



## Basis Points July 20, 2023

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### Inflation Continues to Ease, but Still Above Fed 2% Target

The Consumer Price Index rose 0.2% in June after advancing 0.1% in May. Shelter prices (0.4%) accounted for over 70% of the CPI increase in June. Also advancing in June were prices for motor vehicles, insurance, apparel, recreation and personal care. Prices for airline fares, communication, used cars and trucks, and household furnishings and operations were among those that decreased last month. Prices less food and energy rose 0.2% in June, the smallest one-month increase since August 2021. Over the last 12 months, the CPI rose 3.0%, which is the smallest yearly increase since the period ended March 2021. The CPI less food and energy rose 4.8% over the last 12 months. Energy prices decreased 16.7% for the 12 months ended in June, while food prices increased by 5.7%.

## Import and Export Prices Also Continue to Decline

Import and export prices continued to decline in June. According to the latest report from the Bureau of Labor Statistics, import prices fell 0.2% in June after decreasing 0.4% in May. Export prices declined 0.9% in June, following a 1.9% drop the previous month. In 2003, import prices have fallen in five of the last six months after rising 3.2% in 2022. Import prices declined 6.1% thus far this year, the largest 12-month drop since the year ended May 2020. Export prices fell 12.0% from June 2022 to June 2023, the largest 12-month decline since the data was first published in September 1984.

## Debt Ceiling Raised ... Treasury Budget Deficit Still an Issue

The Treasury budget deficit was \$227.8 billion in June, a decrease of about \$12.6 billion from the May deficit but \$139.0 billion above the June 2022 deficit. Through the first nine months of the fiscal year, the government deficit sits at \$1.392 trillion compared to \$515.1 billion over the same period in the prior fiscal year. Compared to last fiscal year, government receipts are down \$422.8 billion, while government expenditures rose by \$454.7 billion.

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