

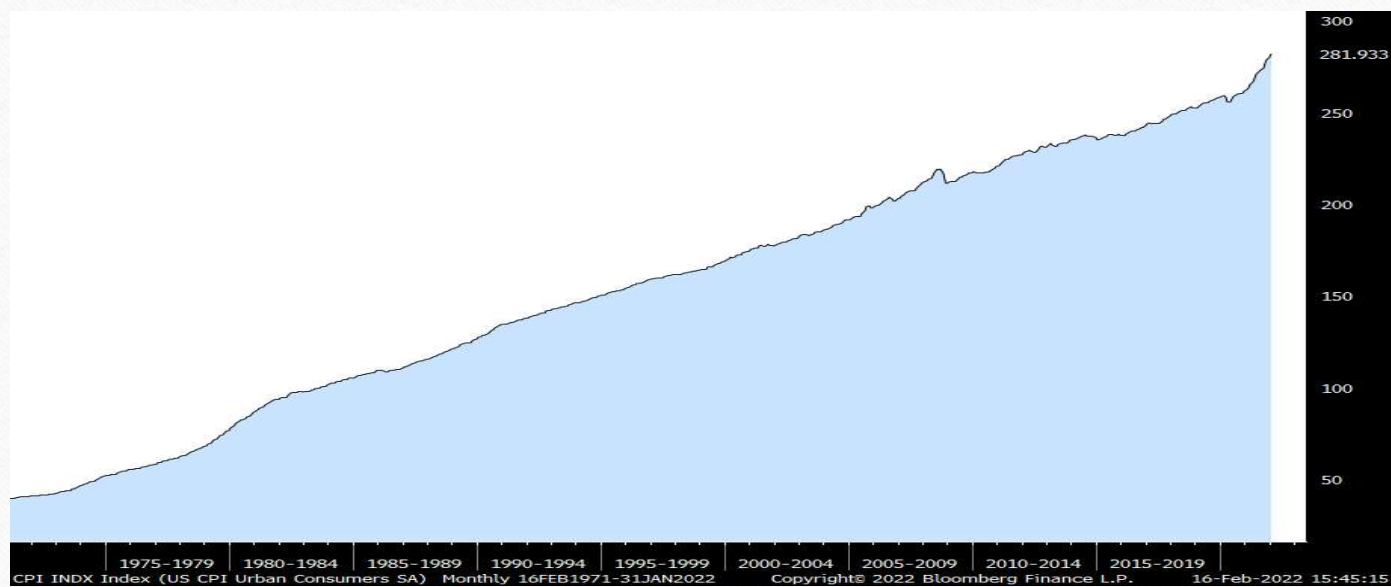
Inflation is not so transitory

February 2021

Services Inflation ex energy within CPI
averaged 2.8% in the 5 yrs leading up to Covid



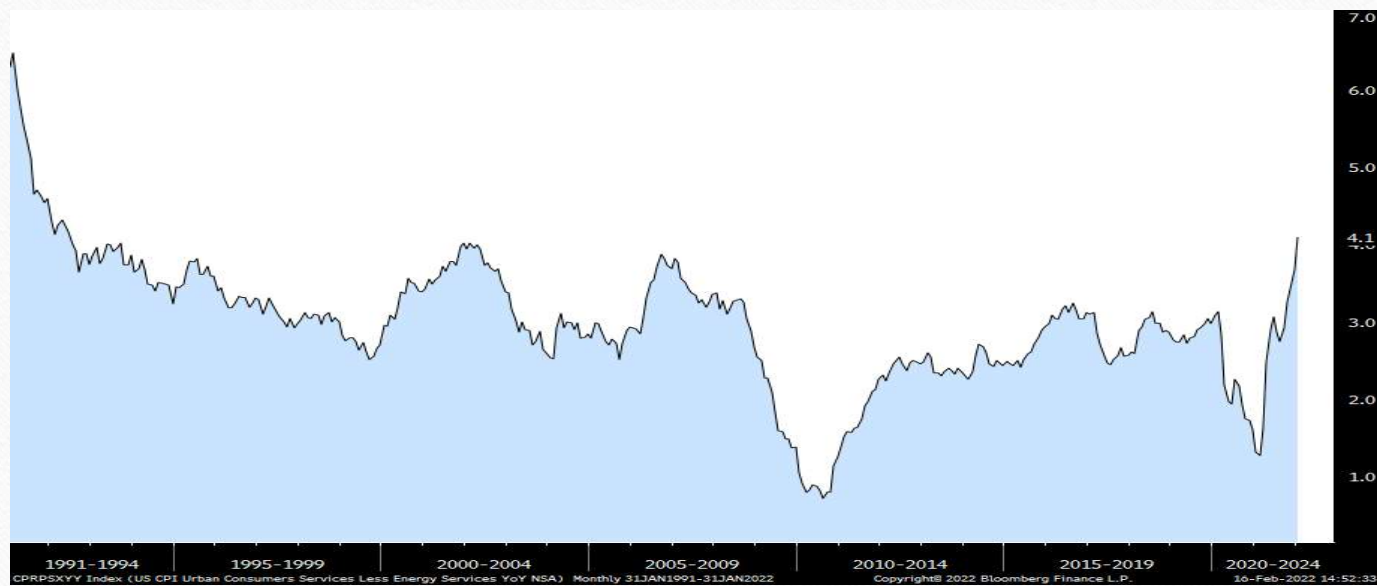
The CPI Index over the past 50 years



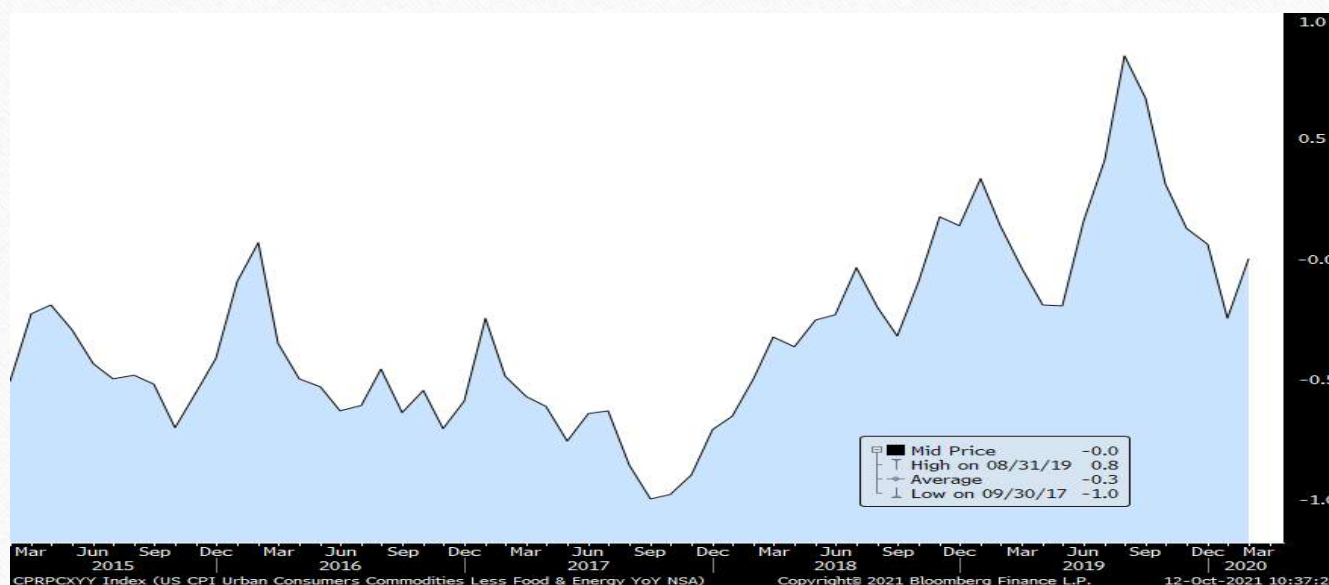
Services Inflation ex energy within CPI
averaged 2.8% in the 20 yrs leading up to Covid



Services inflation back above its long term average but before rent gains kick in



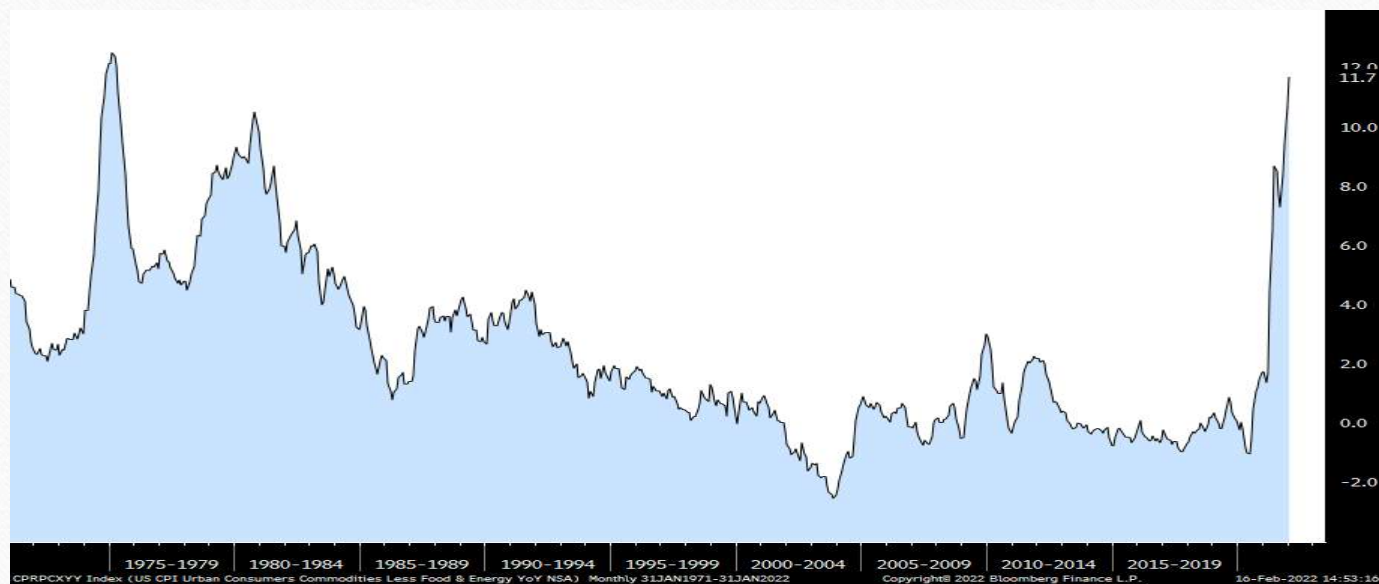
It's been price disinflation on the goods side that has kept inflation in check: Core goods prices over past 5 years pre Covid avg'd -0.3%



