



ECOCHARTS

April 2023

INFLATION TRACKER



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KEY POINTS: DISINFLATION REMAINS LIMITED

- General inflation dynamics in the euro area remained mixed in March, according to Eurostat's preliminary figures. Headline inflation slowed from 8.5% in February to 6.8%, with a marked deceleration in Spain (6.0% to 3.3% y/y), Luxembourg (4.8% to 3.0%) and the Netherlands (8.9% to 4.5%). This essentially reflects favourable base effects on the energy component. However, almost a third of euro area countries had an inflation rate still above 10%, the majority of which were in Eastern Europe.
- Energy inflation continues to slow as a result of falling prices on world markets, the base effect on oil, and government measures to fix (or cap) tariffs. In the United States, this component contributed only 0.4 percentage points (p.p.) to headline inflation in February. It is slightly more in the eurozone (1.4 p.p.) – Spain, Greece, the Netherlands and Belgium have a negative figure. In the United Kingdom, the increase is still significant, contributing 3.3 p.p. to national inflation.
- Nevertheless, underlying pressures are still rising in the euro area, and some alternative measures scrutinised by the ECB – the weighted median and the super-core HICP – reached a new high (7.8% and 6.3% respectively in February). In the United States, core inflation slowed slightly in February. However, should the pace of month-on-month increase continue, it will remain in line with an annual inflation rate above 3%. UK inflation (headline and core) picked up slightly in March.
- In addition, the increase in the shelter component (actual and imputed rents) is increasingly fueling inflation. Particularly, in the United States, rent inflation reached 8.2% y/y in February (CPI measure), the fastest pace since the current statistics began (1990). These figures also rose in the United Kingdom (+4.7% y/y) and to a lesser extent in the eurozone (+2.3%). Together with food, housing is the largest item of household expenditure.
- Although inflation generalisation no longer grows, it remains widespread, with at least 50% of the household consumption basket increasing by more than 6% in February. However, some items of consumption seem to have been spared so far by the inflationary wave (see heatmaps). This is the case for goods and services in communication, health (except UK) and education (except in the euro area).
- There are more positive signs. Producer prices disinflation continued for the three geographical areas. The outcome of the latest PMI surveys corroborates this decline, even though the PMI output price index picked up again in the United States in February.
- Short-term (1-year) household inflation expectations are falling but remain well above the 2% target of central bankers. Markets are anticipating a larger decline: the 10-year breakeven rate stabilised in March at around 2% for the four largest eurozone countries, at 2.2% in the United States and 2.8% in the United Kingdom at the end of March.

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La banque d'un monde qui change

General dynamics of inflation

Inflation and survey data

Inflation expectations (households, forecasters, markets)

Raw materials

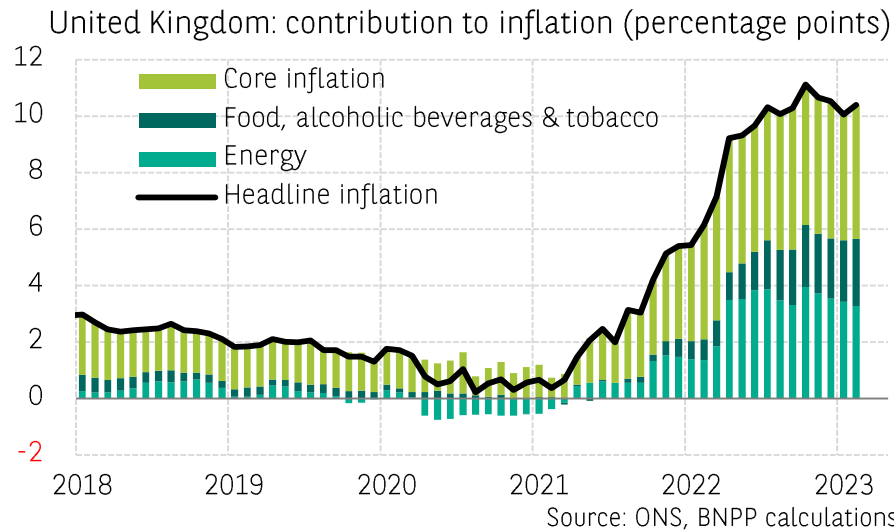
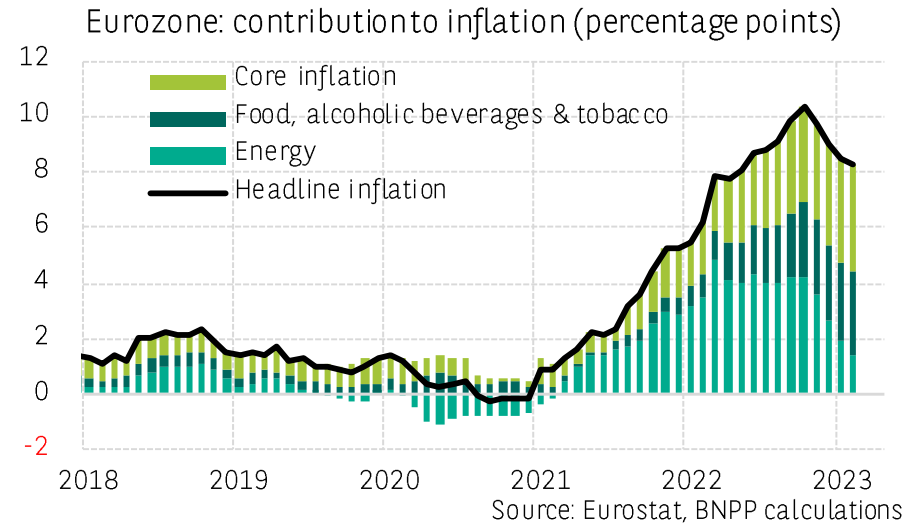
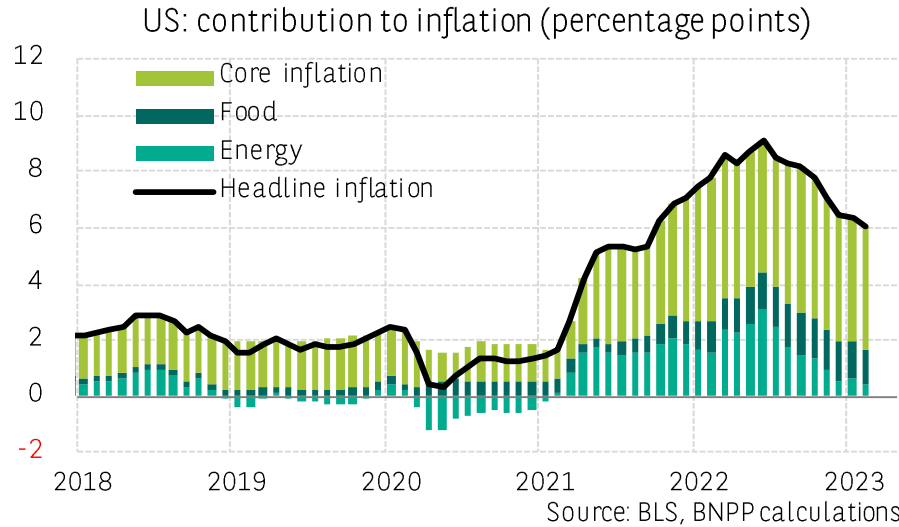
Macroeconomic determinants of inflation (wages, unemployment rate, capacity utilisation rate, exchange rate)



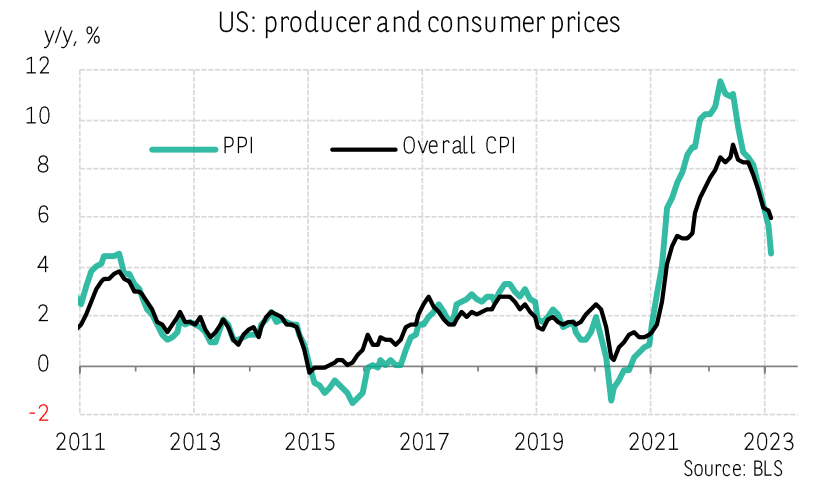
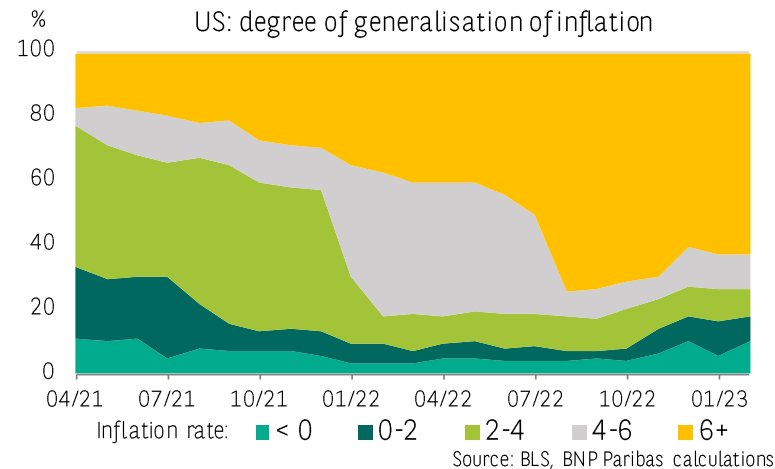
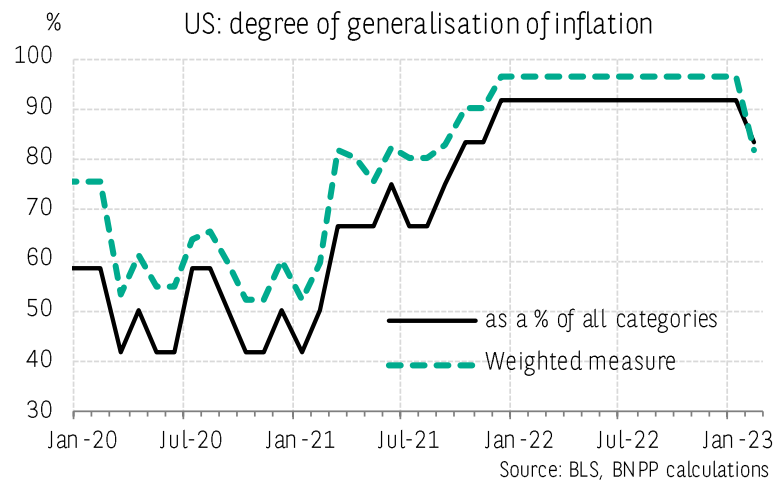
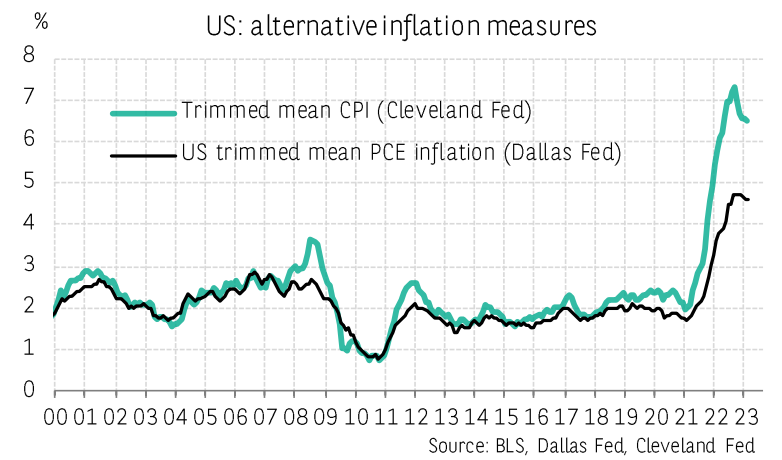
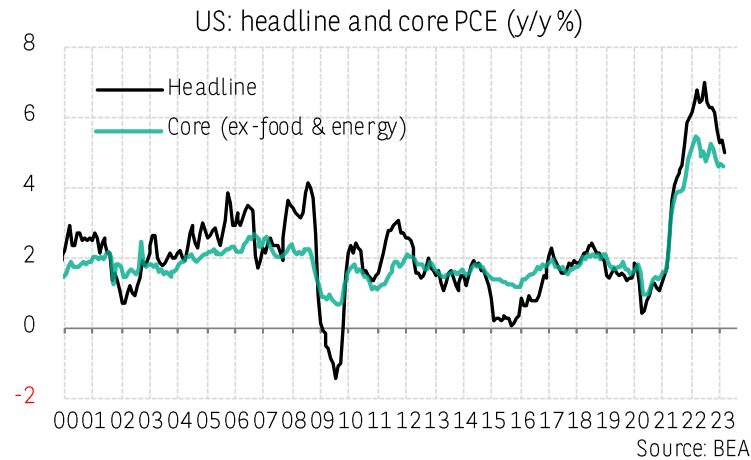
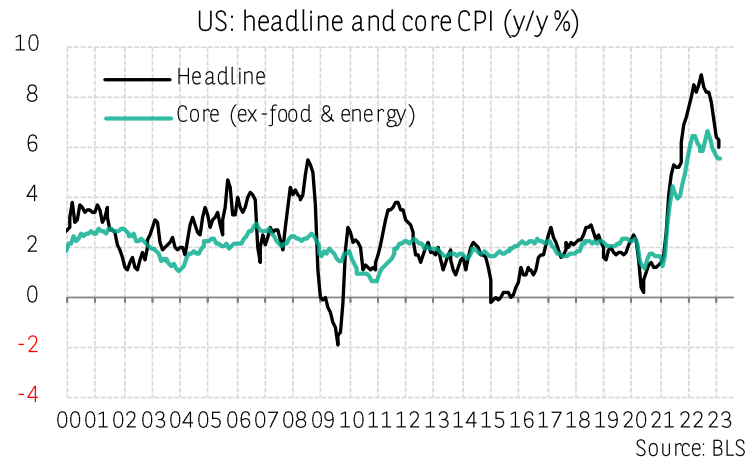
General dynamics of inflation



