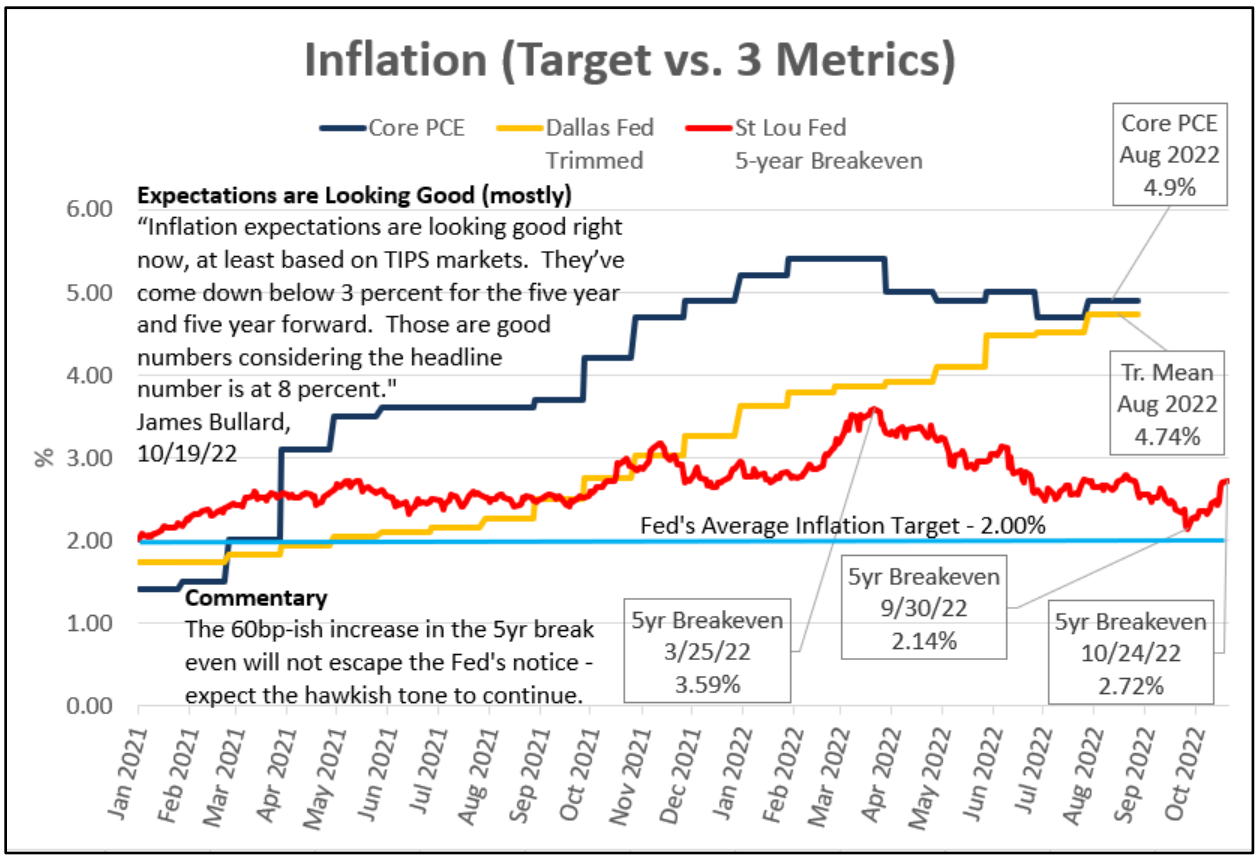
Inflation (Target vs. 3 Metrics)
Core PCE
Dallas Fed Trimmed
St Lou Fed 5-year Breakeven
Expectations are Looking Good (mostly)
"Inflation expectations are looking good right now, at least based on TIPS markets. They've come down below 3 percent for the five year and five year forward. Those are good numbers considering the headline number is at 8 percent."
James Bullard, 10/19/22
Commentary
The 60bp-ish increase in the 5yr break even will not escape the Fed's notice - expect the hawkish tone to continue.
Core PCE Aug 2022 4.9%
Tr. Mean Aug 2022 4.74%
Fed's Average Inflation Target - 2.00%
5yr Breakeven 3/25/22 3.59%
5yr Breakeven 9/30/22 2.14%
5yr Breakeven 10/24/22 2.72%
%
6.00
5.00
4.00
3.00
2.00
1.00
0.00
Jan 2021
Feb 2021
Mar 2021
Apr 2021
May 2021
Jun 2021
Jul 2021
Aug 2021
Sep 2021
Oct 2021
Nov 2021
Dec 2021
Jan 2022
Feb 2022
Mar 2022
Apr 2022
May 2022
Jun 2022
Jul 2022
Aug 2022
Sep 2022
Oct 2022