

13<sup>th</sup> July 2022

## US inflation at 9.1%yy for June-22

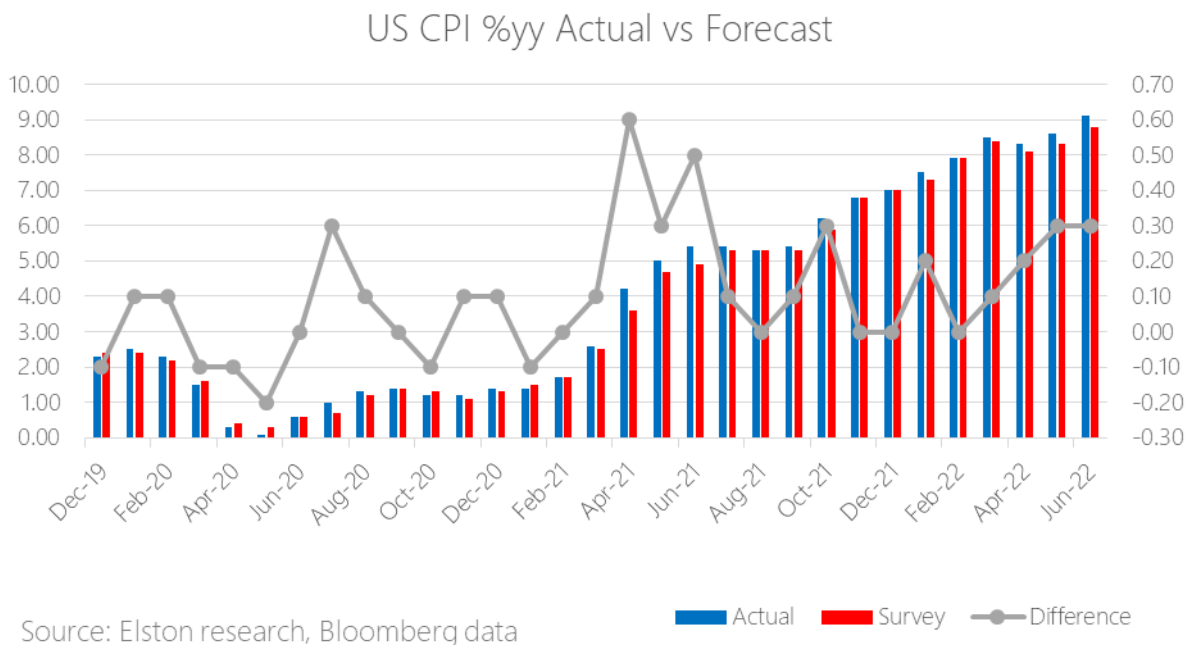
- This is higher than the survey estimate...
- ... and an increase from 8.6%yy last month
- Represents the highest level in 40 years

### Latest US inflation figure

The latest US inflation came in at 9.1%yy for June 2022, higher than survey estimate. This is up from 8.6%yy last month and is topping expectations.

Gasoline prices jumped by 11.2% compared to May 2022. Higher prices of food and shelter also contributed to the highest US inflation rate in 40 years. Inflation pressure is broadening as energy and groceries prices surge.

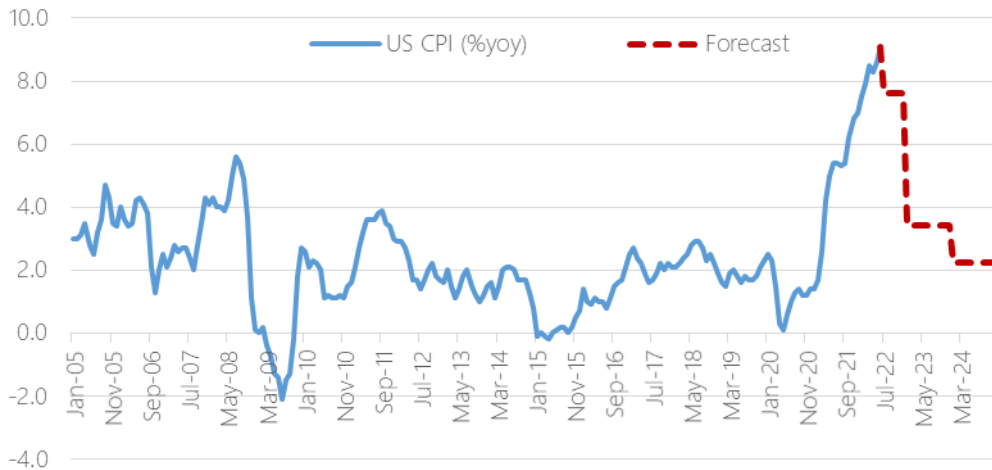
In the chart below we show how US inflation has consistently surprised on the upside.