General dynamics of inflation: decomposition of inflation



Inflation dynamics in the United States: different metrics and degree of generalization



Note: the black line represents the % of CPI components whose increase is greater than or equal to 2%. The hatched green line weights the results by the share of each component in the CPI.


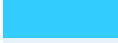
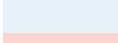



United States inflation heatmap

Difference between the current inflation rate (y/y, %) and the 2010-2019 average

	Weight (%)	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Total	100	6,18	6,74	6,46	6,73	7,16	6,64	6,46	6,44	5,99	5,36	4,67	4,58	4,21
Food and non-alcoholic beverages	7,6	7,43	8,82	9,65	10,82	11,04	11,96	12,34	11,73	11,25	10,76	10,69	10,16	8,96
Alcoholic beverages, tobacco and narcotics	1,2	2,52	2,52	2,75	3,02	3,07	3,07	3,67	3,22	2,82	3,04	2,98	3,37	3,06
Clothing and footwear	2,7	6,32	6,75	5,56	5,15	5,35	5,23	5,11	5,18	3,91	3,13	2,46	2,41	2,56
Housing, water, electricity, gas and other fuels	36,1	2,54	2,93	3,23	3,83	4,49	4,71	5,18	5,52	5,37	5,46	5,87	6,02	5,98
Furnishings, household equipment and routine household maintenance	4,0	10,00	10,45	10,26	9,28	10,07	10,68	10,28	9,60	8,94	8,04	7,04	6,01	5,83
Health	7,4	-0,33	-0,26	-0,21	-0,02	0,46	0,39	0,59	0,90	0,61	0,41	0,83	0,19	-0,01
Transports	14,5	22,73	24,64	21,72	21,30	21,72	17,64	13,78	12,37	10,49	6,55	1,82	1,54	0,18
Communications	3,3	1,93	1,33	1,05	0,79	0,56	0,40	0,00	-0,62	-0,91	0,48	0,62	1,11	1,13
Recreation and culture	6,7	5,31	5,28	4,29	4,33	4,42	3,97	3,85	4,00	3,71	4,15	4,27	3,95	4,31
Education	2,7	-0,74	-0,47	-0,27	-0,04	0,45	0,28	0,31	1,27	1,16	1,39	1,62	0,05	-0,18
Restaurants and hotels	7,8	6,44	6,87	6,67	6,94	5,99	4,64	5,40	5,52	6,06	5,58	5,35	5,41	4,76
Miscellaneous goods and services	6,1	0,86	1,32	1,83	2,53	3,84	4,70	5,74	7,05	6,90	6,57	5,85	5,27	4,41

