



ECOCHARTS

January 2024

INFLATION TRACKER



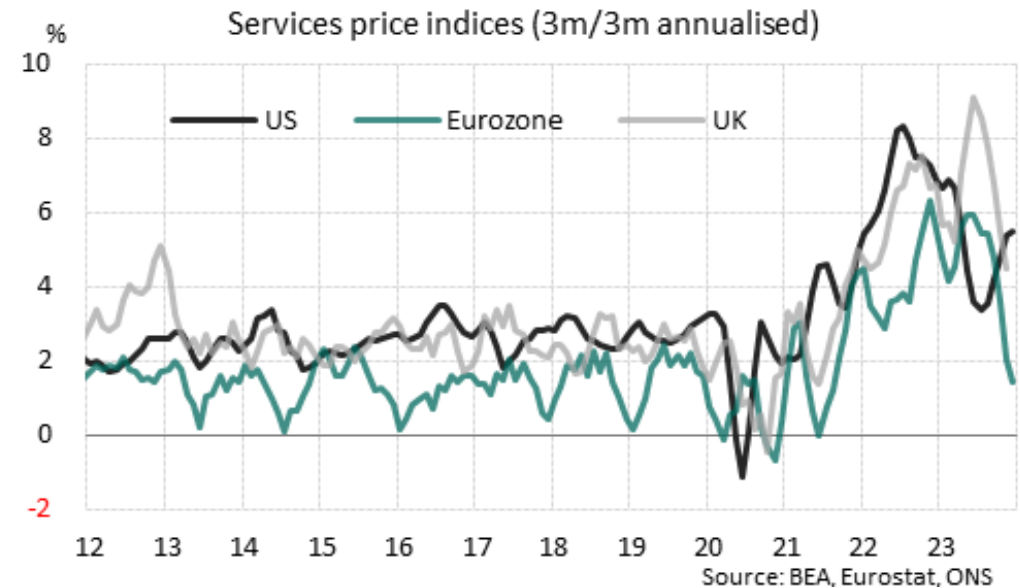
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CHART OF THE MONTH: More contrasted price developments in services

The price dynamics in services between the United States, the euro area and the United Kingdom diverged at the end of 2023. The instantaneous measure, represented by the 3m/3m annualised rate¹, fell significantly in the euro zone and crossed the symbolic 2% line downwards. This points to a continuation of the disinflation cycle in the region. Our scenario now assumes that core inflation will stabilise at around 2% by mid-2024. The measure is still high in the United Kingdom, but it is also falling, although the latest data is for the month of November. Conversely, the trend is deteriorating again in the United States and the latest figure is more or less the same for overall services or services excluding shelter (at 5.5% and 5.8% respectively in December). With a view to a long-term return of inflation to the 2% target, the current trend is less favourable in the United States than in the euro zone, especially as the labour market data (non-farm payrolls, jobless claims) in the United States are not weakening.

¹ Seasonally-adjusted data



KEY POINTS: Inflation picked up in the euro area and the United States in December

- Inflation regained ground in the United States and the euro area in December, rising from 3.1% to 3.4% and from 2.4% to 2.9% year-on-year respectively. However, the breakeven inflation rates (10-year bonds) for the four major Eurozone economies have fallen below those of the United States. The breakeven rate has also dropped in the United Kingdom, where the inflationary environment has improved, although it remains more deteriorated than in the other areas.
- The rise in inflation in the euro area can be explained by less energy deflation, linked to unfavourable base effects. On the core measure, inflation fell again, as did the 3m/3m annualised which fell to 1% at the end of 2023, a level below its historical average recorded before the pandemic (1.4% over the period 2000-2019). The increase in the prices of core goods (i.e. excluding energy) also slowed significantly (to 2.5% y/y and 0.8% on a 3m/3m annualised rate). Among the alternative measures being scrutinized by the ECB, we note the return of the PCCI index to 2% in November, a strong disinflationary signal that should lead to a more significant decline in other indicators ("supercore", median, trimmed mean).
- In the United States, disinflation in services (excluding shelter) continued in December, but the monthly evolution of the price index has deteriorated in recent months (the 3m/3m annualised rate has risen to 5.5%). The increase in the shelter component slowed only slightly to 6.2% y/y in December. However, household inflation expectations over the next twelve months have fallen to the lowest level in nearly three years (3.1% in December), according to the University of Michigan.
- After surpassing the 4% y/y threshold at the beginning of 2023, both on the headline and core measures, inflation in Japan has gradually lost momentum. This was first achieved by a clear easing in energy inflation (favoured by the implementation of support measures for households by the government) and then, more recently, by a disinflation on manufactured goods. However, services inflation continued to strengthen to 2.3% y/y in November, the highest level since 1998.
- In the United Kingdom, consumer prices fell for two consecutive months in October and November (seasonally adjusted). Inflation fell below 4% y/y for the first time in two years, but the increase in services remains significant (6.3% y/y), fuelled by significant growth in regular wages (+6.3% y/y in October).
- Finally, the disruption of maritime transport in the Red Sea is causing, at the beginning of 2024, new tensions on global freight and some indices showed a sharp increase in transport costs in the first week of January (a doubling according to the Freightos index). Without generating a shock as large as in 2021, the situation could, if it continues, fuel an increase in imported inflation in 2024.

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General dynamics of inflation

Inflation and survey data

Inflation expectations (households, forecasters, markets)

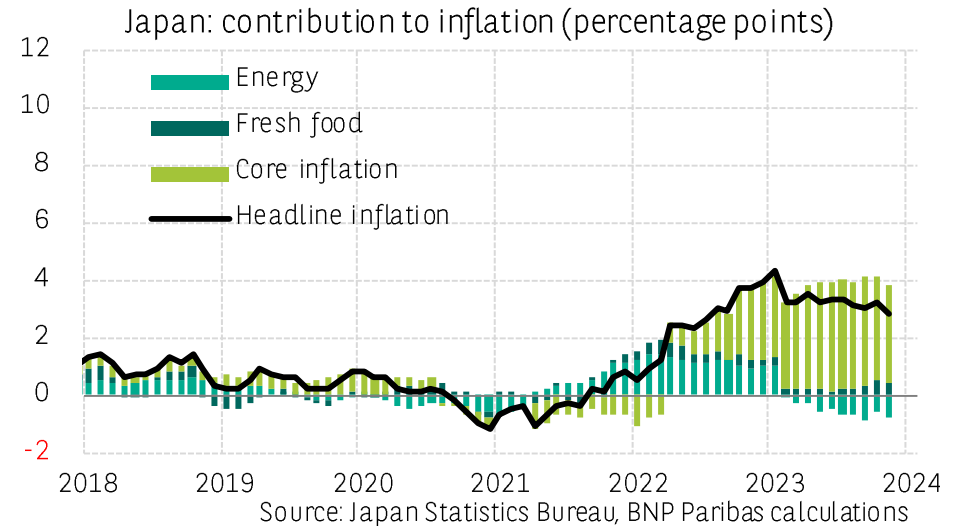
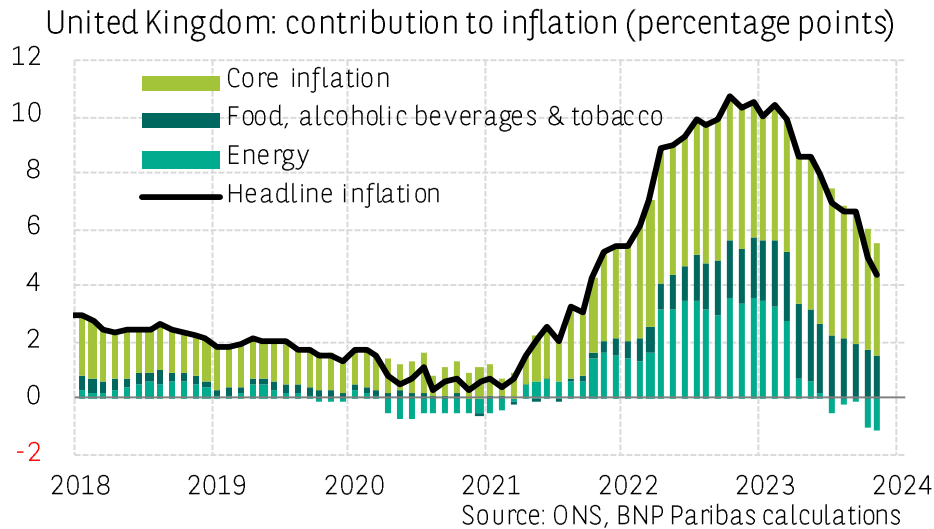
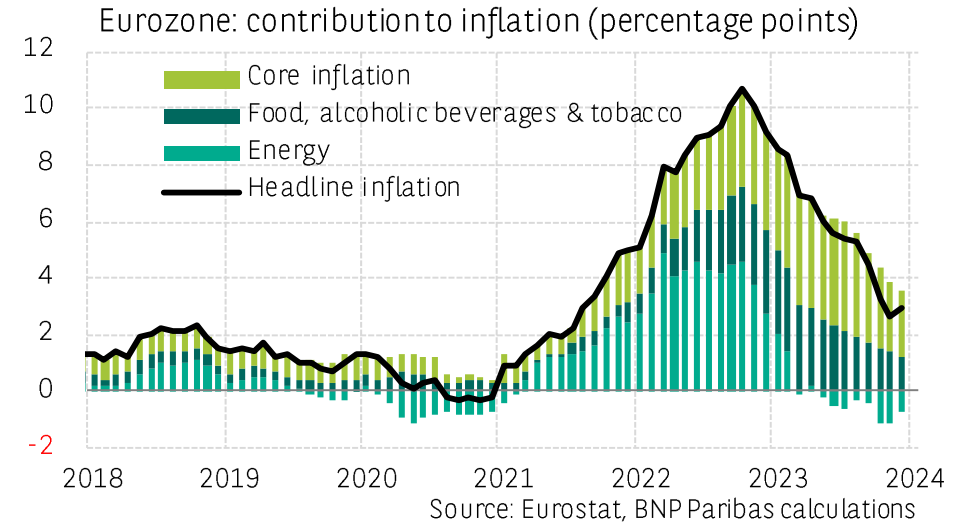
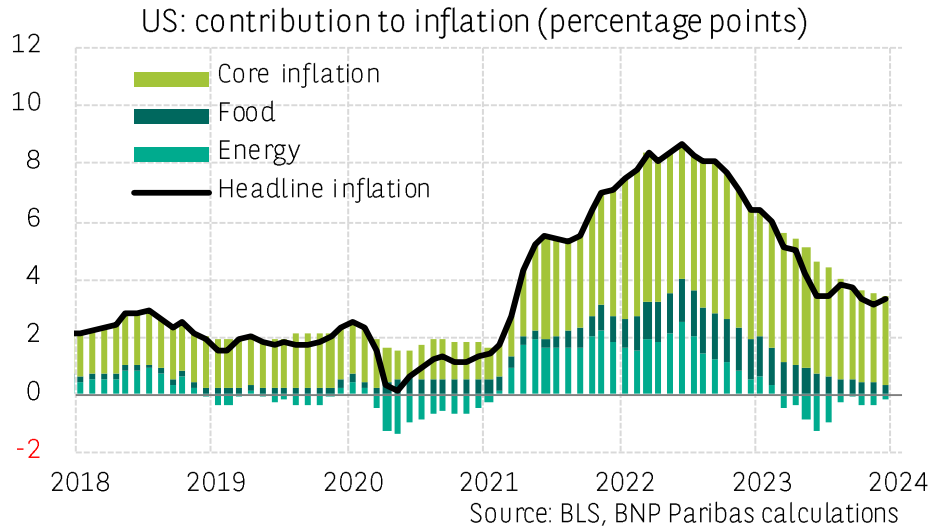
Raw materials



