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GLOBAL ECONOMICS

SCOTIA FLASH

August 12, 2026

Contributors

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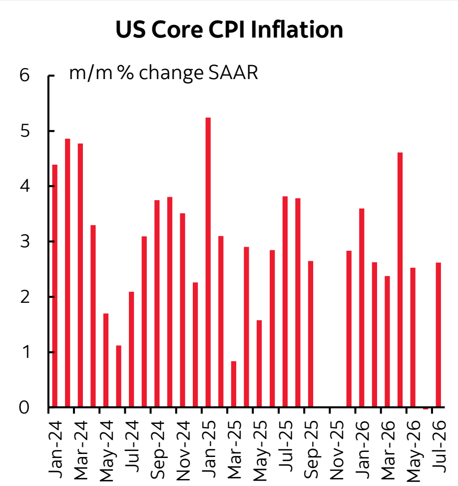
Chart 1



Sources: Scotiabank Economics, BLS.

US CPI Chips Away At Hike Pricing

- **US core inflation came in fairly tame during July**
- **Markets continue to scale back Fed hike pricing**

US CPI / core CPI, m/m %, SA, July:
Actual: 0.074 / 0.215
Scotia: 0.2 / 0.3
Consensus: 0.1 / 0.2
Prior: -0.4 / 0.0

US CPI came and went with little market fanfare. Core inflation landed on the generous side of consensus at 0.215% m/m SA as core goods and core services inflation picked up.

Pricing for the September FOMC meeting slipped and now sits at just 10bps, down sharply from a peak of 27bps toward the end of July. I still think there is merit to receiving. It's pretty clear to date that markets have been overly aggressive in pricing nearer term hikes as July's 8bps of tightening was countered by a hold and September keeps getting reduced. The 2-year Treasury yield has fallen by about 15bps over the period since late July to 4.18% now with bonds becoming more and more attractive. Perhaps this illustrates the point that Chair Warsh shouldn't outsource monetary policy to markets which has merely upped volatility. Just like 2023 with SVB, or the post-GFC period when markets wrongly thought inflation would rip higher.

The three-month moving average of core inflation is now 1.65% m/m SAAR which does not scream hike. June's -0.2% m/m SAAR is straddled by 2.5% and 2.6% readings (chart 1).

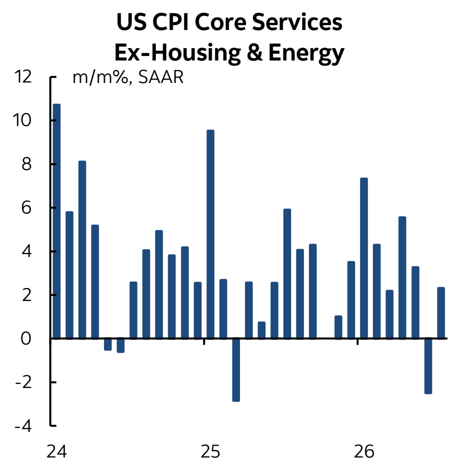
Supercore services CPI (services ex-housing services and energy services) did indeed accelerate to +0.2% m/m SA (chart 2). Core goods inflation also picked up (chart 3).

Taking account of weighting differences between CPI and PCE reveals headline PCE tracking at 0.1% m/m SA and core at 0.18% m/m SA. We need select components of tomorrow's PPI to firm up the PCE estimates

Please refer to the chartapalooza on the following pages for more trends including charts that show weighted contributions to y/y and m/m inflation by component. The table at the back offers further detail, micro charts and additional measures.

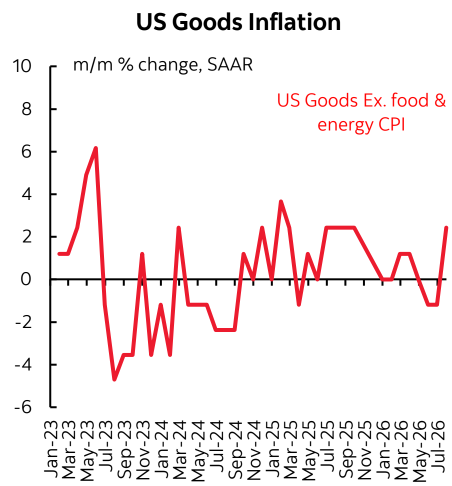
Watch for the Cleveland Fed's trimmed mean and weighted median measures plus the BLS figure for the share of the basket estimated by proxy methods.

Chart 2



Sources: Scotiabank Economics, BLS.

