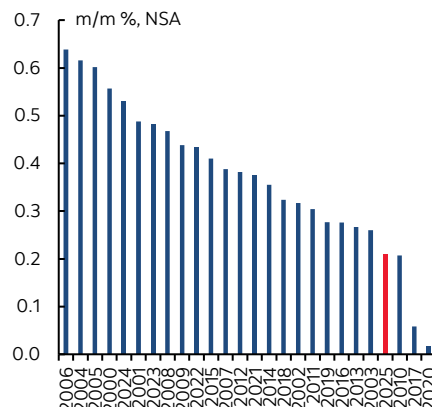
Chart 1 shows the sudden plunge of core CPI to its weakest m/m reading since January 2021. Chart 2 shows that much of this was driven by core services CPI (ex housing and ex-energy) that hit the lowest m/m reading since May 2020. Core goods CPI was also soft (chart 3, next page).

Chart 4 shows this was an abnormally weak core CPI print compared to other seasonally unadjusted March readings in history and chart 5 shows that it would have been weaker yet if not for one of the strongest SA factors on record. Please see charts 6–25 for components and the summary table that includes further detail and charts.

This is just one soft month after a string of warm ones and ahead of a wave of influences.

Chart 4

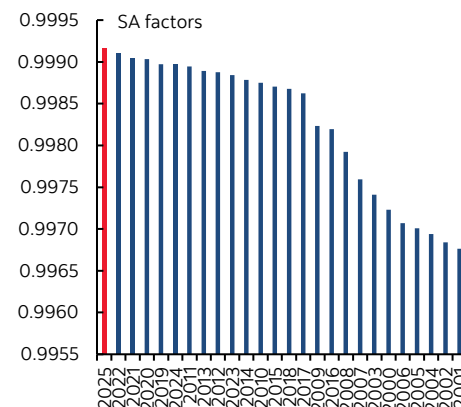
Comparing US Core CPI for All Months of March



