

Inflation dashboard

The Federated Hermes Inflation Dashboard is a snapshot of U.S. inflation. The dashboard's indicators work together to create a more comprehensive picture of inflation's trajectory on a monthly basis rather than relying just on the Federal Reserve's preferred inflation metric, Core Personal Consumption Expenditures.

Inflation measure	Start date for analysis	Most recent data point	Since 2000			Entire history			Current - as of 9/3/21			Federated Hermes 2021 forecast
			25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile	Implied Fed target	Current (YOY%)	Proj. 2021 Y/E at 3 mo. avg rate	
Personal Consumption Expenditures <ul style="list-style-type: none"> Based on surveys of what businesses are selling Measures consumer spending for a period of time 												
Headline PCE: Includes food and energy sectors, which can more accurately represent real expenses	1/1959	7/2021	0.69%	2.06%	3.40%	1.40%	2.71%	4.72%	2.28%	4.17%	5.81%	-
Core PCE: Does not include food and energy sectors, which can be very volatile	1/1959	7/2021	1.18%	1.78%	2.43%	1.53%	2.52%	4.54%	2.00%	3.62%	5.21%	4.60%
Trimmed PCE: Removes a certain fraction of the most extreme observations, then takes a weighted average of the remaining observations	2/1977	7/2021	1.61%	1.98%	2.38%	1.85%	2.39%	3.42%	2.20%	2.02%	2.61%	-
Consumer Price Index <ul style="list-style-type: none"> Based on a survey of what households are buying Measures the average change in prices over time 												
Headline CPI: Includes food and energy sectors, which can more accurately represent real expenses	1/1959	7/2021	-0.39%	2.31%	5.52%	0.76%	3.54%	6.16%	2.54%	5.37%	8.73%	-
Core CPI: Does not include food and energy sectors, which can be very volatile	1/1959	7/2021	0.62%	2.09%	3.37%	1.11%	3.28%	5.52%	2.32%	4.27%	6.97%	5.10%
CPI Services: Includes intangible items	1/1959	7/2021	2.40%	2.80%	3.20%	2.70%	3.50%	5.40%	3.02%	2.06%	2.53%	-
CPI Goods: Includes tangible items	1/1959	7/2021	-0.50%	0.00%	0.60%	0.30%	1.50%	3.80%	0.22%	3.17%	5.99%	-
Sticky CPI: Includes items on which prices change relatively slowly	1/1967	7/2021	1.83%	2.43%	2.99%	2.37%	3.33%	5.09%	2.66%	2.54%	3.54%	-
Flexible CPI: Includes items on which prices change relatively frequently	1/1967	7/2021	-3.48%	2.61%	8.69%	-0.15%	3.22%	7.70%	2.84%	14.14%	20.98%	-
Inflation Expectations: The rate at which people—consumers, businesses, investors—expect prices to rise in the future	3/1999	6/2021	2.00%	2.08%	2.10%	2.00%	2.08%	2.10%	2.00%	2.00%	2.04%	-
Employment Cost Index: Growth of total employee compensation	3/2001	6/2021	2.04%	2.55%	3.53%	2.04%	2.55%	3.53%	2.77%	2.92%	3.18%	-

As of 1/1/00: **Green:** Below 50th percentile **Yellow:** Between 50-75th percentile **Red:** Above 75th percentile

Bottom line: At the current time, both PCE and CPI measures reflect an economy that is seeing much higher inflationary pressures than in recent years. That inflation, however, has, thus far, been focused in areas of the economy where prices tend to be more volatile, thus supporting the Fed's view that inflation could very well be transitory. If current trends persist, however, inflation could build to troublesome levels. As a result, we will be watching the dashboard closely for signs of moderation.

Past performance is not indicative of future results.