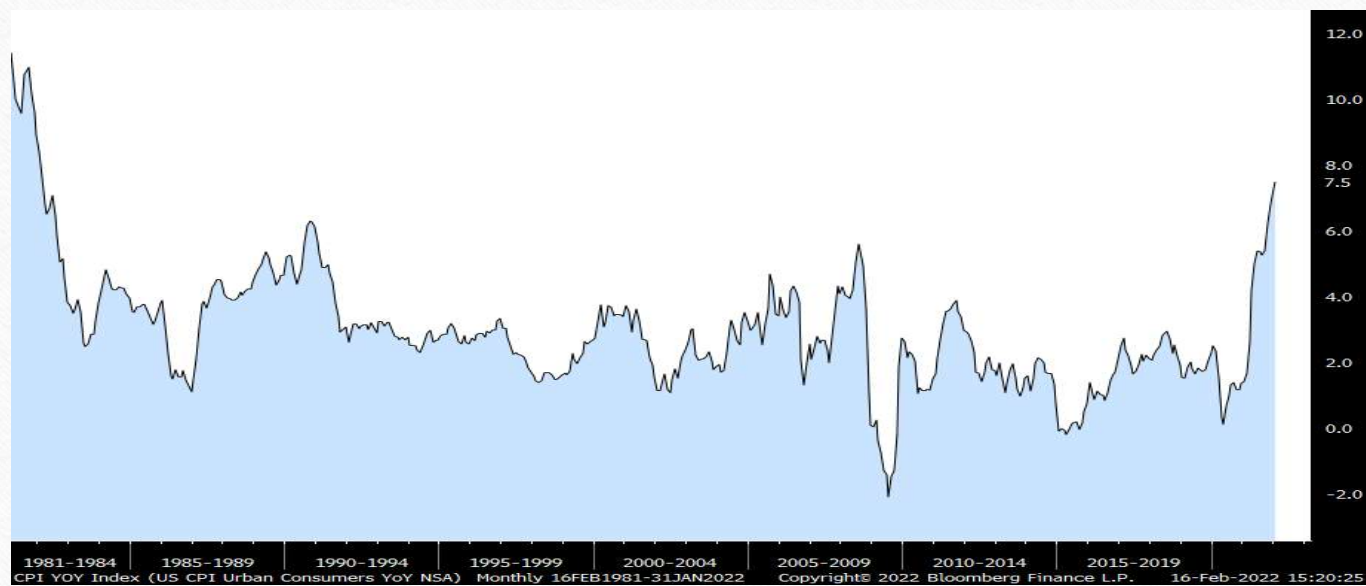
Core goods prices over past 20 years pre Covid
avg'd 0%. True price stability!



Goods disinflation/deflation is over for now:
Core goods prices y/o/y over past year, 40 yr
high