Source: BLS

Difference with the 2010-2019 average

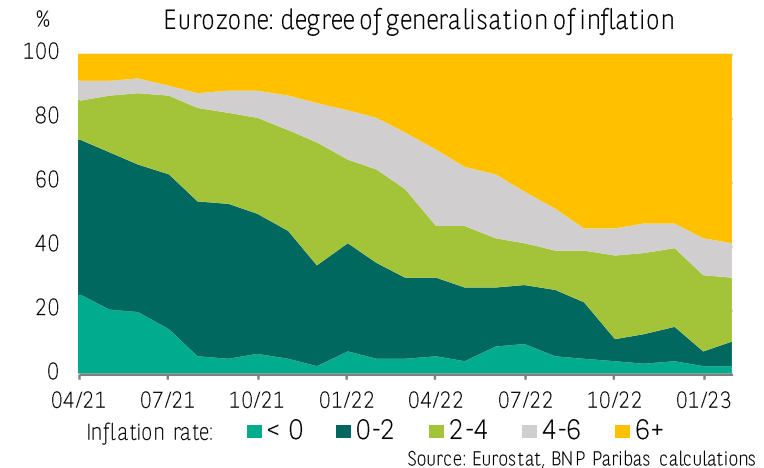
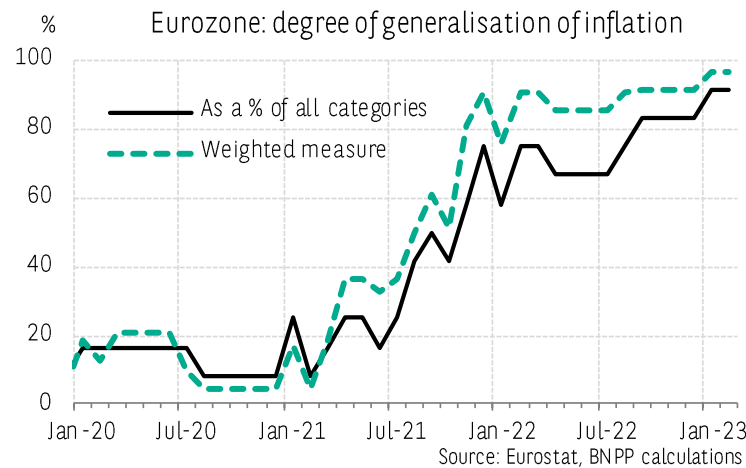
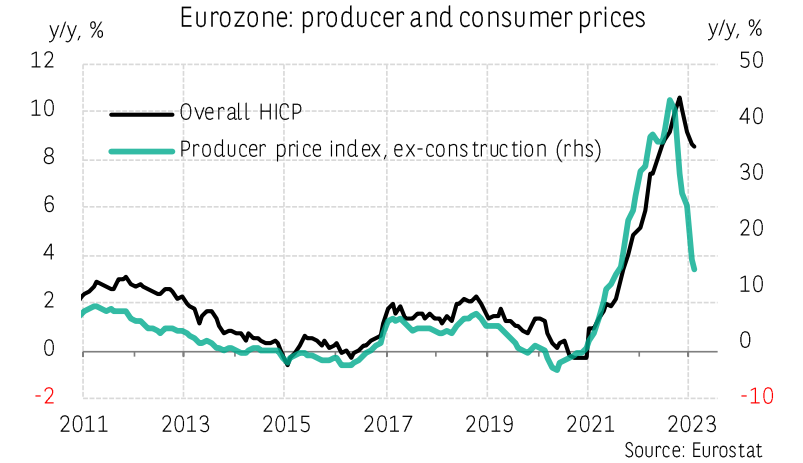
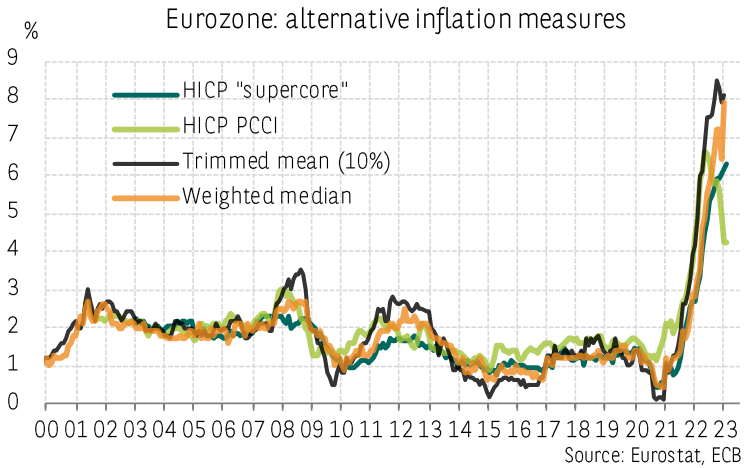
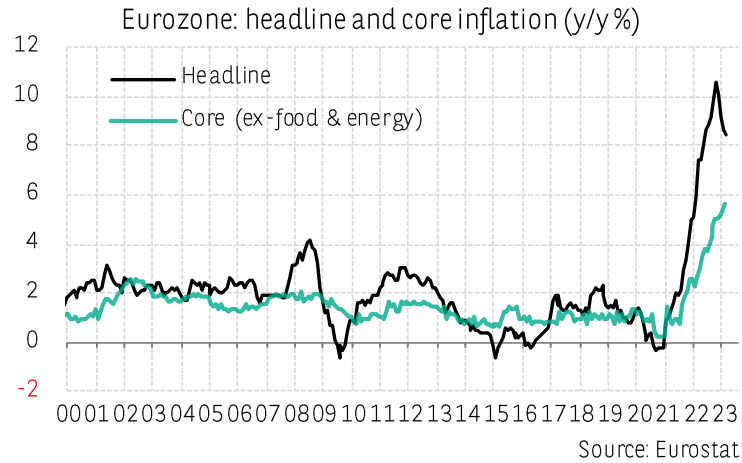
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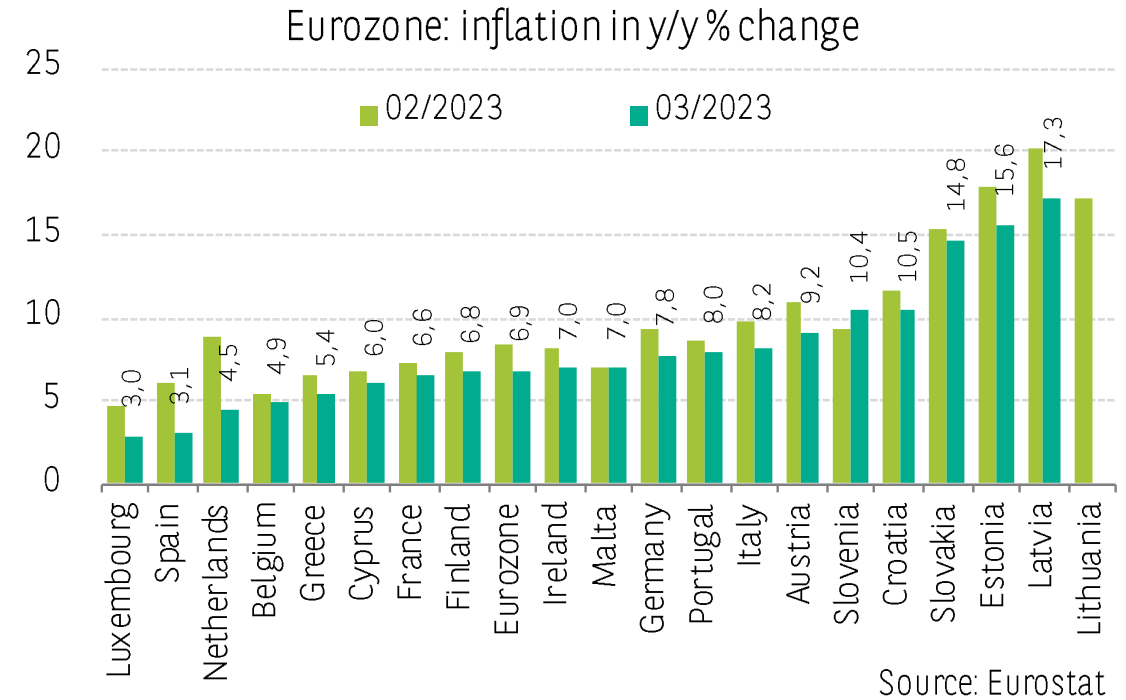
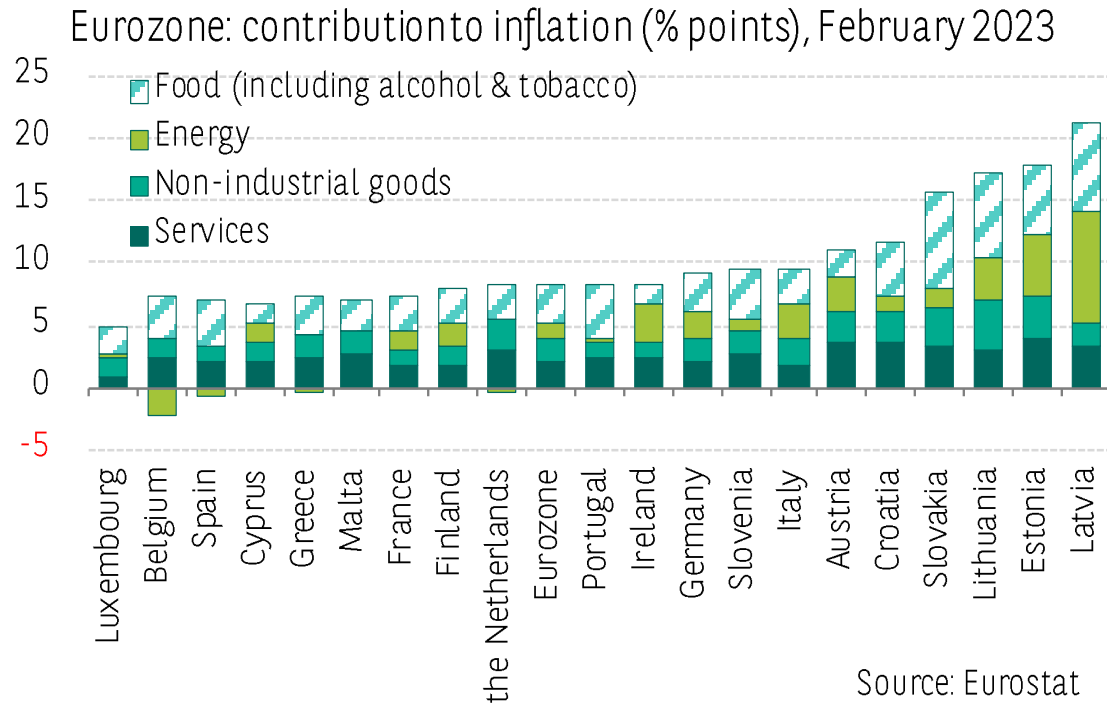
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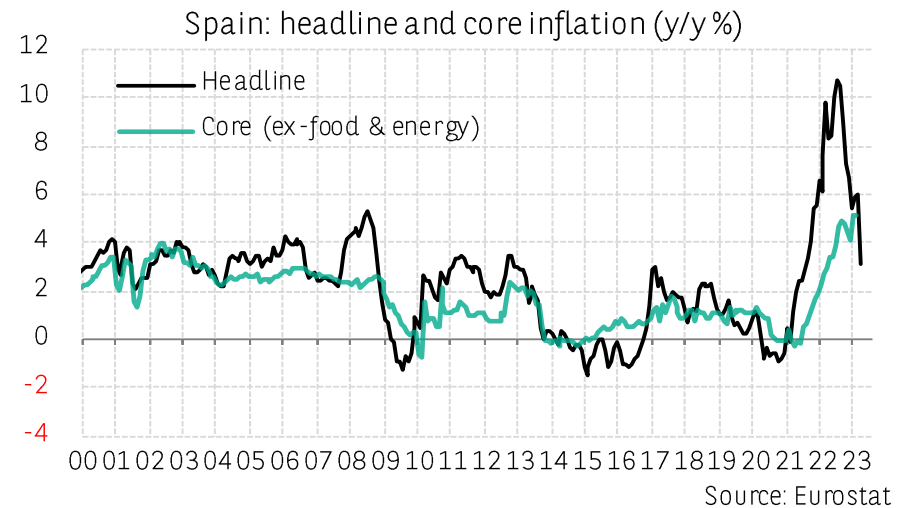
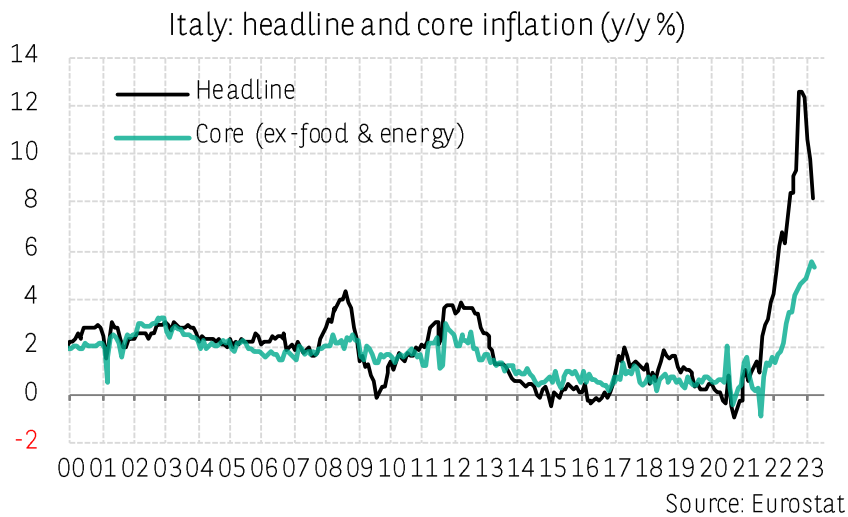
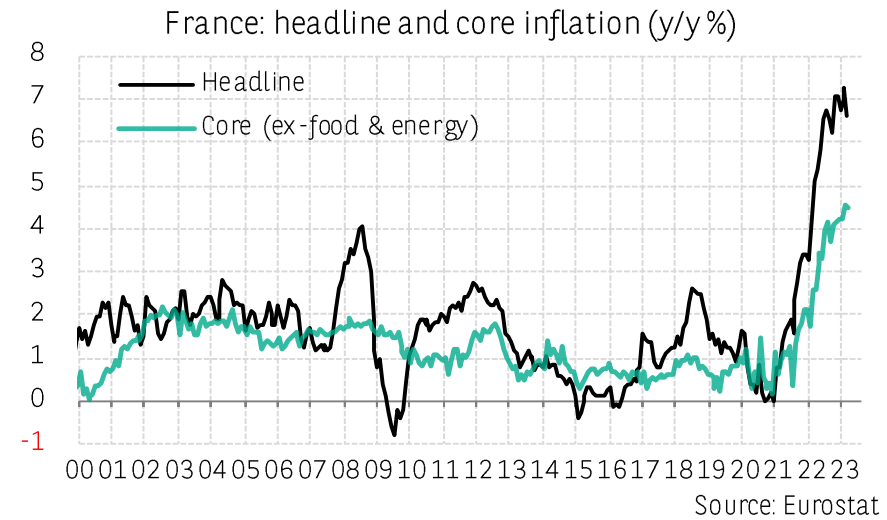
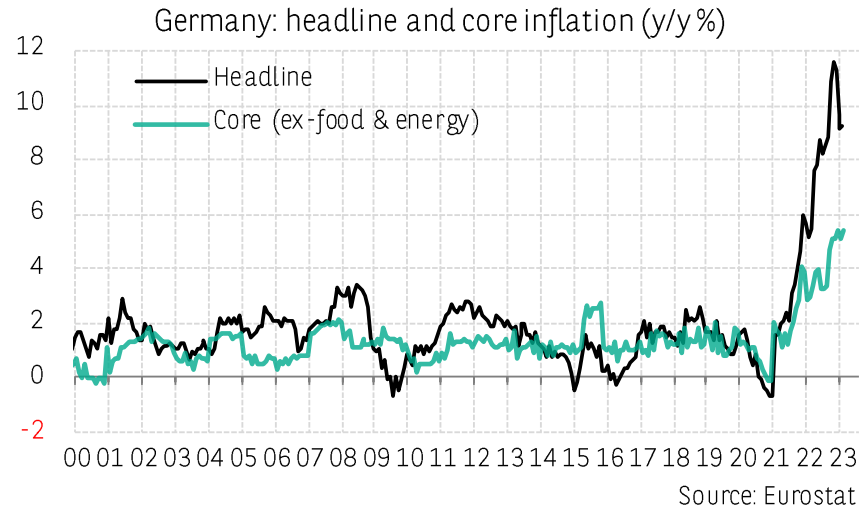
Inflation dynamics in the Eurozone: different metrics and degree of generalization



Inflation dynamics in the Eurozone by country (1)



Inflation dynamics in the Eurozone by country (2)




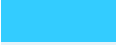
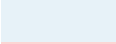


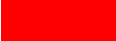
Eurozone inflation heatmap

Difference between the current inflation rate (y/y, %) and the 2010-2019 average

	Weight (%)	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Total	100	4,52	6,09	6,09	6,70	7,29	7,51	7,79	8,57	9,27	8,70	7,84	7,29	7,15
Food and non-alcoholic beverages	17	3,23	4,26	5,99	7,28	8,94	10,04	10,97	12,33	14,02	14,54	14,55	14,83	15,87
Alcoholic beverages, tobacco and narcotics	4	-0,94	-0,82	-0,93	-0,41	0,13	0,37	0,68	0,96	1,10	1,46	2,11	2,47	2,96
Clothing and footwear	5	1,60	1,56	1,43	1,19	0,04	-0,53	1,55	2,70	3,29	2,83	3,14	4,42	4,81
Housing, water, electricity, gas and other fuels	18	11,54	15,42	14,02	14,42	15,05	15,90	17,86	19,31	21,38	18,80	14,43	10,13	8,22
Furnishings, household equipment and routine household maintenance	7	3,28	3,69	4,48	5,35	5,93	6,39	6,81	7,23	7,94	8,08	8,53	8,54	8,32
Health	5	-0,10	0,05	0,12	0,28	0,16	0,28	0,24	0,45	0,80	0,72	0,76	1,51	1,64
Transports	15	8,49	12,74	11,19	12,16	12,58	10,90	8,08	9,10	8,13	6,84	5,08	5,31	3,96
Communications	3	1,32	1,72	1,83	1,39	1,44	0,96	1,03	0,97	0,82	0,73	0,89	1,54	2,09
Recreation and culture	8	2,34	2,40	2,93	2,86	3,64	3,65	4,06	3,89	4,16	4,00	4,76	3,53	4,37
Education	1	-1,76	-1,76	-1,74	-1,78	-1,84	-1,75	-1,64	2,93	3,22	3,26	3,24	3,37	3,51
Restaurants and hotels	8	2,55	3,27	4,04	5,24	6,12	6,45	6,29	6,68	6,60	6,27	6,44	6,33	6,80
Miscellaneous goods and services	10	0,64	0,76	0,97	1,20	1,23	1,58	1,80	1,95	2,39	2,68	2,81	3,65	3,85