Source: Elston research, Bloomberg data, as at report date

### Long-term picture

Inflation rates keep running higher whilst economists still see the rates to decline to the trend levels in the next few years. We see this as over-optimistic and prefer to focus on market-implied break-even inflation rates.

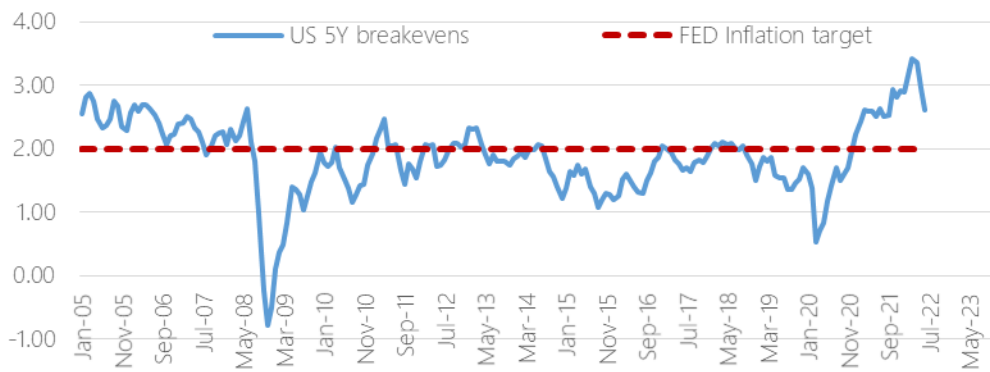


Source: Elston Research, Bloomberg data

Source: Elston research, Bloomberg data, as at report date

### Where are breakeven rates

US 5-year breakeven rate are at 2.62%, vs 2.96% last month, representing a slight moderation.



Source: Elston Research, Bloomberg data

Source: Elston research, Bloomberg data, as at report date

Research Team, Elston Consulting



## Find out more

For more insights and information on research, portfolios and indices, visit:

[www.elstonsolutions.co.uk](http://www.elstonsolutions.co.uk) or NH ETF<Go>

[www.elstonsolutions.co.uk](http://www.elstonsolutions.co.uk)

## ABOUT ELSTON

We research, design and build investment solutions with and for asset owners, managers and advisers.

Our Research & CPD focuses on multi-asset strategies, index funds and ETFs.

## NOTICES

With reference to the European Union Directive 2014/65/EU on markets in financial instruments ("MiFID II"): this Report does not provide a recommendation for an action, provides information freely available for public consumption and does not therefore constitute "Research" as defined by MiFID II. This is because this report contains purely factual information on one or several financial instruments or issuers and does not explicitly or implicitly recommend or suggest an investment strategy. It does not therefore constitute an investment recommendation as defined within the meaning of Article 3(1)(35) of EU Markets Abuse Regulation ("MAR"), in conjunction with Article 3(1)(34) of MAR. For further information, please refer to ESMA guidance ESMA70-145-111 Version 12.

With reference to the European Union's Market Abuse Regulation (Regulation (EU) 596/2014): we warrant that the information in this report is presented objectively, and the following commercial interests are hereby disclosed: Elston Consulting Limited creates research portfolios and administers indices that may or may not be referenced in this report. If referenced, this is clearly designated and is to raise awareness and provide purely factual information as regards these portfolios and/or indices.

An "Index" is a Regulated Benchmark. An "Index Portfolio" is not a regulated benchmark but a research portfolio of index-tracking investments with a periodic rebalancing scheme.

All company, product and service names and trademarks used in this article are for identification purposes only and are the property of their respective owners, and their usage does not imply endorsement.

This document is not an advertisement or financial promotion. It is provided for informational purposes only and is not intended to be an offer or solicitation, or the basis for any contract to purchase or sell any security or other instrument, or for Elston Consulting Limited to enter into or arrange any type of transaction as a consequence of any information contained herein.

This document is issued by Elston Consulting Limited registered in England & Wales, registration number 07125478, registered office: 1 King William Street, London EC4N 7AF.

© Elston Consulting Limited. All rights reserved No unauthorised reproduction.