Sources: Scotiabank Economics, BLS

Chart 5

Comparing US Core CPI SA Factors for All Months of March



Sources: Scotiabank Economics, BLS

Chart 3

US Goods Inflation

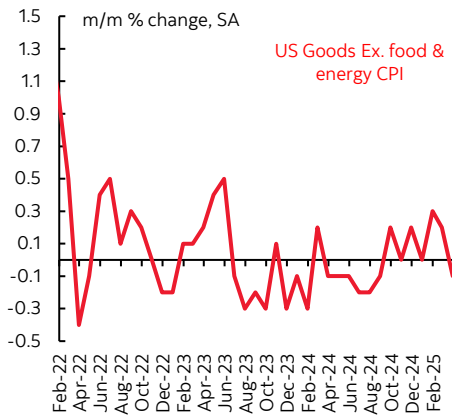


Chart 6

US Food Prices

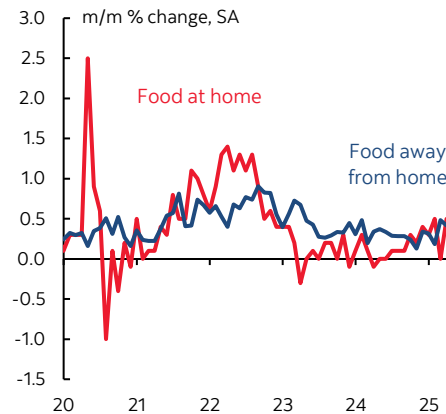


Chart 7

US CPI: Gasoline

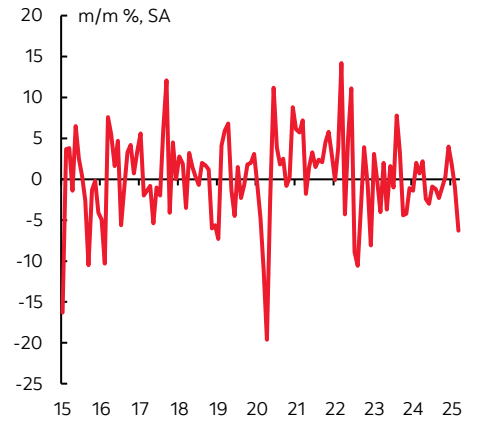


Chart 8

US Rent Inflation

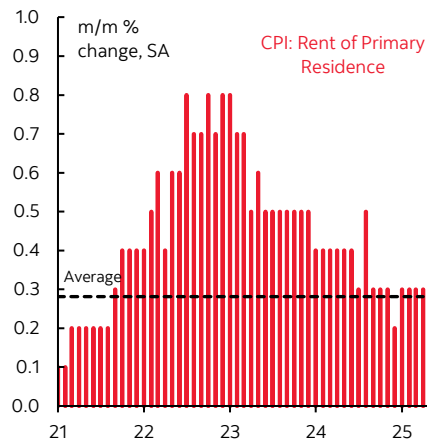


Chart 9

Housing Inflation

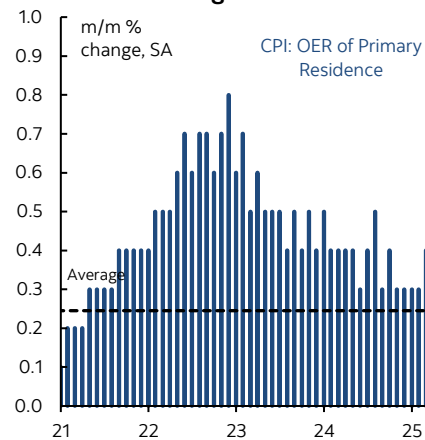


Chart 10

US CPI: Household Furnishings

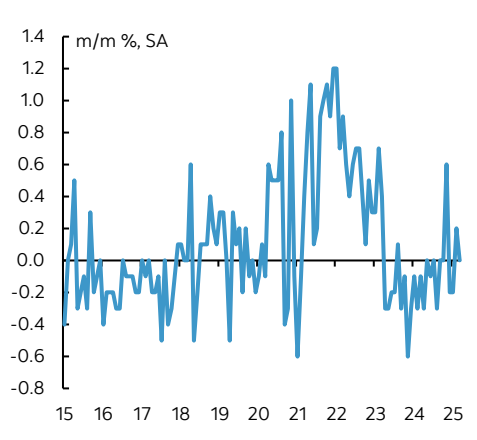


Chart 11

New Vehicle Inflation

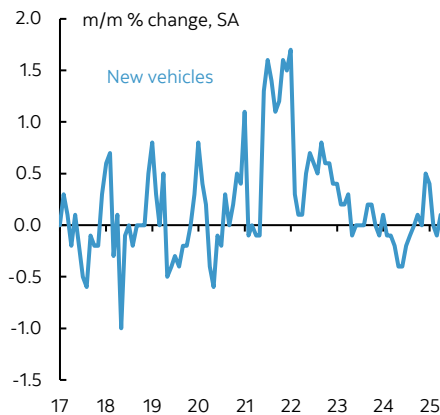


Chart 12

Used Vehicle Prices

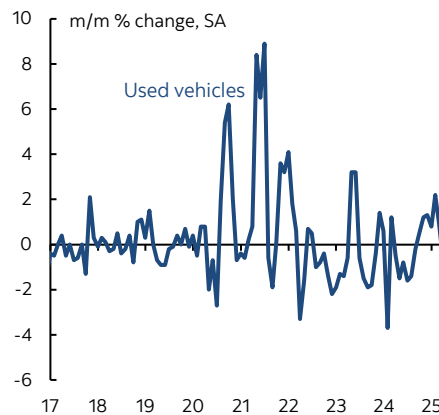


Chart 13

US Motor Vehicle Insurance

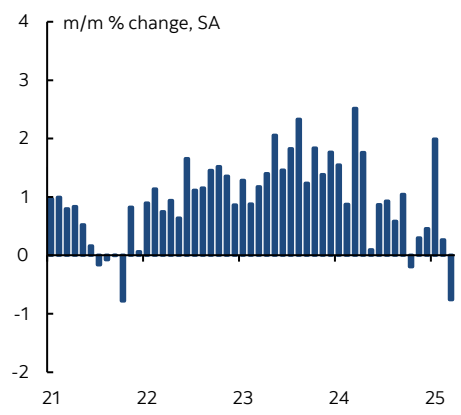
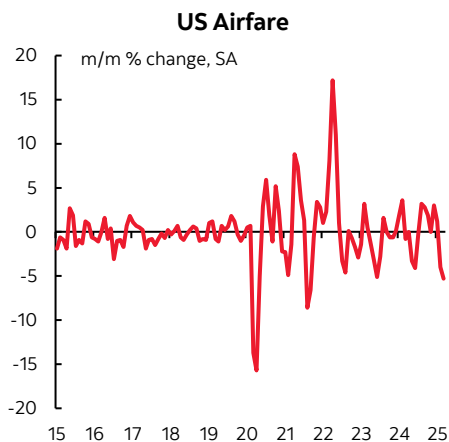
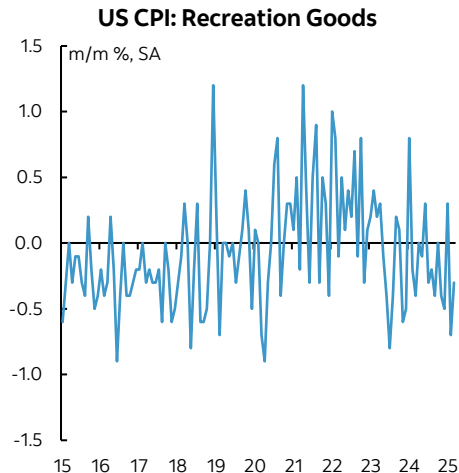


Chart 14



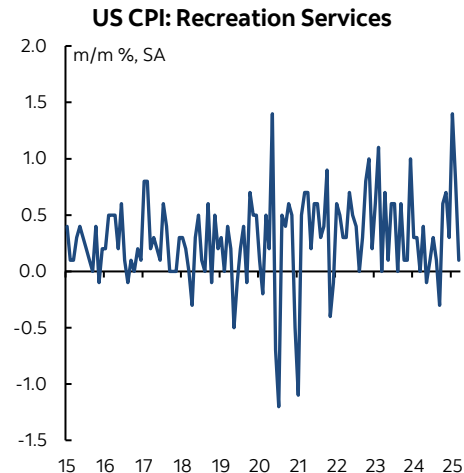
Sources: Scotiabank Economics, BLS.