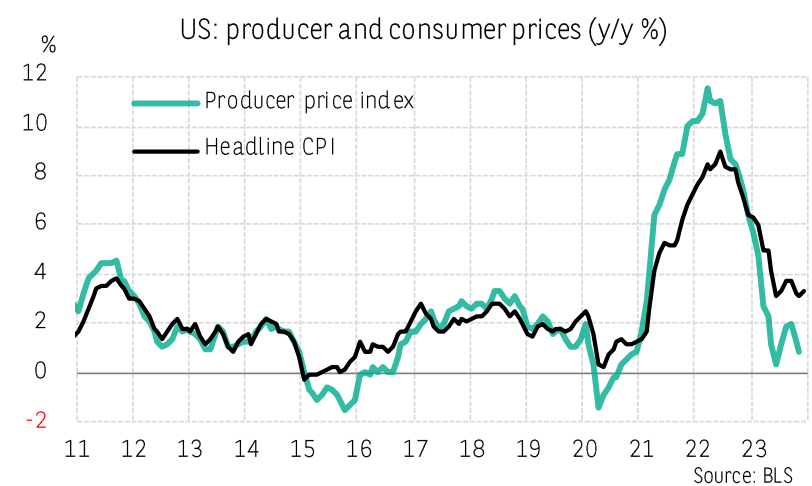
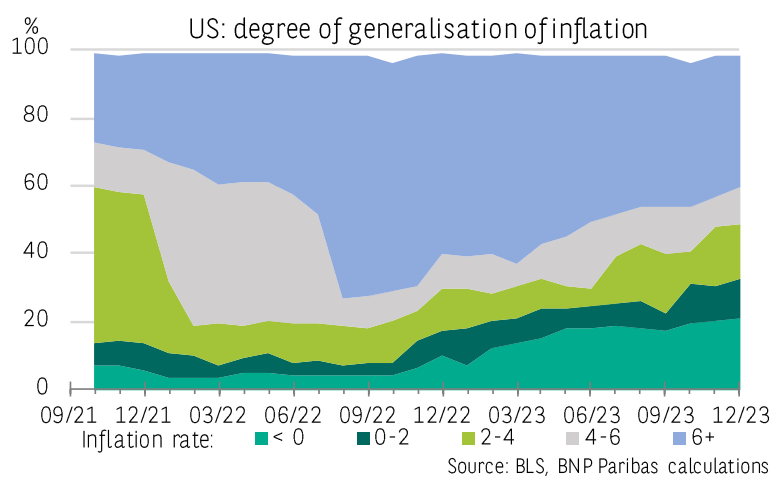
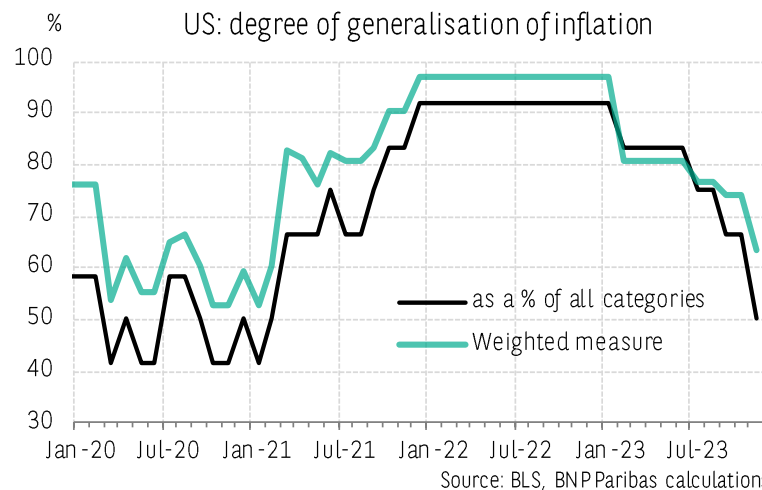
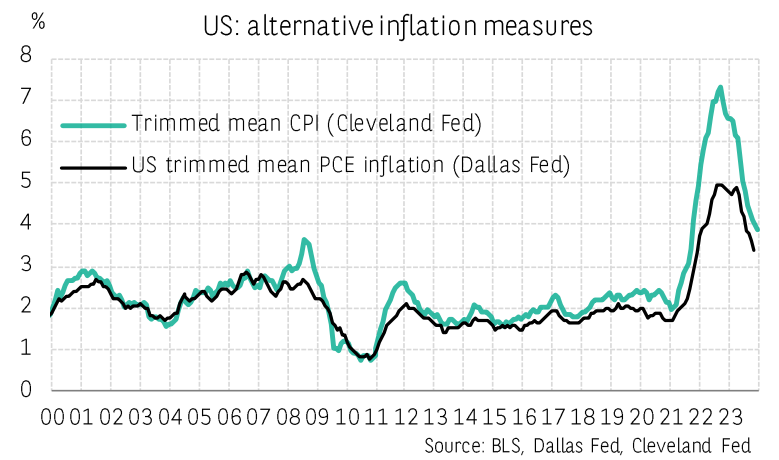
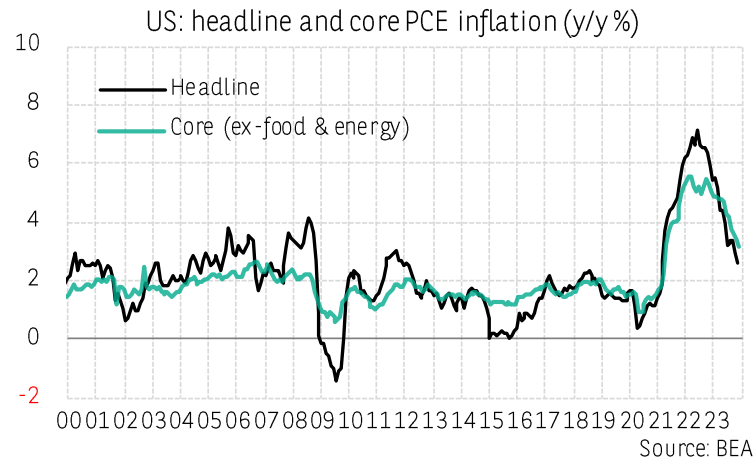
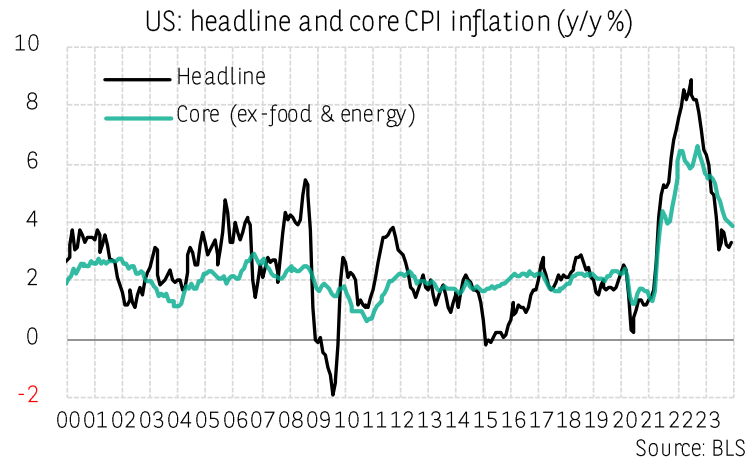
General dynamics of inflation



General dynamics of inflation: decomposition of inflation



Inflation dynamics in the United States: different metrics and degree of generalisation



Note: the black line represents the % of CPI components whose increase is greater than, or equal, to 2%. The hatched green line weights the results by the share of each component in the CPI.

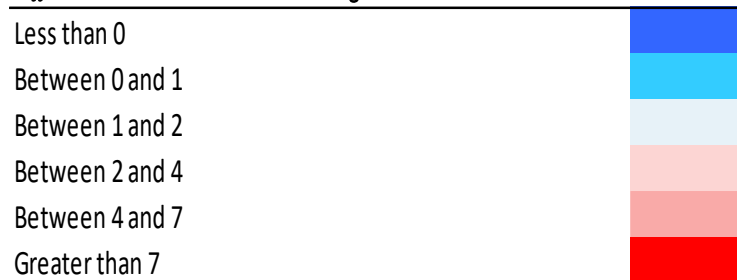
United States inflation heatmap

Difference between the current inflation rate (y/y, %) and the 2010-2019 average

	Weight (%)	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Total	100	5.36	4.67	4.58	4.21	3.22	3.19	2.36	1.32	1.53	1.94	1.92	1.46	1.35
Food and non-alcoholic beverages	8.3	10.76	10.69	10.16	8.96	7.13	5.82	4.45	3.39	2.29	1.70	1.18	0.85	0.41
Alcoholic beverages, tobacco and narcotics	1.1	3.04	2.98	3.37	3.06	2.95	2.68	2.68	2.08	1.96	1.56	1.86	2.52	2.17
Clothing and footwear	2.4	3.13	2.46	2.41	2.56	2.53	2.88	2.90	2.26	2.21	2.45	2.19	2.32	0.89
Housing, water, electricity, gas and other fuels	36.4	5.46	5.87	6.02	5.98	5.54	5.28	4.69	4.18	4.11	3.72	3.45	3.30	3.34
Furnishings, household equipment and routine household maintenance	4.1	8.04	7.04	6.01	5.83	5.22	4.90	3.72	2.97	2.21	1.44	1.13	1.20	0.70
Health	7.1	0.41	0.83	0.19	-0.01	-0.30	-0.18	0.10	0.07	-0.10	-0.08	0.13	0.17	0.66
Transports	16.2	6.55	1.82	1.54	0.18	-3.82	-2.51	-5.20	-8.66	-6.47	-1.72	-0.72	-2.82	-2.78
Communications	3.1	0.48	0.62	1.11	1.13	1.67	1.87	1.73	1.39	1.61	1.62	1.67	1.63	-0.13
Recreation and culture	5.9	4.15	4.27	3.95	4.31	4.20	4.45	4.02	3.74	3.35	2.96	3.13	2.43	1.78
Education	2.4	1.39	1.62	0.05	-0.18	0.14	0.03	-0.39	-0.85	-0.64	-0.59	-1.55	-1.70	-2.05
Restaurants and hotels	6.5	5.58	5.35	5.41	4.76	4.04	3.43	2.81	2.49	2.41	2.33	2.52	2.08	2.67
Miscellaneous goods and services	6.5	6.57	5.85	5.27	4.41	3.80	3.60	3.53	2.76	2.26	1.99	1.35	2.28	2.70

Source: BLS

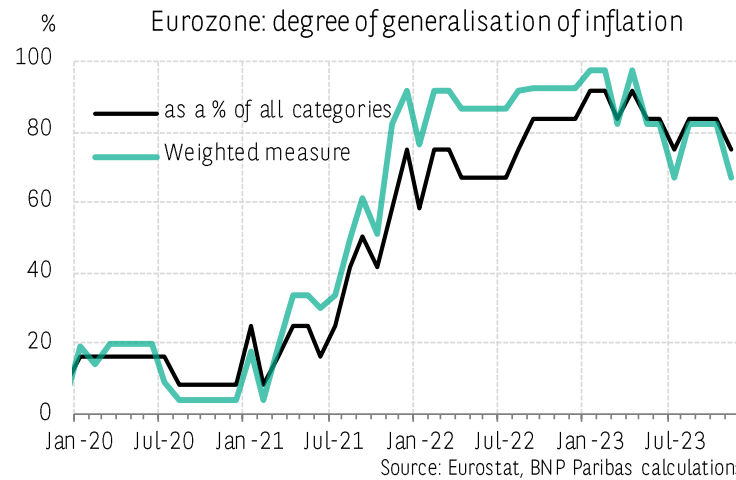
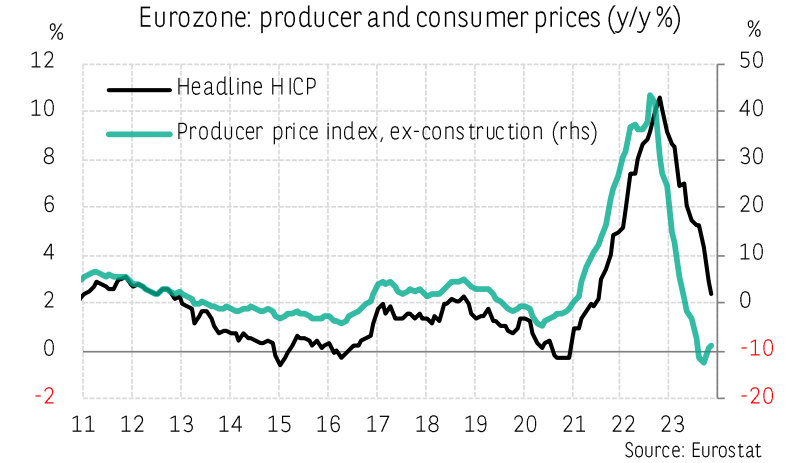
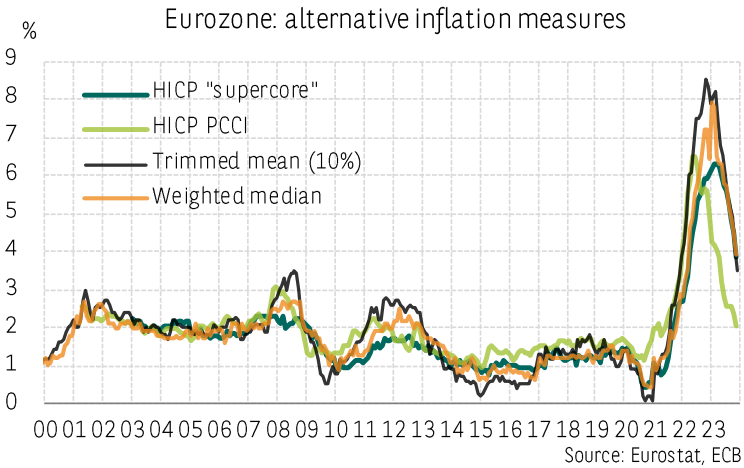
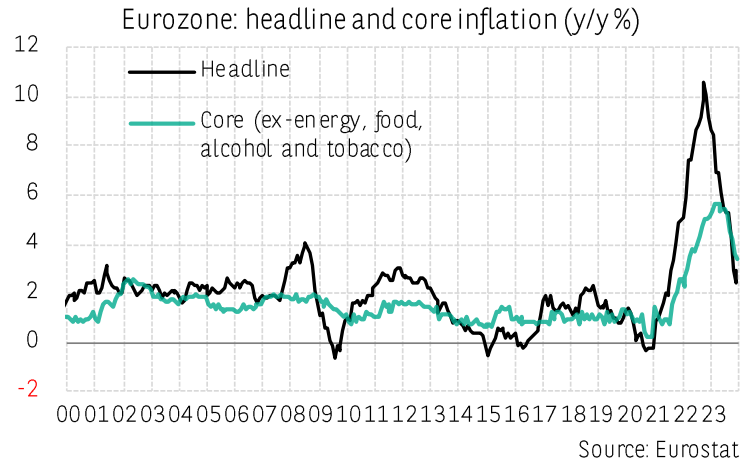
Difference with the 2010-2019 average



