

# Inflation dashboard

September 2023



The Federated Hermes Inflation Dashboard is a snapshot of U.S. inflation. The dashboard's indicators work together to create a more comprehensive picture of inflation's trajectory on a monthly basis rather than relying just on the Federal Reserve's preferred inflation metric, Core Personal Consumption Expenditures.

Will inflation settle to be consistent with long-term averages, or the low-inflation environment seen from 2000-2019?

Inflation measure	Start date for analysis	Most recent data point	Entire History			Since 2000			Current			Federated Hermes 2023 forecast
			25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile	Implied Fed target	Current (YOY%)	Proj. 2023 Y/E at 3 mo. avg rate	
<b>Personal Consumption Expenditures (PCE)</b>												
<ul style="list-style-type: none"> <li>Based on surveys of what businesses are selling</li> <li>Measures consumer spending for a period of time</li> </ul>												
<b>Headline PCE:</b> Includes food and energy sectors, which can more accurately represent real expenses	1/1959	7/2023	1.63%	2.55%	4.28%	1.42%	2.00%	2.68%	2.23%	3.28%	2.74%	-
<b>Core PCE:</b> Does not include food and energy sectors, which can be very volatile	1/1959	7/2023	1.64%	2.27%	4.43%	1.54%	1.77%	2.09%	2.00%	4.24%	3.49%	3.60%
<b>Trimmed PCE:</b> Removes a certain fraction of the most extreme observations, then takes a weighted average of the remaining observations	2/1977	7/2023	1.88%	2.36%	3.70%	1.74%	2.00%	2.39%	2.24%	4.10%	3.40%	-
<b>Consumer Price Index (CPI)</b>												
<ul style="list-style-type: none"> <li>Based on a survey of what households are buying</li> <li>Measures the average change in prices over time</li> </ul>												
<b>Headline CPI:</b> Includes food and energy sectors, which can more accurately represent real expenses	1/1959	8/2023	1.76%	3.00%	4.71%	1.52%	2.20%	3.39%	2.44%	3.67%	4.76%	-
<b>Core CPI:</b> Does not include food and energy sectors, which can be very volatile	1/1959	8/2023	1.98%	2.79%	4.79%	1.73%	2.13%	2.42%	2.36%	4.35%	4.23%	3.90%
<b>CPI Services:</b> Includes intangible items	1/1959	8/2023	2.73%	3.51%	5.54%	2.45%	2.88%	3.30%	3.12%	5.90%	5.09%	-
<b>CPI Goods:</b> Includes tangible items	1/1959	8/2023	0.28%	1.57%	3.97%	-0.50%	0.07%	0.81%	0.30%	0.23%	1.89%	-
<b>Sticky CPI:</b> Includes items on which prices change relatively slowly	1/1967	8/2023	2.49%	3.25%	5.23%	2.13%	2.43%	2.84%	2.66%	5.29%	4.30%	-
<b>Flexible CPI:</b> Includes items on which prices change relatively frequently	1/1967	8/2023	1.43%	3.29%	5.99%	0.09%	2.31%	5.66%	2.55%	0.39%	2.94%	-
<b>Atlanta Fed Wage Growth (overall):</b> Gross figures that reflect changes in basic hourly and incentive wage rates	1/1983	8/2023	3.40%	4.00%	5.10%	3.00%	3.50%	4.10%	3.73%	5.30%	-	-
<b>5-year Breakeven Inflation Rate:</b> A gauge of expected inflation within the U.S. over the next five years	1/2002	8/2023	1.58%	1.93%	2.33%	1.58%	1.93%	2.33%	2.17%	2.17%	-	-

Sources: Bloomberg and Federated Hermes. As of 9/19/23.

Since 1/1/00: **Green:** Below 50th percentile **Yellow:** Between 50-75th percentile **Red:** Above 75th percentile

**Investing involves risk including possible loss of principal.**

**Past performance is not indicative of future results.**

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