Source: Eurostat

Difference with the 2010-2019 average

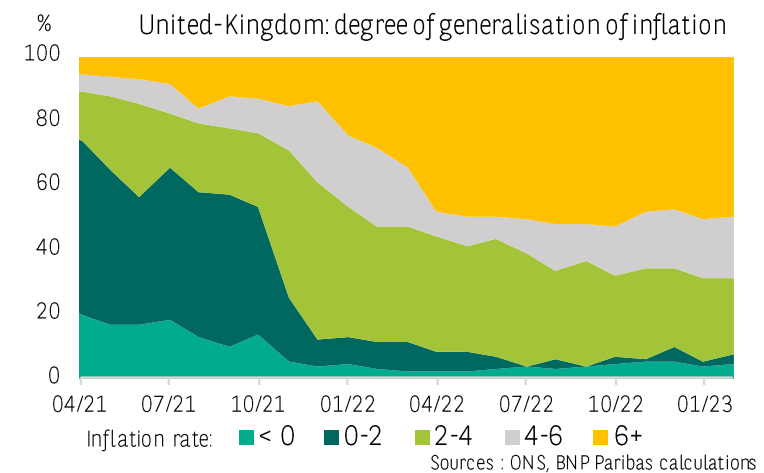
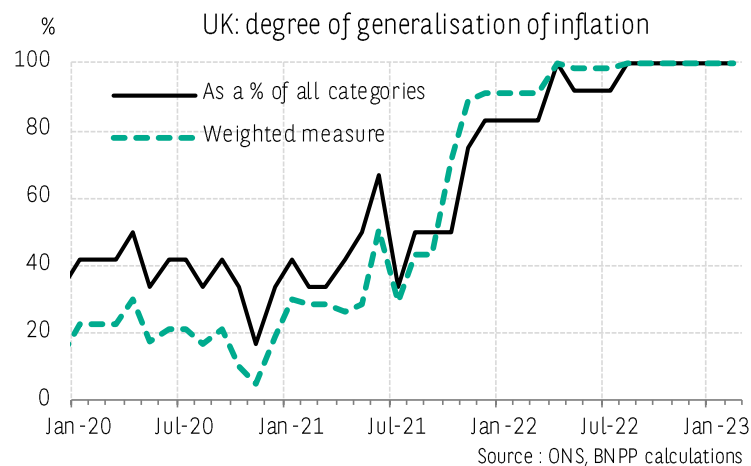
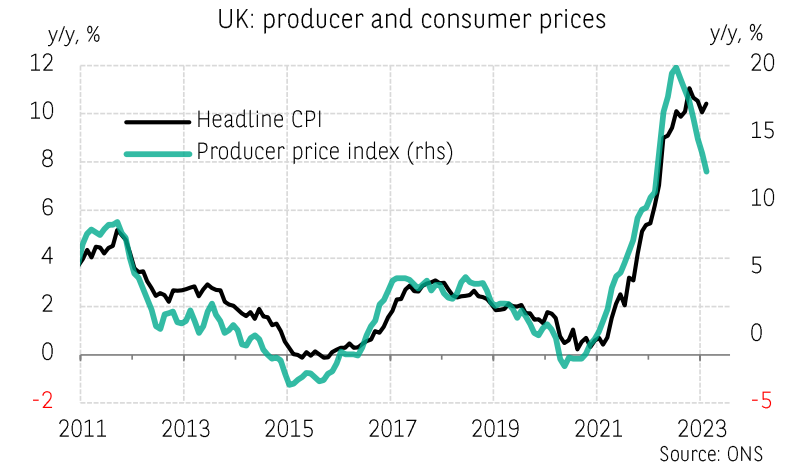
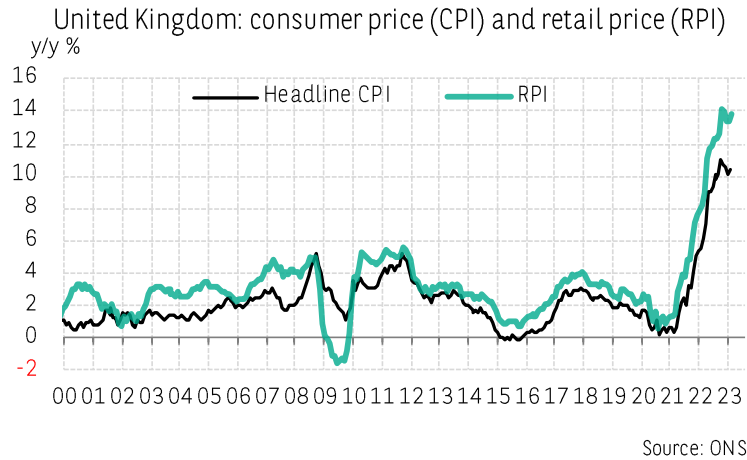
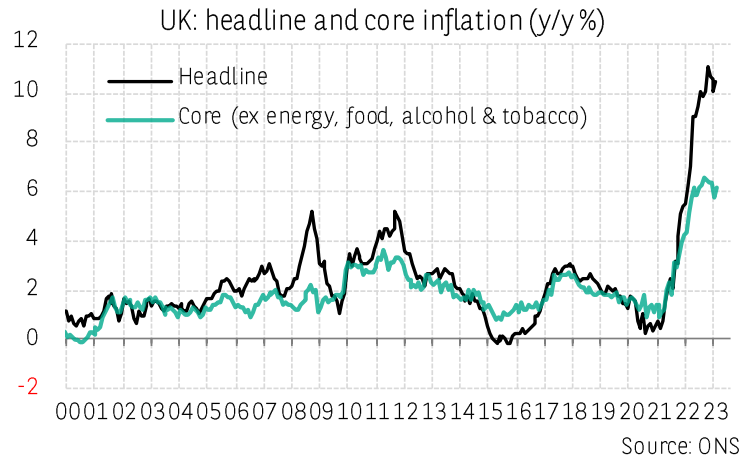
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Inflation dynamics in the United Kingdom: different metrics and degree of generalization





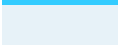



United Kingdom inflation heatmap

Difference between the current inflation rate (y/y, %) and the 2010-2019 average

	Weight (%)	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Total	100	3,95	4,80	6,78	6,86	7,18	7,87	7,64	7,87	8,82	8,44	8,30	7,82	8,19
Food and non-alcoholic beverages	9,3	3,44	4,24	5,04	6,98	8,12	10,96	11,43	12,91	14,60	14,77	15,17	15,04	16,40
Alcoholic beverages, tobacco and narcotics	3,9	-1,15	0,09	-0,34	0,28	-0,08	0,70	0,75	0,81	1,39	-0,63	-1,02	0,39	0,96
Clothing and footwear	4,9	8,23	9,17	7,64	6,32	5,53	6,02	6,97	7,85	7,88	6,88	5,84	5,58	7,43
Housing, water, electricity, gas and other fuels	31,4	4,76	5,25	16,79	16,95	17,13	17,56	17,55	17,79	24,19	24,12	24,11	24,28	24,14
Furnishings, household equipment and routine household maintenance	6,3	7,37	8,56	8,79	9,11	8,60	8,32	8,32	8,96	8,81	8,92	8,08	7,43	6,94
Health	1,8	-0,02	-0,13	-0,36	-0,78	-0,92	-1,21	0,03	0,89	1,62	2,20	2,50	3,70	4,23
Transports	11,1	8,54	10,47	10,55	10,82	11,98	11,84	9,09	7,66	6,01	4,31	3,57	0,21	-0,01
Communications	1,9	-1,71	-2,08	0,01	-0,02	0,14	0,41	-0,04	-0,37	0,44	-0,23	-0,80	-0,41	0,89
Recreation and culture	10,5	3,60	3,87	4,83	3,93	3,75	4,51	4,21	4,16	4,74	4,24	3,79	3,91	2,96
Education	2,6	-2,47	-2,47	-2,47	-2,47	-2,47	-2,47	-2,47	-2,72	-3,82	-3,82	-3,82	-3,82	-3,82
Restaurants and hotels	9,0	2,20	4,06	5,12	4,76	5,70	6,09	5,82	6,85	6,72	7,41	8,51	7,93	9,27
Miscellaneous goods and services	7,3	0,65	0,65	1,65	1,70	1,97	2,78	3,34	3,81	3,87	4,15	4,15	4,62	5,35