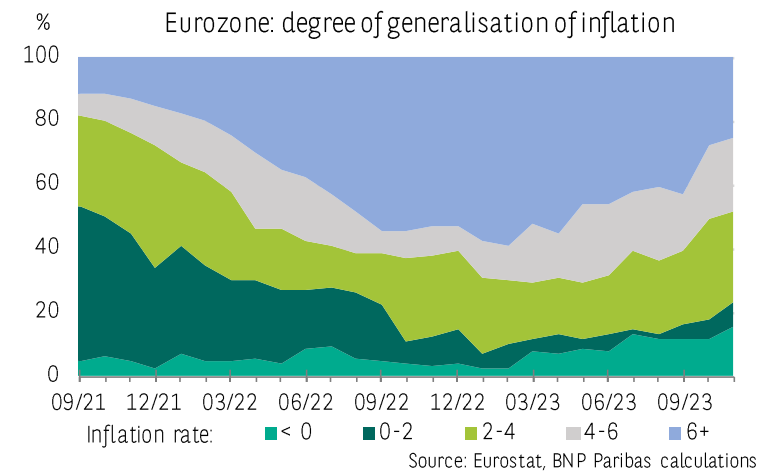
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Inflation dynamics in the Eurozone: different metrics and degree of generalisation

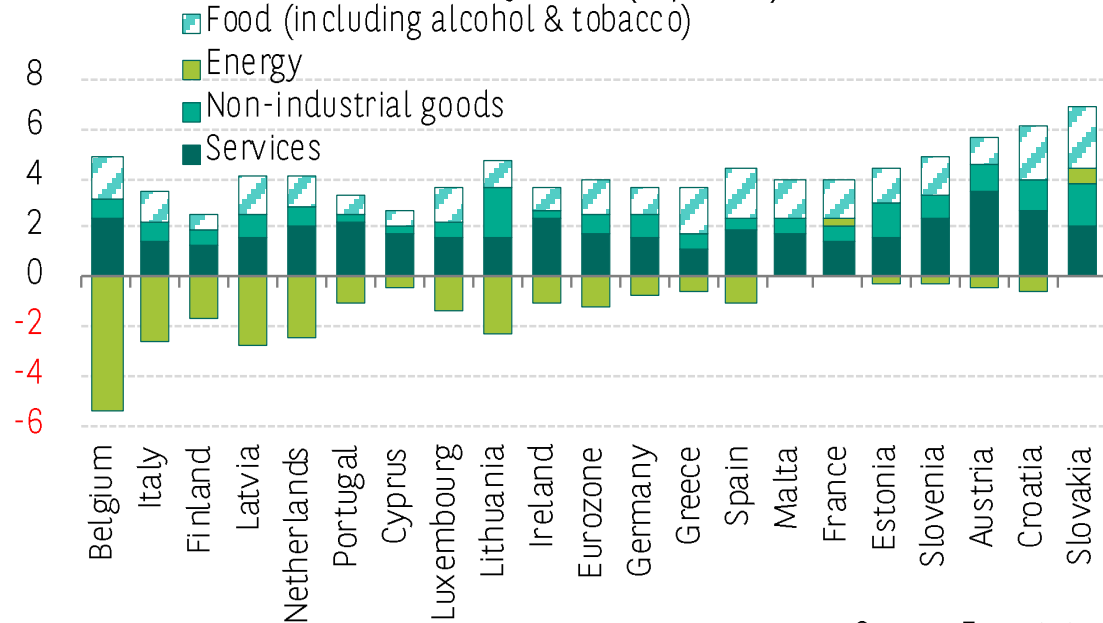


Note: the black line represents the % of CPI components whose increase is greater than, or equal to 2%. The hatched green line weights the results by the share of each component in the CPI.



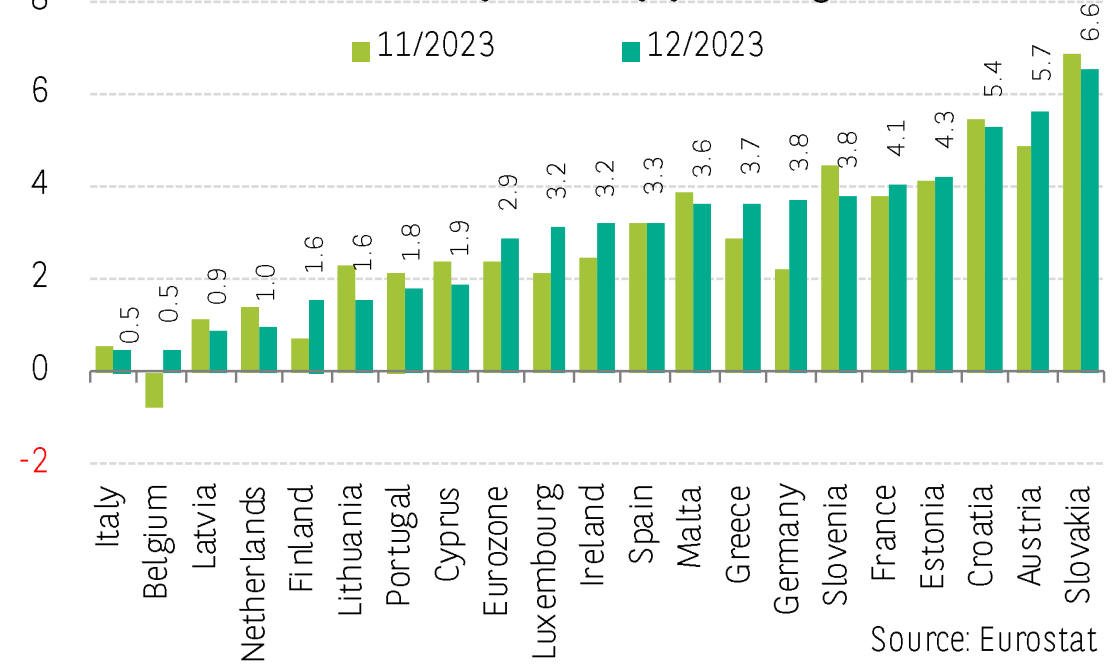
Inflation dynamics in the Eurozone by country (1)

Eurozone: contribution to inflation (% points), November 2023



Source: Eurostat

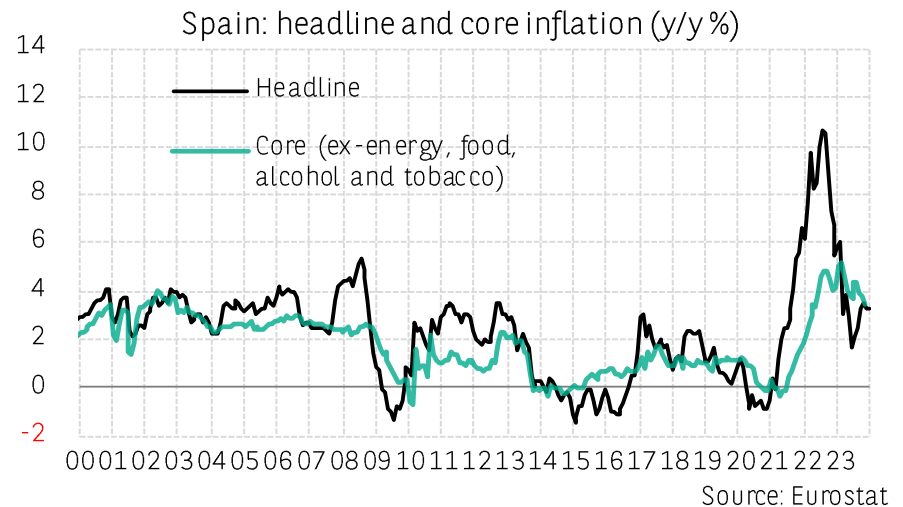
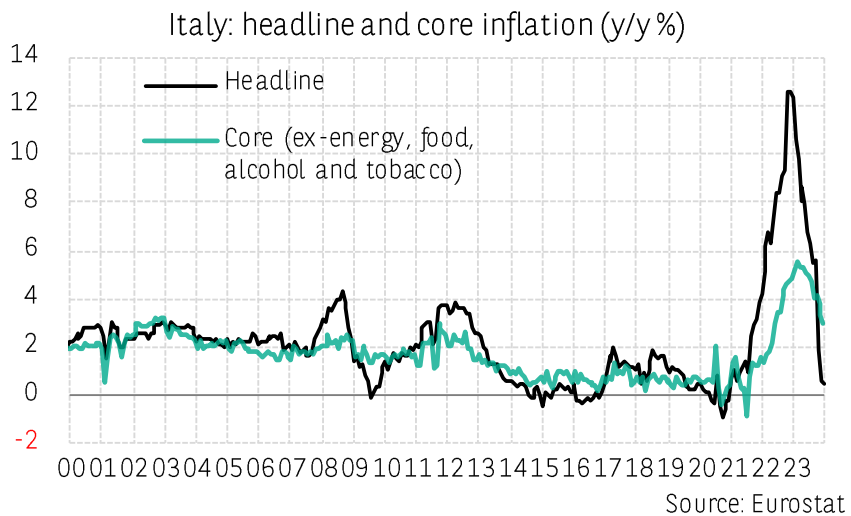
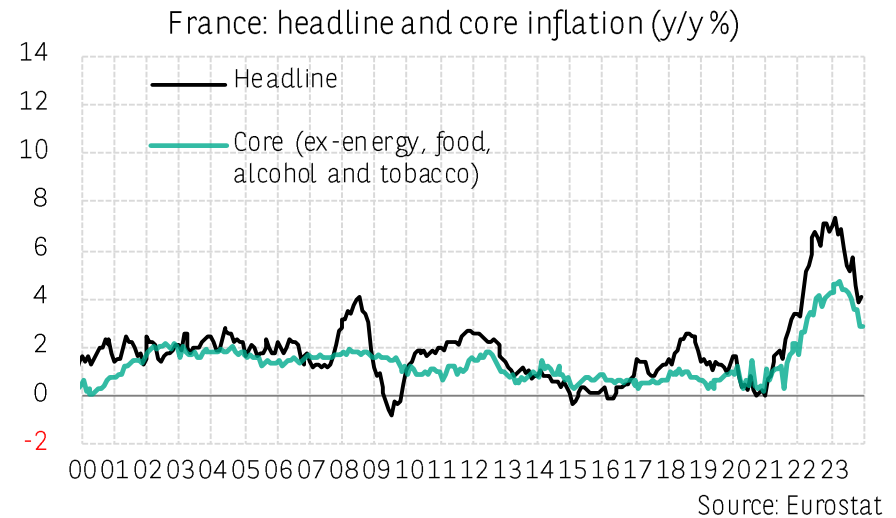
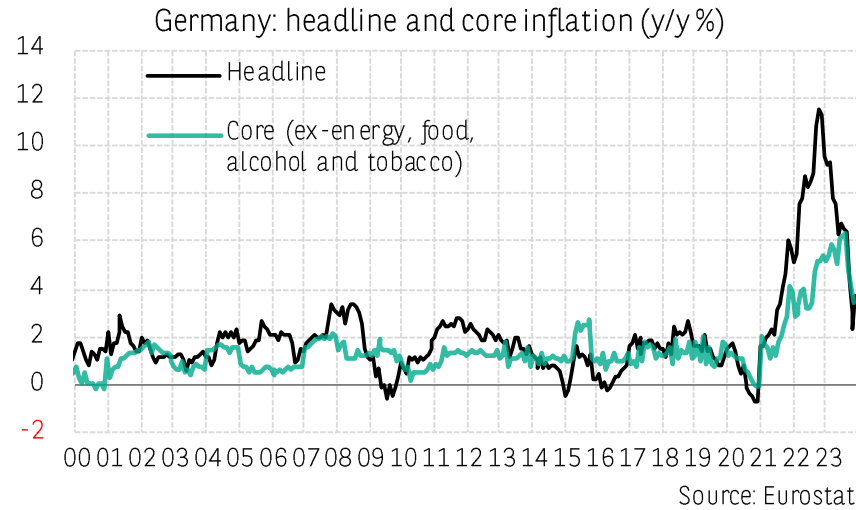
Eurozone: inflation in y/y % change



