

MarketDesk U.S. Inflation Indicators

Forecasting U.S. Inflation Trends

Current Takeaway Broad inflation pressures quickly fading; Fed still focused on Services CPI (notoriously the most difficult to forecast)

Overview of Indicators

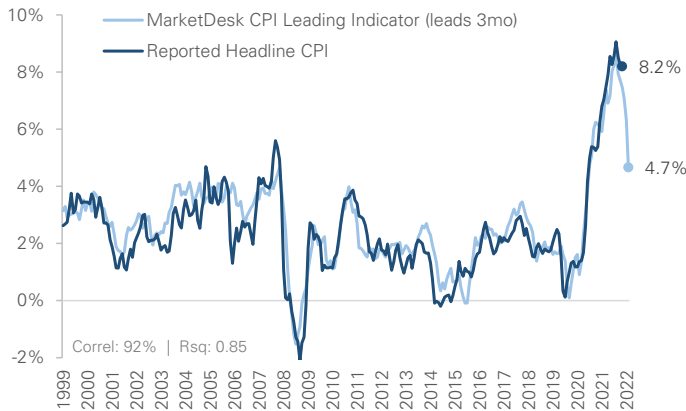
MarketDesk maintains indicators for inflation based on headline consumer price index (CPI) data and five main CPI categories: Food, Shelter, Energy, Commodities (ex Food & Energy), and Services. These indicators use 21 macroeconomic inputs that have been shown to have a high statistical correlation with future inflation trends, including wages, employment, money supply, commodity prices, energy prices, home values, movements in the value of the U.S. dollar, regional Federal surveys, and freight indices.

How to Use

The U.S. Inflation Indicator is designed to forecast the direction and approximate magnitude of changes in inflation over the next three to six months. It is important to note that inflation is difficult to model accurately due to one-time, idiosyncratic factors. As a result, the indicator is not intended to provide exact predictions of future inflation rates. Instead, investors should focus on the two main model outputs: the direction of headline CPI and the movement of each underlying category in order to understand the current drivers of inflation. By analyzing these outputs, investors can gain insight into the likely trajectory of inflation.

Figure 51 – MarketDesk U.S. CPI Leading Indicator

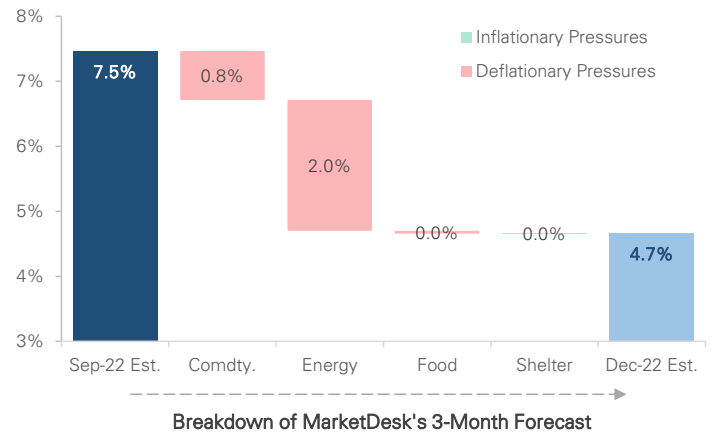
Composite Indicator & Historical U.S. Headline CPI since 2000



Source: www.QuantPack.com, U.S. Department of Labor (DOL)

Figure 52 – Breakdown of MarketDesk's CPI Forecast by Category

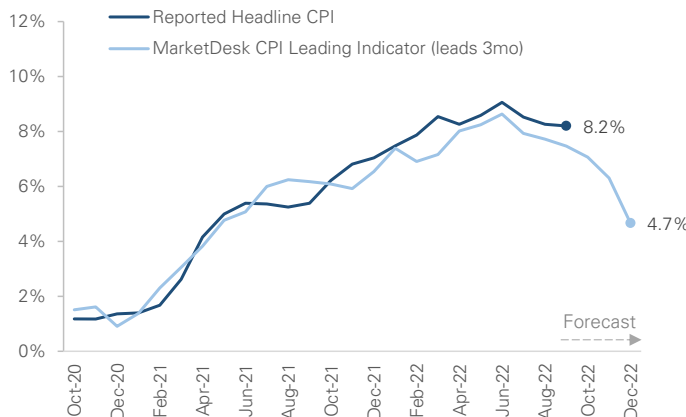
Next Three Month Change in the Indicator's Forecast by Category



