

Making Sense

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April's Consumer Price Index:

Consumer Inflation Remains Sticky, but is Still Falling

In Brief:

Takeaways from April's consumer price index:

- Headline inflation (year-over-year) was 4.9% (down from 5.0% in March)
- Core inflation (excludes food and energy) was 5.5% year-over-year down from 5.6% last month

What does it mean for you?

- Consumer inflation continues to moderately improve, though still historically high
- Market volatility will most likely continue as both the path of inflation and monetary policy remain uncertain

What to watch:

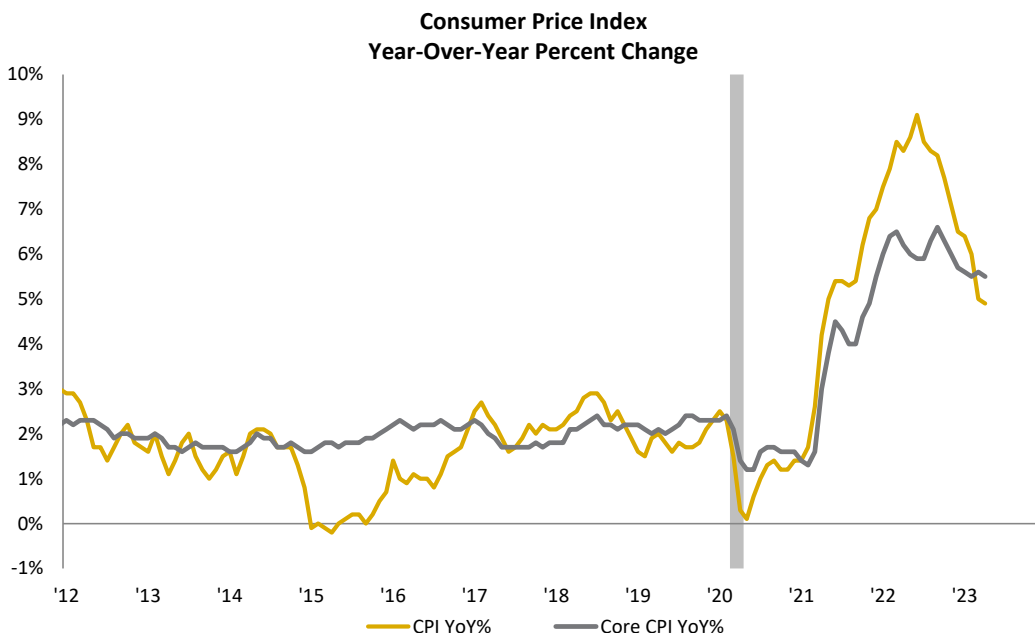
- Watch the next rate decision on June 14th along with the Fed's updated economic projections
- The Fed will continue monitoring monthly employment data for signs of loosening
- First Citizens Wealth Management will provide an in depth look at markets & the economy on the next [Making Sense webinar on May 24th](#).

April's consumer price index rose 4.9% year-over-year, just below the 5.0% pace in March. Core CPI, which excludes food and energy prices, moderated slightly to 5.5%. This is the second consecutive month in which core annual inflation has exceeded the headline number. The month-over-month increase in both headline and core inflation was 0.4%, in-line with expectations. As Figure 1 shows, inflation remains elevated but, importantly, continues to improve. Since peaking at 9.1% last June, **the year-on-year rate of overall consumer inflation has now fallen for ten consecutive months.**

In the details of the report, new vehicle prices and airfares fell month-over-month, while used car prices and the price of gasoline increased. The important owner's equivalent rent measure rose 0.5% from March and was 8.1% higher than a year ago. Other measure of rents, such as the Zillow rent index would indicate that owner's equivalent rent should begin to moderate in coming months.

Ultimately, inflation remains far too elevated by any historical standard but continues to improve on the margin. **Our view remains the Fed now has bandwidth to pause rate hikes and let tighter monetary policy feed into the economy.**

Figure 1: Inflation Moderated Slightly in April



Source: BLS, Strategas Research

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