Source: Eurostat



Inflation dynamics in the Eurozone by country (2)



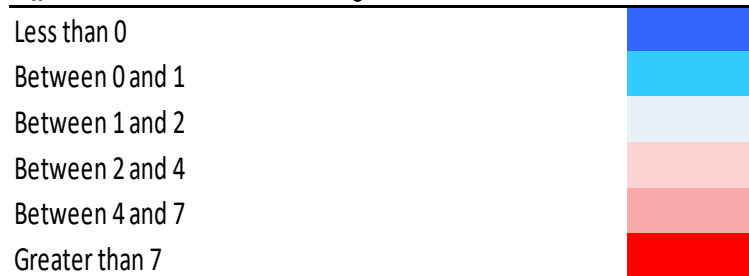
Eurozone inflation heatmap

Difference between the current inflation rate (y/y, %) and the 2010-2019 average

	Weight (%)	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Total	100	8.70	7.84	7.29	7.15	5.53	5.61	4.75	4.17	3.96	3.89	2.98	1.55	1.04
Food and non-alcoholic beverages	16	14.54	14.55	14.83	15.87	16.08	13.54	12.25	11.12	10.13	8.84	7.71	6.10	5.44
Alcoholic beverages, tobacco and narcotics	4	1.46	2.11	2.47	2.96	4.23	4.51	4.46	4.56	4.47	4.39	4.22	3.94	3.76
Clothing and footwear	5	2.83	3.14	4.42	4.81	4.19	3.59	3.66	3.74	3.27	3.37	2.44	2.03	1.68
Housing, water, electricity, gas and other fuels	15	18.80	14.43	10.13	8.23	2.79	2.98	2.23	0.72	-1.02	-2.50	-4.17	-7.90	-7.38
Furnishings, household equipment and routine household maintenance	7	8.08	8.53	8.54	8.32	7.98	7.52	6.69	6.06	5.50	4.85	4.27	3.39	2.67
Health	5	0.72	0.76	1.51	1.64	1.62	1.78	1.83	1.96	1.99	2.01	1.90	1.93	1.95
Transports	15	6.84	5.08	5.31	3.96	-1.24	1.24	-1.75	-2.42	-1.02	2.41	1.74	0.48	-1.03
Communications	3	0.73	0.89	1.54	2.09	2.02	2.04	2.25	1.46	1.66	1.74	1.48	1.52	1.35
Recreation and culture	9	4.00	4.76	3.53	4.37	5.58	4.89	5.02	5.12	5.84	5.87	4.89	4.13	3.33
Education	1	3.26	3.24	3.37	3.53	3.59	3.68	3.64	3.75	3.68	3.68	2.37	3.05	3.06
Restaurants and hotels	10	6.27	6.44	6.33	6.80	6.68	7.02	6.55	5.86	5.85	5.47	4.94	4.85	4.18
Miscellaneous goods and services	10	2.68	2.81	3.65	3.85	3.86	3.86	3.87	4.11	3.95	3.87	3.76	3.31	2.90

Source: Eurostat

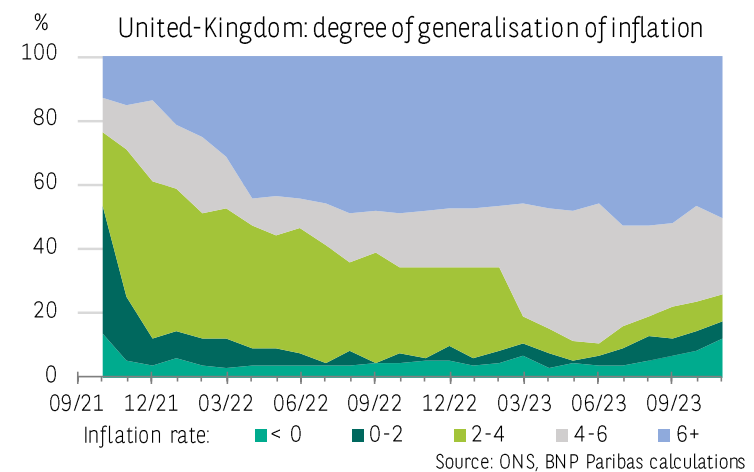
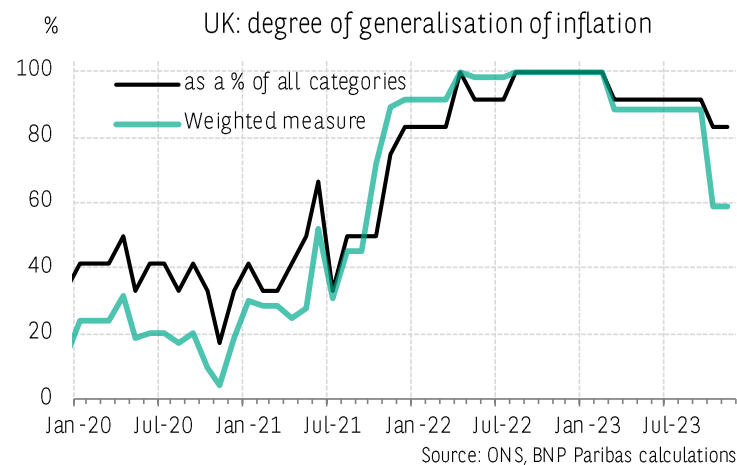
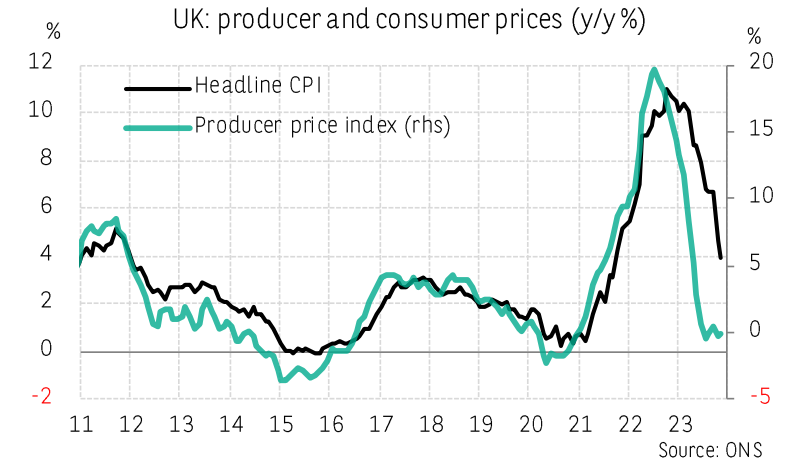
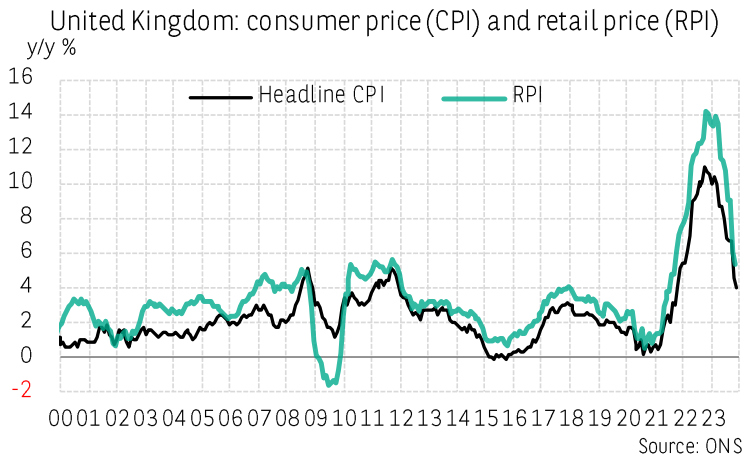
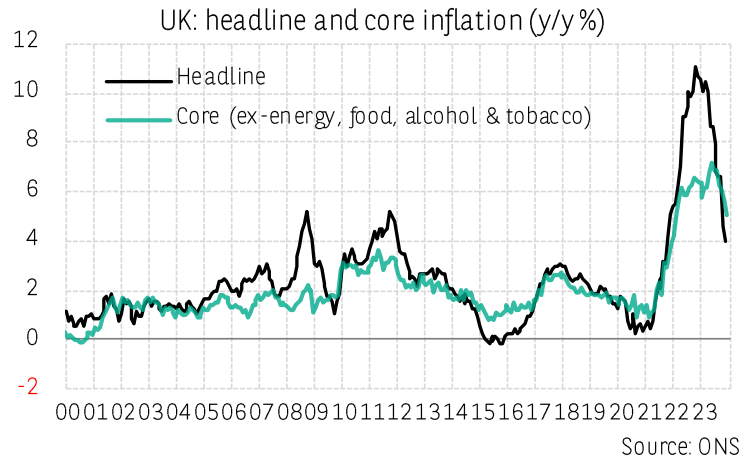
Difference with the 2010-2019 average



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Inflation dynamics in the United Kingdom: different metrics and degree of generalisation



Note: the black line represents the % of CPI components whose increase is greater than or equal to 2%. The hatched green line weights the results by the share of each component in the CPI.