Chart 15



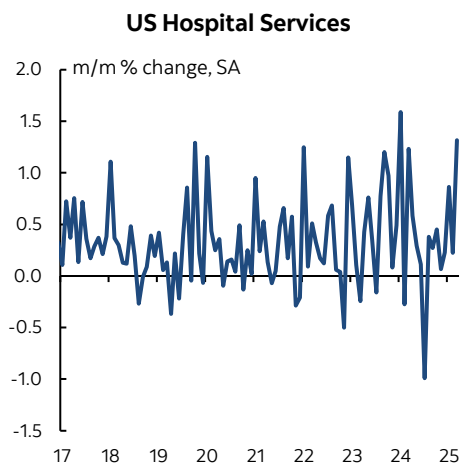
Sources: Scotiabank Economics, BLS.

Chart 16



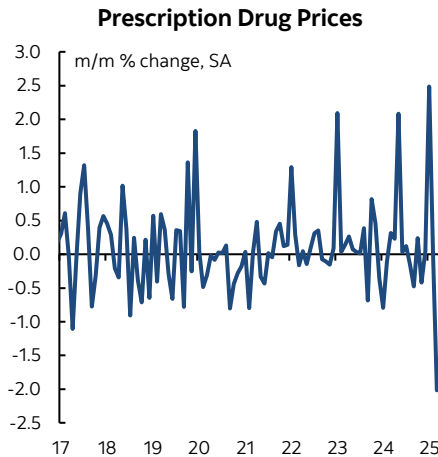
Sources: Scotiabank Economics, BLS.

Chart 17



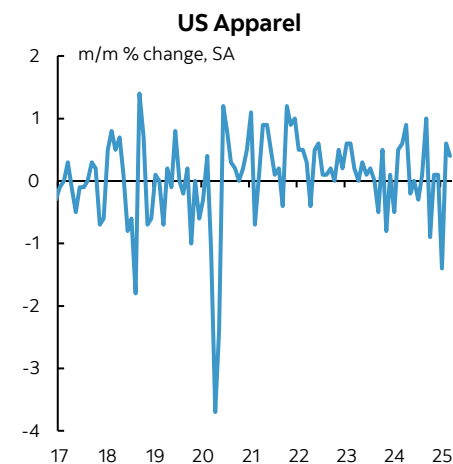
Sources: Scotiabank Economics, BLS.

Chart 18



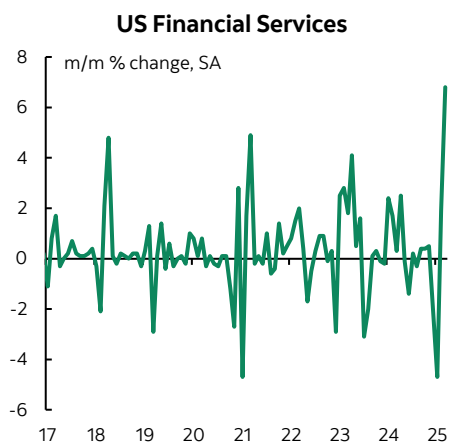
Sources: Scotiabank Economics, BLS.

Chart 19



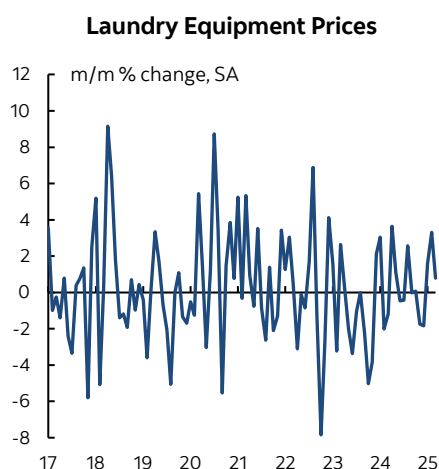
Sources: Scotiabank Economics, BLS.

Chart 20



Sources: Scotiabank Economics, BLS.