Source : ONS

Difference with the 2010-2019 average

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Greater than 7	



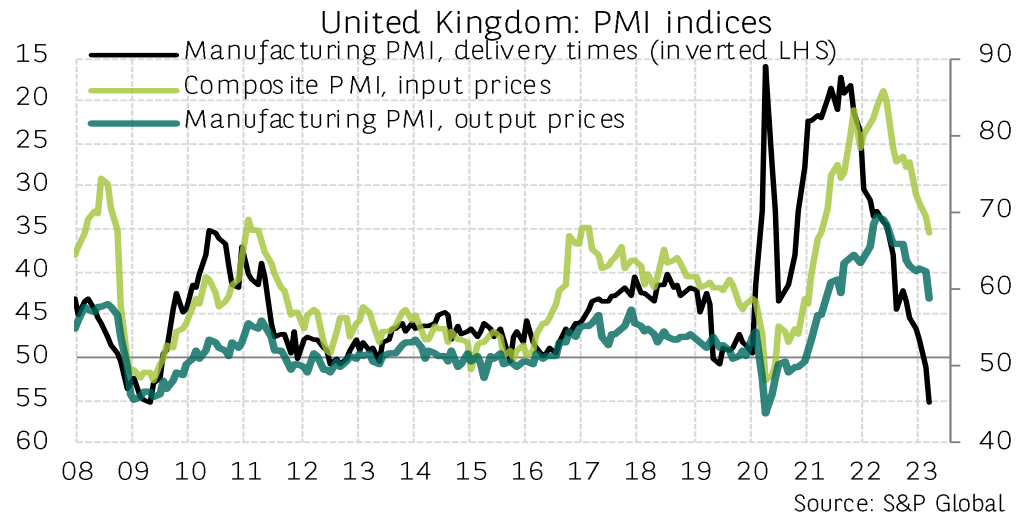
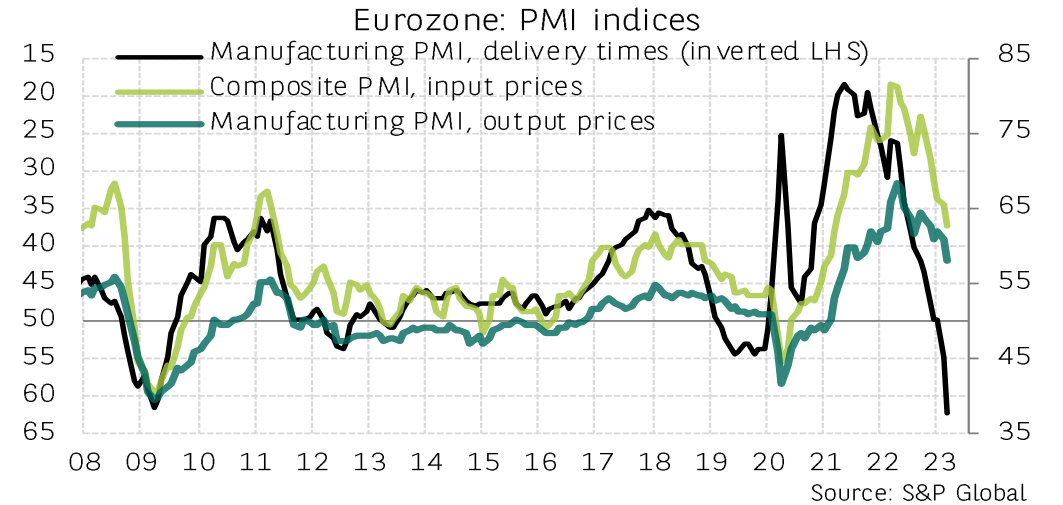
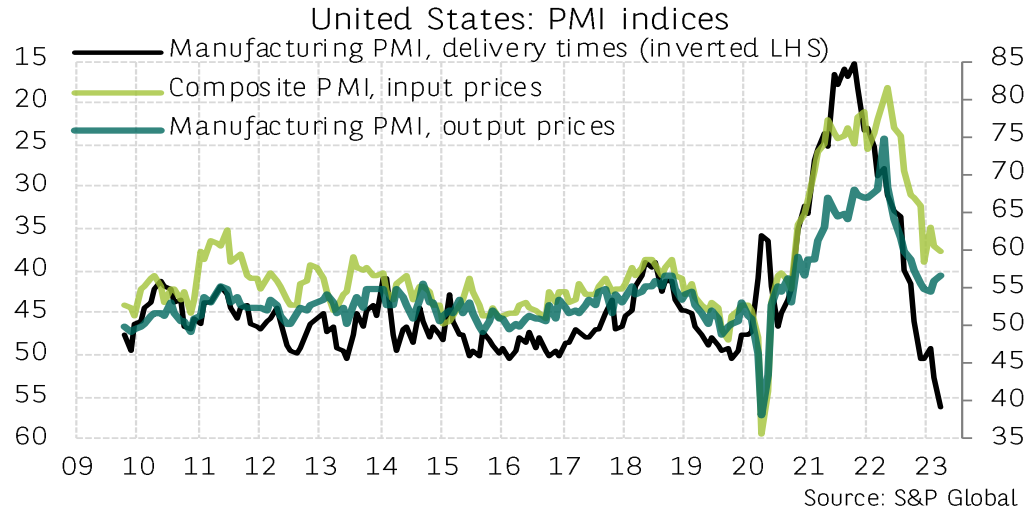
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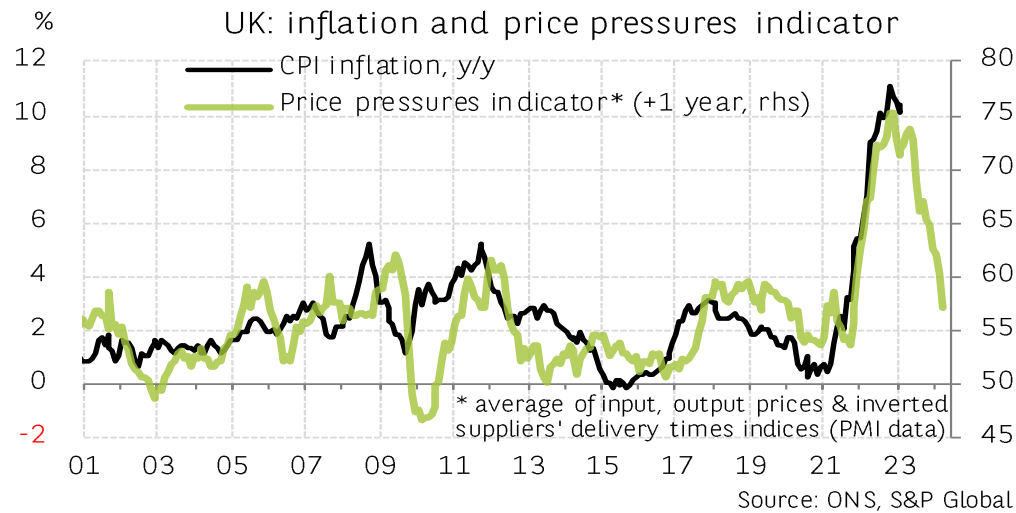
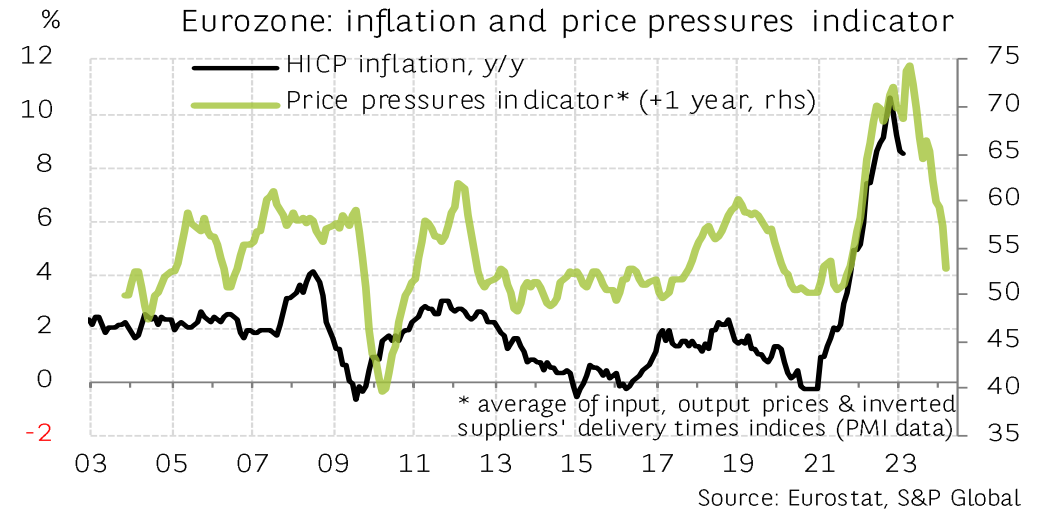
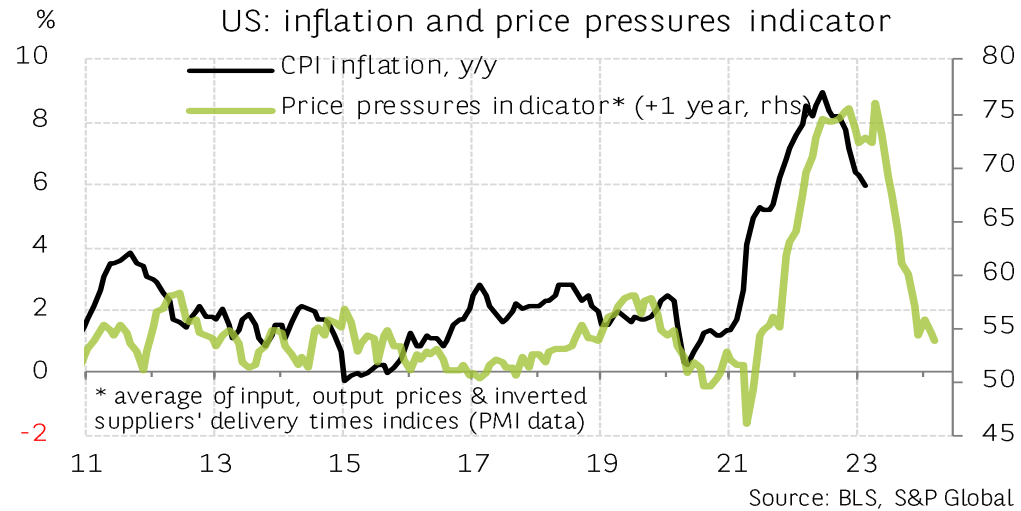
Inflation and survey data



PMI surveys: an indication of inflationary pressures (1)



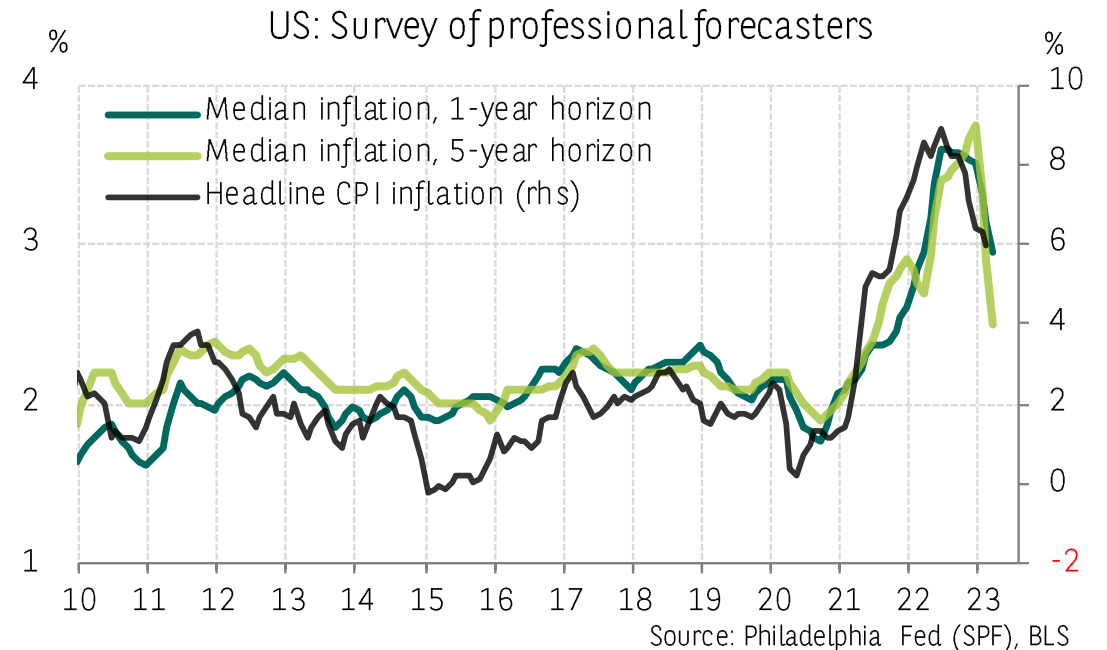
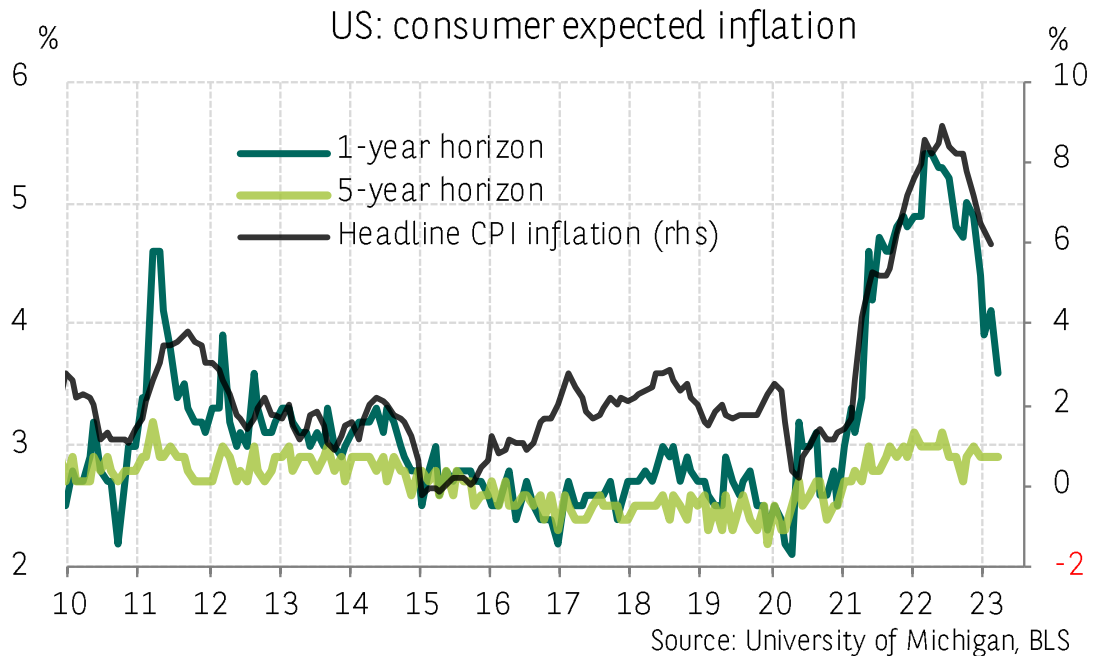
PMI surveys: an indication of inflationary pressures (2)



