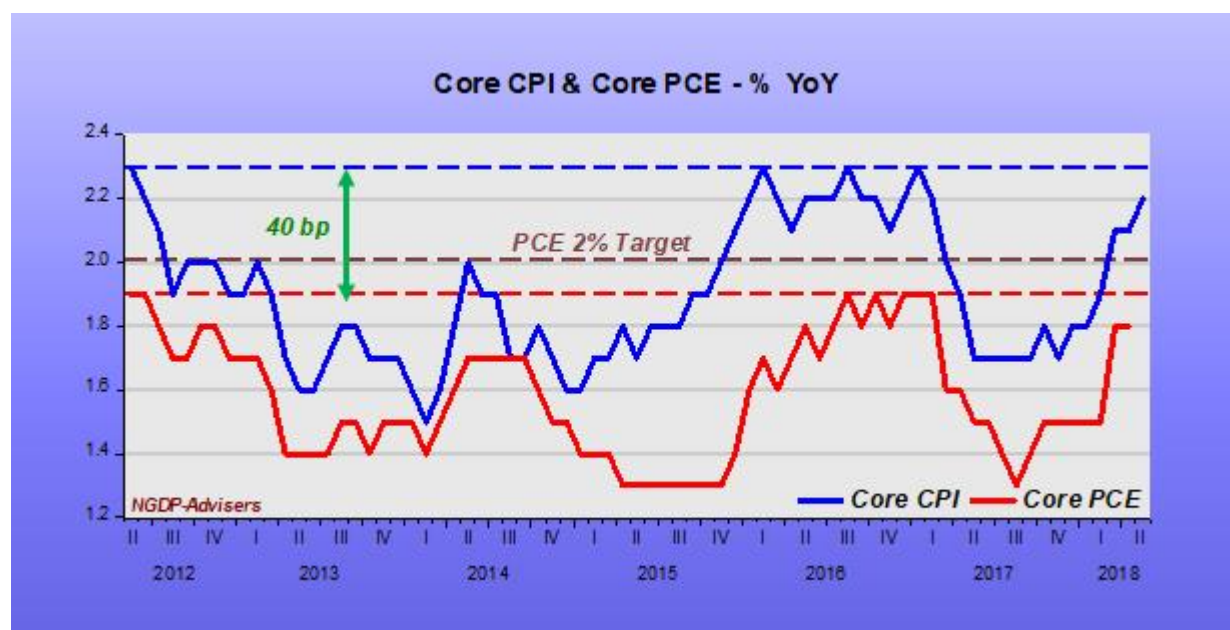


## CPI Report: No surprises

It came exactly as expected, with core CPI clocking 2.2%, so no significant asset price moves.

The chart below compares core CPI and core PCE. These inflation gauges have been well behaved over the past several years. Note there is a 40 basis point gap between the CPI and PCE, implying that the May 2018 core PCE will remain below the 2% target.



In fact, two or three years ago, inflation, by any gauge, was more 'calamitous' than now. Why, then, is the Fed so concerned about 'overheating'? Maybe because it feels [below 4% unemployment is harmful!](#)