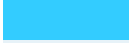
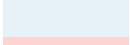



United Kingdom inflation heatmap

Difference between the current inflation rate (y/y, %) and the 2010-2019 average

	Weight (%)	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Total	100	8.44	8.30	7.82	8.19	7.83	6.43	6.45	5.72	4.60	4.43	4.42	2.37	1.71
Food and non-alcoholic beverages	9.5	14.77	15.17	15.04	16.40	17.51	17.40	16.66	15.68	13.19	11.94	10.50	8.47	7.59
Alcoholic beverages, tobacco and narcotics	3.4	-0.63	-1.02	0.39	0.96	0.59	4.42	4.58	4.54	4.70	5.83	6.47	6.29	5.50
Clothing and footwear	4.9	6.88	5.84	5.58	7.43	6.53	6.15	6.42	6.59	5.95	6.36	6.29	5.59	5.07
Housing, water, electricity, gas and other fuels	30.0	24.12	24.11	24.28	24.14	23.61	9.86	9.68	9.50	4.33	4.52	4.45	-5.96	-5.87
Furnishings, household equipment and routine household maintenance	5.6	8.92	8.08	7.43	6.94	6.31	5.73	5.78	4.80	4.51	3.33	1.92	1.36	0.52
Health	1.8	2.20	2.50	3.70	4.23	4.53	4.42	5.72	5.54	6.30	5.84	5.59	5.41	4.83
Transports	11.5	4.31	3.57	0.21	-0.01	-2.11	-1.45	-1.72	-4.69	-4.95	-3.47	-2.22	-2.48	-4.41
Communications	1.9	-0.23	-0.80	-0.41	0.89	0.88	5.06	6.26	6.67	4.28	5.41	5.31	5.29	5.27
Recreation and culture	11.1	4.24	3.79	3.91	2.96	3.53	5.18	5.59	5.61	5.47	4.72	4.93	5.28	4.23
Education	2.2	-3.82	-3.82	-3.82	-3.82	-3.82	-3.82	-3.82	-3.82	-3.82	-3.82	-2.86	-2.52	-2.52
Restaurants and hotels	11.3	7.41	8.51	7.93	9.27	8.47	7.36	7.46	6.69	6.78	5.51	5.75	4.71	4.71
Miscellaneous goods and services	6.8	4.15	4.15	4.62	5.35	5.51	5.58	5.54	5.32	4.76	4.38	4.08	3.91	3.58

Source : ONS

Difference with the 2010-2019 average

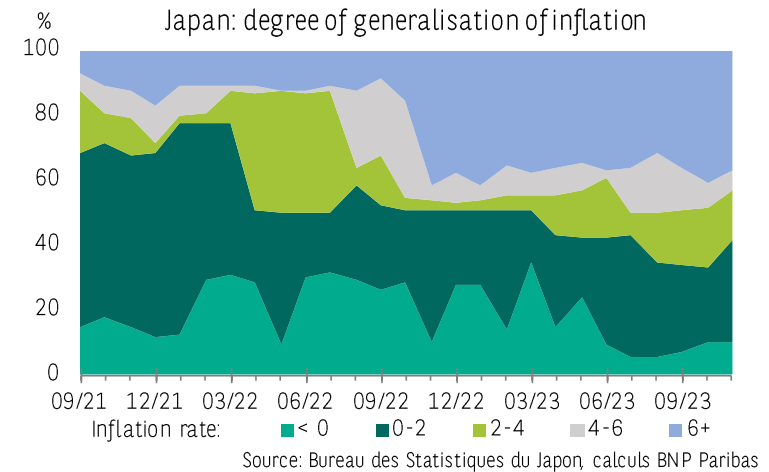
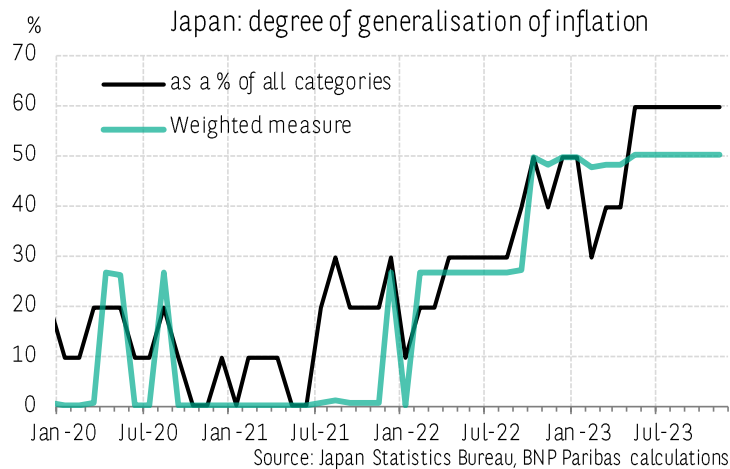
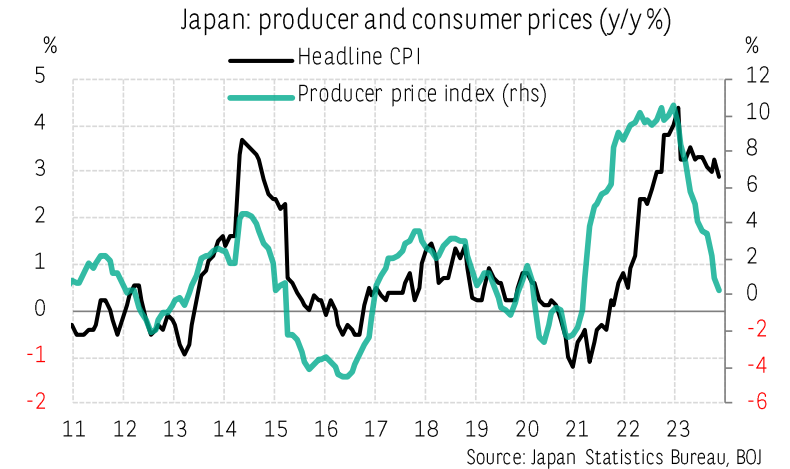
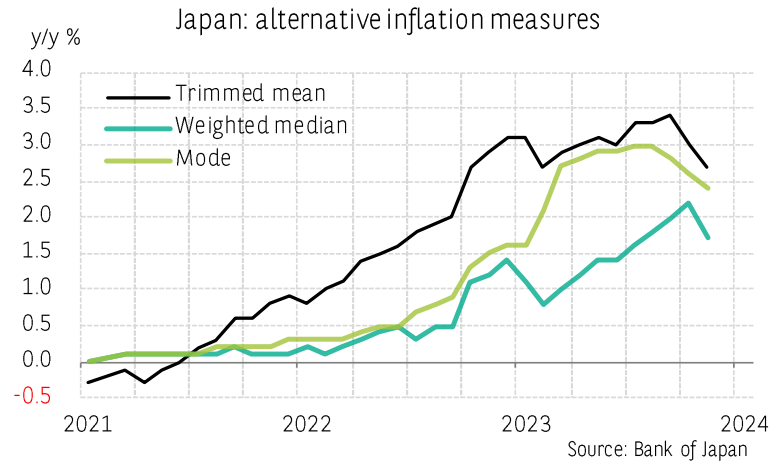
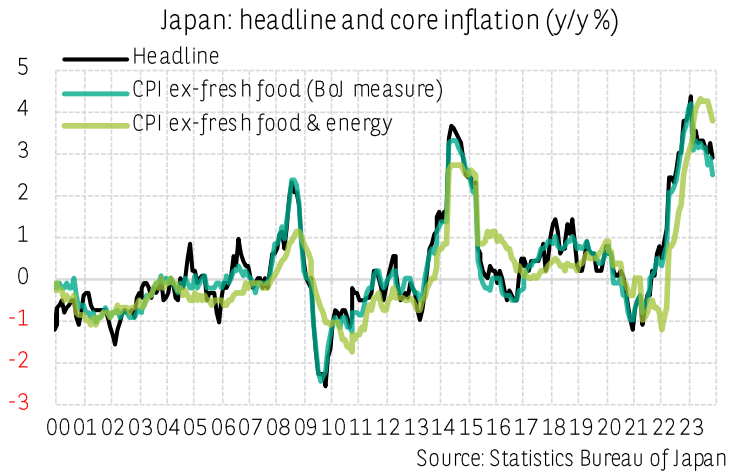
Less than 0	
Between 0 and 1	
Between 1 and 2	
Between 2 and 4	
Between 4 and 7	
Greater than 7	



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Inflation dynamics in Japan: different metrics and degree of generalisation



Note: the black line represents the % of CPI components whose increase is greater than or equal to 2%. The hatched green line weights the results by the share of each component in the CPI.

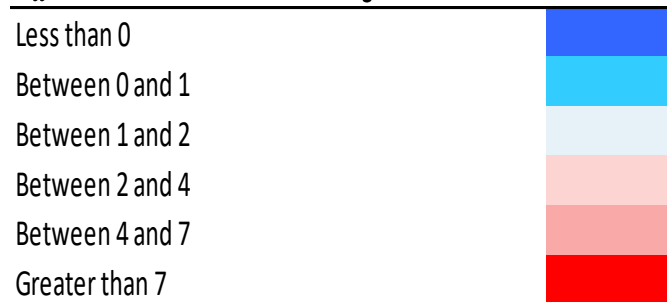
Japan inflation heatmap

Difference between the current inflation rate (y/y, %) and the 2010-2019 average

	Weight (%)	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Total	100	3.33	3.53	3.92	2.81	2.79	3.08	2.77	2.87	2.85	2.65	2.54	2.81	2.42
Food	9.5	5.89	5.89	6.30	6.48	6.66	7.40	7.46	7.25	7.70	7.56	7.85	7.54	6.19
Clothing and footwear	3.4	2.15	2.27	2.63	2.92	3.08	3.22	3.22	3.33	3.48	3.83	2.79	2.38	2.17
Housing	4.9	1.33	1.43	1.43	1.43	1.43	1.33	1.33	1.23	1.33	1.23	1.32	0.83	0.83
Fuel, light and water charges	30.0	12.47	13.37	13.27	-2.03	-4.43	-5.53	-10.03	-8.33	-11.33	-14.03	-16.03	-11.73	-13.13
Furniture and household utensils	5.6	8.31	8.48	8.60	9.62	10.39	10.99	10.57	9.57	9.43	8.08	7.05	7.86	7.07
Medical care	1.8	-0.03	-0.03	0.17	0.58	0.98	1.39	1.79	1.99	1.89	1.99	2.09	1.98	2.18
Transportation and communication	11.5	1.26	1.69	1.80	1.37	1.14	1.36	1.90	1.79	1.87	2.93	3.04	2.82	2.40
Culture and recreation	1.9	-0.21	-0.11	1.47	1.46	2.14	2.99	3.27	3.41	4.64	4.85	4.51	6.30	7.37
Education	11.1	1.20	1.20	1.20	1.60	1.50	1.89	1.89	1.99	1.99	1.99	1.99	1.99	1.99
Miscellaneous goods and services	2.2	-0.34	-0.04	-0.04	0.16	0.15	-0.04	0.05	0.25	0.05	0.44	0.54	0.34	0.24

Source : Statistics Bureau of Japan

Difference with the 2010-2019 average



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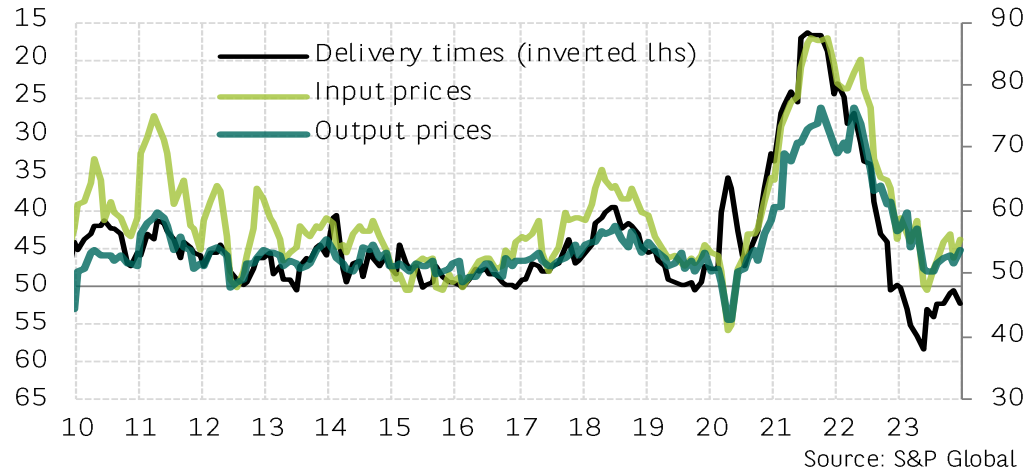
The bank for a changing world

Inflation and survey data

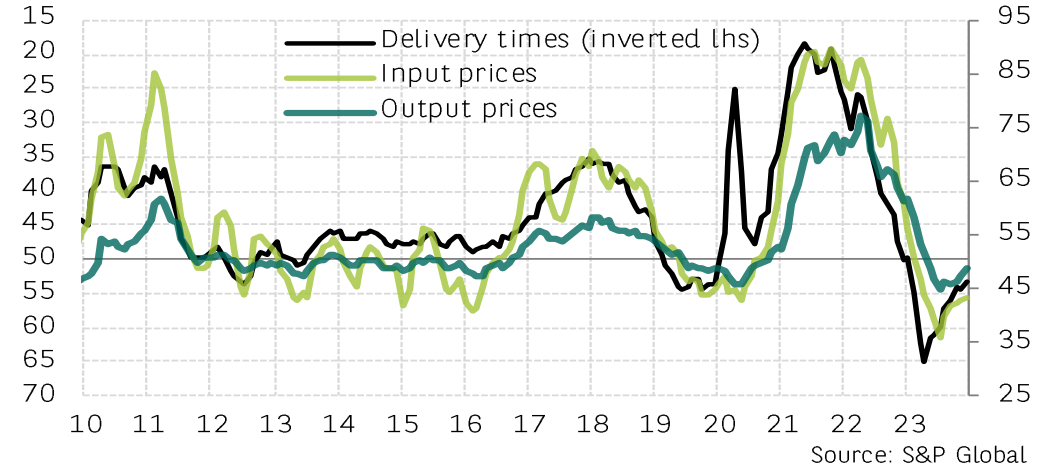


PMI surveys: an indication of inflationary pressures (1)

