

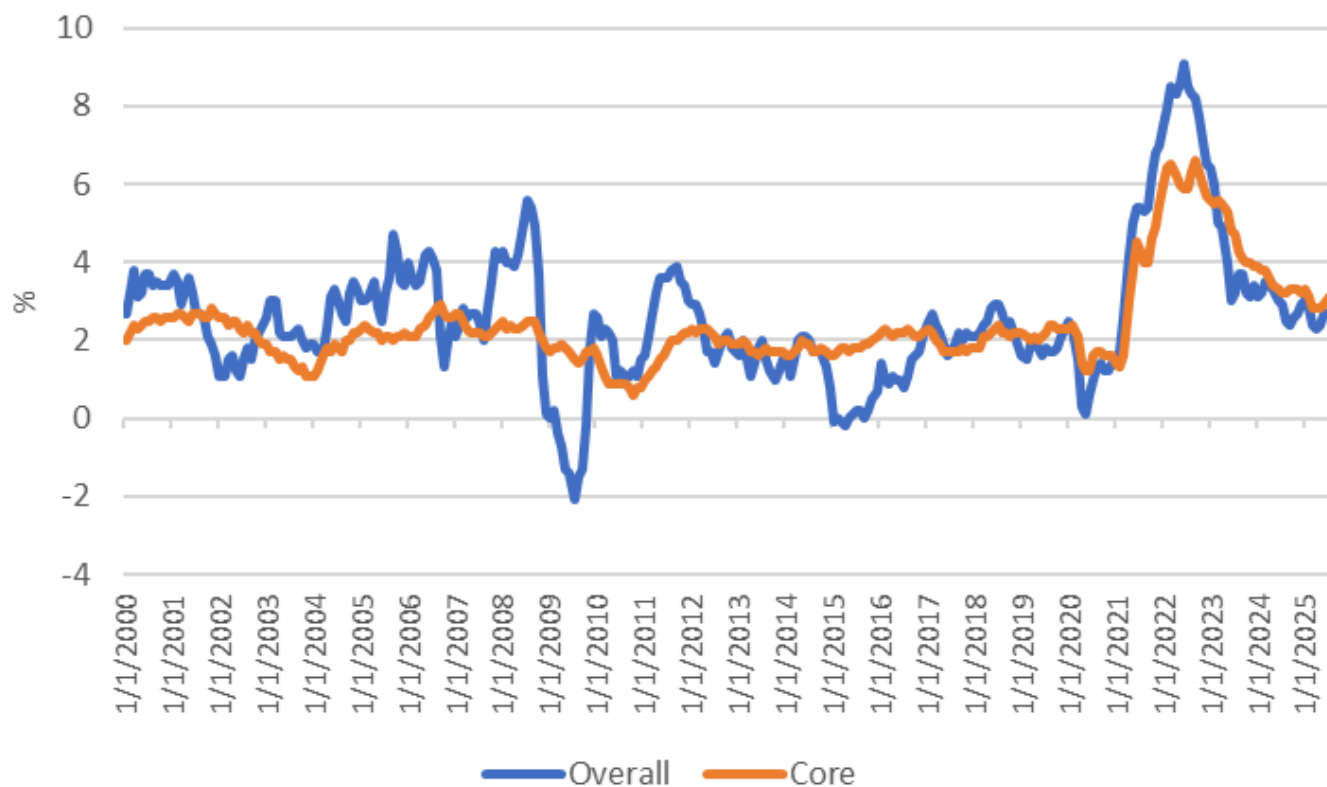
CFI Inflation Deck

cycleframework.com

August 2025

Inflation has receded

Yearly changes in the consumer price index