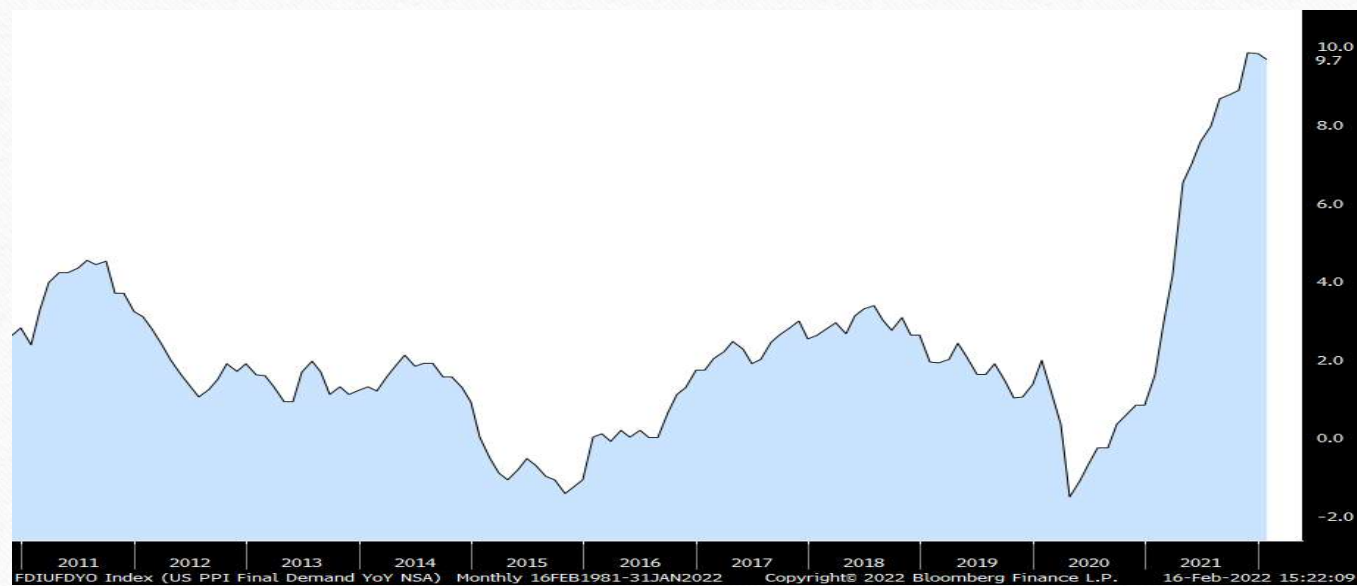
US CPI y/o/y at 40 yr high



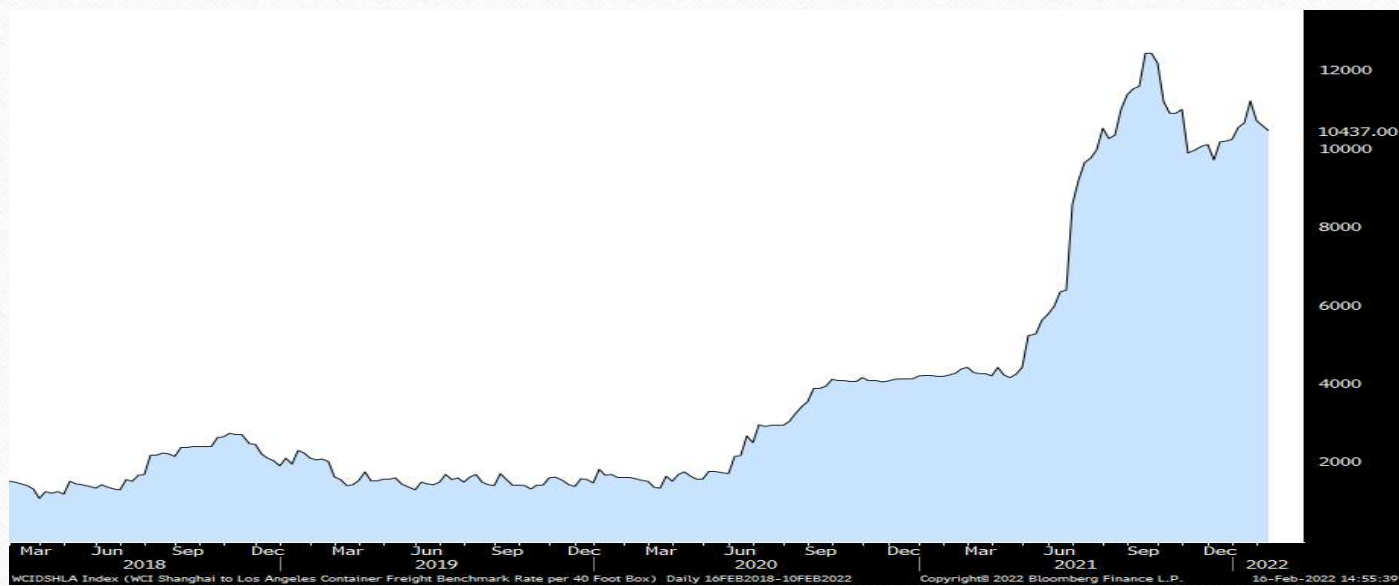
US core CPI y/o/y at 40 yr high



US PPI

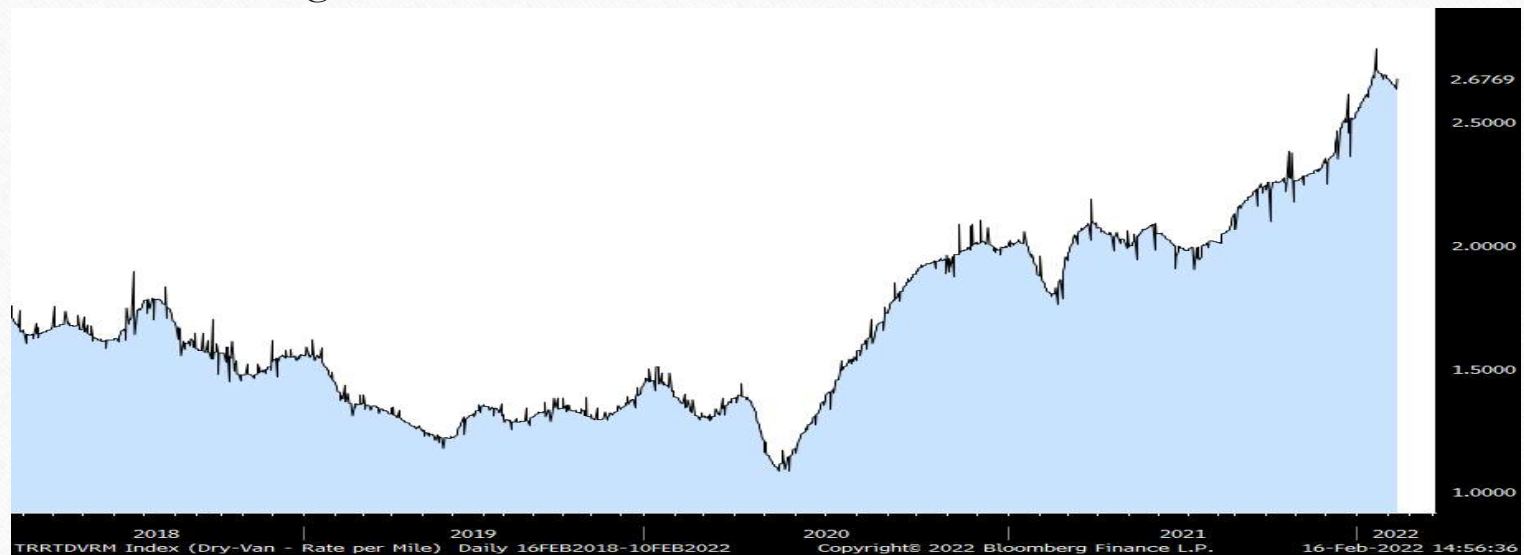


Drewry Shanghai-LA container rate index



US Dry Van Price Per Mile

Just off record high



Shanghai to North America Air Cargo Index, 3x pre covid level



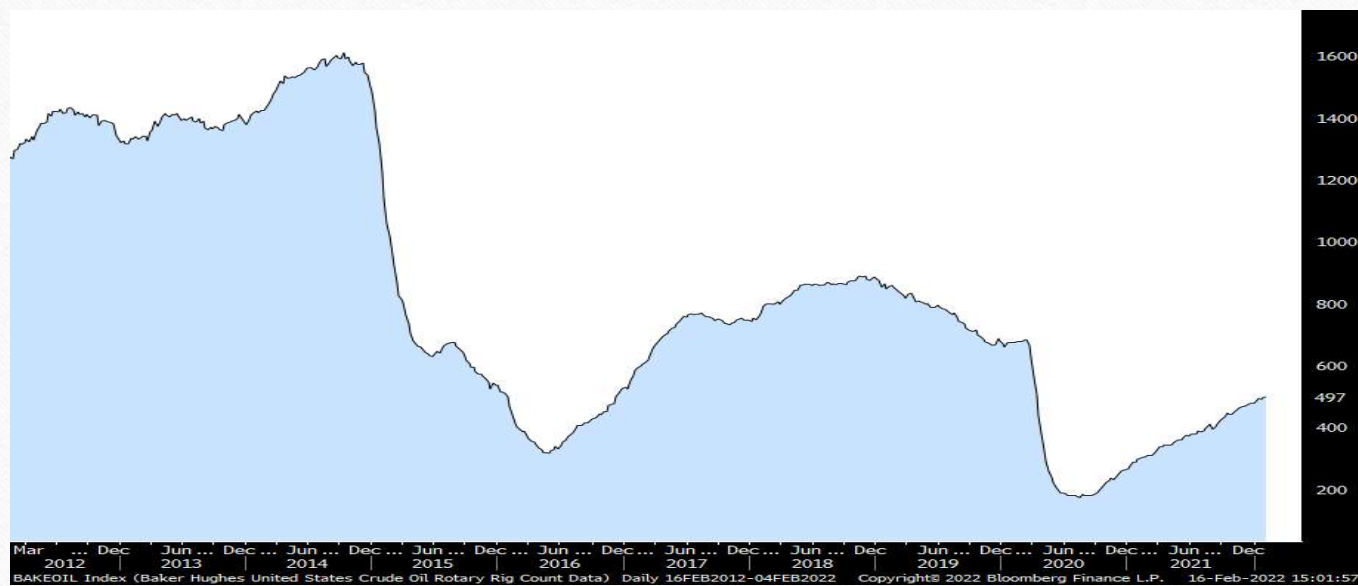
Record high in CRB Raw Industrials Index