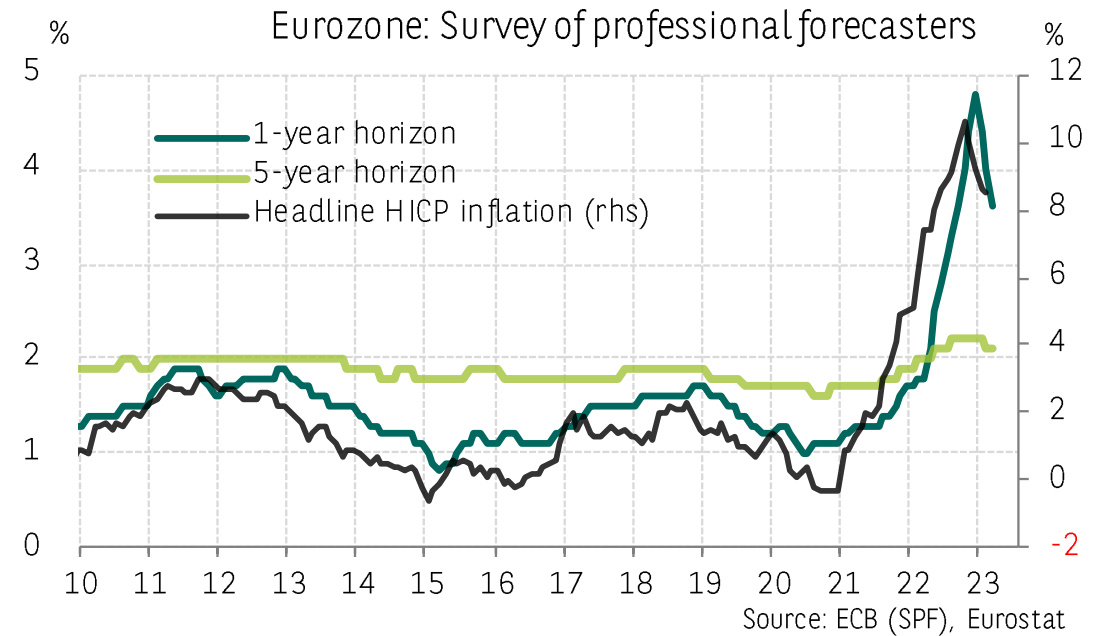
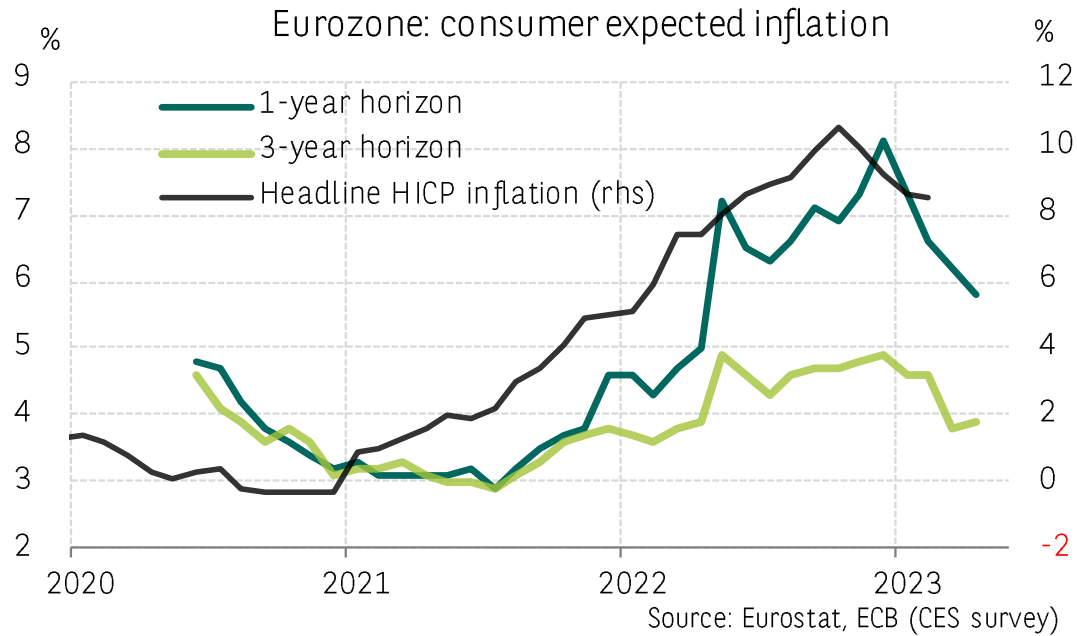
Inflation expectations (households, forecasters, markets)



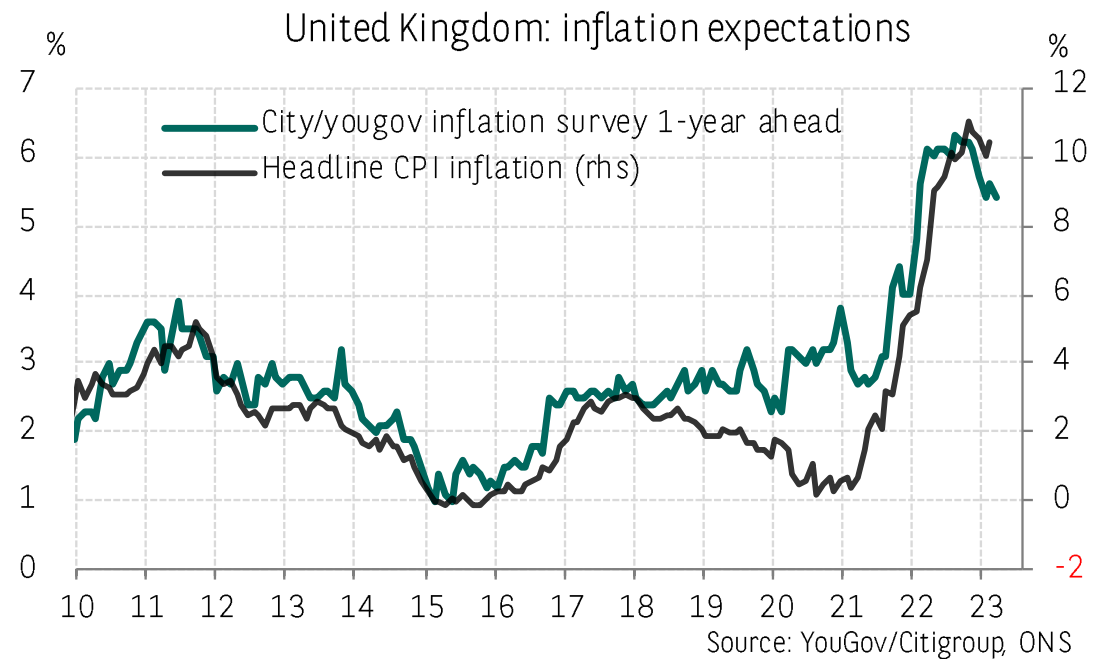
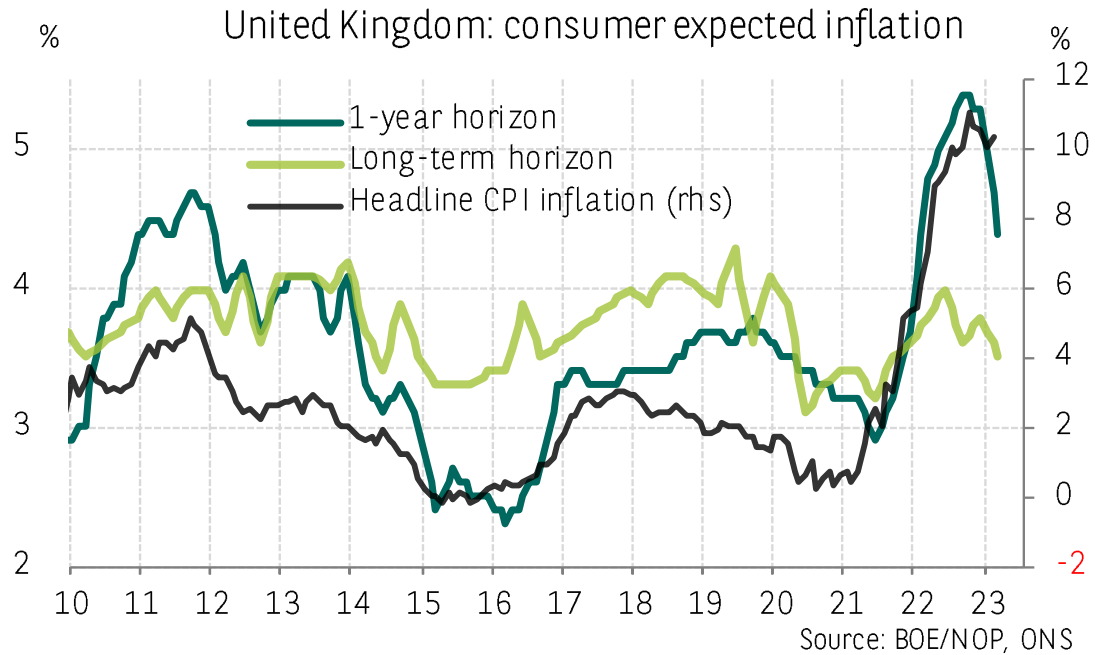
Inflation expectations in the United States



