

# Making Sense

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## November's Consumer Price Index:

### Lower Gas Prices Continue to Flatten Overall Inflation

#### In Brief:

#### Takeaways from November's consumer price index:

- Headline inflation (year-over-year): **3.1%**
- Core inflation (year-over-year): **4.0%**

#### What does it mean for you?

- Consumer inflation is improving but remains elevated.
- Today's report likely means the Fed will not hike in December but also won't be in a hurry to cut rates.

#### What to watch:

- Watch the Fed's next rate decision on December 13, along with their Summary of Economic Projections.
- The Fed will continue to monitor economic data as well as developing geopolitical events.
- Stay informed and submit your questions at [FirstCitizens.com/Wealth/Market-Outlook](https://www.firstcitizens.com/Wealth/Market-Outlook).

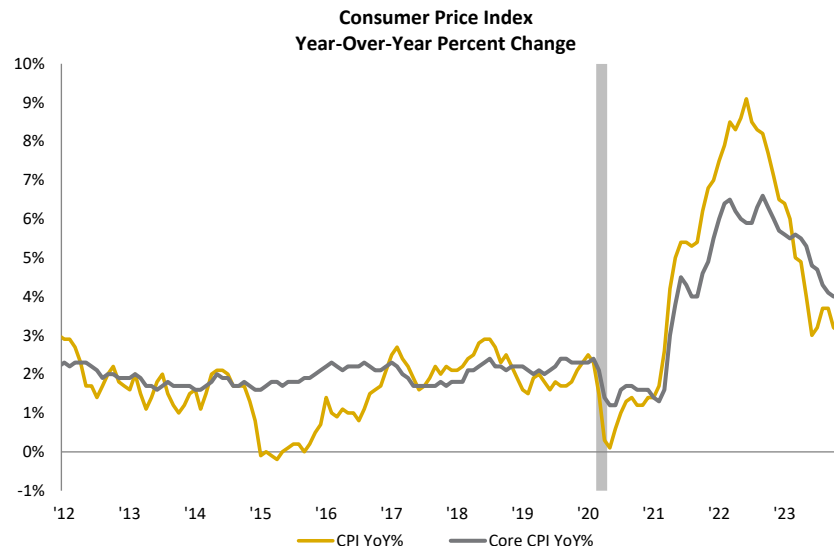
Last month, consumer inflation ticked a slight, 0.1% higher compared to the prior month. Year-over-year, headline inflation rose 3.1%, an improvement from 3.2% in October. Core inflation (excludes food and energy) rose 4.0%—double the Fed's 2% target and unchanged from the previous reading.

Today's report reinforces our view that the Federal Reserve will leave the federal funds rate unchanged at tomorrow's Federal Open Market Committee (FOMC) meeting. Still, underlying inflation remains elevated relative to the Fed's inflation target. **The FOMC will want to see further improvement in the pace of underlying inflation before greenlighting a reduction in the federal funds rate.**

Contributors to the 0.1% month-on-month change in CPI include a 0.4% gain in the price of shelter, a 1.6% gain in the price of used vehicles, and a 0.6% gain in the price of medical care services. On the flip side, the price of gasoline fell 6.0%, new vehicle prices fell 0.1%, and airline fares fell 0.4%.

**In total, the rate of overall inflation continues to moderate at a slow pace but remains too elevated for the Fed and/or investors to declare victory.**

Figure 1: Consumer Price Index



Source: BLS, Bloomberg

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