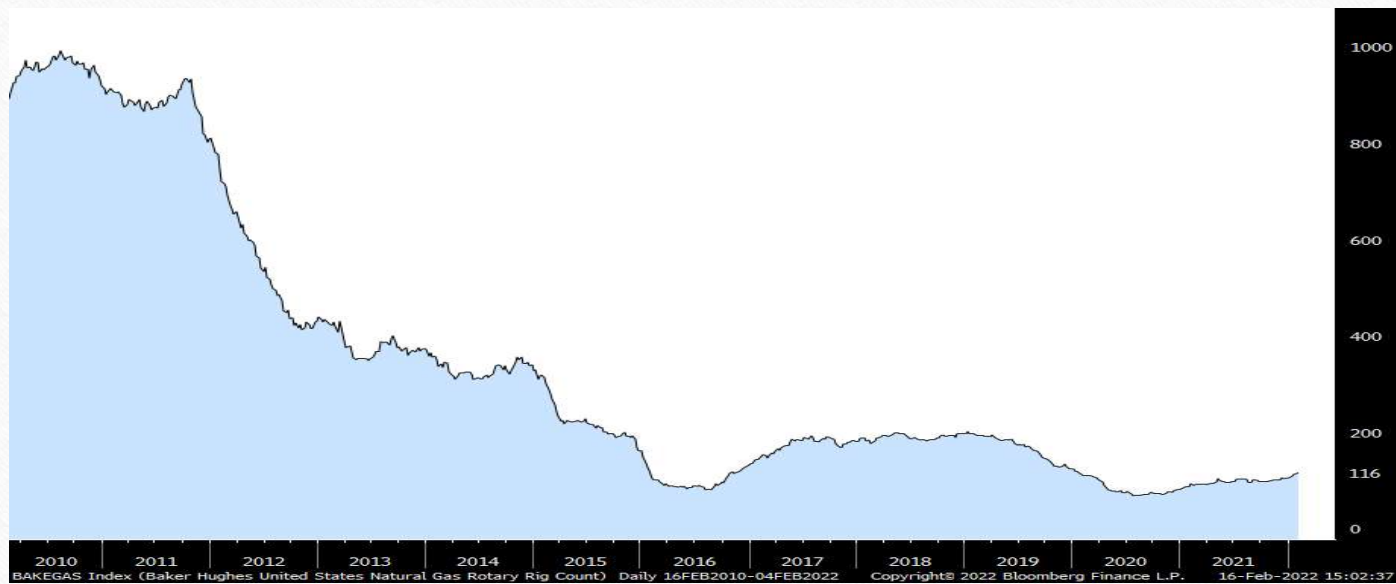
Record high in CRB Food Index



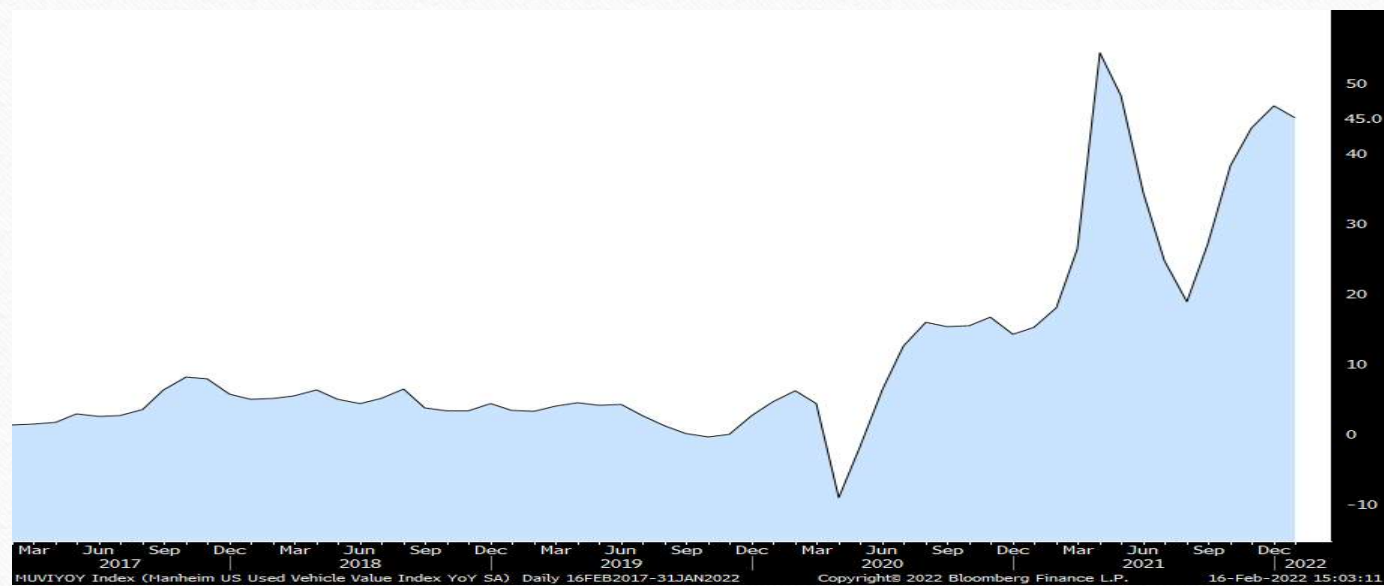
US Oil Rig Count over past 10 years



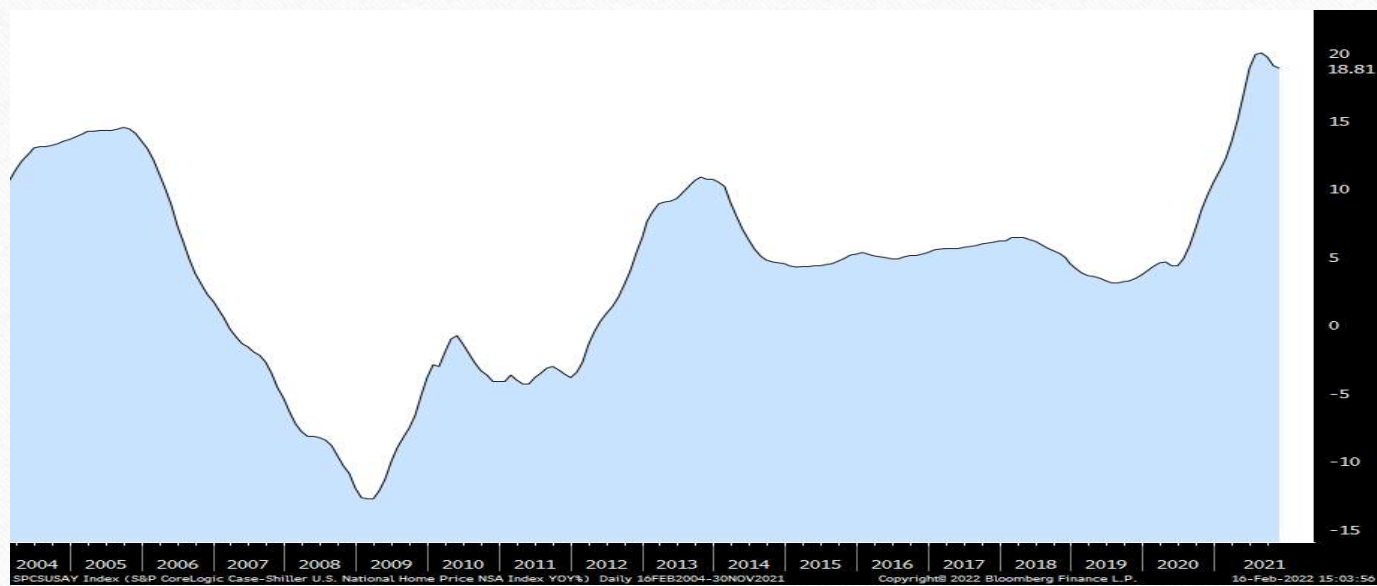
US Gas Rig Count down 89% from 2011 peak



Manheim Used Car Index y/o/y



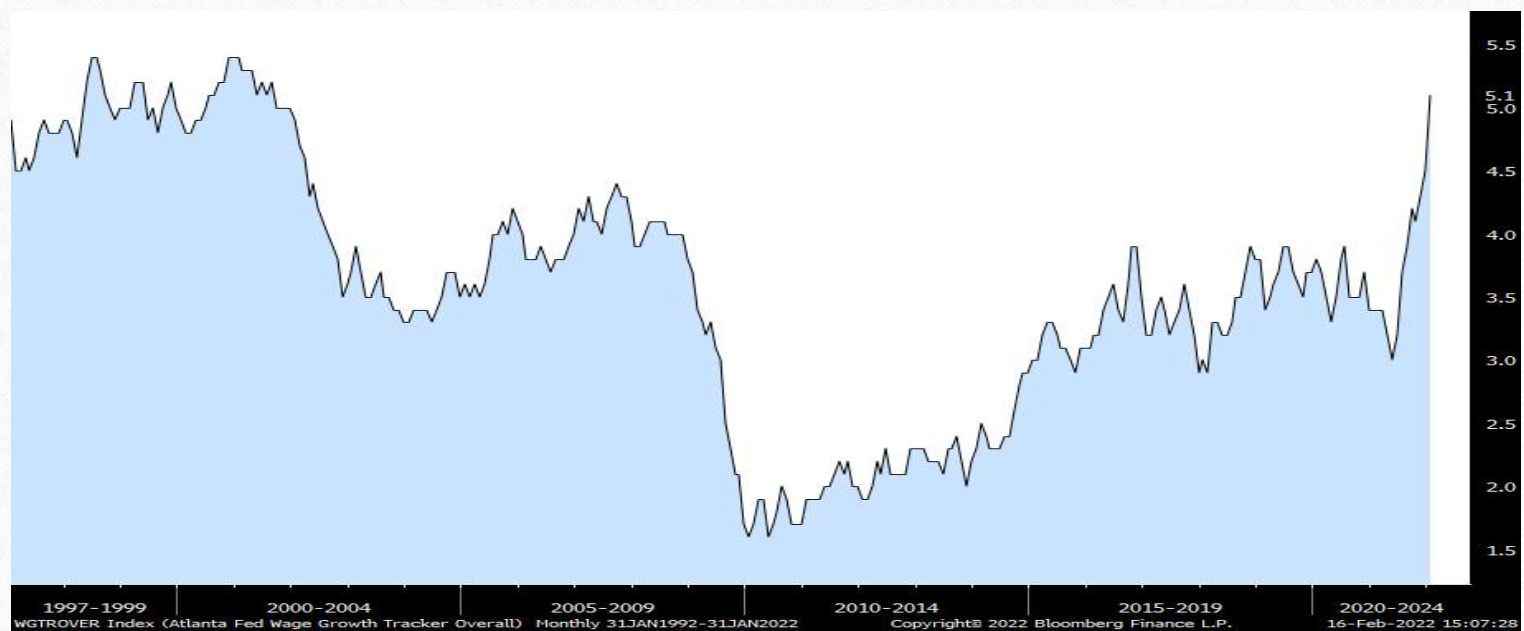
S&P CoreLogic home price index y/o/y up 20%



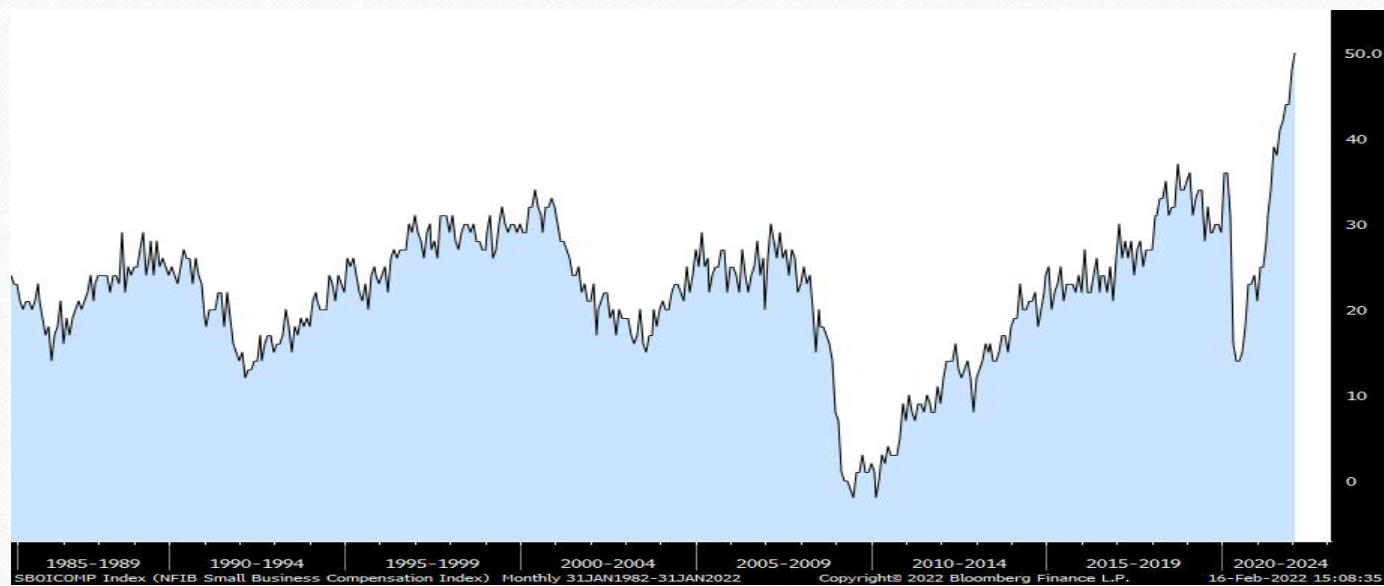
Snap your fingers and produce more semi's?

Taiwan semi broke ground in June 2021 on its \$12b Arizona fab. Production will begin in 2024.