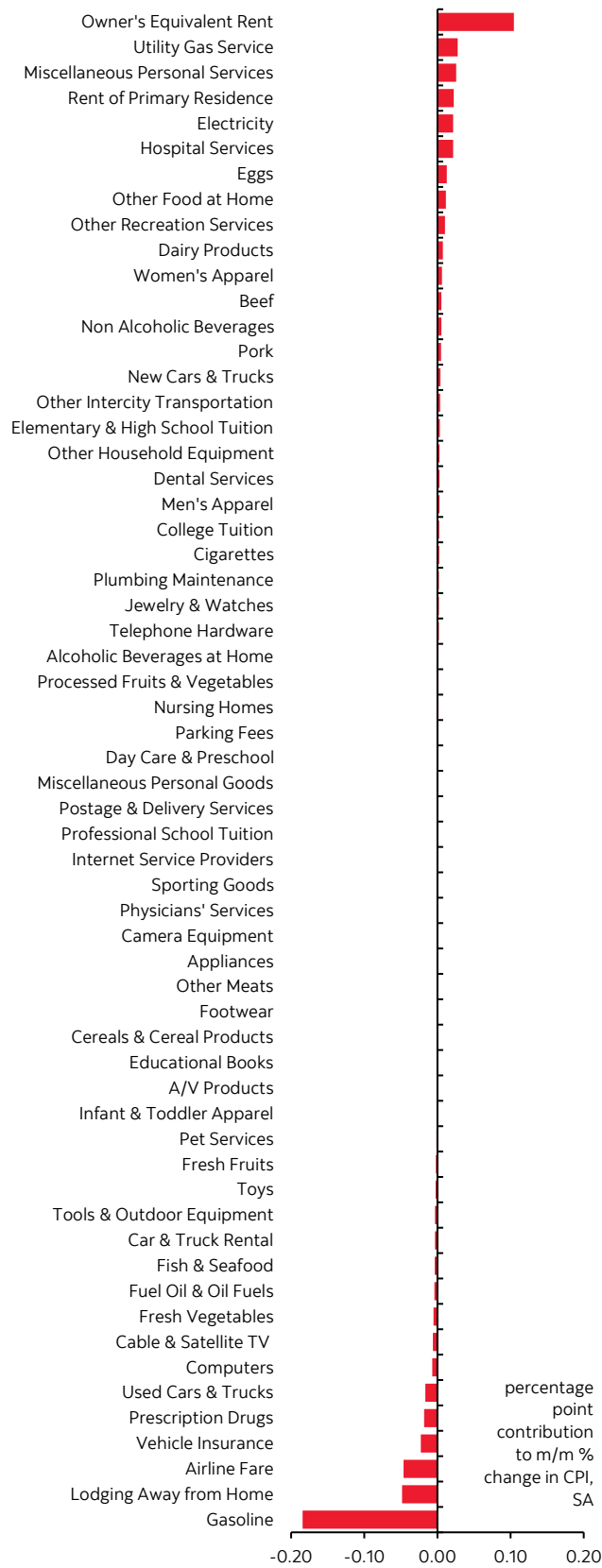
Chart 21



Sources: Scotiabank Economics, BLS.

Chart 22

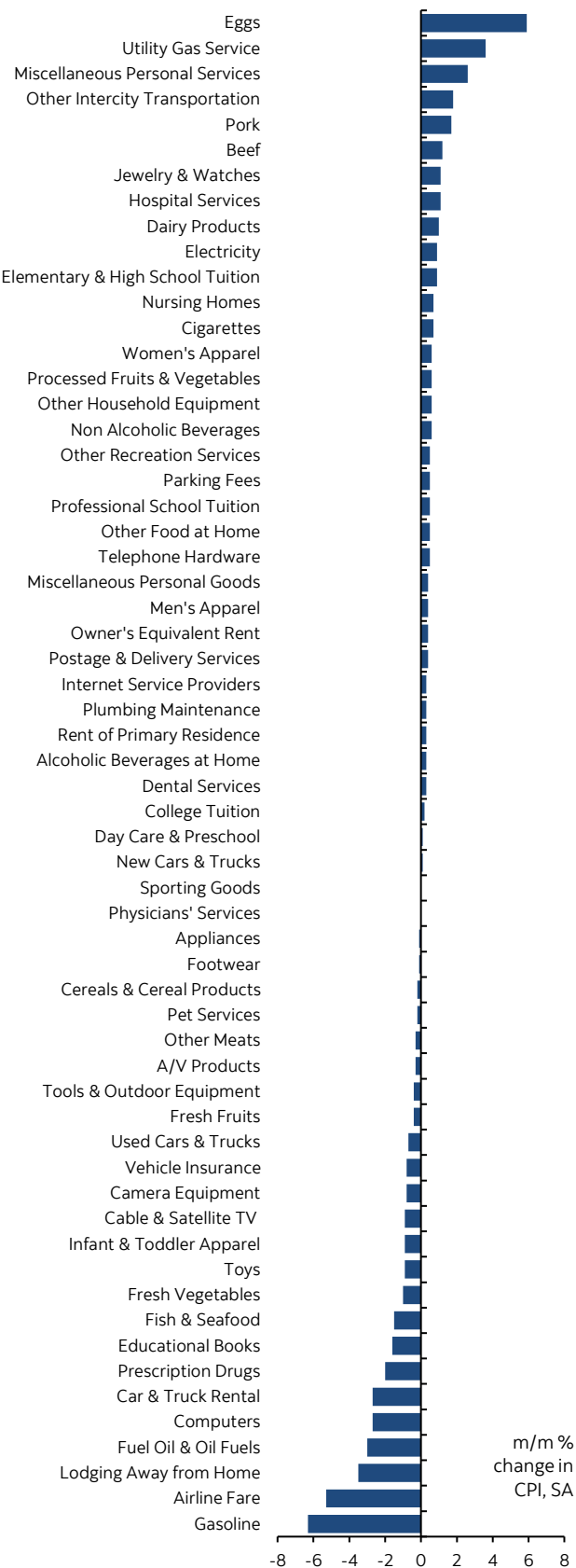
March Weighted Contributions to Monthly Change in US Headline CPI



Sources: Scotiabank Economics, US BLS.

