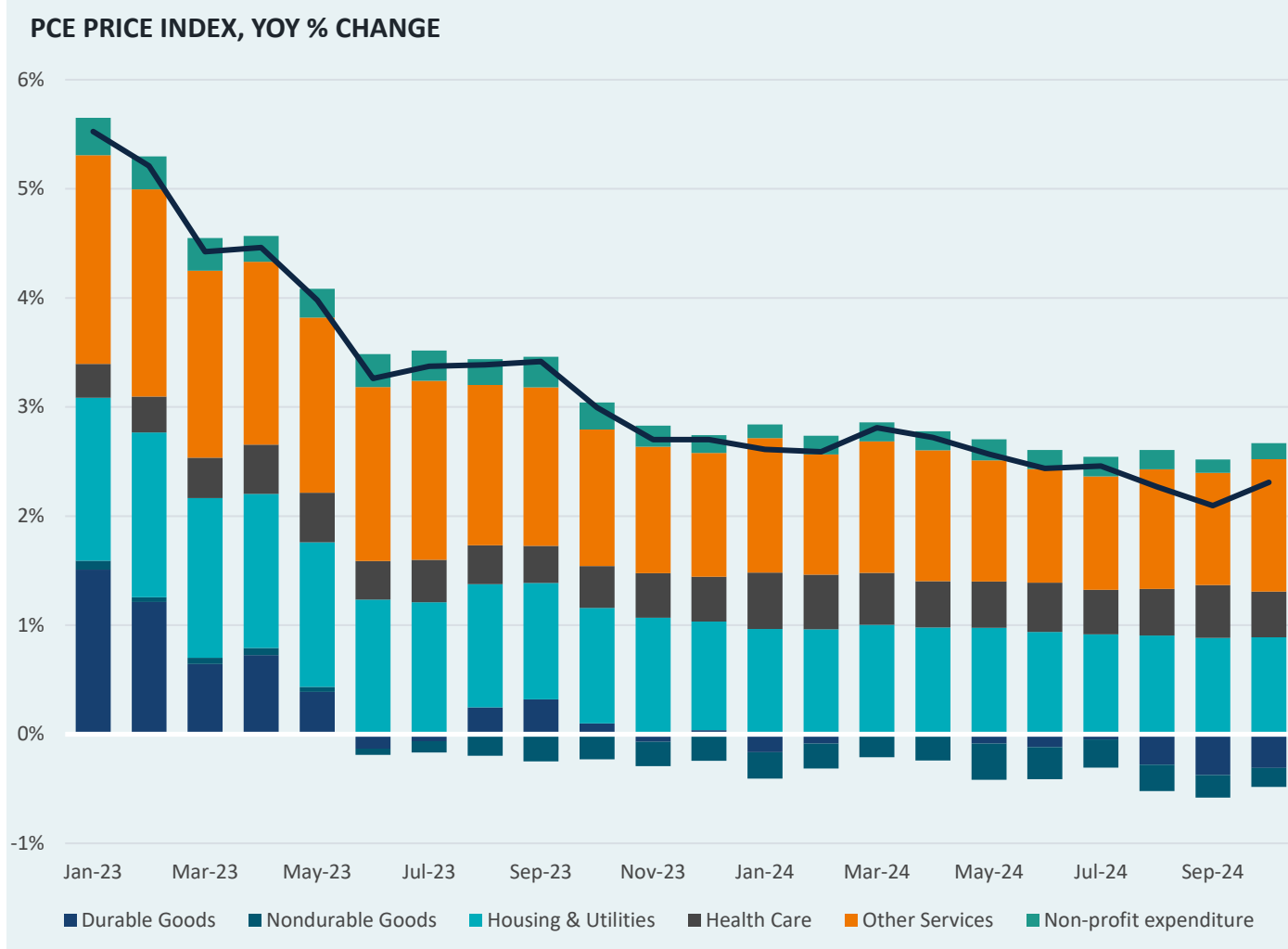


# Verus Market Note

## Observing the changing drivers behind inflation

The Fed declared victory against inflation in August, shifting their focus over to the labor market, which has proven resilient. Despite this shift, inflation has yet to reach the Fed's 2% target, even though the rate-cutting cycle has commenced.

In this week's Market Note, we observe the components of the Personal Consumption Expenditures Price Index (which reflects the prices people in the United States pay for goods and services), and how those have changed over the past few years. Goods prices have gone from inflating in price to deflating, which has helped bring PCE down from its peak. Service and housing inflation will need to further moderate for inflation to reach its target.



Source: Bureau of Economic Analysis, as of 10/31/24