Source: Bureau of Labor Statistics

The Fed's preferred inflation measure is moderating

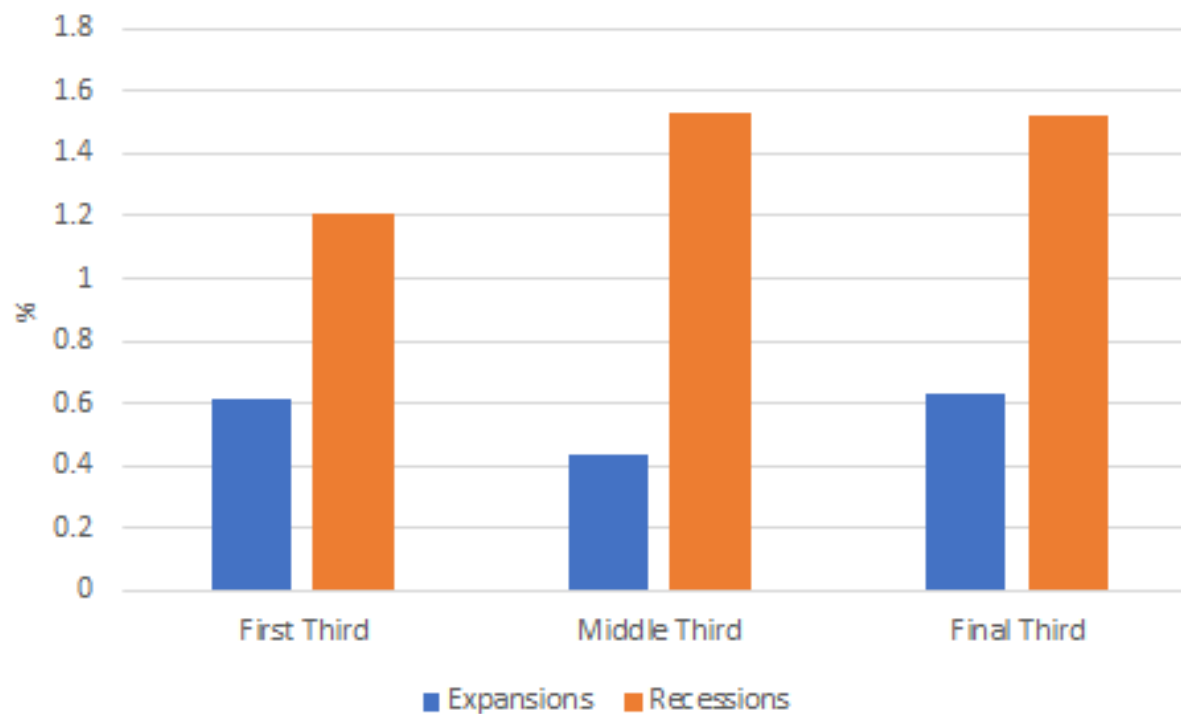
Yearly changes in the core PCE price index