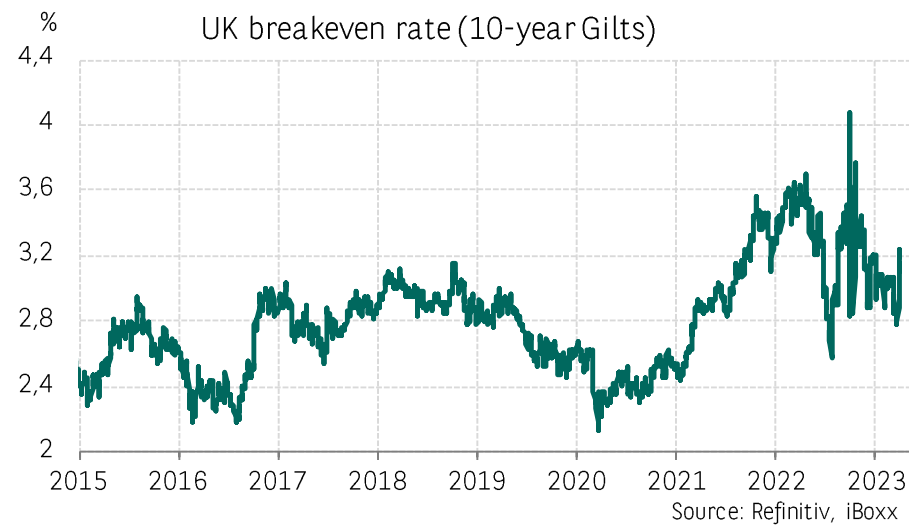
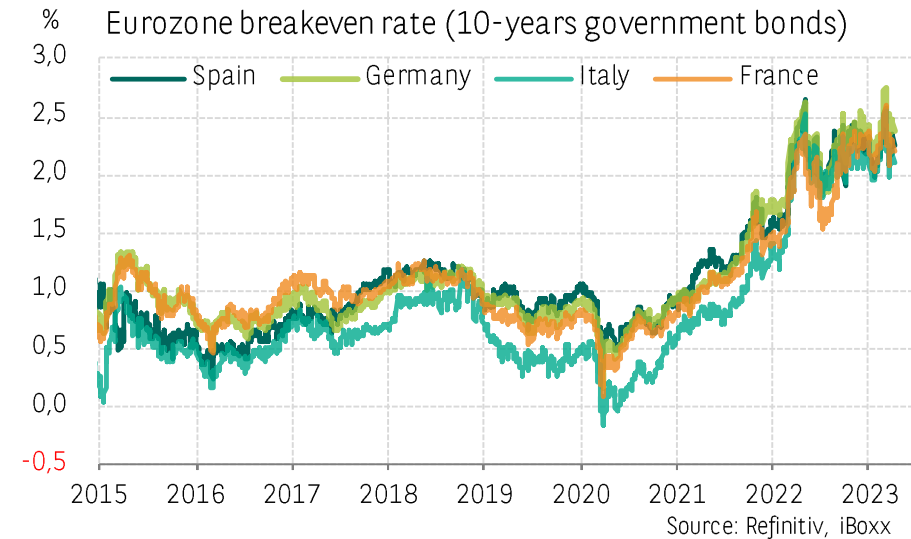
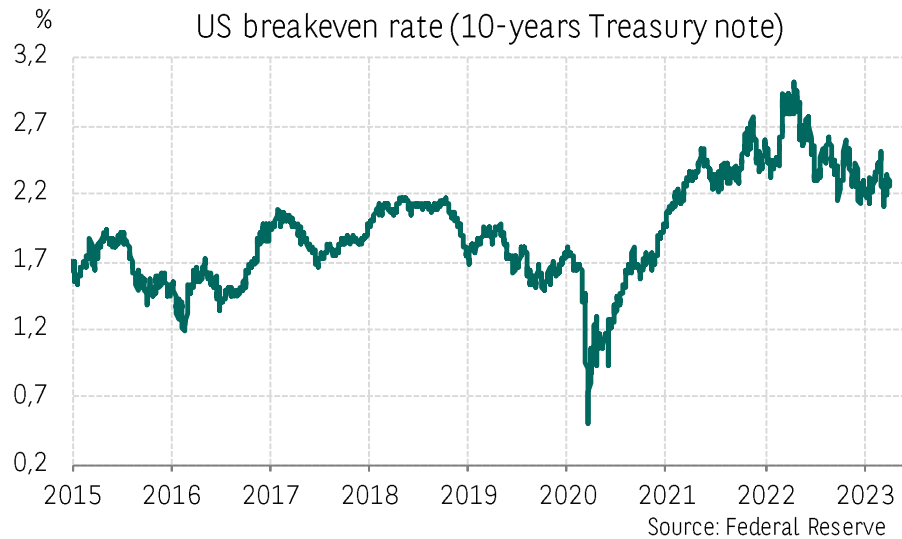
Inflation expectations in the Eurozone



Inflation expectations in the United Kingdom



Market Expectations: Breakeven inflation rate



Raw materials

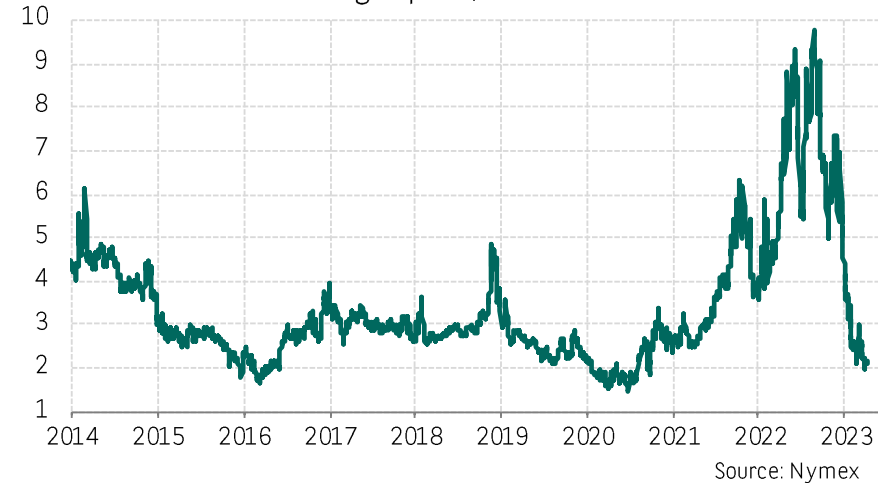


Raw materials

WTI crude oil price, USD/barrel



Natural gas price, USD/million BTU



S&P GSCI industrial metal spot price index



S&P GSCI agriculture spot price index

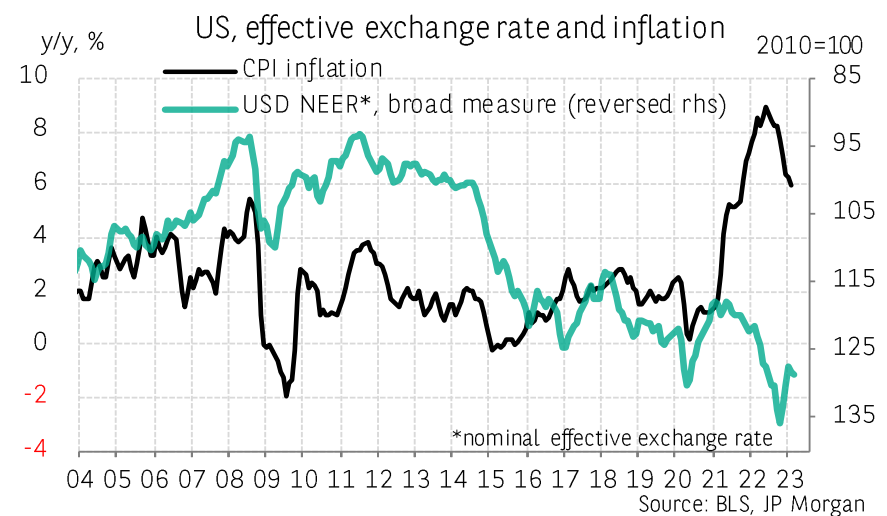
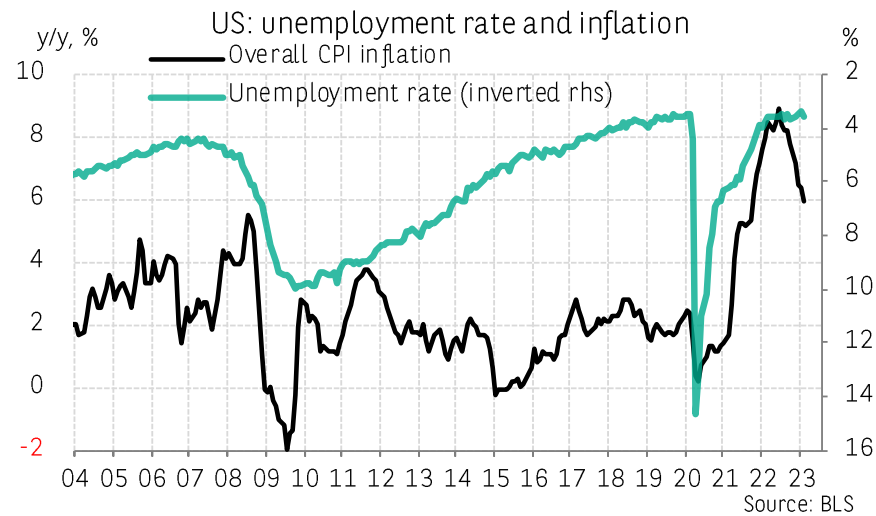
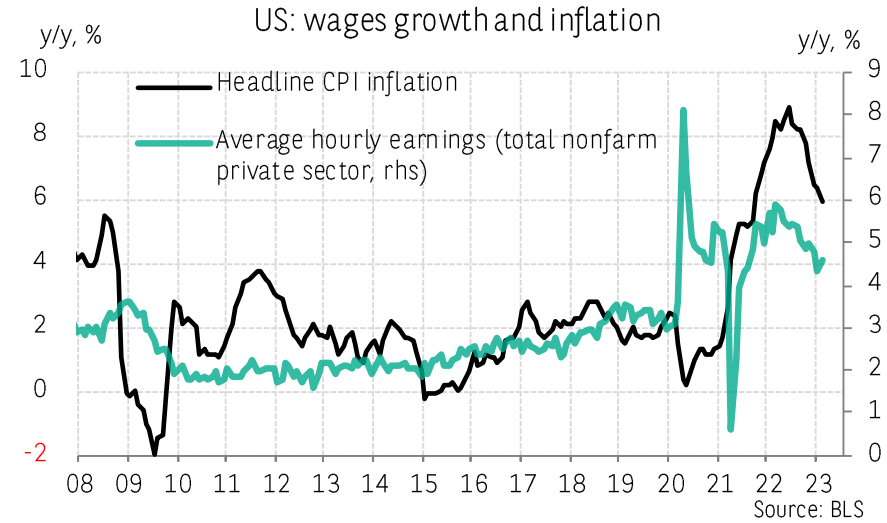
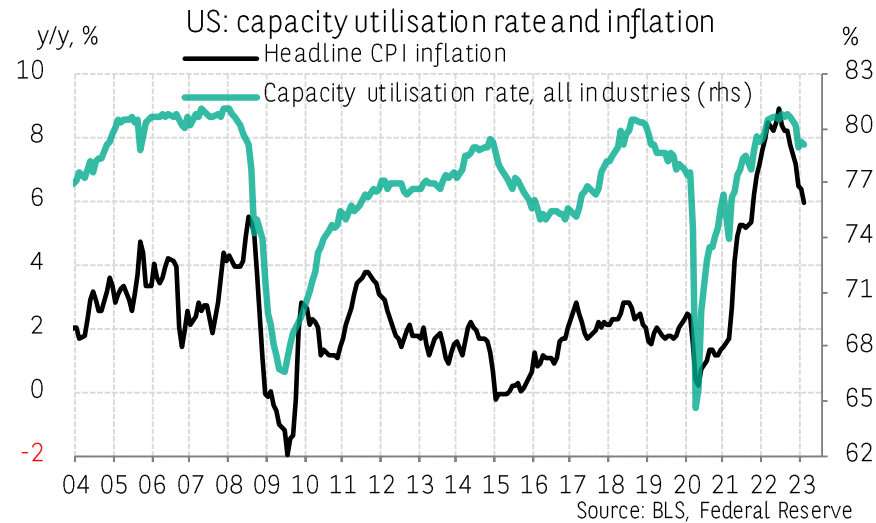