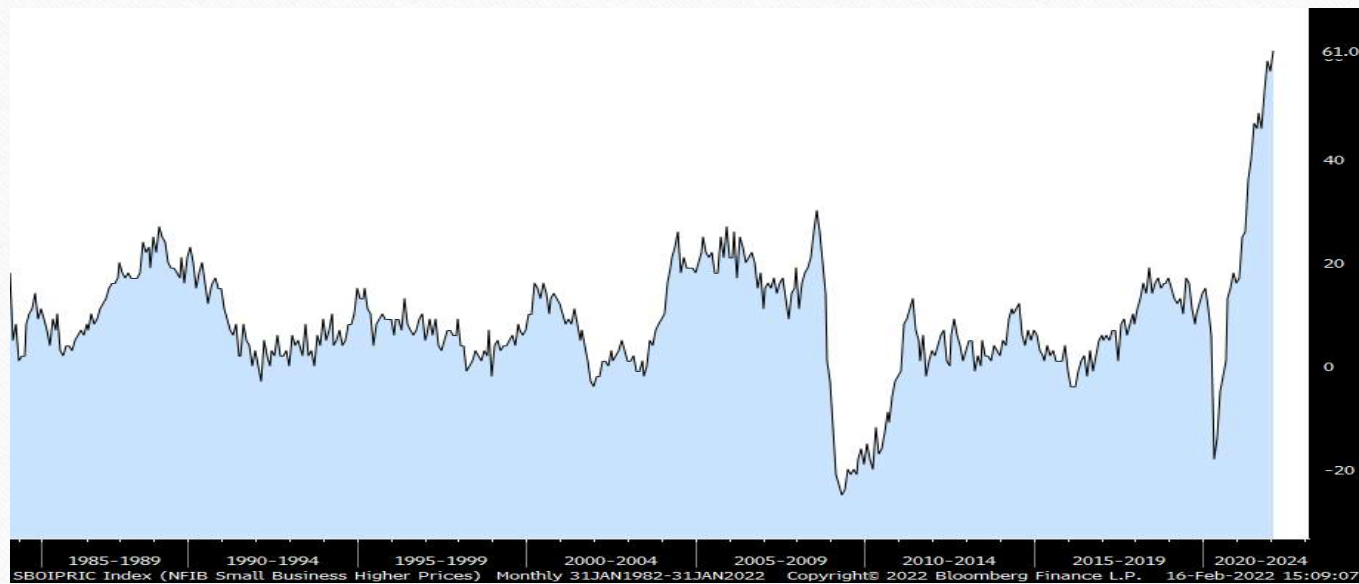
Labor market tight. Atlanta Fed Wage Growth Tracker, 20 yr high



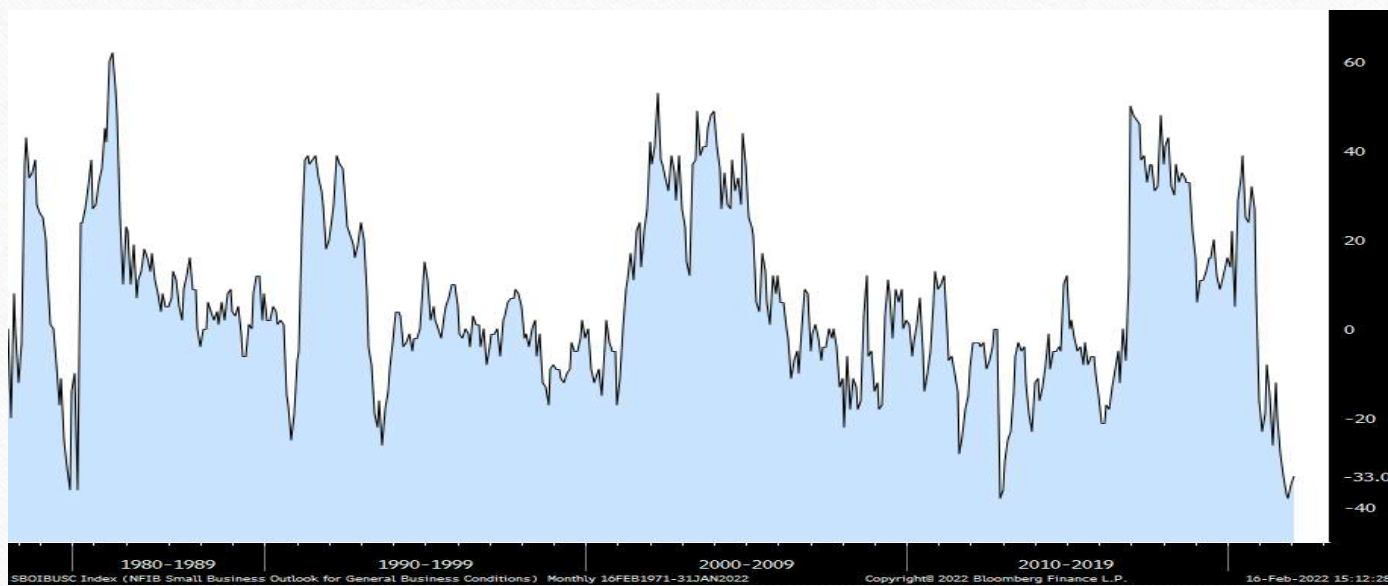
NFIB Small Business survey, Compensation Plans



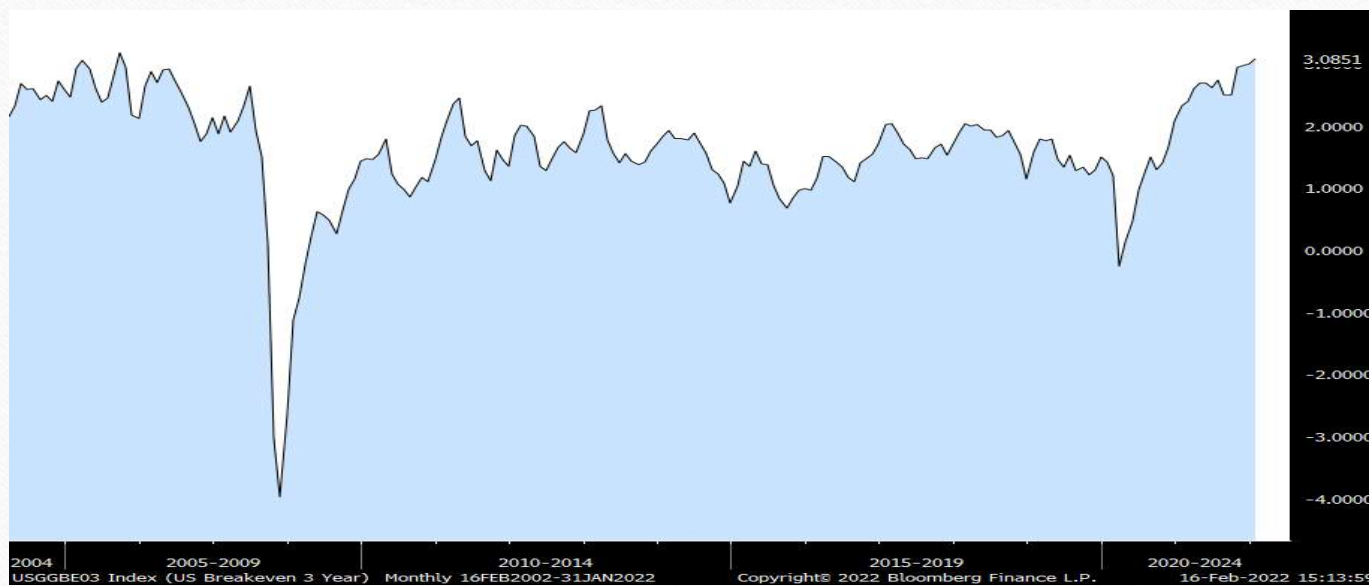
NFIB Small Business survey, Planning Higher Prices



NFIB Economic Expectations, near lowest in 40 yrs



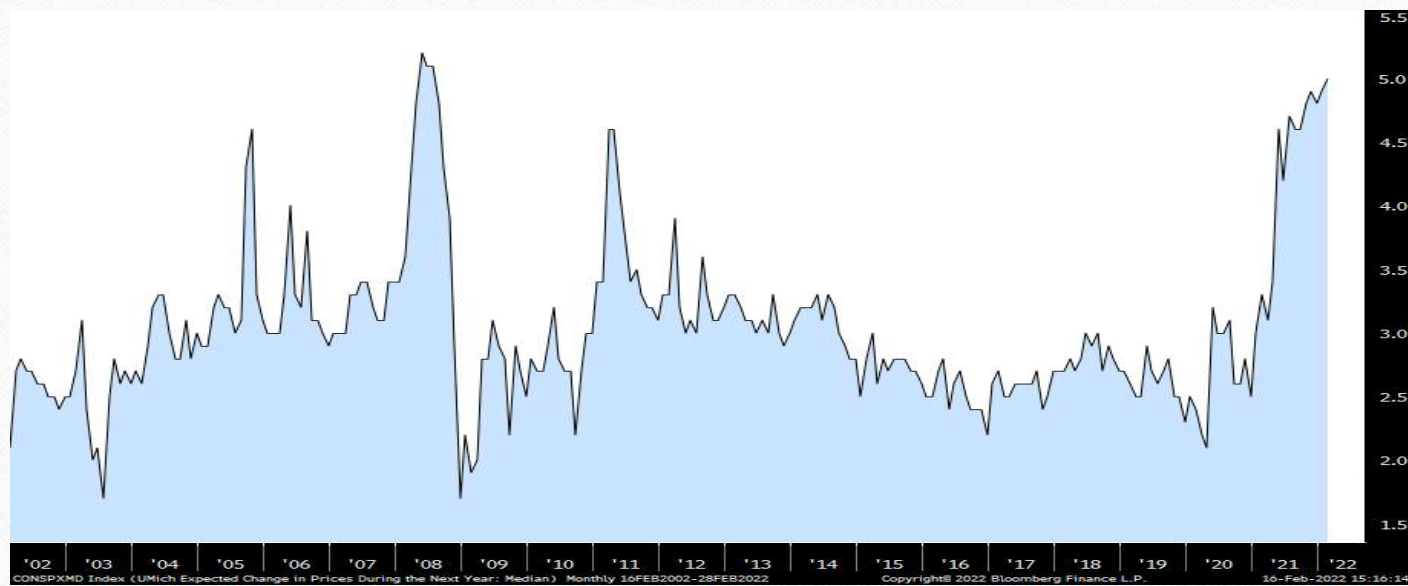
3 yr Inflation Breakeven, highest dating back to 2004