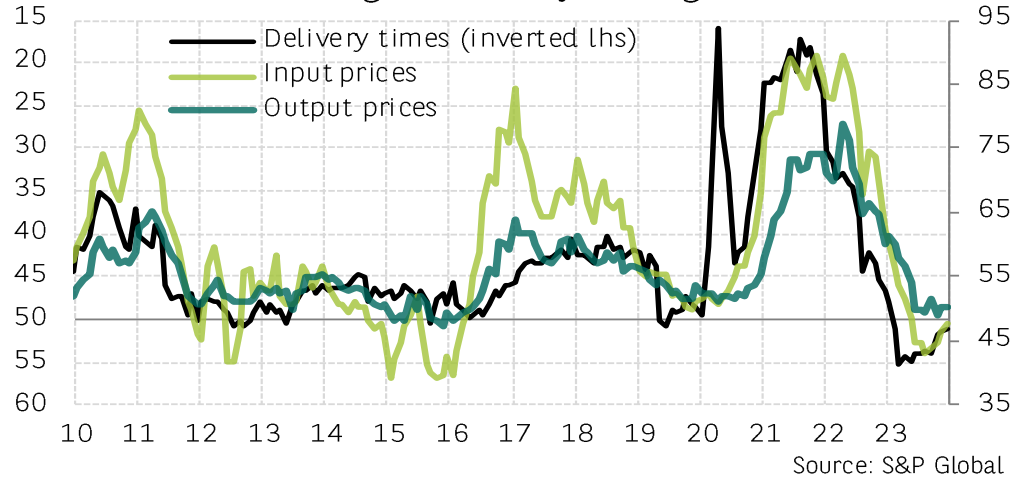
United States: manufacturing PMI indices



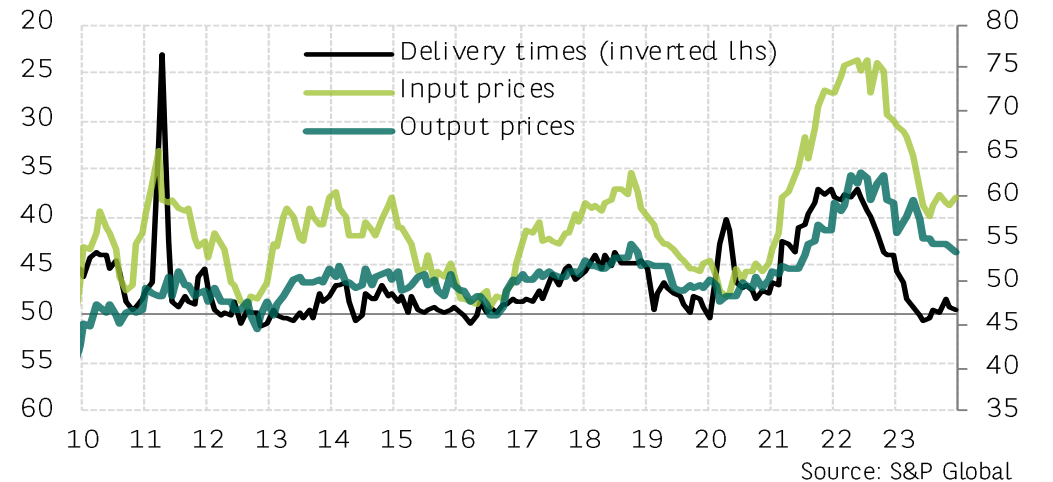
Eurozone: manufacturing PMI indices



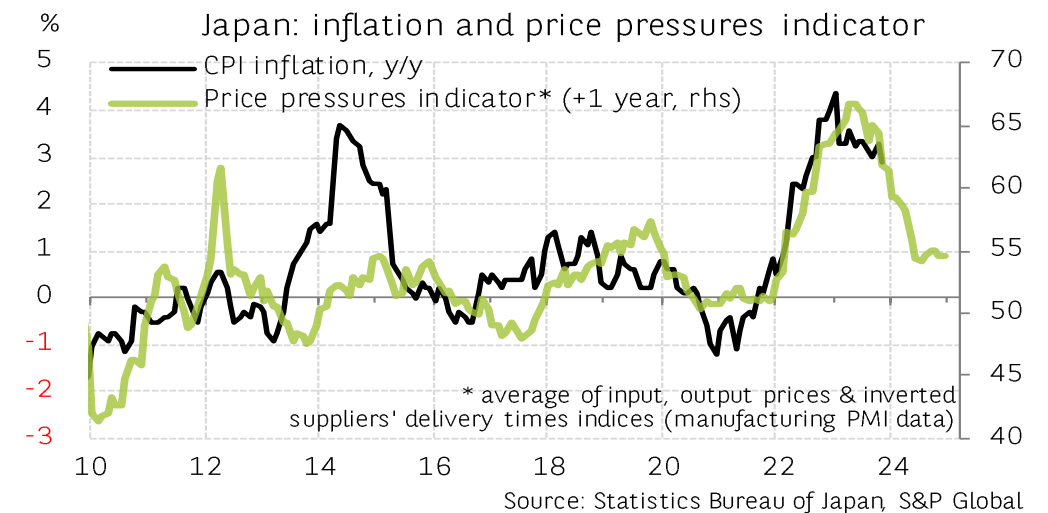
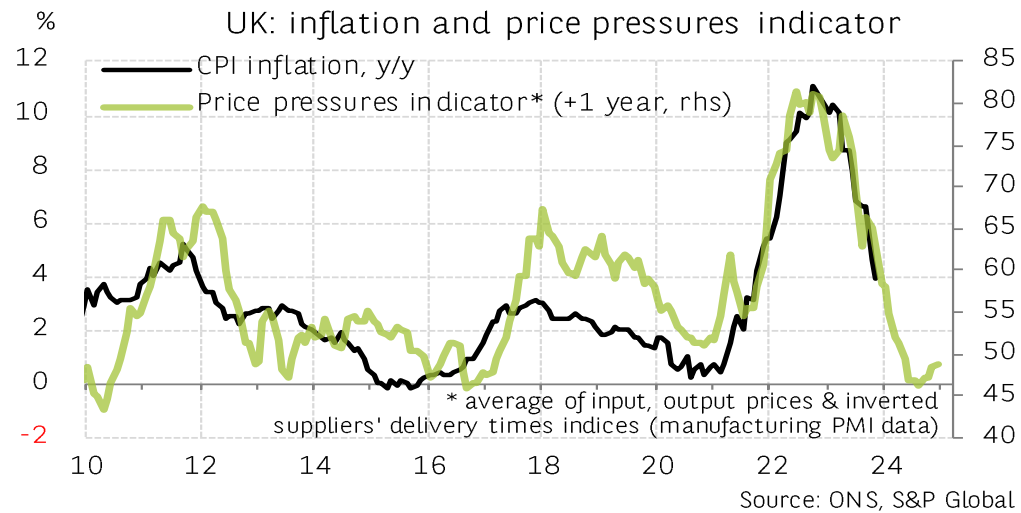
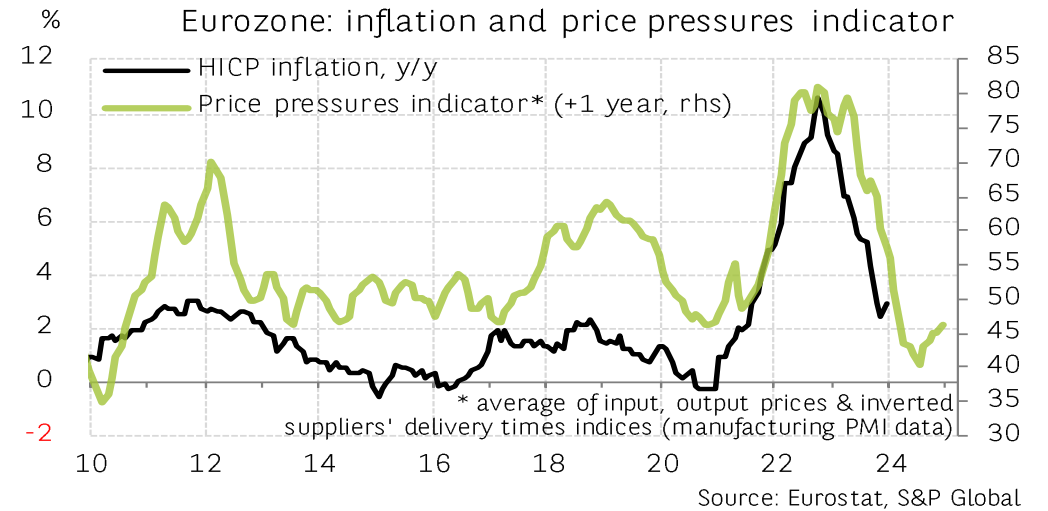
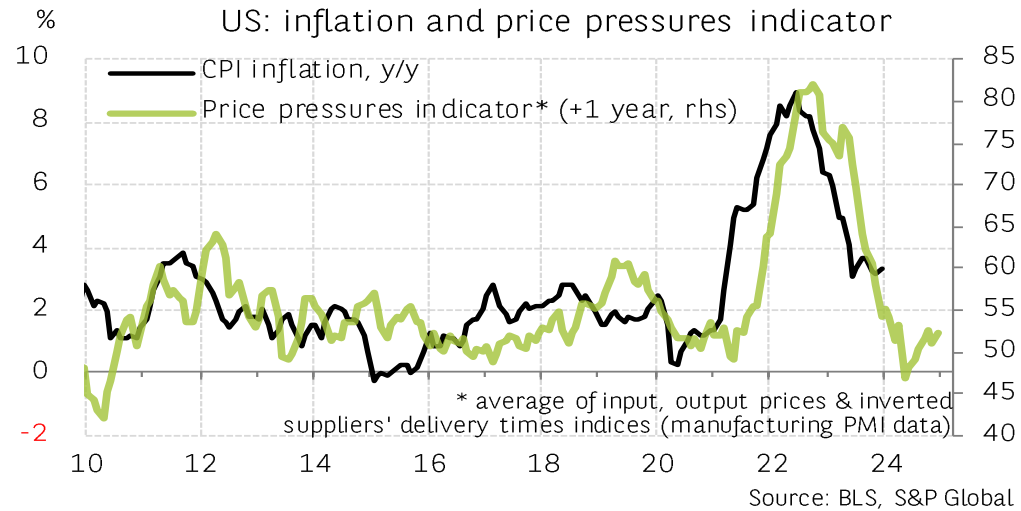
United Kingdom: manufacturing PMI indices