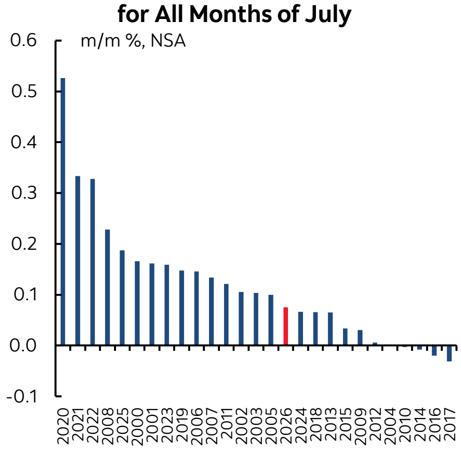
Chart 3



Sources: Scotiabank Economics, BLS.

Chart 4

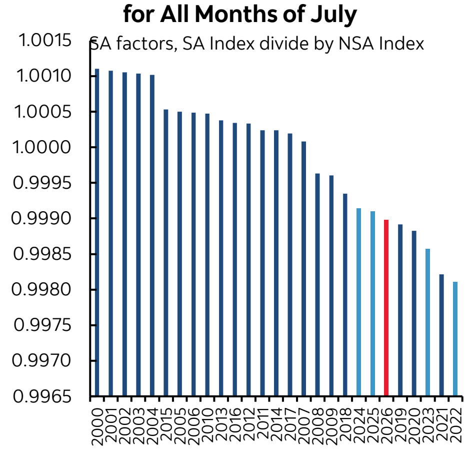
Comparing US Core CPI for All Months of July



Sources: Scotiabank Economics, BLS

Chart 5

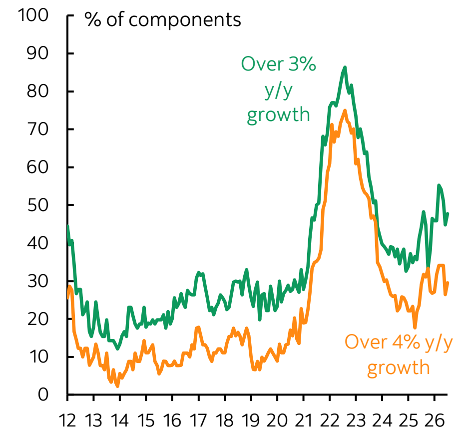
Comparing US Core CPI SA Factors for All Months of July



Sources: Scotiabank Economics, BLS

Chart 6

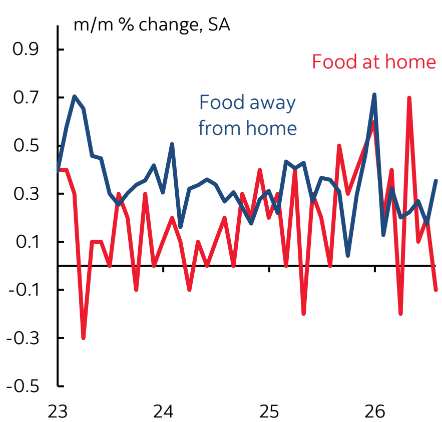
US Inflation Breadth



Sources: Scotiabank Economics, BLS.

Chart 7

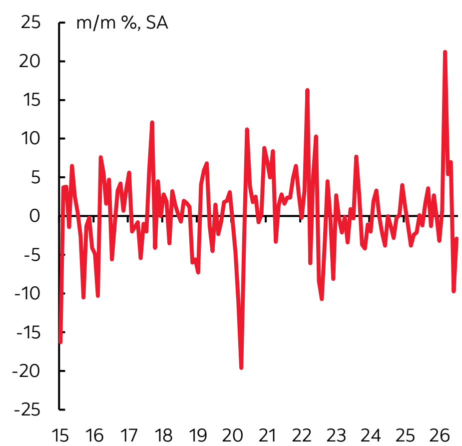
US Food Prices



Sources: Scotiabank Economics, BLS, Haver.

Chart 8

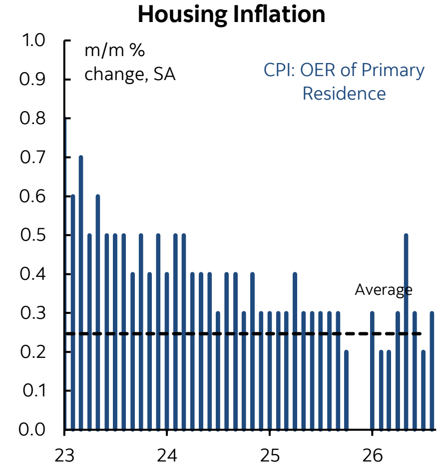
US CPI: Gasoline



Sources: Scotiabank Economics, BLS

Chart 9

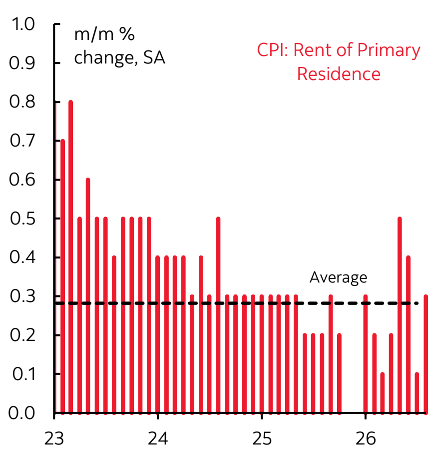
Housing Inflation



Sources: Scotiabank Economics, BLS.