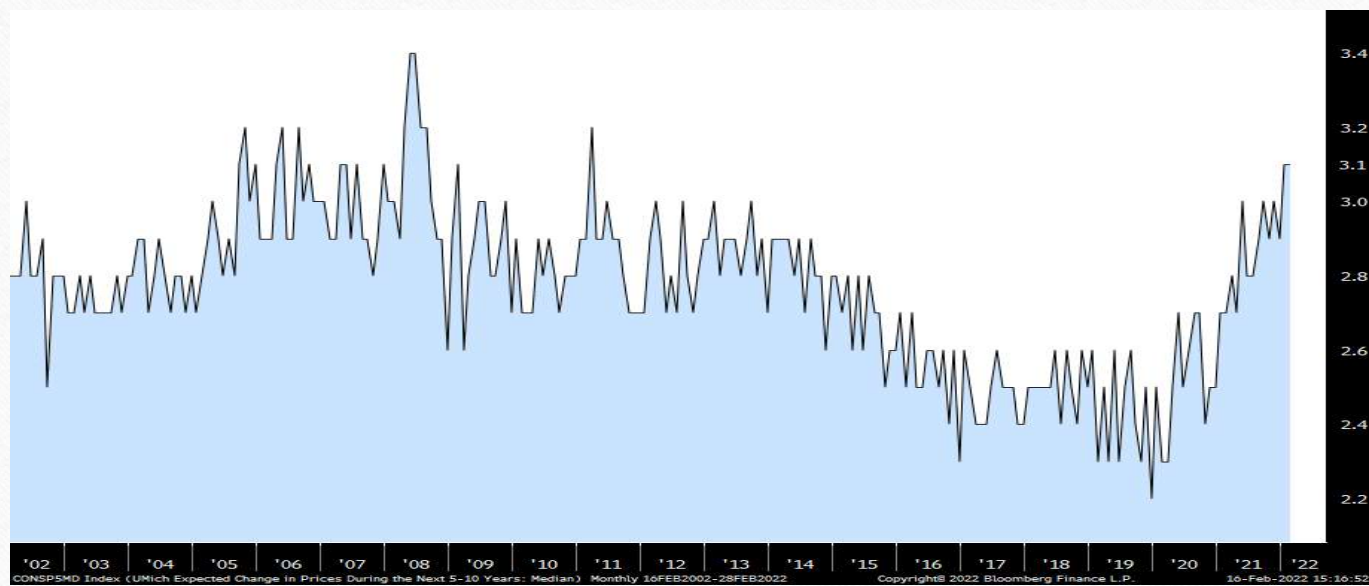
10 yr Inflation Breakeven, just off highest since 2013



UoM One yr Inflation Expectations, at 13 1/2 yr high



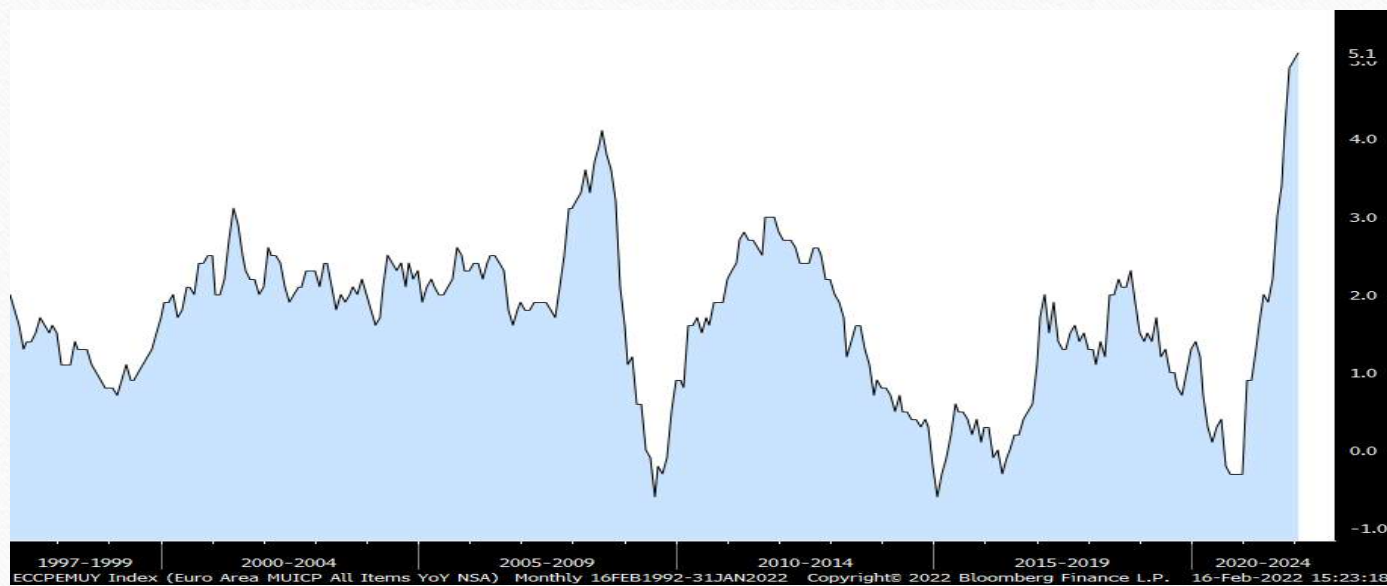
UoM Inflation Expectations 5-10 yrs out



JUST in TIME Inventory Management is
DEAD

To be replaced by:
JUST in CASE

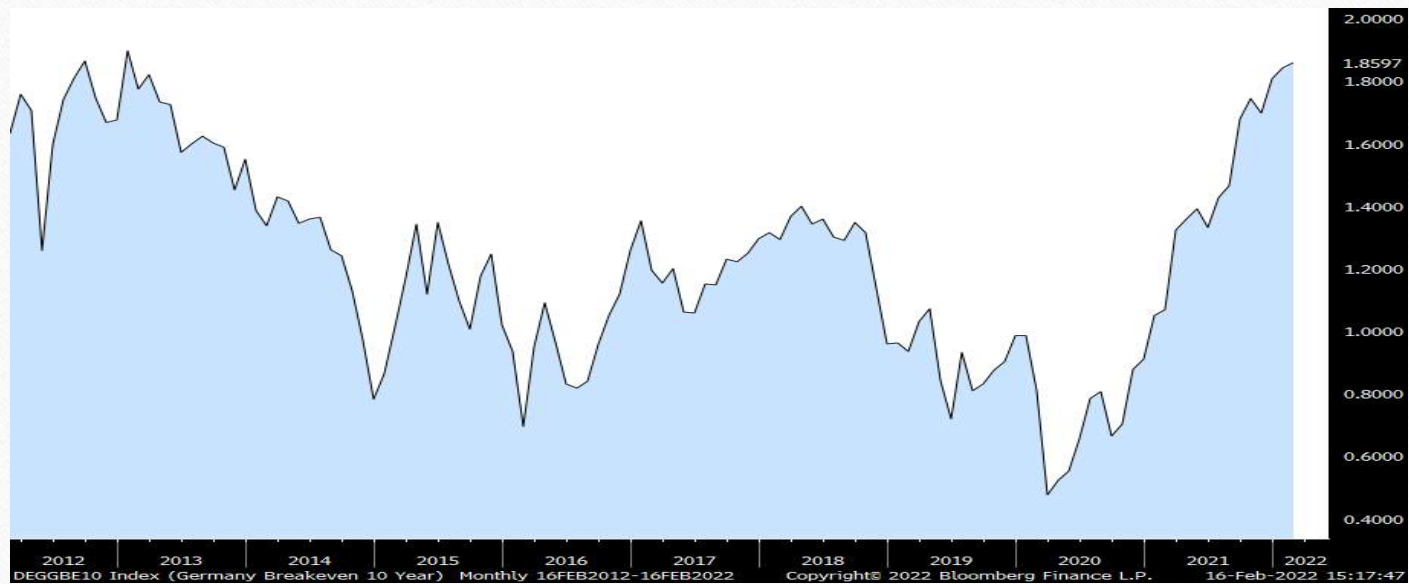
EuroZone CPI y/o/y highest since created