Chart 23

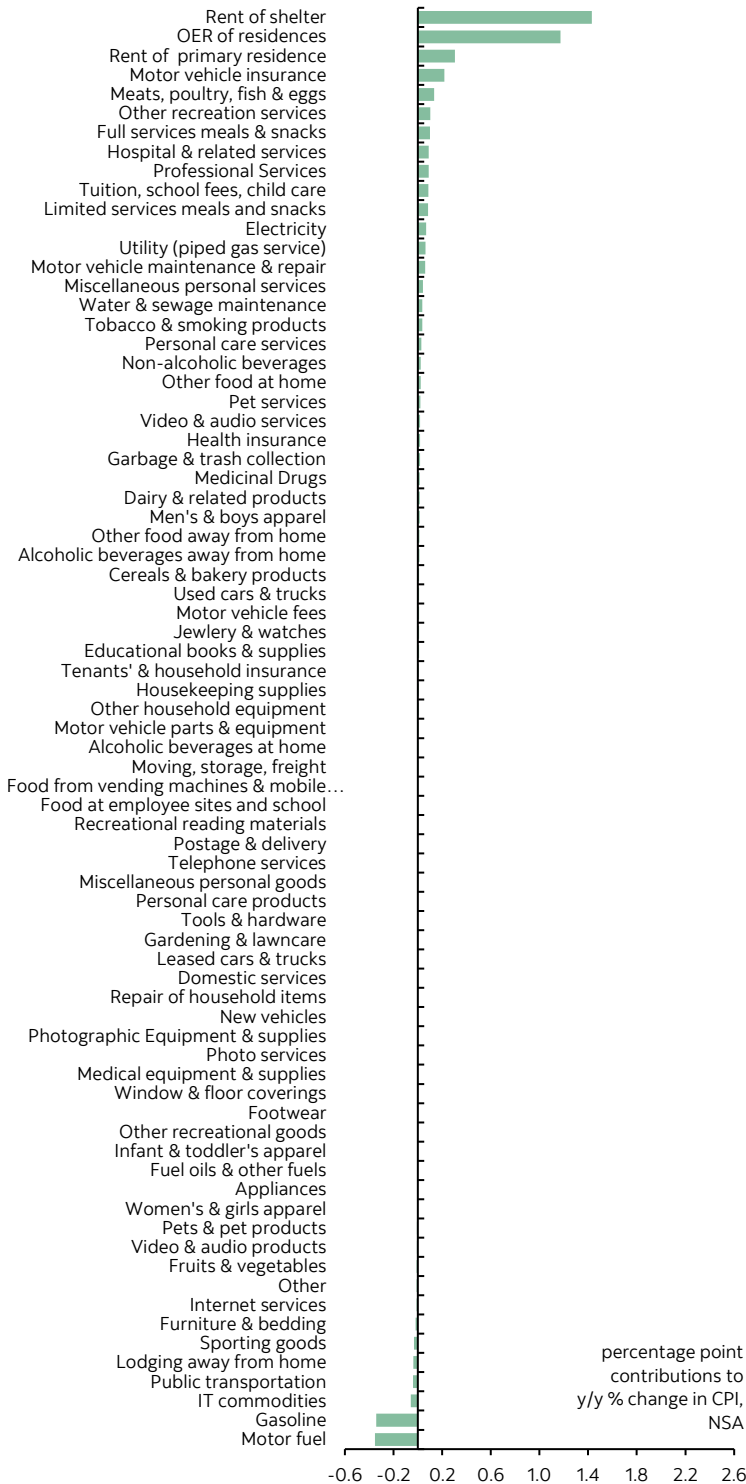
March Changes in US Headline CPI Categories



Sources: Scotiabank Economics, US BLS.

Chart 24

March Weighted Contributions to the 12-Month Change in US Headline CPI



Source: Scotiabank Economics, BLS.

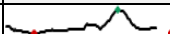



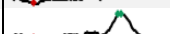















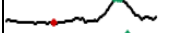



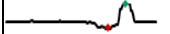




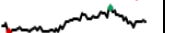


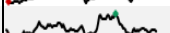

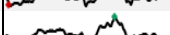

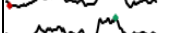

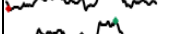







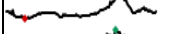

















Chart 25

March 12-Month Changes in US Headline CPI Categories







































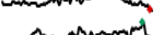

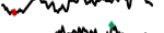








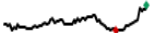


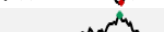

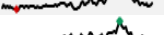

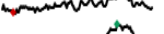





Sources: Scotiabank Economics, BLS.