Japan: manufacturing PMI indices



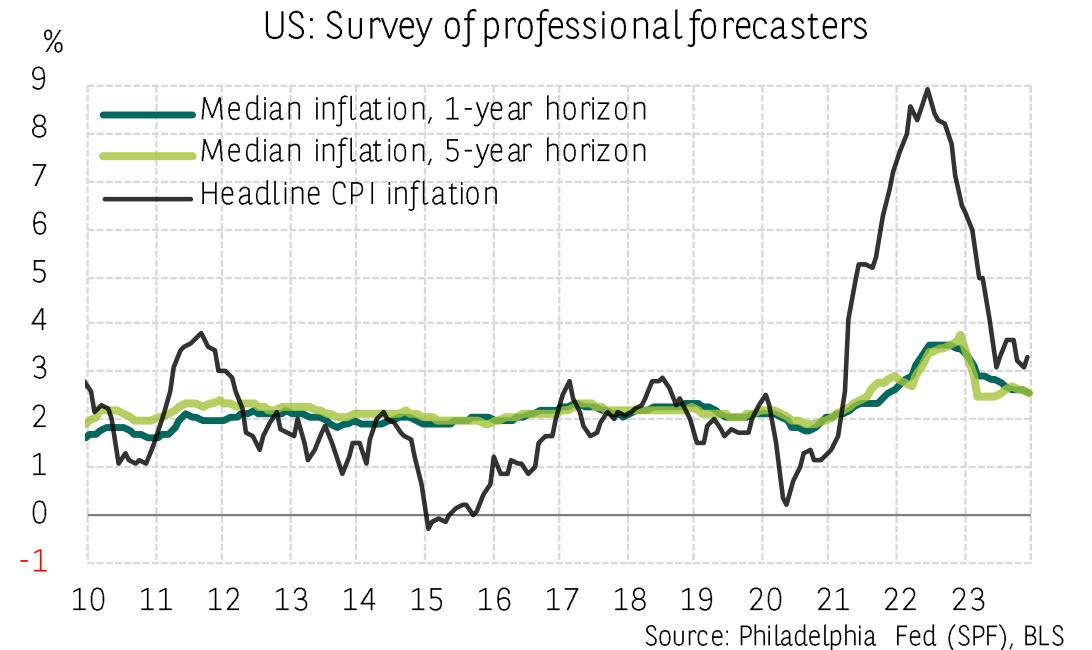
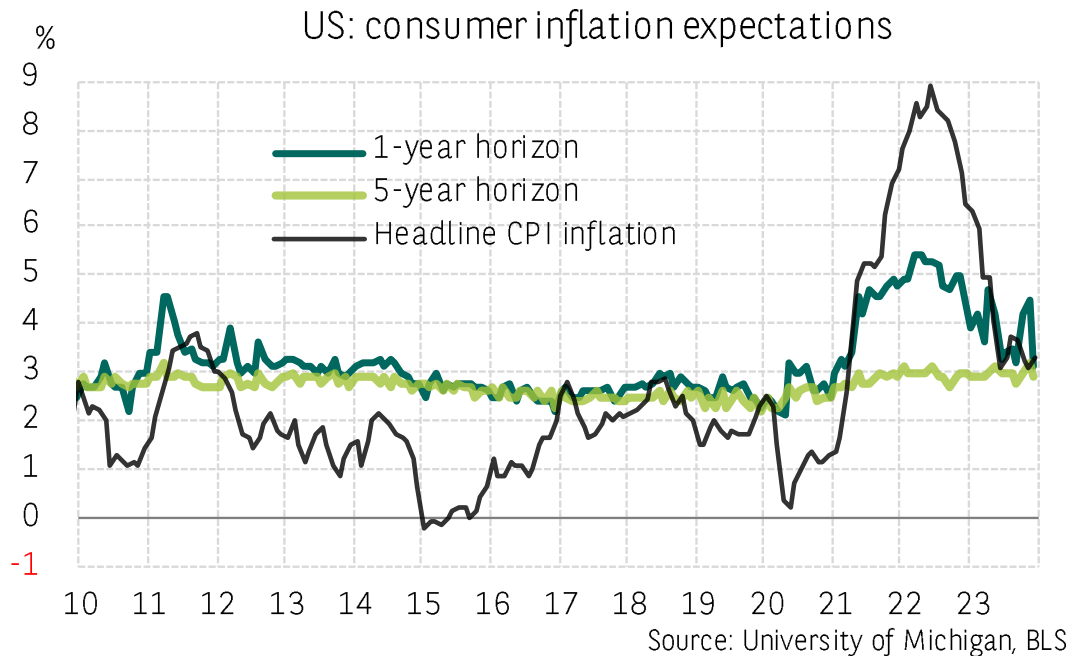
PMI surveys: an indication of inflationary pressures (2)



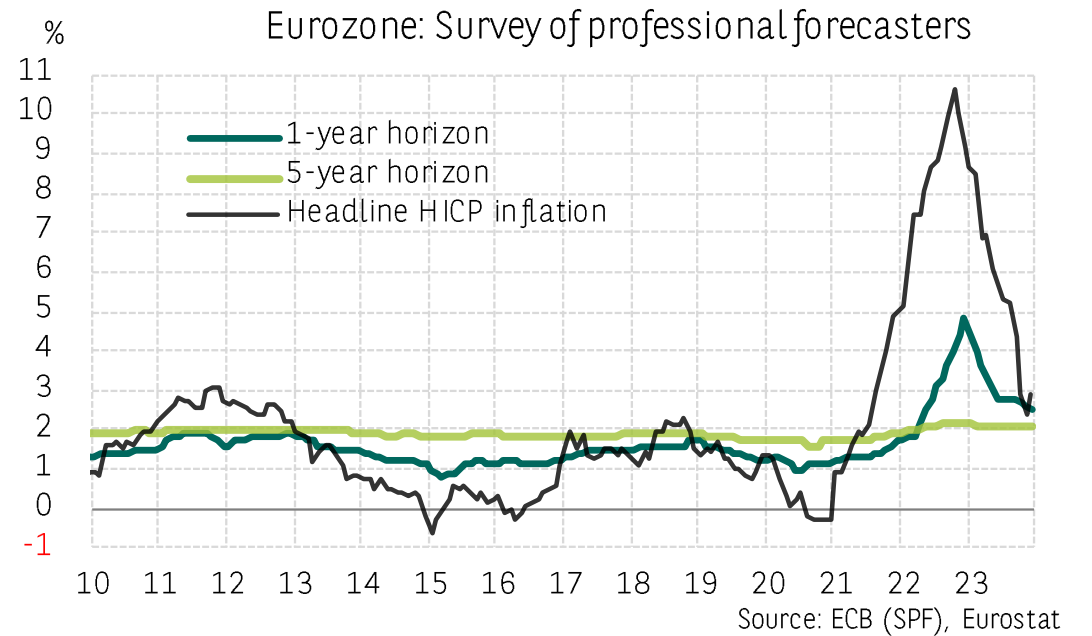
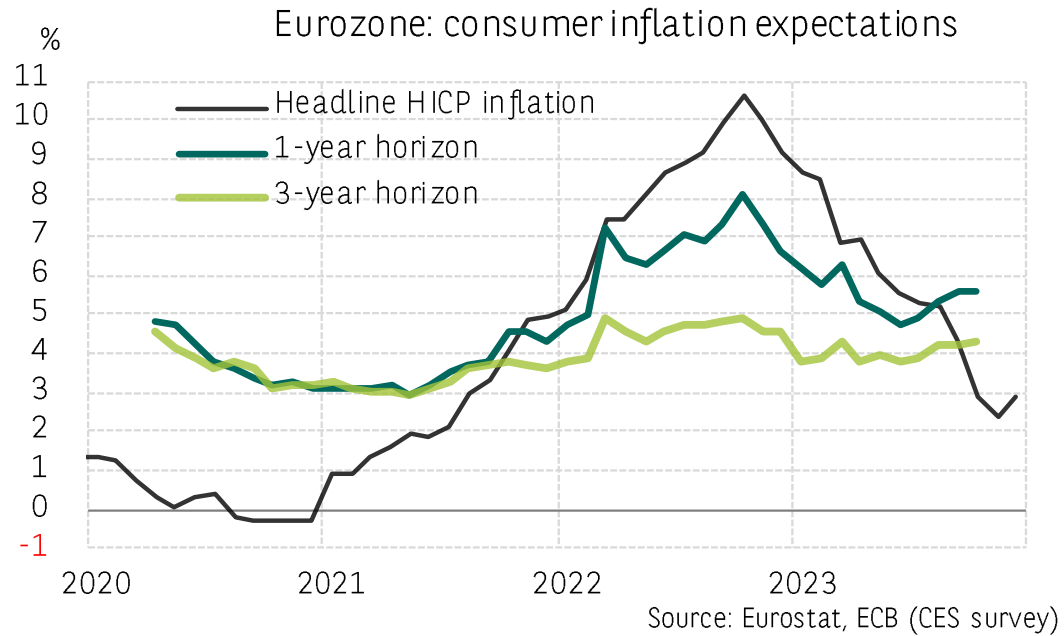
Inflation expectations (households, forecasters, markets)



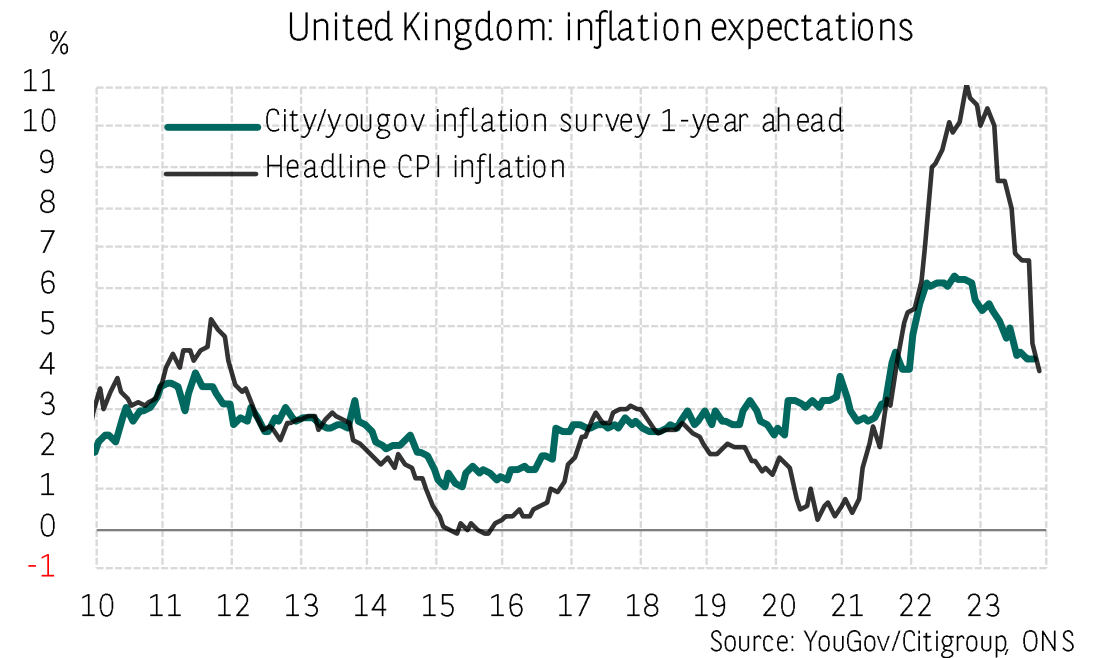
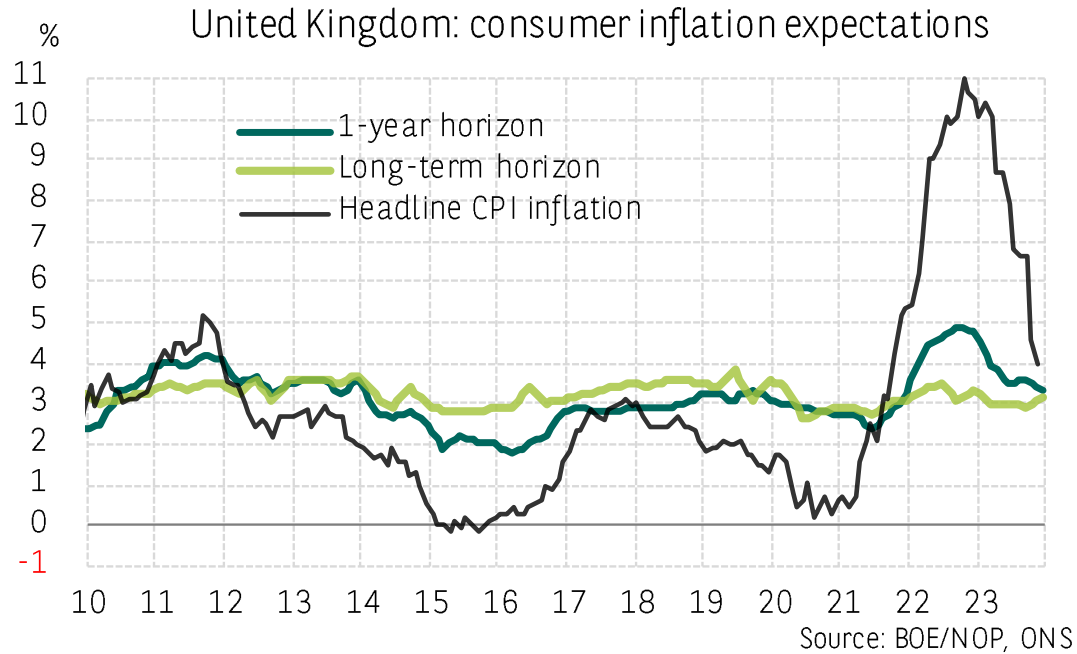
Inflation expectations in the United States



