



Economics Group

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Consumer Prices Showed Little Change in February

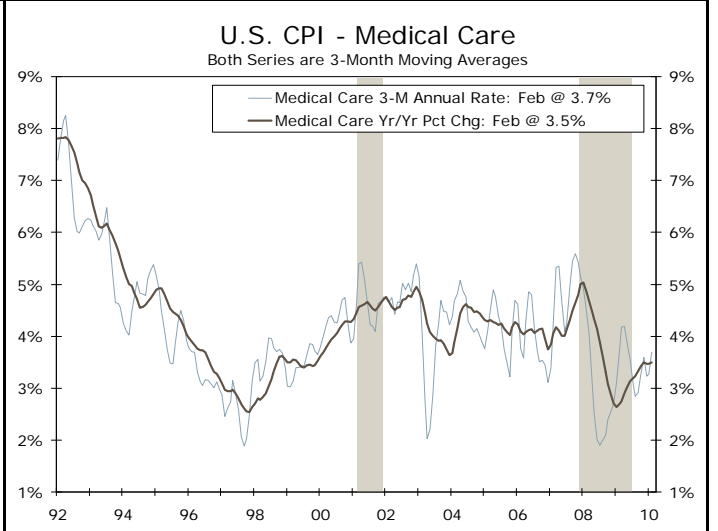
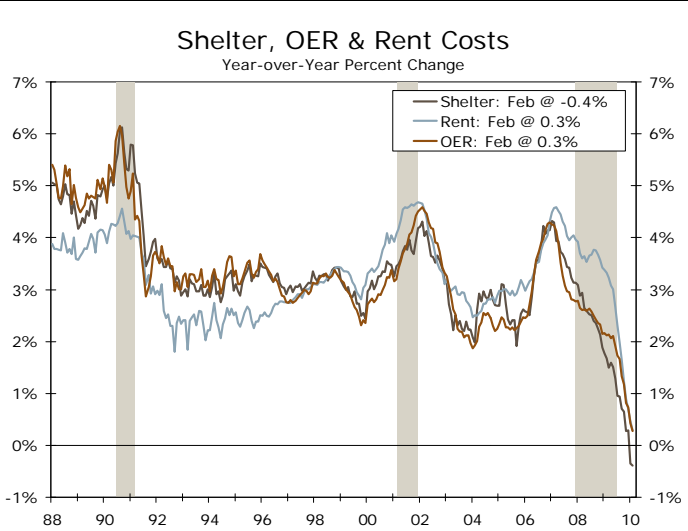
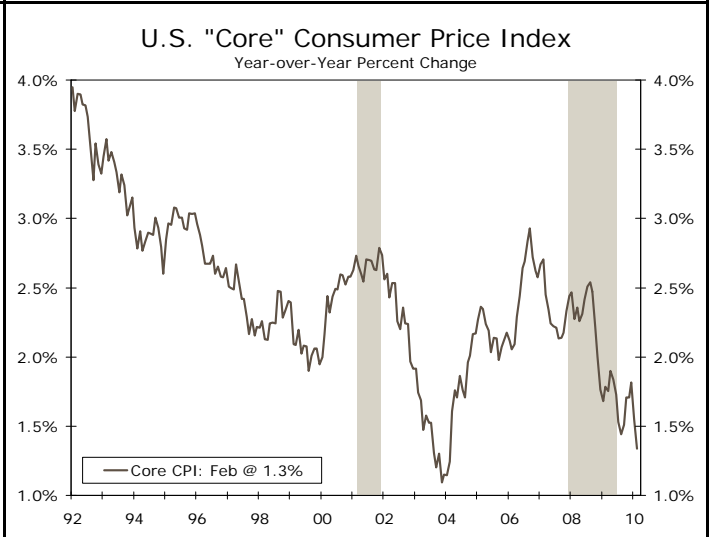
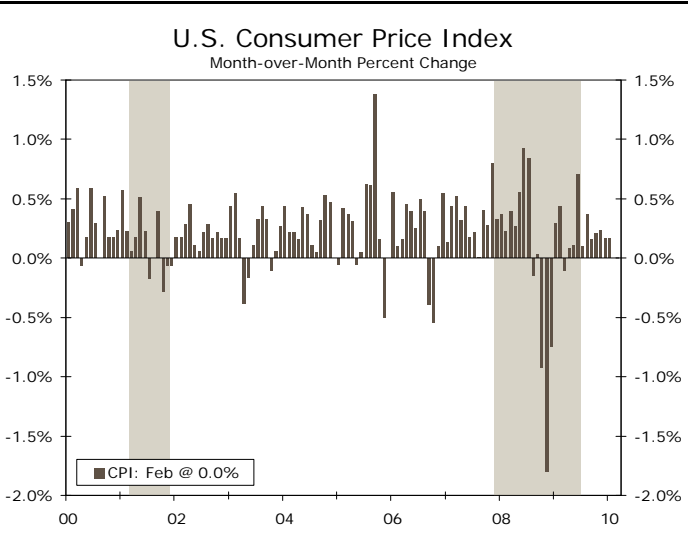
Consumer prices edged just slightly higher on the month, up less than 0.1 percent. Declines in energy prices and a flat reading from the housing component offset gains in food and medical care costs.

Prices Slightly Higher in February

- Prices gained ever so slightly on the headline, while core prices gained 0.1 percent in February. Inflation remains a non-issue in the near-term.
- Housing remains in over-supply and as a result pricing will remain weak for both rental and for-sale housing. Shelter costs are down 0.4 percent over the past year and we would expect little change over the next six months to a year.

Core Prices Still Tame

- After having fallen in January core prices resumed gains in February, but the gains were small and do not yet present a major problem for the Fed's easy monetary policy. Core prices are up just 1.3 percent over the past year, well within the perceived target range of 1 to 2 percent.
- Medical care costs showed the largest gain on the month and will continue to pressure core prices in coming months.



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

Wells Fargo Securities, LLC Economics Group

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