Macroeconomic determinants of inflation

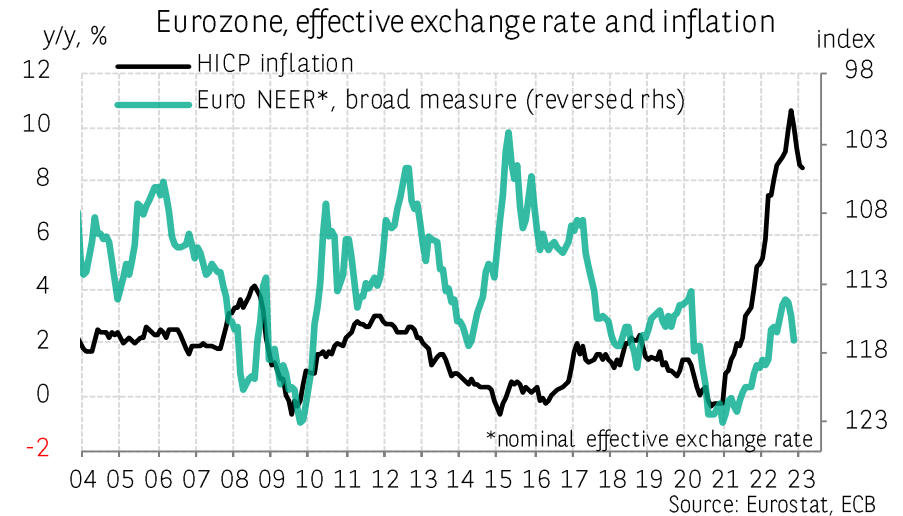
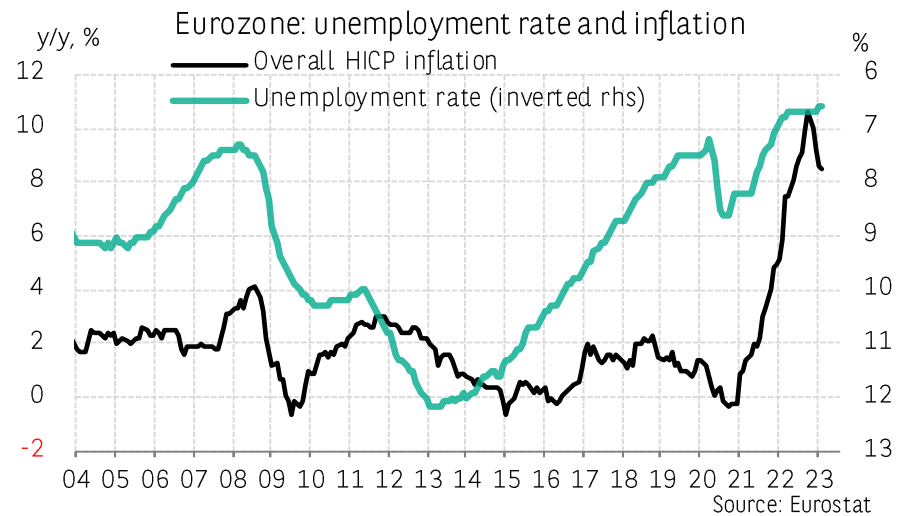
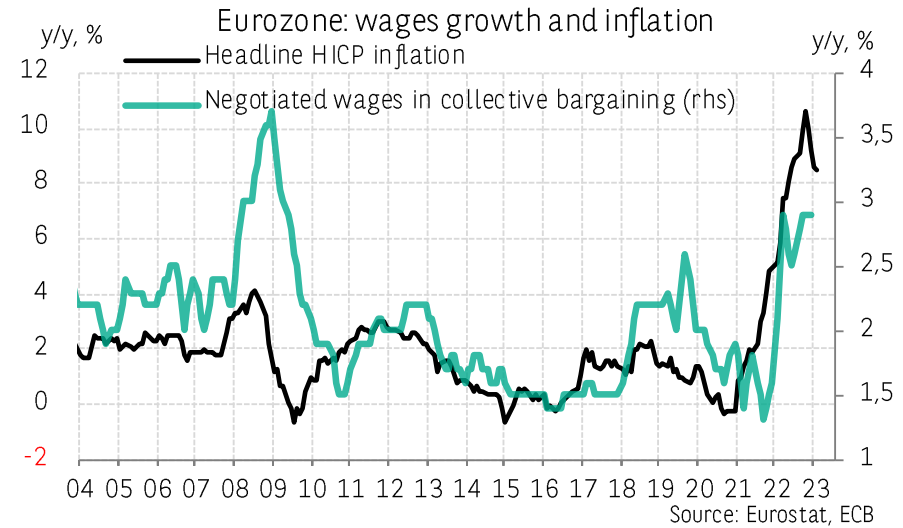
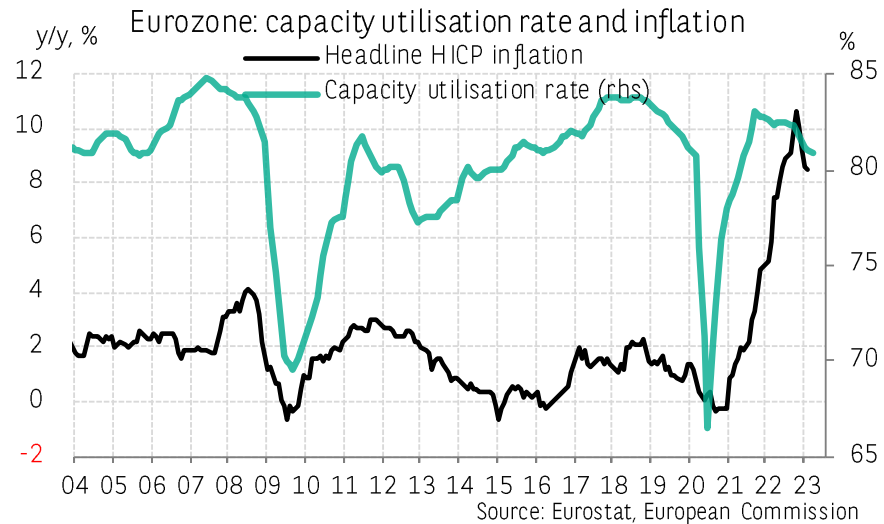
(wages, unemployment rate, capacity utilisation rate, exchange rate)



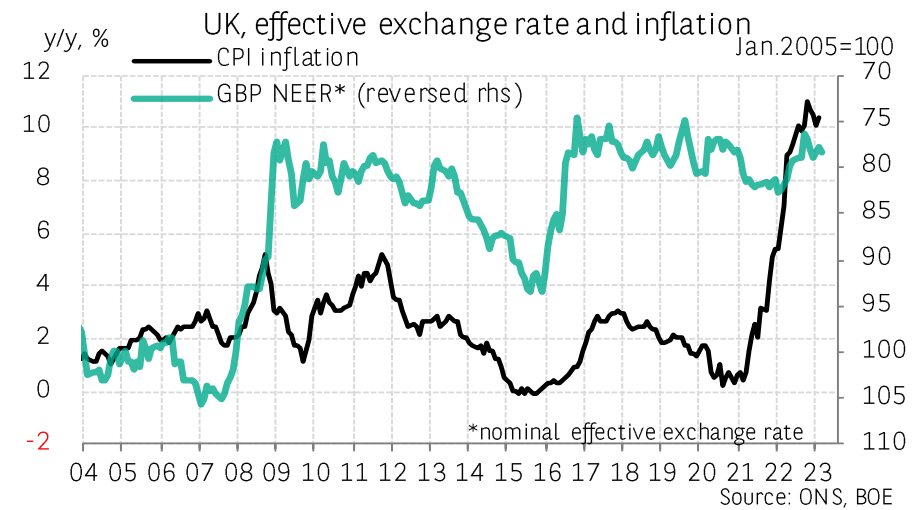
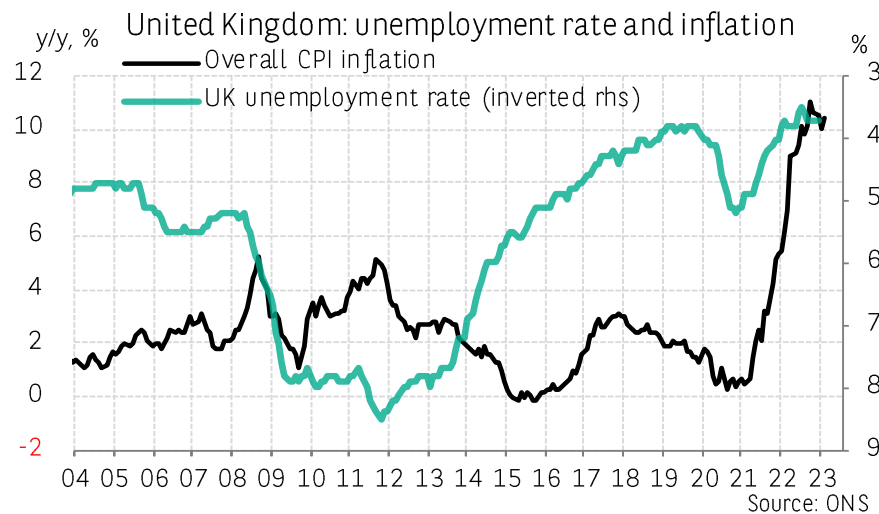
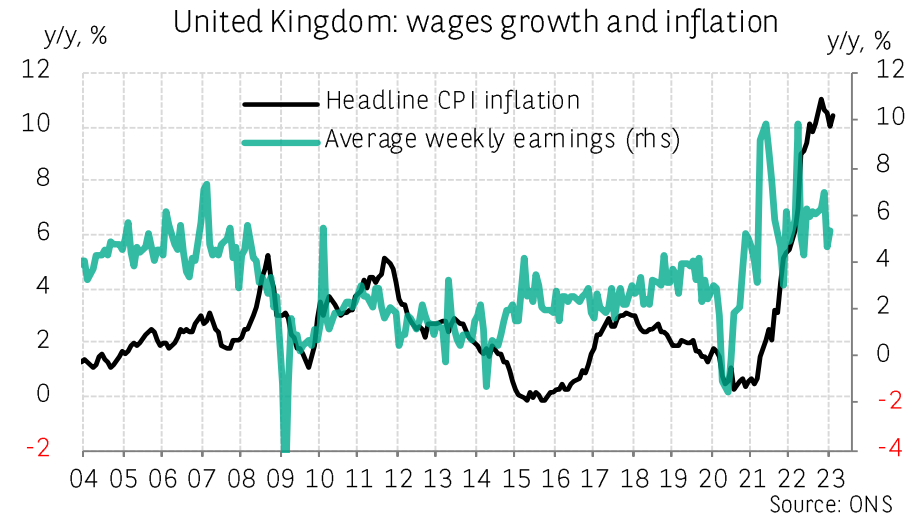
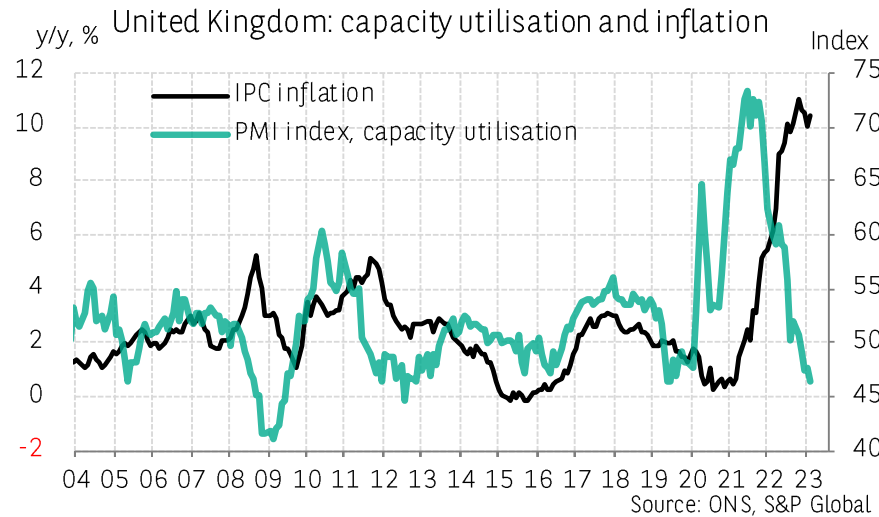
Determinants of inflation in the United States



Determinants of inflation in the Eurozone



Determinants of inflation in the United Kingdom



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