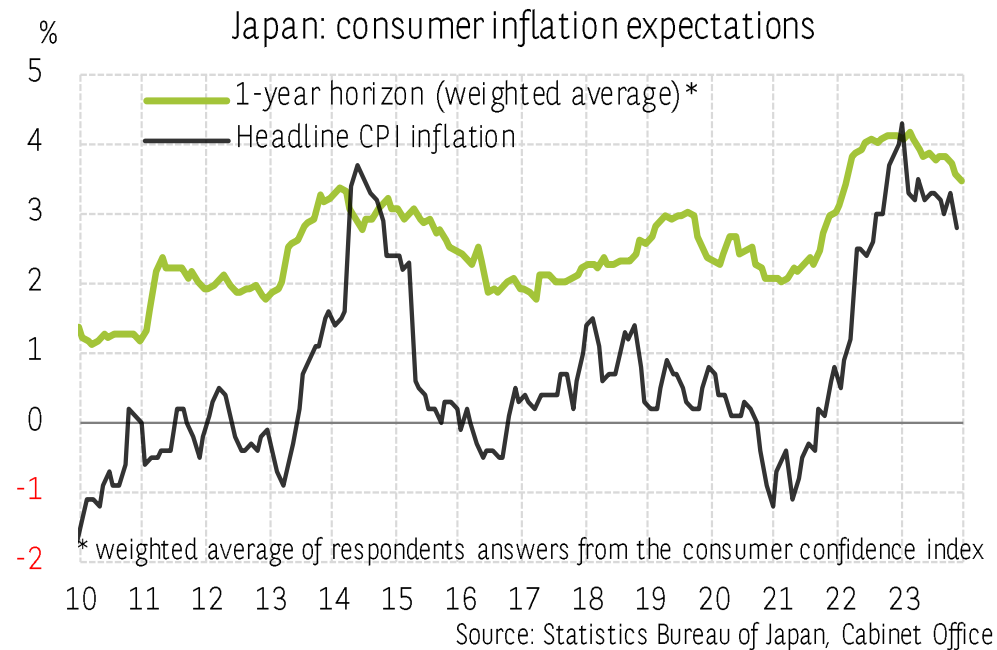
Inflation expectations in the Eurozone



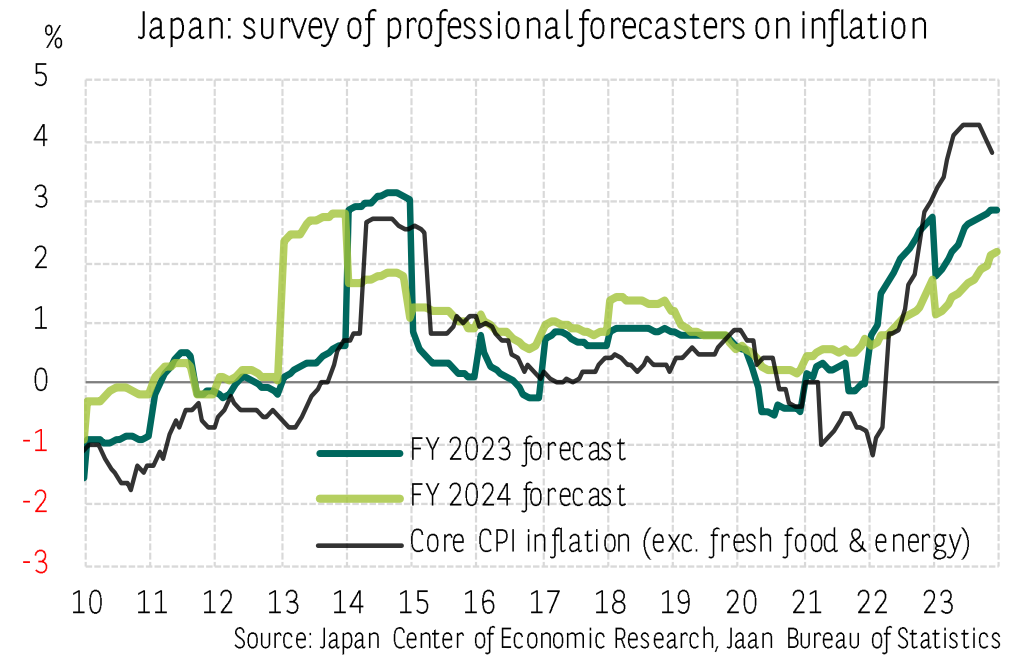
Inflation expectations in the United Kingdom



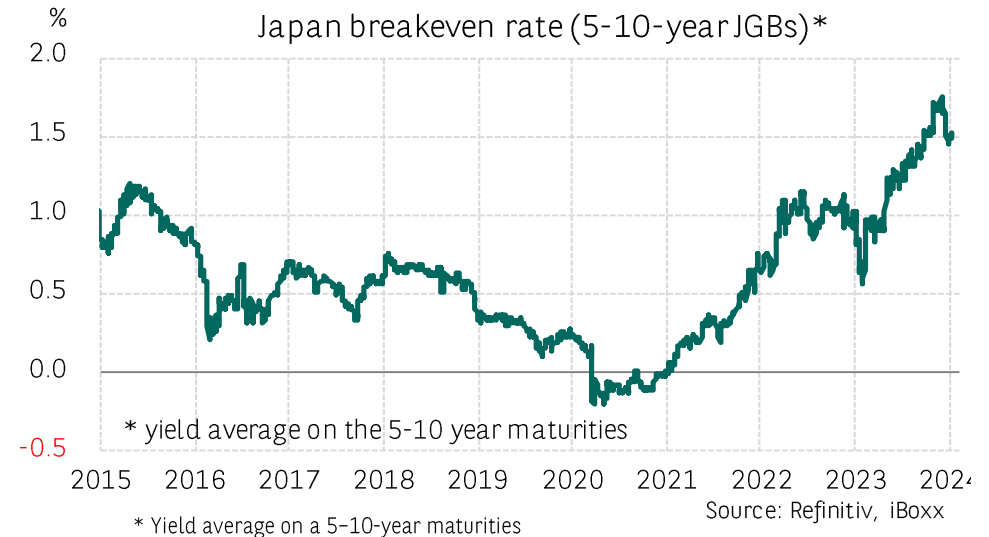
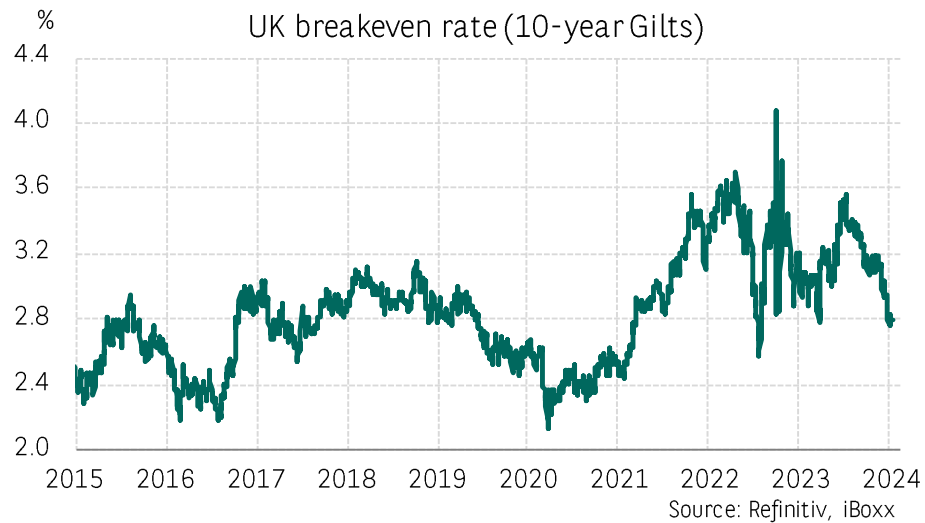
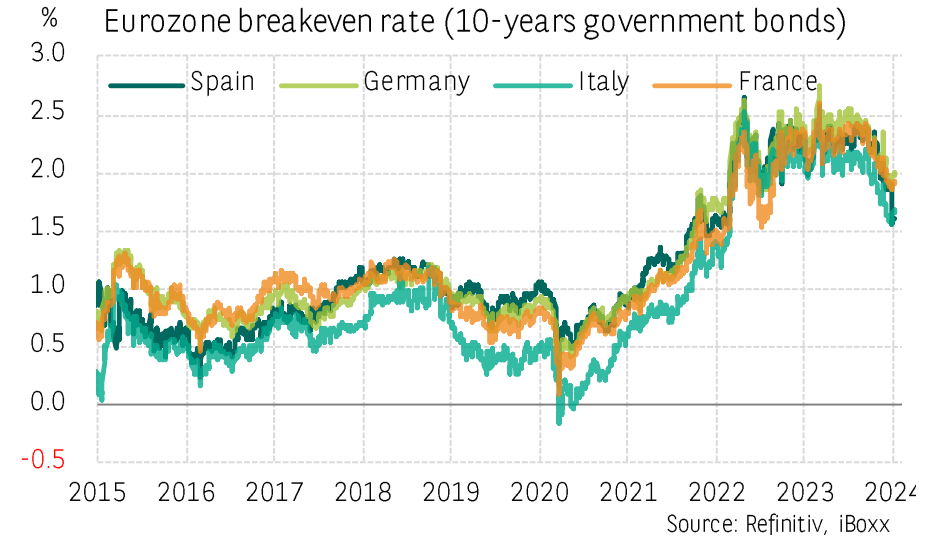
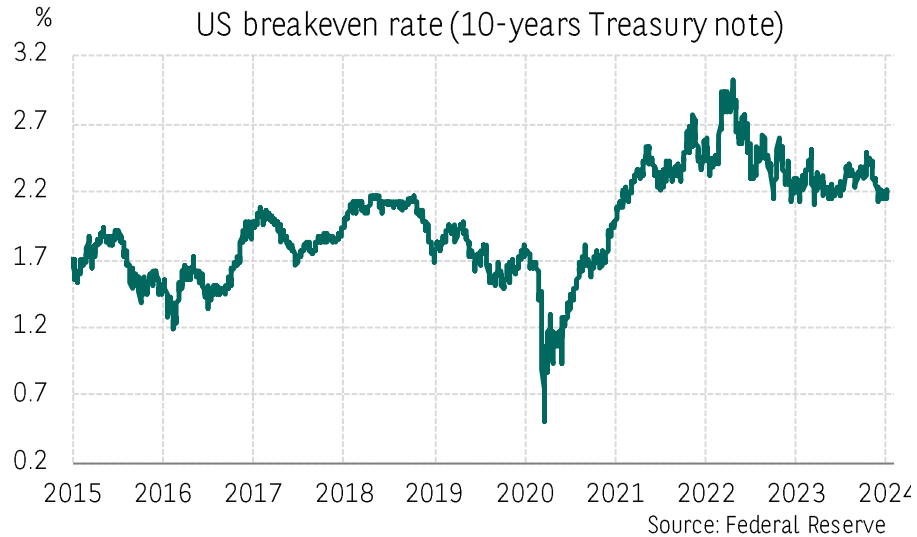
Inflation expectations in Japan



* Weighted average of respondents' answers from the consumer confidence survey (Cabinet Office)



Market expectations: breakeven inflation rate



Raw materials

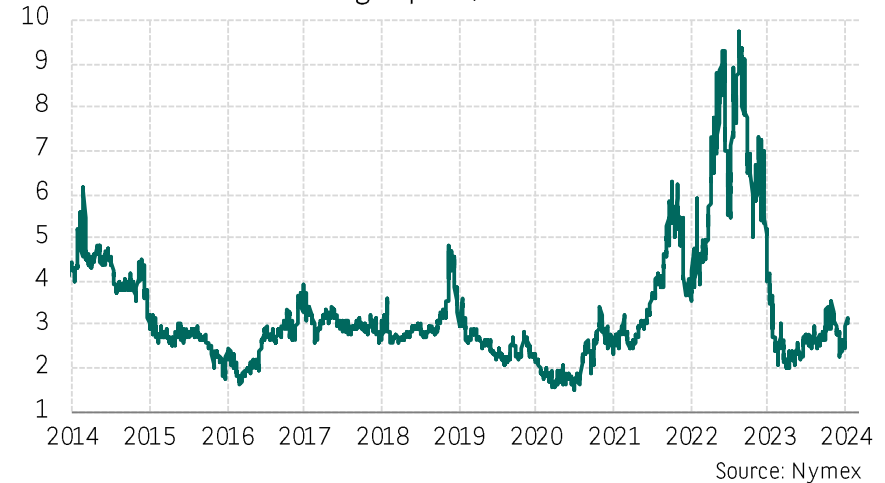


Raw materials

WTI crude oil price, USD/barrel



Natural gas price, USD/million BTU



S&P GSCI industrial metal spot price index



S&P GSCI agriculture spot price index



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