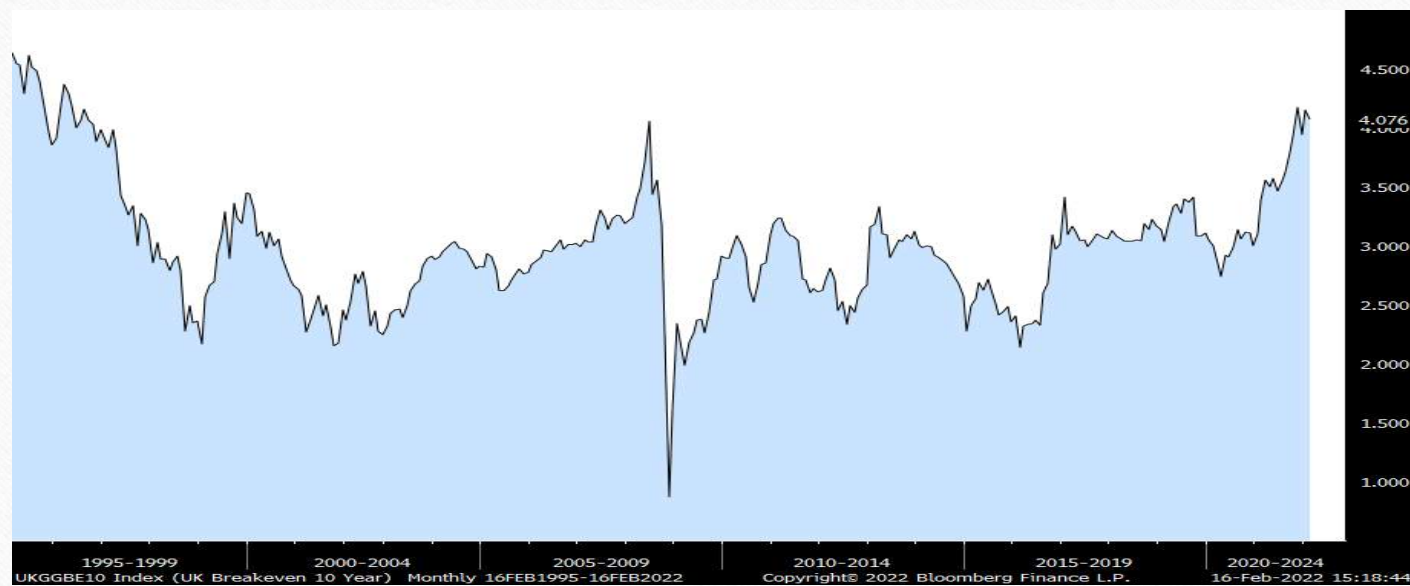
UK CPI at 30 yr high



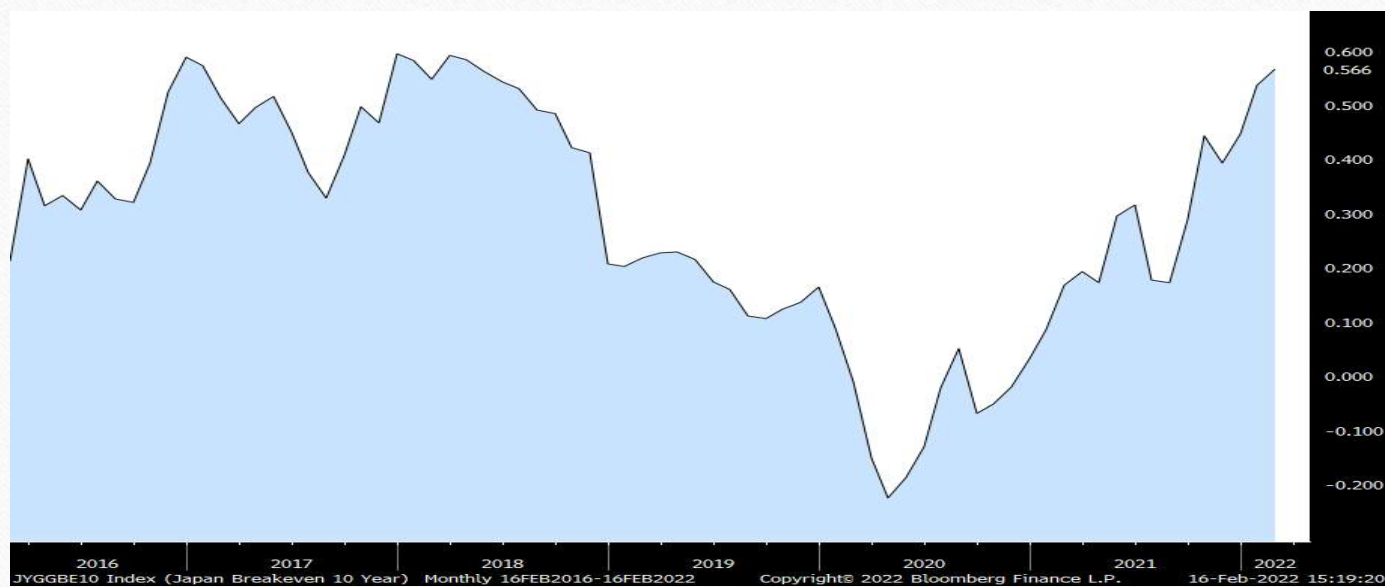
German 10 yr inflation breakeven at 9 yr high



UK inflation breakeven, near the highest since 1996



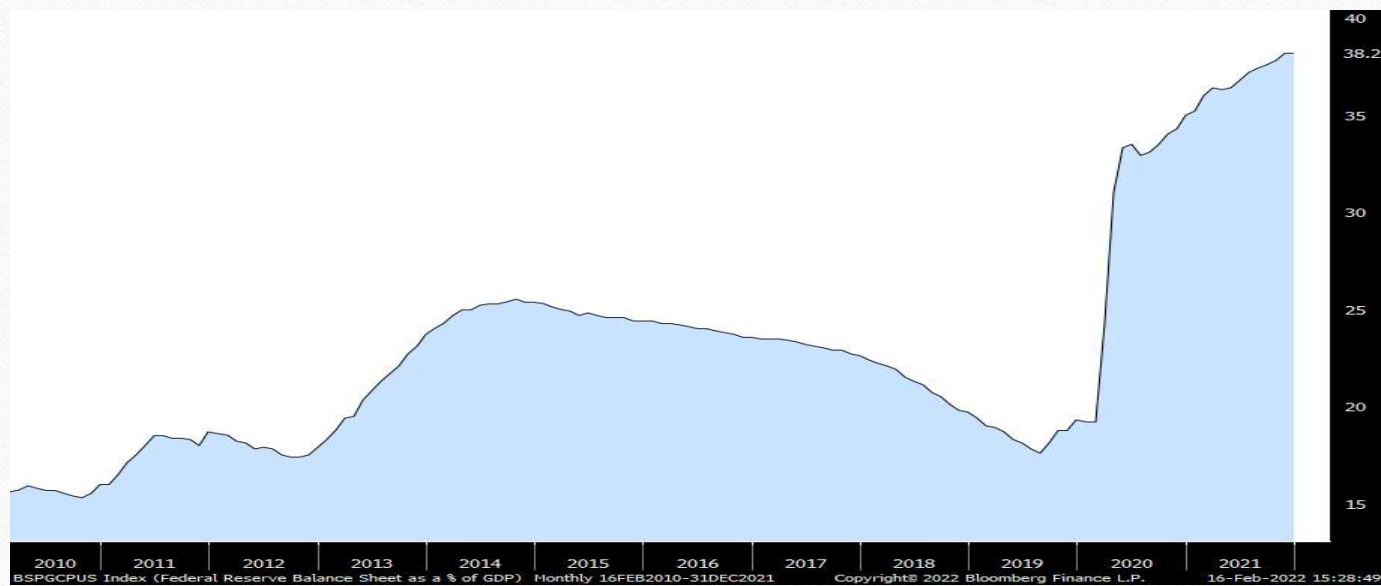
Japan 10 yr inflation breakeven, highest since 2018