Source: www.QuantPack.com. Note: Our Services CPI Indicator (see next page) is not included in the calculation of our Headline CPI Forecast due to lower accuracy.

Figure 53 – Recent History of MarketDesk U.S. CPI Leading Indicator

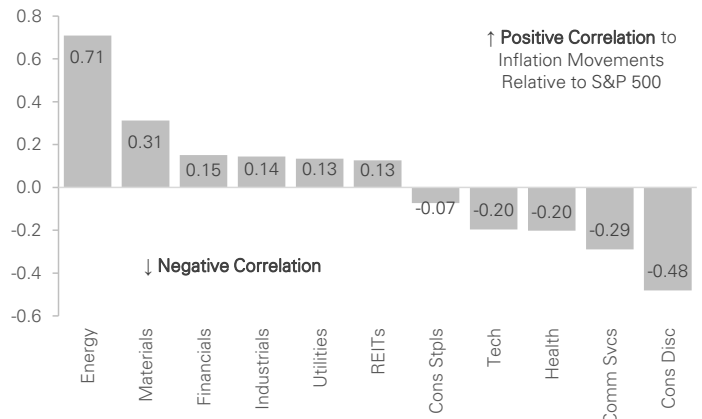
Last Two Years of Composite Indicator & Historical U.S. Headline CPI



Source: www.QuantPack.com, U.S. Department of Labor (DOL)

Figure 54 – U.S. Sector Correlation to Inflation Movements

Calculations Based on Relative Y/Y Returns vs S&P 500 over the Last 20 Years



Source: www.QuantPack.com

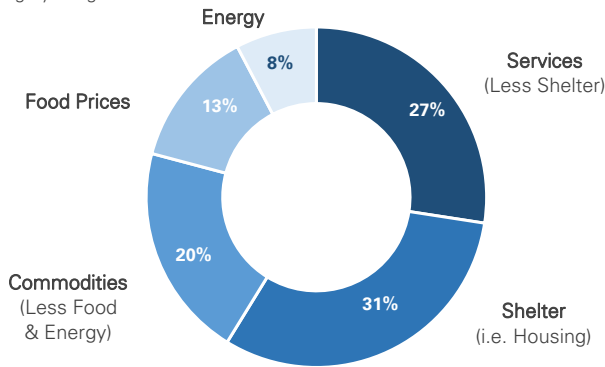
MarketDesk U.S. Inflation Indicators (Cont.)

Forecasting U.S. Inflation Trends

Inflation

Figure 55 – Key Components of U.S. Headline CPI

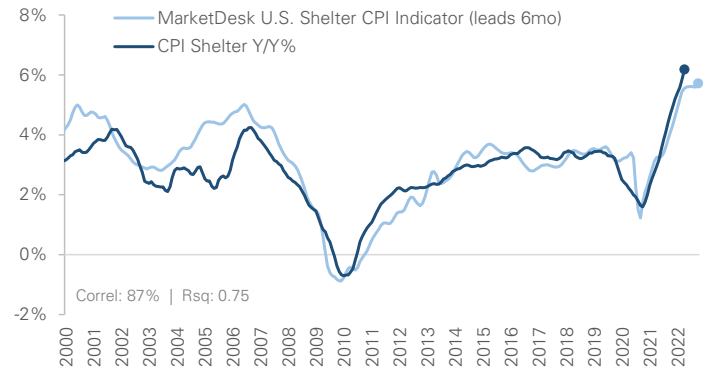
CPI Category Weights



Source: www.QuantPack.com, U.S. Department of Labor (DOL)