Source: Bureau of Economic Analysis

The CPI/PCE spread widens in recessions

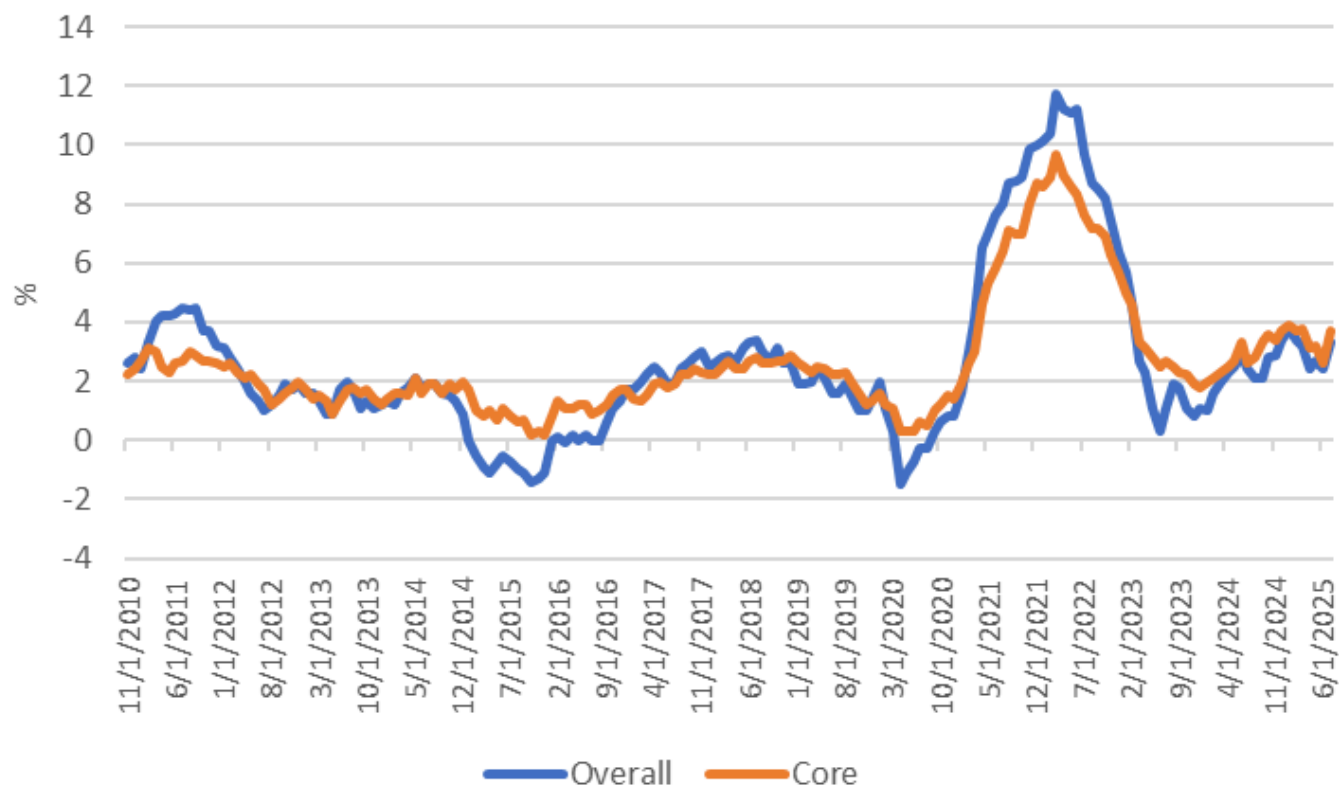
Average spread between the core CPI and core PCE inflation rates across the business cycle



Source: Bureau of Economic Analysis, Bureau of Labor Statistics

Wholesale inflation is edging higher

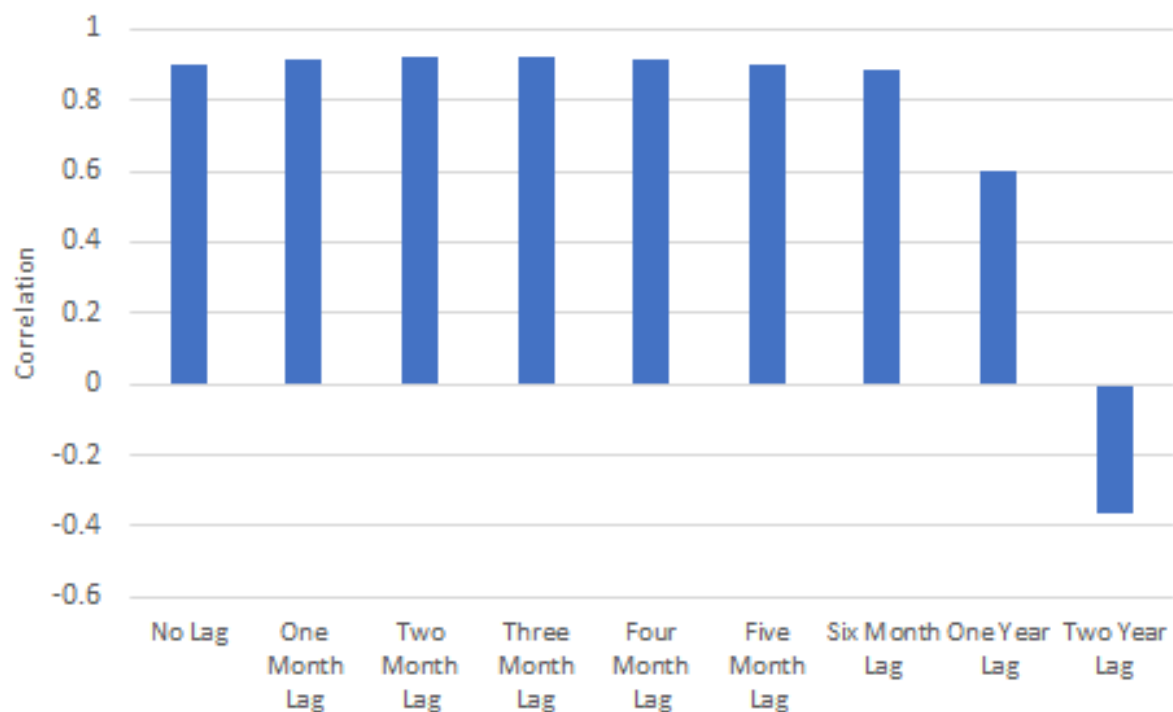
Yearly changes in the producer price index



