

U.S. Economic Update – Inflation

After a brief period of inflation supporting rate increases by the Federal Reserve the consumer price index has moved back under a 2.0% target to 1.7%. At this rate, inflation is not supporting an additional rate increase in the bank rate. The producer price index also dropped to 1.9% annual rate. In general, increases in the PPI are reflected in the CPI several months afterwards. Neither inflation index is indicating an increase in overall prices in the near term. Both are at levels that are well within our current forecast.