Chart 10

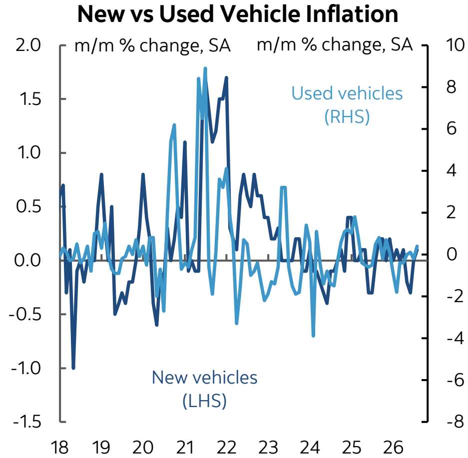
US Rent Inflation



Sources: Scotiabank Economics, BLS.

Chart 11

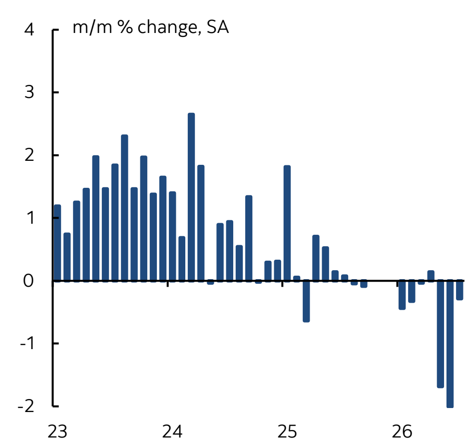
New vs Used Vehicle Inflation



Sources: Scotiabank Economics, BLS.

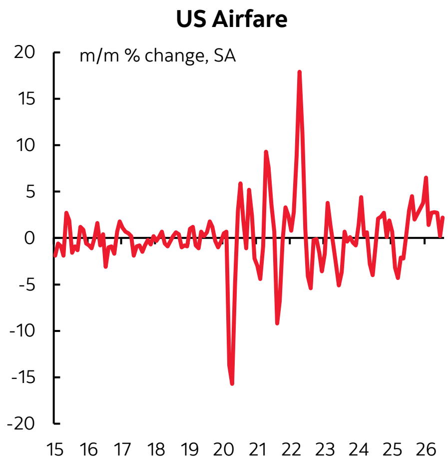
Chart 12

US Motor Vehicle Insurance



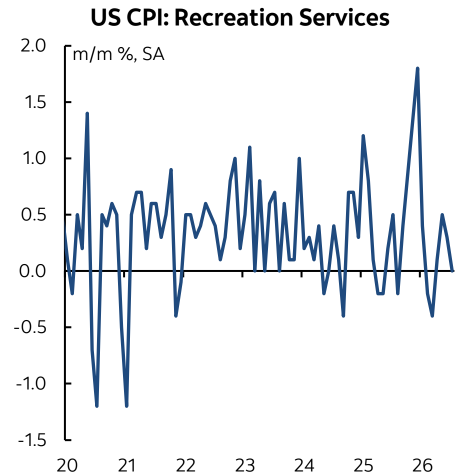
Sources: Scotiabank Economics, BLS.

Chart 13



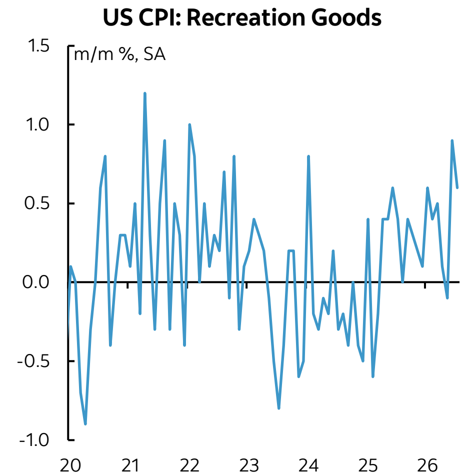
Sources: Scotiabank Economics, BLS.