Figure 56 – MarketDesk U.S. Shelter CPI Indicator

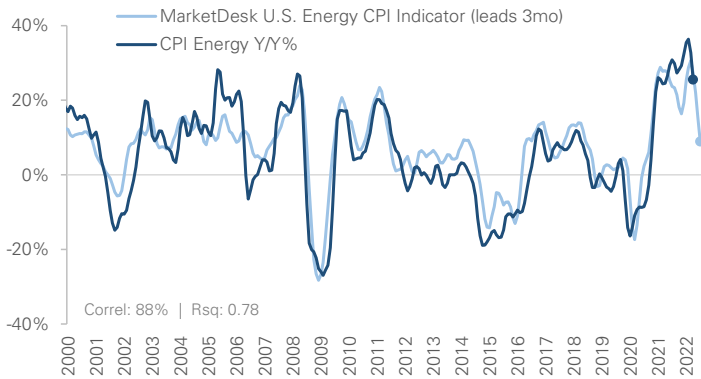
Historical Relationship Since 2000



Source: www.QuantPack.com, DOL. Both lines smoothed by rolling 3-month average.

Figure 57 – MarketDesk U.S. Energy CPI Indicator

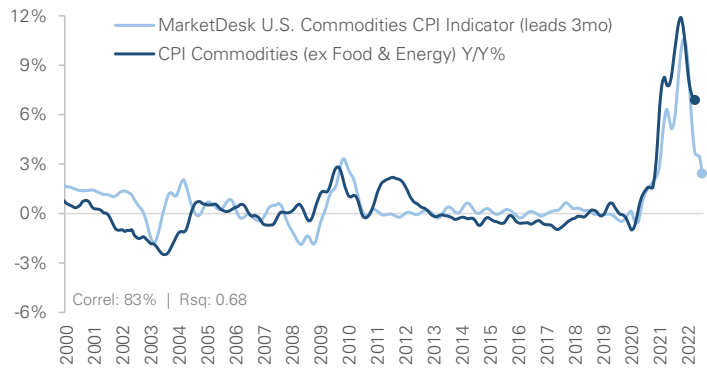
Historical Relationship Since 2000



Source: www.QuantPack.com, DOL. Both lines smoothed by rolling 3-month average.

Figure 58 – MarketDesk U.S. Commodities CPI Indicator

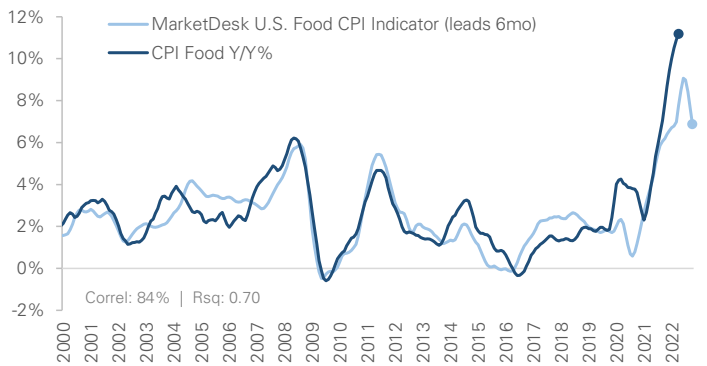
Historical Relationship Since 2000; Commodities excludes Food & Energy



Source: www.QuantPack.com, DOL. Both lines smoothed by rolling 3-month average.

