

10<sup>th</sup> June 2022

## US inflation at 8.6%yy for May-22

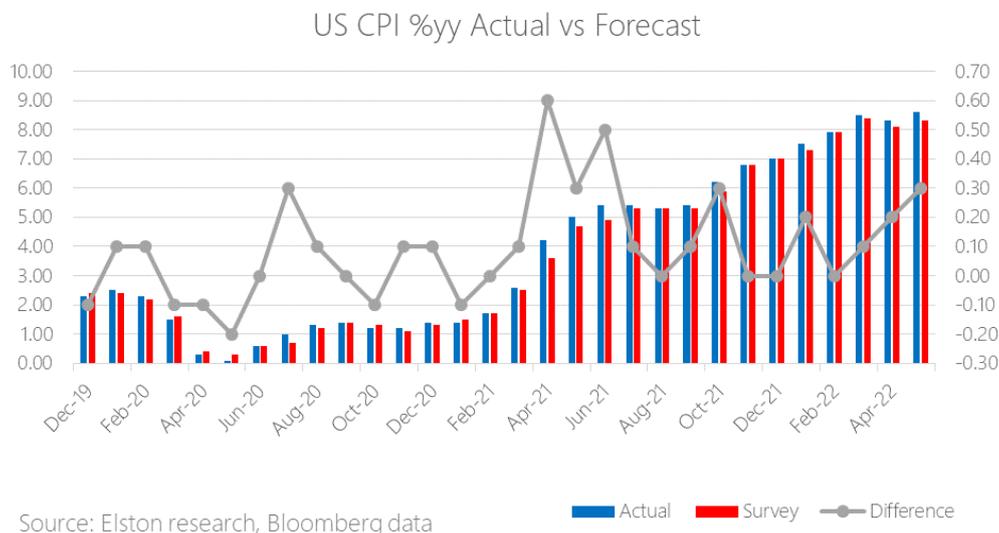
- This is higher than the survey estimate...
- ... and an increase from 8.3%yy last month
- Represents the highest level in 40 years

### Latest US inflation figure

The latest US inflation came in at 8.3%yy for May 2022, higher than survey estimate. This is up from 8.3%yy last month, and is topping expectations.

Gasoline prices jumped by 49% compared to May 2021. 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.

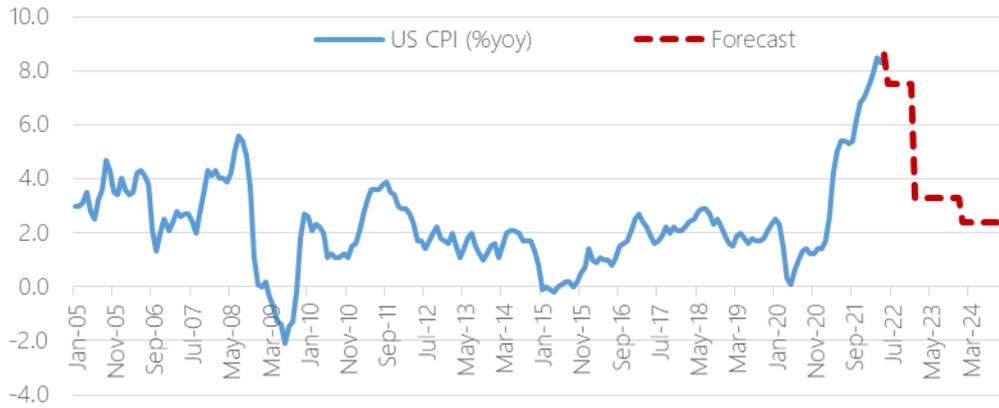
In the chart below we show how US inflation has consistently surprised on the upside.



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

### Long-term picture

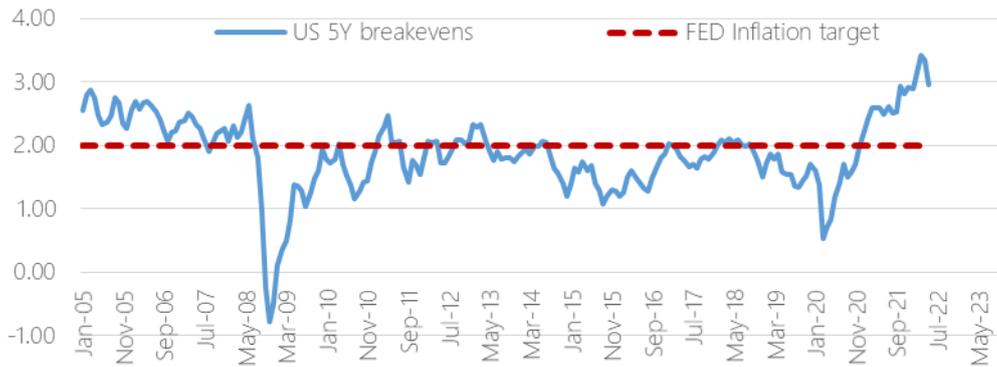
Inflation rates keep running higher whilst economists still see the rates to decline to the trend levels in the next few years. We see this as over-optimistic and prefer to focus on market-implied break-even inflation rates.



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

### Where are breakeven rates

US 5-year breakeven rate are at 2.96%, vs 3.35% last month, representing a slight moderation.



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

Research Team, Elston Consulting



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