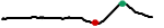










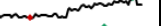



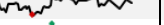











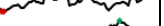








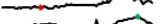


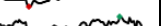





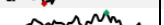






















April 10, 2025

Mar 2025					Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic		
US INFLATION COMPONENT BREAKDOWN	y/y % change	10-year trend	Pandemic trend (Jan 2019–Present)	m/m % change	Weights (%)	y/y	m/m	2015–2019 avg. y/y	Std. Dev.	Z-Score	2011–2019 avg. y/y	Std. Dev.	Z-Score
Food	3.0			0.4	13.65	0.40	0.05	1.3	0.8	2.3	1.7	1.1	1.1
Food, home	2.4			0.5	8.03	0.19	0.04	0.2	1.1	1.9	1.2	1.9	0.7
Cereals & bakery products	1.1			-0.1	1.10	0.01	0.00	0.4	0.9	0.8	0.9	1.7	0.1
Meats, poultry, fish & eggs	7.9			1.3	1.66	0.13	0.02	-0.2	3.2	2.5	2.1	3.9	1.5
Dairy & related products	2.2			1.0	0.73	0.02	0.01	-0.6	1.6	1.7	1.1	3.1	0.4
Fruits & vegetables	-0.7			-0.5	1.32	-0.01	-0.01	0.4	1.7	-0.7	1.0	2.0	-0.8
Non-alcoholic beverages	2.4			0.6	0.91	0.02	0.01	0.6	1.0	1.7	0.5	1.6	1.2
Other food at home	1.1			0.5	2.32	0.02	0.01	0.5	0.6	1.0	1.0	1.6	0.1
Food, away	3.8			0.4	5.62	0.20	0.02	2.7	0.3	3.7	2.5	0.5	2.6
Full services meals & snacks	4.1			0.6	2.42	0.10	0.01	2.6	0.4	4.1	2.4	0.5	3.4
Limited services meals and snacks	3.4			0.2	2.83	0.09	0.01	2.8	0.3	1.8	2.5	0.7	1.3
Food at employee sites and school	3.8			0.1	0.07	0.00	0.00	2.8	2.4	0.4	2.8	1.9	0.5
Food from vending machines & mobile vendors	6.7			2.0	0.06	0.00	0.00	3.1	1.0	3.6	2.5	1.3	3.2
Other food away from home	4.7			0.2	0.24	0.01	0.00	2.5	1.3	1.7	2.3	1.0	2.4
Energy	-3.3			-2.4	6.33	-0.23	-0.15	-1.9	10.0	-0.1	1.6	9.6	-0.5
Energy comm.	-9.5			-6.1	3.19	-0.36	-0.19	-2.8	17.0	-0.4	3.0	17.1	-0.7
Fuel oils & other fuels	-3.3			-3.0	0.15	-0.01	0.00	-2.3	15.8	-0.1	2.7	14.4	-0.4
Motor fuel	-9.8			-6.2	3.04	-0.35	-0.19	-2.8	17.1	-0.4	3.0	17.3	-0.7
<u>Gasoline</u>	<u>-9.8</u>			<u>-6.3</u>	<u>2.96</u>	<u>-0.34</u>	<u>-0.19</u>	<u>-2.8</u>	<u>17.1</u>	<u>-0.4</u>	<u>3.0</u>	<u>17.4</u>	<u>-0.7</u>
<u>Other</u>	<u>-9.8</u>			<u>-1.3</u>	<u>0.08</u>	<u>-0.01</u>	<u>0.00</u>	<u>-2.3</u>	<u>19.5</u>	<u>-0.4</u>	<u>3.6</u>	<u>17.9</u>	<u>-0.7</u>
Energy serv.	4.2			1.6	3.14	0.13	0.05	0.0	2.4	1.7	0.5	2.7	1.4
Electricity	2.8			0.9	2.37	0.07	0.02	0.5	1.5	1.5	1.0	1.7	1.1
Utility (piped gas service)	9.4			3.6	0.77	0.06	0.03	-1.4	7.5	1.4	-0.9	7.3	1.4
All items less food and energy	2.8			0.1	80.02	2.23	0.08	2.0	0.2	3.4	1.8	0.4	2.4
Commodities less food and energy	-0.1			-0.1	19.39	-0.02	-0.02	-0.3	0.4	0.6	0.2	0.9	-0.3
Household furnishings	-0.3			0.0	4.43	-0.01	0.00	-0.8	1.2	0.4	-0.9	1.2	0.5
Window & floor coverings	-0.9			-0.8	0.25	0.00	0.00	-2.3	1.7	0.8	-2.8	1.8	1.1
Furniture & bedding	-1.8			0.6	0.78	-0.02	0.00	-0.3	1.7	-0.9	-0.9	2.1	-0.4
Appliances	-2.5			-0.1	0.22	-0.01	0.00	-1.2	3.1	-0.4	-1.6	3.0	-0.3
Other household equipment	1.3			0.3	0.50	0.01	0.00	-3.5	1.8	2.6	-3.7	1.5	3.4
Tools & hardware	0.0			-0.4	0.84	0.00	0.00	-0.1	1.0	0.1	-0.3	1.2	0.3
Housekeeping supplies	1.1			0.0	0.80	0.01	0.00	0.3	1.2	0.7	0.4	1.3	0.6