Figure 59 – MarketDesk U.S. Food CPI Indicator

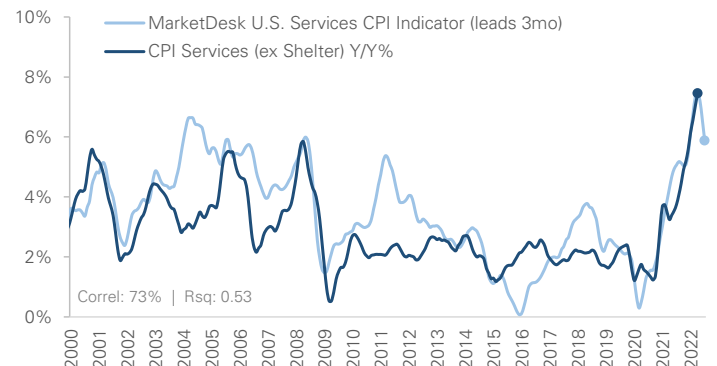
Historical Relationship Since 2000



Source: www.QuantPack.com, DOL. Both lines smoothed by rolling 3-month average.

Figure 60 – MarketDesk U.S. Services CPI Indicator

Historical Relationship Since 2000; Services excludes Shelter



Source: www.QuantPack.com, DOL. Both lines smoothed by rolling 3-month average.

Weekly Quant Pack

This is a complimentary version (from October 7, 2022) showing one of the many indicators included in the Weekly Quant Pack.

Select a Subscription Below to See the Latest Readings for All Indicators:

Most Popular (25% Discount)

1-Year Subscription
\$995/year

2-Year Subscription
\$1,495/year



Website

www.QuantPack.com

Contact Us

Support@QuantPack.com

Important Notices & Disclaimer

MarketDesk is wholly-owned by MarketDesk Research, LLC (“MarketDesk Research” or “MDR”). The information and opinions expressed herein are solely those of MDR, are provided for informational purposes only and are not intended as recommendations to buy or sell a security, nor as an offer to buy or sell a security. Recipients of the information provided herein should consult with a financial advisor before purchasing or selling a security. MDR is not an investment advisor and is not registered with the U.S. Securities and Exchange Commission or the Financial Industry Regulatory Authority, and, further, the owners, employees, agents or representatives of MDR are not acting as investment advisors and might not be registered with the U.S. Securities and Exchange Commission. The information and opinions provided herein are provided as general market commentary only, and do not consider the specific investment objectives, financial situation or particular needs of any one client. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. The comments may not be relied upon as recommendations, investment advice or an indication of trading intent. MDR is not soliciting any action based on this document. Investors should consult with their own financial adviser before making any investment decisions. There is no guarantee that any future event discussed herein will come to pass. The data used in this publication have been obtained from a variety of sources which we believe to be reliable, but MDR cannot be held responsible for the accuracy of data used herein. Any use of graphs, text or other material from this report by the recipient must acknowledge MarketDesk Weekly Quant Pack as the source. Past performance does not guarantee or indicate future results. Investing involves risk, including the possible loss of principal and fluctuation of value. MDR disclaims responsibility for updating information. In addition, MDR disclaims responsibility for third-party content, including information accessed through hyperlinks.

MDR is not a registered investment adviser. No mention of a particular security, index, derivative or other instrument in the report constitutes a recommendation to buy, sell, or hold that or any other security, nor does it constitute an opinion on the suitability of any security, index, or derivative. The report is strictly an information publication and has been prepared without regard to the particular investments and circumstances of the recipient. **SUBSCRIBERS SHOULD VERIFY ALL CLAIMS AND COMPLETE THEIR OWN RESEARCH AND CONSULT A REGISTERED FINANCIAL PROFESSIONAL BEFORE INVESTING IN ANY INVESTMENTS MENTIONED IN THE PUBLICATION. INVESTING IN SECURITIES AND DERIVATIVES IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK, AND SUBSCRIBERS MAY LOSE MONEY TRADING AND INVESTING IN SUCH INVESTMENTS.**

Principals of MDR may or may not hold or be short any of the securities, options, or futures discussed in the report, or any other securities, at any time.

Please refer to www.quantpack.com/terms for the complete list of terms and disclaimers.

© 2022 MarketDesk Research LLC. All Rights Reserved.