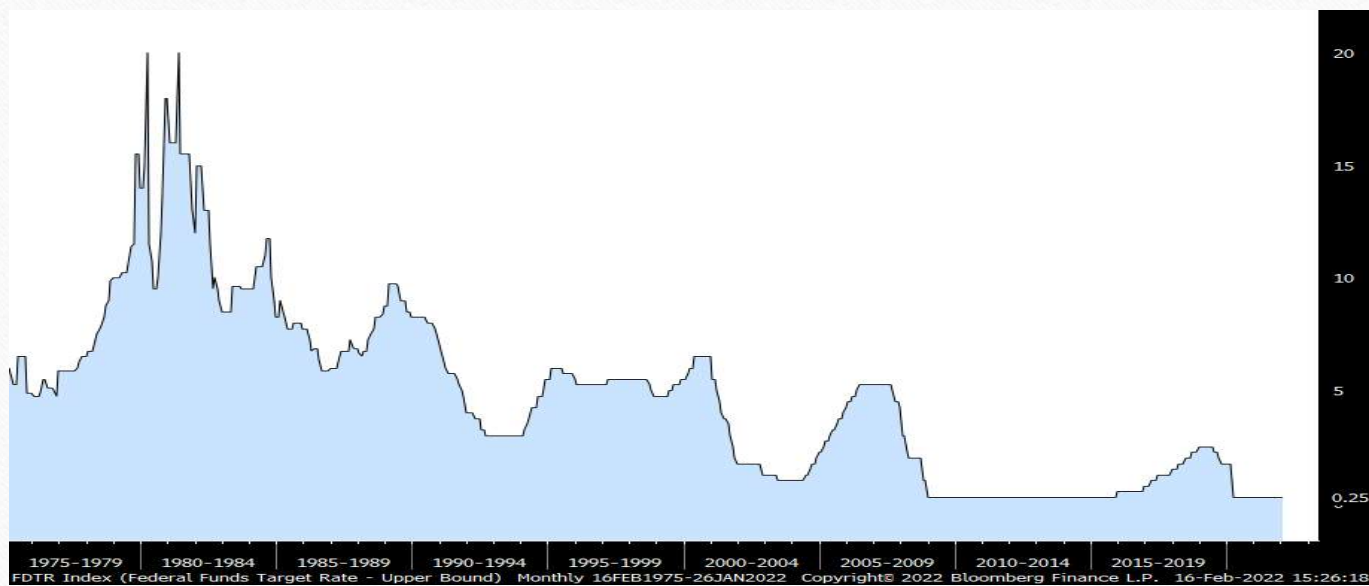
Federal Reserve Balance Sheet



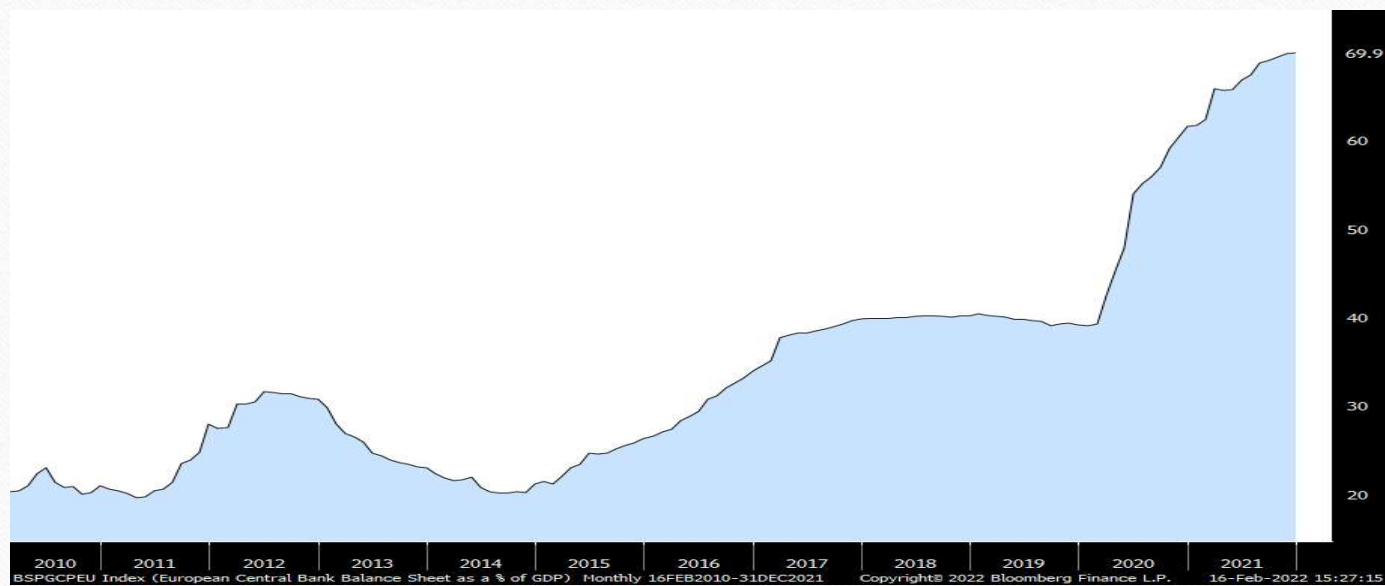
Fed Balance Sheet as % of GDP



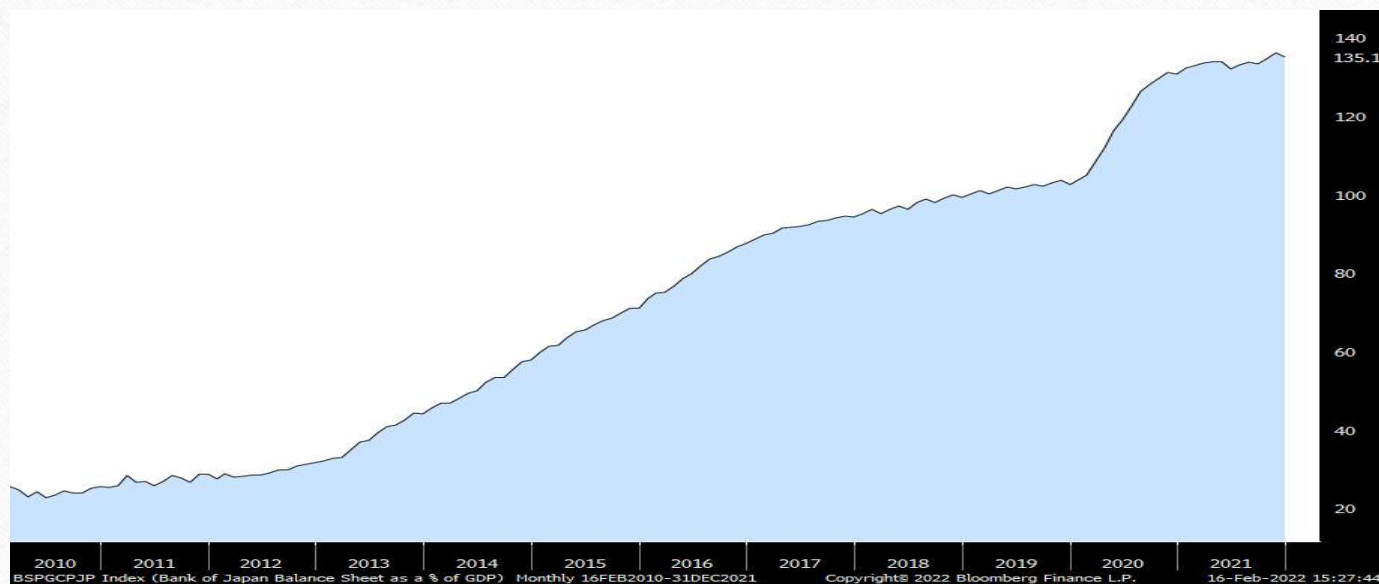
Fed funds rate peak at lower and lower level



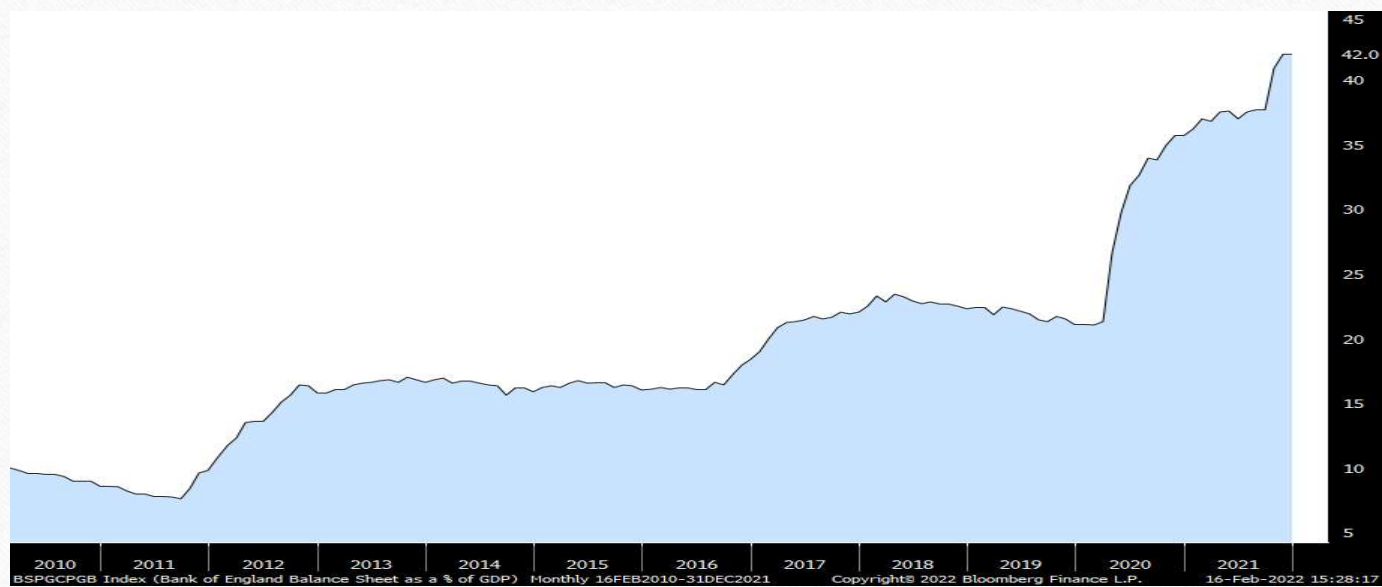
ECB Balance Sheet as % of GDP



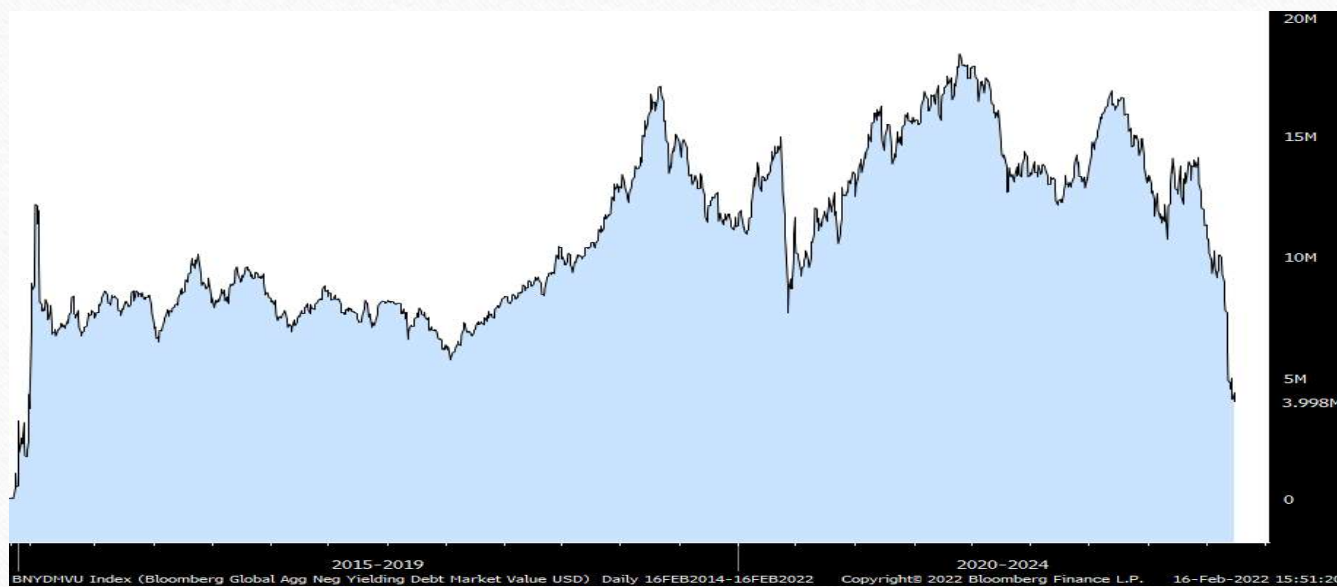
BoJ Balance Sheet as % of GDP



BoE Balance Sheet as % of GDP



The \$ value of Negative Yielding Bonds



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Disclosures

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