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Apparel	0.3			0.4	2.56	0.01	0.01	-0.5	1.0	0.9	0.3	1.7	0.0
Men's & boys apparel	2.4			0.4	0.69	0.02	0.00	-0.3	1.5	1.8	0.5	2.3	0.9
Women's & girls apparel	-0.6			0.6	1.00	-0.01	0.01	-1.3	1.9	0.4	-0.1	2.5	-0.2
Footwear	-0.7			-0.1	0.58	0.00	0.00	0.2	1.3	-0.7	0.8	1.7	-0.9
Infant & toddler's apparel	-4.2			-0.9	0.10	0.00	0.00	0.4	3.8	-1.2	0.5	3.6	-1.3
Jewelry & watches	4.2			1.1	0.18	0.01	0.00	1.0	3.4	0.9	1.5	3.8	0.7
Trans. less fuel	0.3			-0.2	7.23	0.02	-0.01	-0.3	0.9	0.7	0.4	1.5	-0.1
New vehicles	0.0			0.1	4.36	0.00	0.00	0.1	0.7	-0.1	0.8	1.2	-0.7
Used cars & trucks	0.6			-0.7	2.38	0.01	-0.02	-1.3	2.1	0.9	1.1	4.8	-0.1
Motor vehicle parts & equipment	1.2			-0.1	0.36	0.01	0.00	0.2	1.1	0.9	0.9	2.2	0.1
Medical comm.	1.0			-1.1	1.53	0.01	-0.02	2.1	1.7	-0.7	2.3	1.5	-0.9
Medicinal Drugs	1.2			-1.3	1.35	0.02	-0.02	2.2	1.8	-0.6	2.3	1.6	-0.7
Medical equipment & supplies	-1.2			0.2	0.18	0.00	0.00	0.4	1.2	-1.2	0.3	1.2	-1.3
Recreation comm.	-2.3			-0.3	1.83	-0.05	-0.01	-2.6	1.1	0.3	-2.3	0.9	0.0
Video & audio products	-3.2			-0.3	0.25	-0.01	0.00	-10.1	2.4	2.9	-9.2	2.2	2.7
Pets & pet products	-1.2			-0.3	0.63	-0.01	0.00	0.4	1.5	-1.1	0.5	1.5	-1.1
Sporting goods	-5.0			-0.6	0.47	-0.03	0.00	-0.7	1.5	-2.8	-0.6	1.2	-3.6
Photographic Equipment & supplies	-0.4			-0.8	0.02	0.00	0.00	-1.7	4.6	0.3	-3.0	4.0	0.7
Recreational reading materials	2.7			2.1	0.10	0.00	0.00	1.6	1.9	0.6	1.5	1.8	0.7
Other recreational goods	-1.1			-0.7	0.37	0.00	0.00	-6.5	1.3	4.0	-5.2	1.7	2.3
Educ. & communication comm.	-5.7			0.5	0.74	-0.05	0.00	-3.7	1.0	-1.9	-3.5	0.9	-2.4
Educational books & supplies	12.3			1.8	0.04	0.01	0.00	2.2	3.0	3.4	3.6	2.7	3.2
IT commodities	-7.4			0.4	0.70	-0.06	0.00	-6.1	1.9	-0.7	-6.8	1.8	-0.3
Alcohol	1.9			0.2	0.83	0.02	0.00	1.3	0.3	1.9	1.4	0.4	1.5
Alcoholic beverages at home	0.9			0.3	0.45	0.00	0.00	0.8	0.6	0.1	0.8	0.5	0.2
Alcoholic beverages away from home	3.2			0.1	0.39	0.01	0.00	1.9	0.5	2.9	2.2	0.7	1.5
Other goods	2.8			0.3	1.29	0.04	0.00	1.4	0.9	1.7	1.4	0.7	2.0
Tobacco & smoking products	6.8			0.6	0.48	0.04	0.00	4.3	1.5	1.6	4.4	3.8	0.6
Personal care products	0.0			0.0	0.65	0.00	0.00	-0.3	0.6	0.6	-0.1	0.8	0.1
Miscellaneous personal goods	0.7			-0.4	0.16	0.00	0.00	-2.4	3.1	1.0	-1.7	2.4	1.0

