

- The overall CPI rose 0.2% month-on-month in September, unchanged from July and August. The non-seasonally adjusted year ago increase fell to 2.4%, the slowest pace since February 2021.
- Food and shelter prices rose 0.4% and 0.2% respectively and were responsible for over 75% of the overall increase.
- Energy prices declined 1.9% after falling 0.8% in August and limited the overall increase.
- Core CPI – which excludes volatile food and energy prices – increased 0.3% last month, on par with August. Core CPI is up 3.3% from a year ago, a slight uptick from 3.2% in August.
- Consumer inflation is expected to moderate over the near term against a backdrop of slower economic growth and a cooling labor market.

The consumer price index (CPI) rose 0.2% month-on-month in September, on par with the increases in July and August and slightly above PNC's forecast of 0.1%. The upturn was primarily driven by increases of 0.4% in food prices, with food at home up 0.4% and food away from home up a more modest 0.3%, and a 0.2% increase in shelter prices. Together, these items were responsible for more than 75% of the overall increase. Transportation services, medical care services, used cars and trucks and new vehicle prices rose 1.4%, 0.7%, 0.3% and 0.2% respectively and contributed to the all-items increase. Energy prices declined 1.9% following a 0.8% decrease in August and limited the overall increase. Despite the larger-than-expected monthly increase, the non-seasonally adjusted year ago growth rate fell to 2.4%, the smallest annual increase since February 2021; this was down from 2.5% in August and a peak of more than 9% in mid-2022.

Core CPI – which excludes the volatile food and energy components and is more closely monitored by the Federal Reserve—rose 0.3%, unchanged from August. Shelter, motor vehicle insurance, medical care, apparel, and airline fares increased in September, while recreation and communication were among those that declined. Core CPI is 3.3% higher than a year ago, a slight uptick from 3.2% in August. Shelter prices are up 4.9% year-on-year and contributed over 65% of the annual increase in the core CPI. Other items with sizable increases over the last 12 months include motor vehicle insurance (16.3%), medical care (3.3%), personal care (2.5%) and apparel (1.8%).

While the path to the Fed's 2% target (using a different inflation metric, the personal consumption expenditures price index) won't be in a straight line, PNC expects inflation to moderate in the near term amid slower economic growth, a cooling labor market, and slower growth in shelter costs. That said, the jobless rate is projected to peak at 4.4% next year, still low by historical standards. Nonetheless, PNC expects two 25 basis point rate cuts at the two remaining meetings in November and December, and four more identical cuts next year, putting the Fed funds rate in the range of 3.25%-3.50% by mid-2025.

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Action Economics Survey	Range	Median	Last Actual	PNC's Comment
Fed Funds Rate Target Range Mid-Point (after the FOMC meeting on 11/7/24)	4.63-4.88%	4.63%	5.38%	We expect 25 bps rate cuts at both the November and December FOMC meetings, followed by four more 25 bps rate cuts in the first half of 2025.
Sept Export Price Index (10/16, Wednesday)	-1.0 to -0.2%	-0.6%	-0.7% (Aug)	Down 0.7%.
Sept Import Price Index (10/16, Wednesday)	-0.8 to 0.3%	-0.3%	-0.3% (Aug)	Down 0.3%.
Sept Retail Sales (10/17, Thursday)	0.1-0.7%	0.3%	0.1% (Aug)	Up 0.5%, partly reflecting a rebound in new vehicle sales.
Sept Retail Sales (ex-auto) (10/17, Thursday)	0.0-0.5%	0.2%	0.1% (Aug)	Up 0.3%. Control sales (excluding vehicle, building materials, gasoline and restaurant sales) rose 0.3%.
Initial Claims, Week of 10/12/24 (10/17, Thursday)	239-300K	245K	258K (10/5/24)	Up to 275K with both Hurricanes Helene and Milton temporarily causing layoffs until rebuilding can begin.
Sept Industrial Production (10/17, Thursday)	-0.3 to 0.1%	-0.1%	0.8% (Aug)	Down 0.2%. Manufacturing production also fell 0.2% as new vehicles assemblies fell slightly.
Sept Capacity Utilization (10/17, Thursday)	77.6-78.0%	77.8%	78.0% (Aug)	Down to 77.7%.
Aug Business Inventories (10/17, Thursday)	0.1-0.5%	0.3%	0.4% (July)	Up 0.3%. Business sales rose 0.4%.
Sept Housing Starts (10/18, Friday)	1.290-1.380M	1.349M	1.356M (Aug)	Down to 1.35 million.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
Sept Leading Indicators (10/21, Monday)	-0.3 to 0.2%	-0.3%	-0.2% (Aug)	Down 0.3% for the misleading economic index.
Sept Existing Home Sales (10/23, Wednesday)	3.700-3.930M	3.853M	3.860M (Aug)	Up slightly to 3.90 million.
Sept New Home Sales (10/24, Thursday)	0.700-0.725M	0.716M	0.716M (Aug)	Up to 0.725 million. Lower mortgage rates in September boosted sales of new homes.
Sept Durable Goods Orders (10/25, Friday)	-3.3 to 1.0%	-1.3%	0.0% (Aug)	Up 1.0%.
Oct U. Mich. Consumer Sentiment (final) (10/25, Friday)	68.9-71.0	70.1	68.9 Final	Up to 70.

Monthly Calendar of Economic Data: October 2024

Oct 16

Sept Import Price Index

Oct 17

Retail Sales		
	Total	Ex-Autos
July	1.1	0.4
Aug	0.1	0.1
Sept		

Unemployment Claims (000)				
June	July	Aug	Sept	Oct
229	223	234	231	258
243	245	228	222	
239	235	233	219	
234	250	232	225	
239		228		

	Industrial Prod	Cap Util
July	-0.9	77.4
Aug	0.8	78.0
Sept		

Mfg and Trade		
	Inv	Sales
June	0.3	0.0
July	0.4	1.1
Aug		

Oct 18

Housing (000)		
	Starts	Permits
July	1.237	1.406
Aug	1.356	1.470
Sept		

Oct 21

Leading Indicators	
July	-0.6
Aug	-0.2
Sept	

Oct 23

Existing Home Sales (000)	
July	3.960
Aug	3.860
Sept	

Oct 24

New Home Sales (000)	
July	739
Aug	716
Sept	

Oct 25

Durable Goods		
	Total	Ex-Transp.
July	9.9	-0.1
Aug	0.0	0.5
Sept		

Oct U. of Mich. Consumer Sentiment (final)

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