

Bureau of Labor Statistics published the March Consumer Price Index (CPI). March is the first month to fully price in changes to energy as a result of the Ukraine-Russia conflict. The energy index alone climbed 32% relative to last year, by far the largest percentage increase of the major spending categories. Transportation was second up 22.6% from last year. Food and beverages jumped 8.5% with meat case items posting double digits for meat (14.8%) and poultry (13.2%). Dairy was up 7%, while food increased 8.8% compared to 2021.

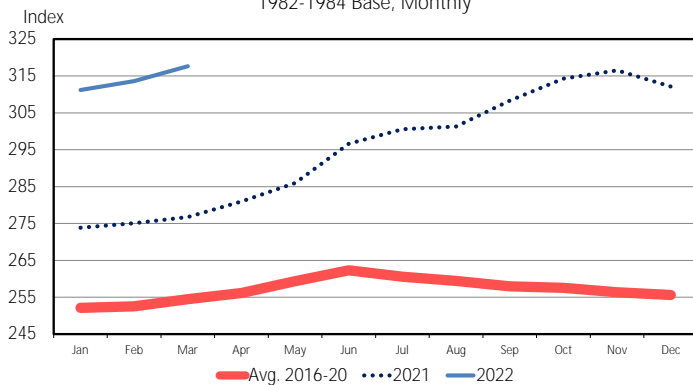
Core inflation—all items less food and energy—was 6.5% higher than last year. Since 2010, core inflation has followed the predictable path and trend line of gaining about .4713 every month from the previous month, but starting in 2020, even before the pandemic, core inflation was gaining at a much faster rate month over month. January of 2020 increased 1.1, followed by February increasing another 1.3. Since the beginning of 2020 monthly gains in core inflation have been .9023.

In 2021 and 2022 core inflation increases have become even steeper with 4 months of the last 15 having month over month changes greater than 2 and 10 of those months having value changes greater than 1. In these 15 months the average increases month over month change is adding 1.3 to the core inflation index.

March saw the first interest rate hike from the Federal Reserve and more promised in the coming year. The last two months have shown very strong year-over-year increases on a percentage basis to a multitude of CPI factors, but the numbers continue to get larger. Changes to interest rates may slow the rate of change for prices, but the numbers will still be very large and prices would very likely still be hurting consumers. Importantly, core inflation does not include increases in energy or food.

Consumer sentiment will be released later this week with preliminary data for April, but the value will likely remain low. Retail meat prices were also released yesterday and will be detailed in tomorrow's DLR. The macro environment continues to hold uncertainty but the demand picture for meat continues to look optimistic. The impact of high prices to consumer buying patterns is still unfolding and will likely effect different socioeconomic groups in unique ways.

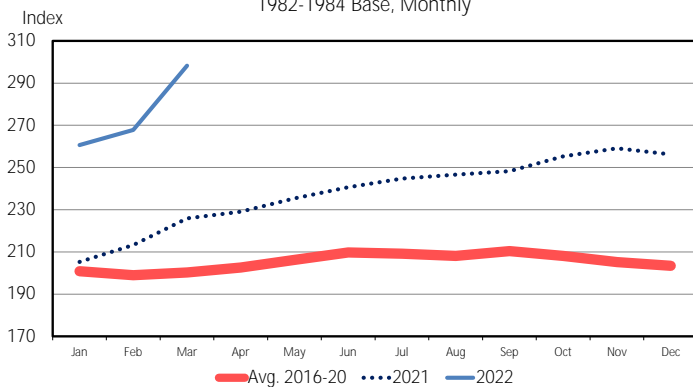
CPI – MEATS
1982-1984 Base, Monthly



Data Source: Bureau of Labor Statistics
Livestock Marketing Information Center

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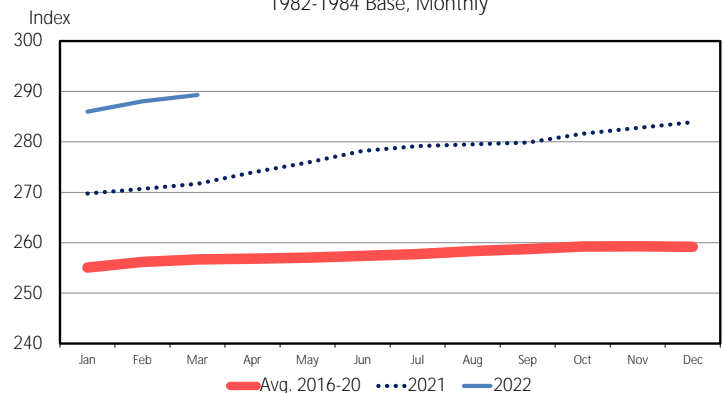
CPI – ENERGY
1982-1984 Base, Monthly



Data Source: Bureau of Labor Statistics
Livestock Marketing Information Center

04/12/22

CPI – ALL ITEMS LESS FOOD & ENERGY
1982-1984 Base, Monthly



Data Source: Bureau of Labor Statistics
Livestock Marketing Information Center

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