

NOVEMBER 01, 2022

Paige Wilhelm
Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling

Frightening inflation

This Halloween, inflation is proving as menacing as any displays of ghosts, ghouls, and goblins on neighborhood lawns or in haunted houses. Three weeks ago, the Labor Department revealed that the core consumer price index (which does not factor in volatile food and energy prices) in September rose 6.6% from a year ago, higher than August's 6.3% year-over-year (y/y) increase. That was scary enough. Then last Friday, the Commerce Department reported the other main measure of price pressures, the core personal consumption expenditures index, also remains hot. It increased 0.5% in September from the previous month and 5.1% y/y over the past 12 months.

Gross domestic product grew 2.6% in the third quarter after contracting for two quarters. That's not much of a bump—and it was the preliminary reading—but the Federal Reserve might have preferred another negative figure.

All of this points to the Fed delivering another supersized 75 basis-point jump at the Federal Open Market Committee meeting this Wednesday.

The opinions expressed within the Weekly Florida Prime Commentary are solely the author's opinions and do not necessarily reflect the opinions or beliefs of the State Board of Administration.