

## Economics Group

Mark Vitner, Senior Economist  
[mark.vitner@wachovia.com](mailto:mark.vitner@wachovia.com) • (704) 383-5635

### Consumer Prices Rose Modestly in September

**Both the overall CPI and the core CPI rose 0.2 percent in September. The headline number was bolstered by a 1.0 percent rise in gasoline prices, while the core was pulled higher by another jump in tobacco prices.**

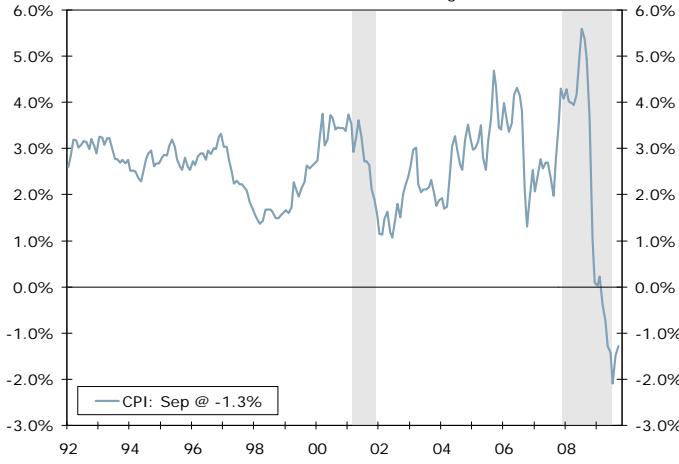
#### Inflation Remains Contained

- The overall CPI rose in line with expectations but remains down 1.3 percent on a year-to-year basis. Unless Congress acts, Social Security recipients will not see benefits increase in 2010.
- Food prices fell 0.1 percent in September, with prices at grocery stores falling 0.3 percent. Grocery store prices have fallen 2.6 percent over the past year. Gasoline prices rose 1.0 percent in September but remain 29.7 percent below their year-ago level.

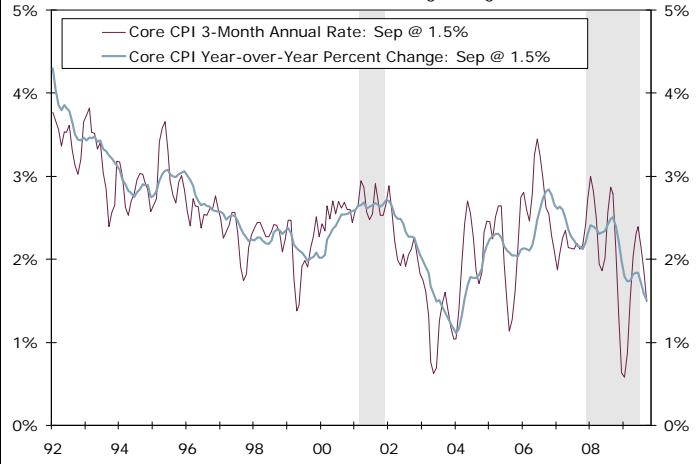
#### Falling Housing Costs Will Keep a Lid on Core Inflation

- Prices excluding food and energy items rose 0.2 percent in September and are up just 1.5 percent over the past year.
- The oversupply of housing will continue to put downward pressure on the core CPI. Owners' equivalent rent fell 0.1 percent in September and is now up 1.3 percent year-to-year.
- Higher excise taxes have helped send tobacco prices up 29 percent over the past year.

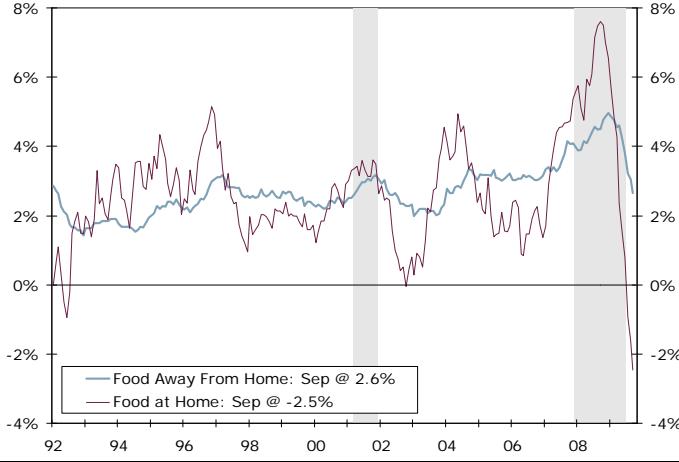
U.S. Consumer Price Index  
 Year-over-Year Percent Change



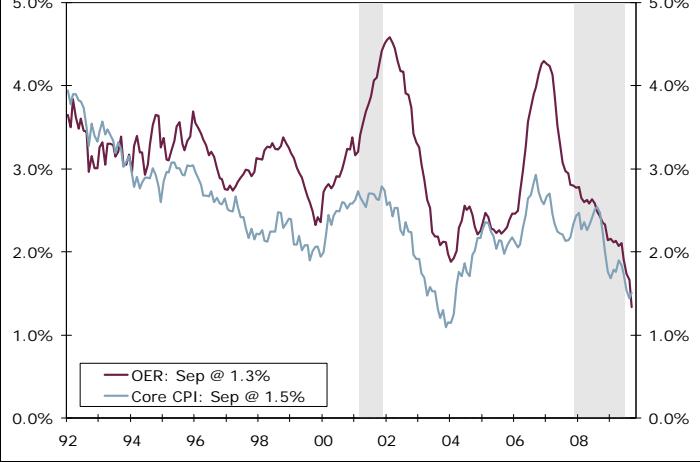
U.S. "Core" Consumer Price Index  
 Both Series are 3-Month Moving Averages



Food - At Home vs. Away from Home  
 Year-over-Year Percent Change



Core CPI vs. Owners' Equivalent Rent  
 Year-over-Year Percent Change



## Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wachovia.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wachovia.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wachovia.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wachovia.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667- 0168	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Economist	(704) 383-7372	sam.bullard@wachovia.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wachovia.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wachovia.com
Adam G. York	Economist	(704) 715-9660	adam.york@wachovia.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economic Analyst	(704) 374-4407	tim.quinlan@wachovia.com
Kim Whelan	Economic Analyst	(704) 715-8457	kim.whelan@wachovia.com
Yasmine Kamaruddin	Economic Analyst	(704) 374-2992	yasmine.kamaruddin@wachovia.com

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