Source: Bureau of Labor Statistics

Retail prices closely follow wholesale prices

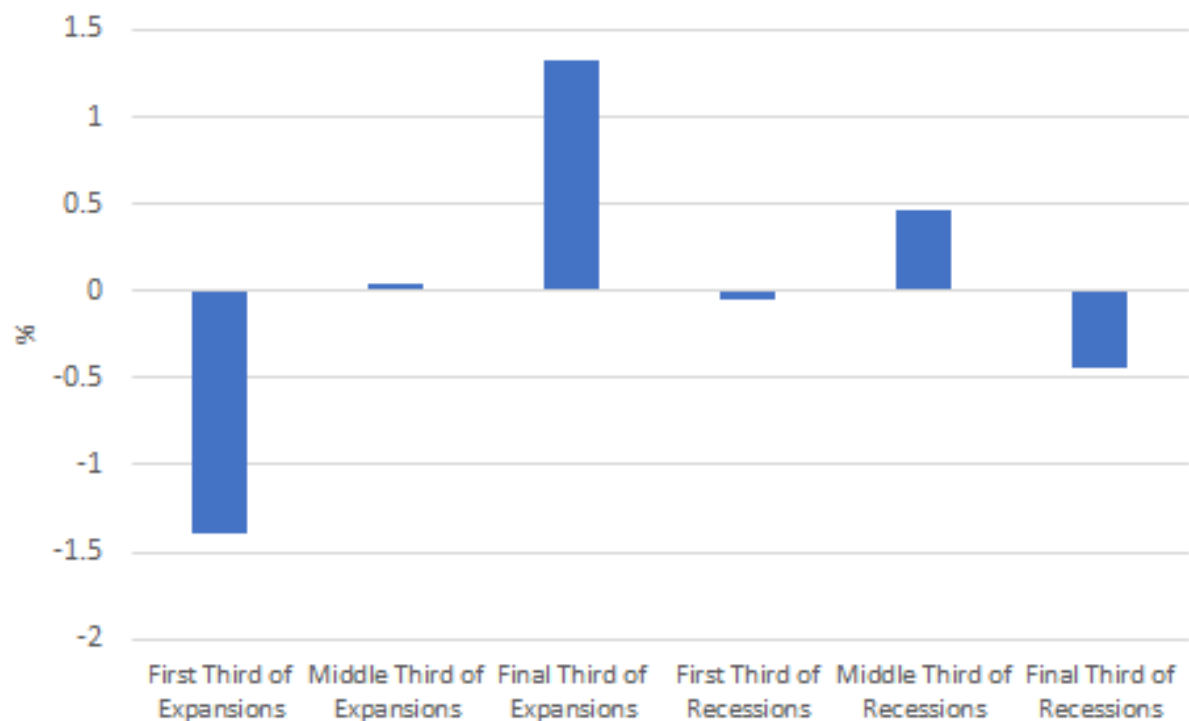
Correlations between yearly changes in the core consumer and producer price indices