April 10, 2025

Mar 2025				Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic			
US INFLATION COMPONENT BREAKDOWN	y/y % change	10-year trend	Pandemic trend (Jan 2019–Present)	m/m % change	Weights (%)	y/y	m/m	2015–2019 avg. y/y	Std. Dev.	Z-Score	2011–2019 avg. y/y	Std. Dev.	Z-Score
Services less energy services	3.7			0.1	60.63	2.26	0.06	2.8	0.2	3.8	2.4	0.6	2.0
Shelter	4.0			0.2	35.39	1.45	0.07	3.3	0.2	4.2	2.5	1.2	1.3
Rent of shelter	4.0			0.2	34.98	1.43	0.07	3.3	0.2	3.7	2.5	1.2	1.3
<u>Rent of primary residence</u>	<u>4.0</u>			<u>0.3</u>	<u>7.46</u>	<u>0.30</u>	<u>0.02</u>	<u>3.7</u>	<u>0.1</u>	<u>2.3</u>	<u>2.9</u>	<u>1.1</u>	<u>1.0</u>
<u>Lodging away from home</u>	<u>-2.5</u>			<u>-3.5</u>	<u>1.37</u>	<u>-0.04</u>	<u>-0.05</u>	<u>2.3</u>	<u>2.0</u>	<u>-2.4</u>	<u>2.2</u>	<u>2.2</u>	<u>-2.1</u>
<u>QER of residences</u>	<u>4.4</u>			<u>0.4</u>	<u>26.15</u>	<u>1.17</u>	<u>0.10</u>	<u>3.2</u>	<u>0.2</u>	<u>5.8</u>	<u>2.4</u>	<u>1.1</u>	<u>1.9</u>
Tenants' & household insurance	2.2			-0.3	0.41	0.01	0.00	1.4	1.2	0.7	2.3	1.5	0.0
Water, sewer, trash collection	4.9			0.2	1.09	0.05	0.00	3.6	0.6	2.2	4.3	1.0	0.6
Water & sewage maintenance	4.8			0.3	0.74	0.04	0.00	4.0	0.8	1.0	4.8	1.4	0.0
Garbage & trash collection	5.3			0.0	0.35	0.02	0.00	2.5	1.5	1.9	2.5	1.1	2.6
Household ops.	5.7			-0.3	1.01	0.00	0.00	3.8	1.3	1.5	2.6	1.6	1.9
Domestic services	3.1			0.7	0.31	0.00	0.00	2.0	1.1	1.1	1.6	1.0	1.4
Gardening & lawn care	6.3			-0.8	0.34	0.00	0.00	4.3	2.7	0.7	2.8	2.6	1.3
Moving, storage, freight	2.8			0.0	0.13	0.00	0.00	5.6	3.9	-0.7	3.3	3.9	-0.1
Repair of household items	5.0			1.7	0.14	0.00	0.00	4.8	2.1	0.1	4.2	2.0	0.4
Medical serv.	3.0			0.5	6.71	0.19	0.03	2.9	1.0	0.1	3.0	0.8	-0.1
Professional Services	2.5			0.2	3.67	0.09	0.01	1.5	0.9	1.1	1.8	0.8	0.8
Hospital & related services	3.9			1.3	2.25	0.09	0.03	3.8	1.1	0.1	4.5	1.3	-0.5
Health insurance	3.1			0.4	0.79	0.02	0.00	5.0	5.8	-0.3	3.6	6.0	-0.1
Transportation serv.	3.1			-1.4	6.33	0.20	-0.09	2.6	1.1	0.4	2.6	1.0	0.5
Leased cars & trucks	1.4			-0.2	0.51	0.00	0.00	0.5	3.0	0.3	-1.6	3.2	0.9
Motor vehicle maintenance & repair	4.8			0.8	1.02	0.06	0.01	2.2	0.7	3.8	2.0	0.6	4.9
Motor vehicle insurance	7.5			-0.8	2.85	0.22	-0.02	5.5	2.6	0.8	4.8	2.0	1.3
Motor vehicle fees	2.0			-0.5	0.50	0.01	0.00	1.8	0.7	0.3	2.2	1.9	-0.1
Public transportation	-3.5			-4.2	1.44	-0.04	-0.06	-1.2	1.5	-1.5	1.0	3.6	-1.3
Recreation serv.	4.3			0.1	3.50	0.14	0.00	2.6	0.7	2.6	2.3	0.7	2.7
Video & audio services	2.0			-0.7	0.83	0.02	-0.01	2.7	1.4	-0.5	2.6	1.3	-0.5
Pet services	4.7			-0.2	0.54	0.02	0.00	3.1	0.8	2.1	3.3	0.9	1.6
Photo services	-2.5			-1.0	0.06	0.00	0.00	-0.2	2.0	-1.2	0.8	1.8	-1.8
Other recreation services	5.6			0.5	2.08	0.10	0.01	2.4	0.6	5.3	1.7	1.1	3.7
Educ. & communication serv.	1.6			0.2	4.96	0.08	0.01	0.4	1.3	0.9	1.1	1.3	0.4
Tuition, school fees, child care	3.7			0.4	2.52	0.09	0.01	2.8	0.6	1.6	3.3	0.8	0.5
Postage & delivery	2.9			0.4	0.05	0.00	0.00	2.3	2.0	0.3	3.3	2.0	-0.2
Telephone services	0.1			-0.1	1.44	0.00	0.00	-2.4	3.0	0.8	-1.3	2.4	0.6
Internet services	-1.1			0.3	0.94	-0.01	0.00	-0.2	1.5	-0.6	0.1	1.3	-0.9
Other personal serv.	4.7			1.6	1.63	0.07	0.03	2.7	0.7	3.0	2.4	0.6	3.7
Personal care services	4.7			0.1	0.66	0.03	0.00	2.3	0.7	3.4	1.8	0.8	3.5
Miscellaneous personal services	4.7			2.6	0.97	0.04	0.03	2.9	0.9	2.0	2.7	0.7	2.7

*Number may not add due to rounding

Sources: Scotiabank Economics, BLS.

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