



## Economics Group

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### Consumer Price Acceleration Continues in May

**Recording a stronger monthly gain for the third straight month, the headline Consumer Price Index increased 0.4 percent in May. Year-over-year, headline CPI is up at a solid 2.1 percent pace.**

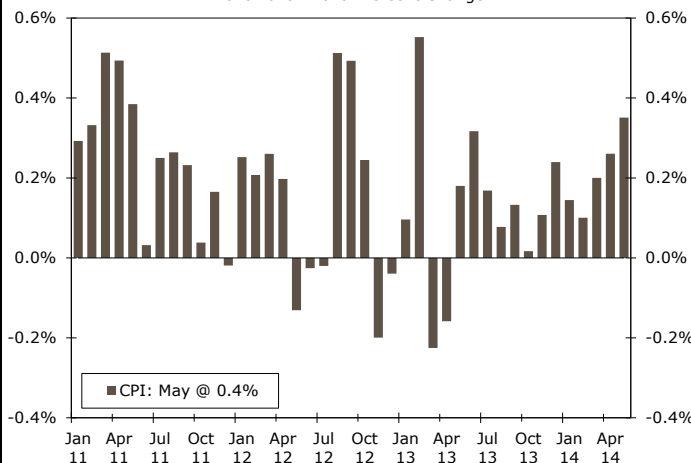
#### Broad-Based Strength

- No one category accounted for the stronger-than-expected May gain. The food index rose 0.5 percent, following 0.4 percent gains in each of the three previous months. The index for food at home jumped 0.7 percent, its largest monthly gain since July 2011. The energy index increased 0.9 percent last month, as higher prices for electricity and gasoline more than offset declines in natural gas and fuel oil.

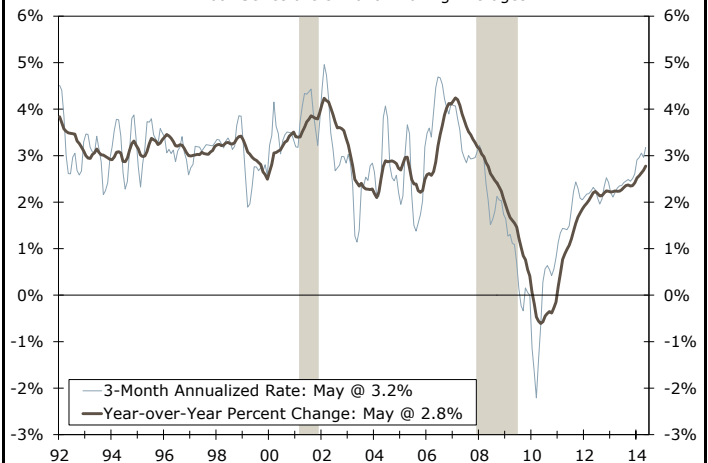
#### Moving Closer to the Fed's Target

- Reflecting the broad-based gain, core CPI increased 0.3 percent in May, its largest monthly increase since August 2011. Notable increases were seen in shelter, airline fares, medical care, apparel and new vehicles.
- Signaling greater traction thus far in 2014, today's report suggests consumer inflation is moving closer to the Federal Reserve's longer-run goal.

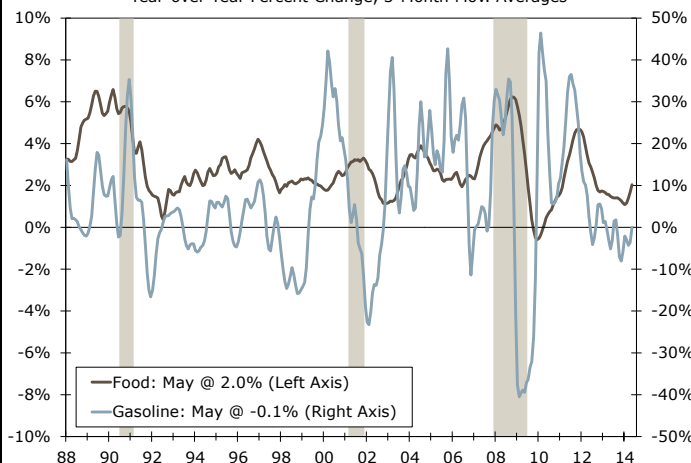
**U.S. Consumer Price Index**  
Month-over-Month Percent Change



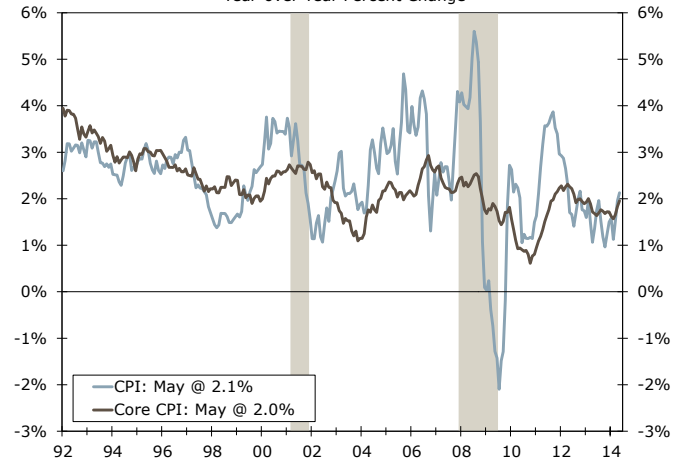
**U.S. CPI - Shelter Costs**  
Both Series are 3-Month Moving Averages



**Food and Gasoline Inflation**  
Year-over-Year Percent Change, 3-Month Mov. Averages



**Headline CPI vs. Core CPI**  
Year-over-Year Percent Change



Source: U.S. Department of Labor and Wells Fargo Securities, LLC

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