Source: Bureau of Labor Statistics

Inflation is a lagging indicator

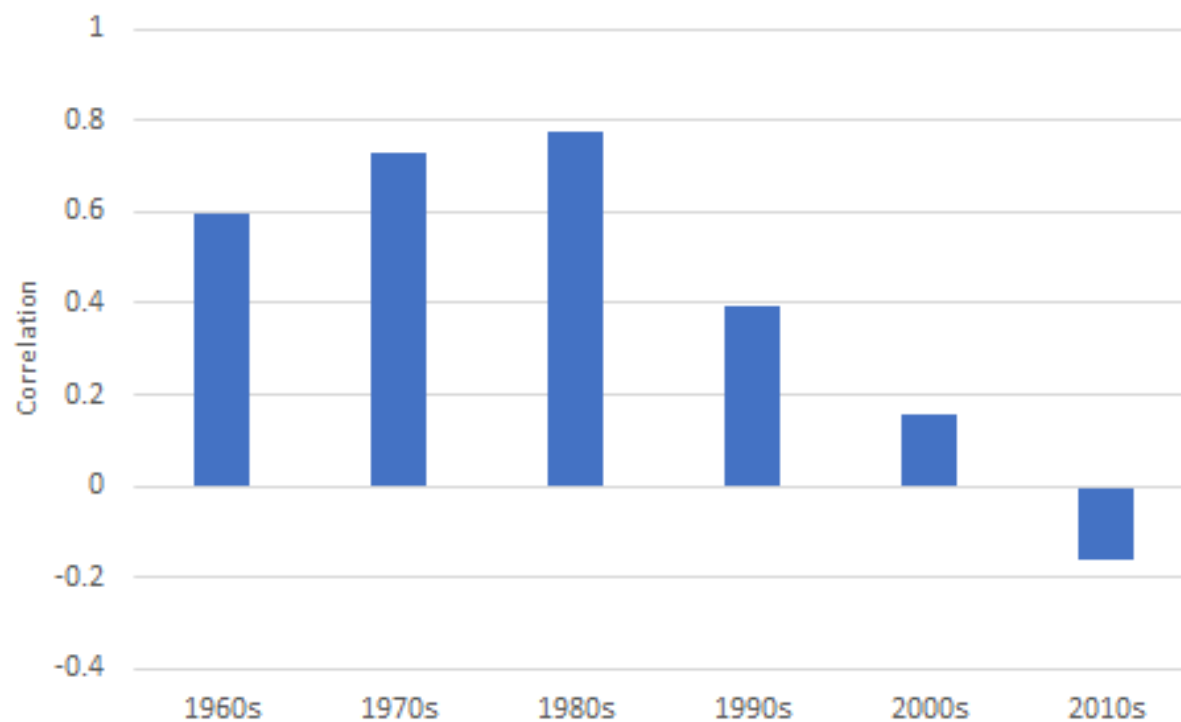
Average changes in the core CPI inflation rate across the business cycle



Source: Bureau of Labor Statistics

The influence of energy prices has waned

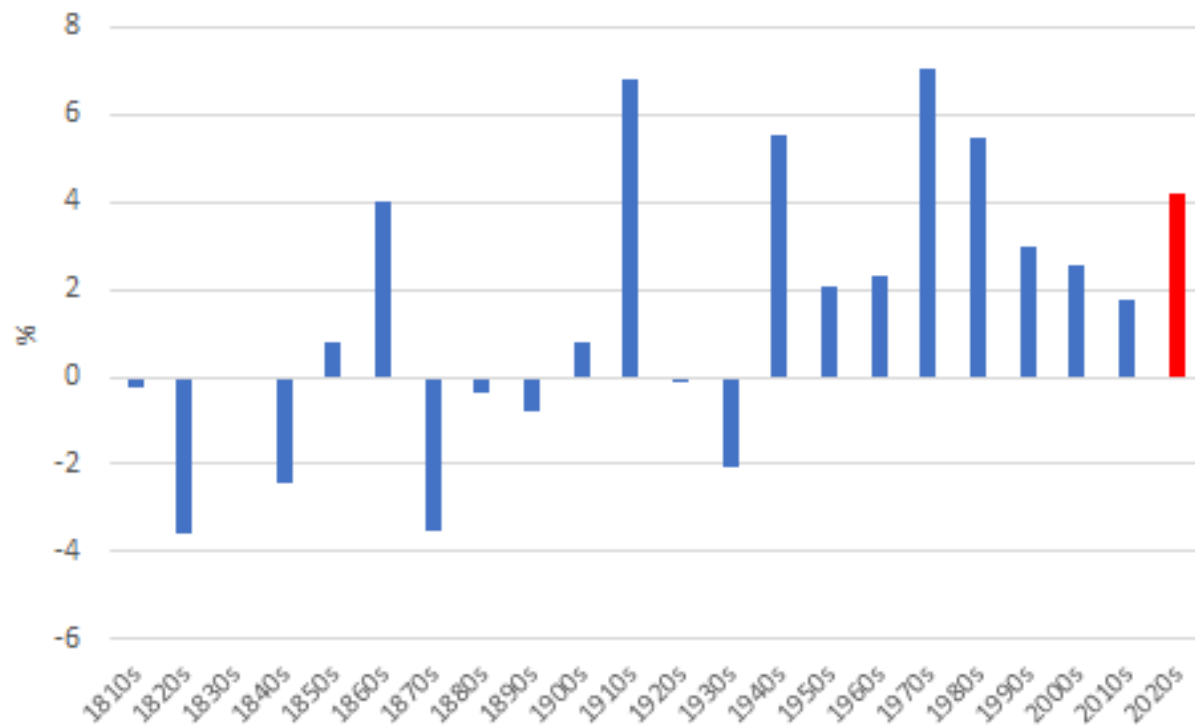
Correlations between yearly changes in energy and non-energy consumer prices



Source: Bureau of Labor Statistics

Recent inflation has been among the highest in U.S. history

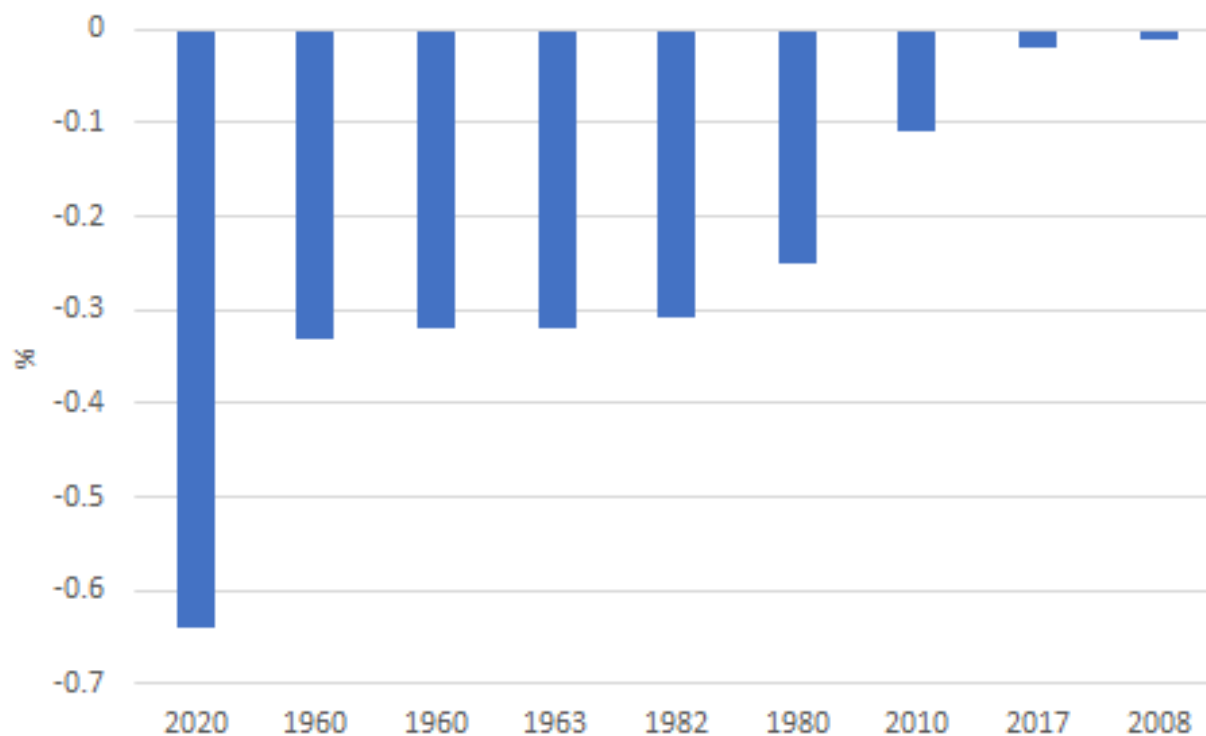
Annualized changes in consumer prices by decade



Source: Federal Reserve Bank of Minneapolis

Declines in consumer prices are rare

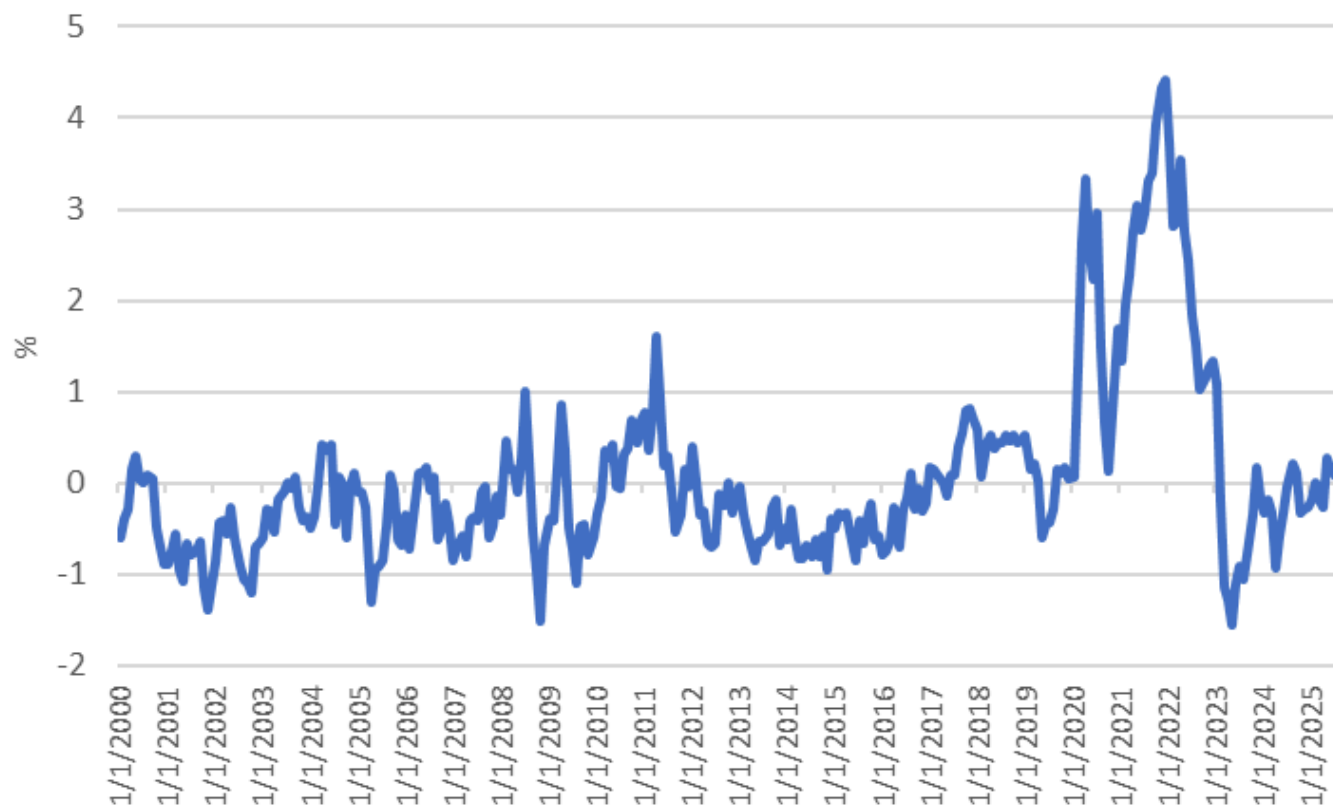
Largest declines in the core consumer price index



Source: Bureau of Labor Statistics

Supply chain pressures are ticking up

The global supply chain pressure index



Source: Federal Reserve Bank of New York

A quarter of small businesses are raising prices

The NFIB's higher prices index



Source: National Federation of Independent Business