Chart 14



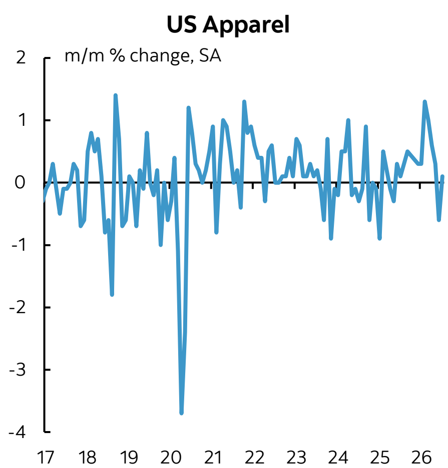
Sources: Scotiabank Economics, BLS.

Chart 15



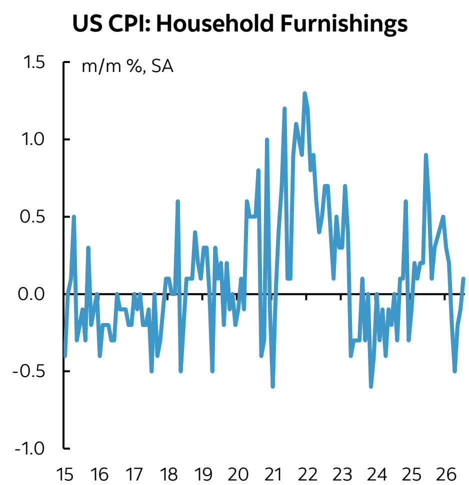
Sources: Scotiabank Economics, BLS.

Chart 16



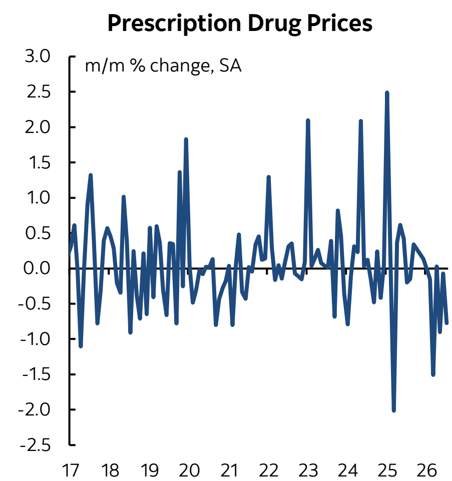
Sources: Scotiabank Economics, BLS.

Chart 17



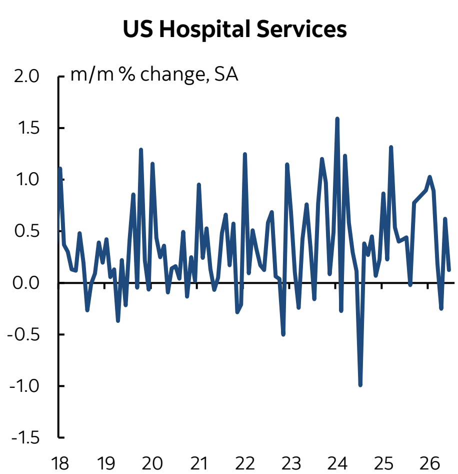
Sources: Scotiabank Economics, BLS.

Chart 18



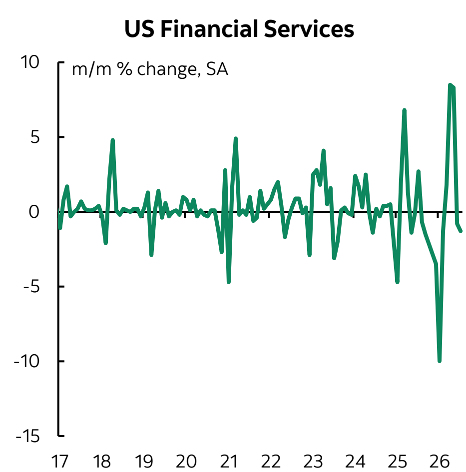
Sources: Scotiabank Economics, BLS.

Chart 19



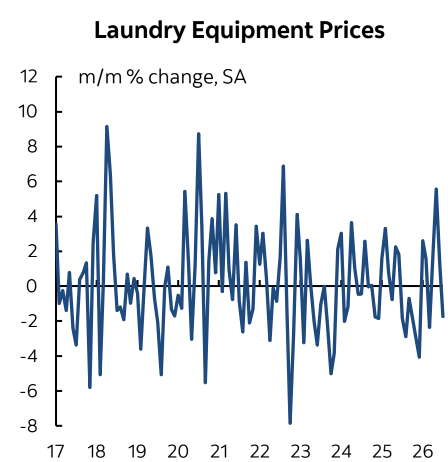
Sources: Scotiabank Economics, BLS.

Chart 20



Sources: Scotiabank Economics, BLS.

Chart 21

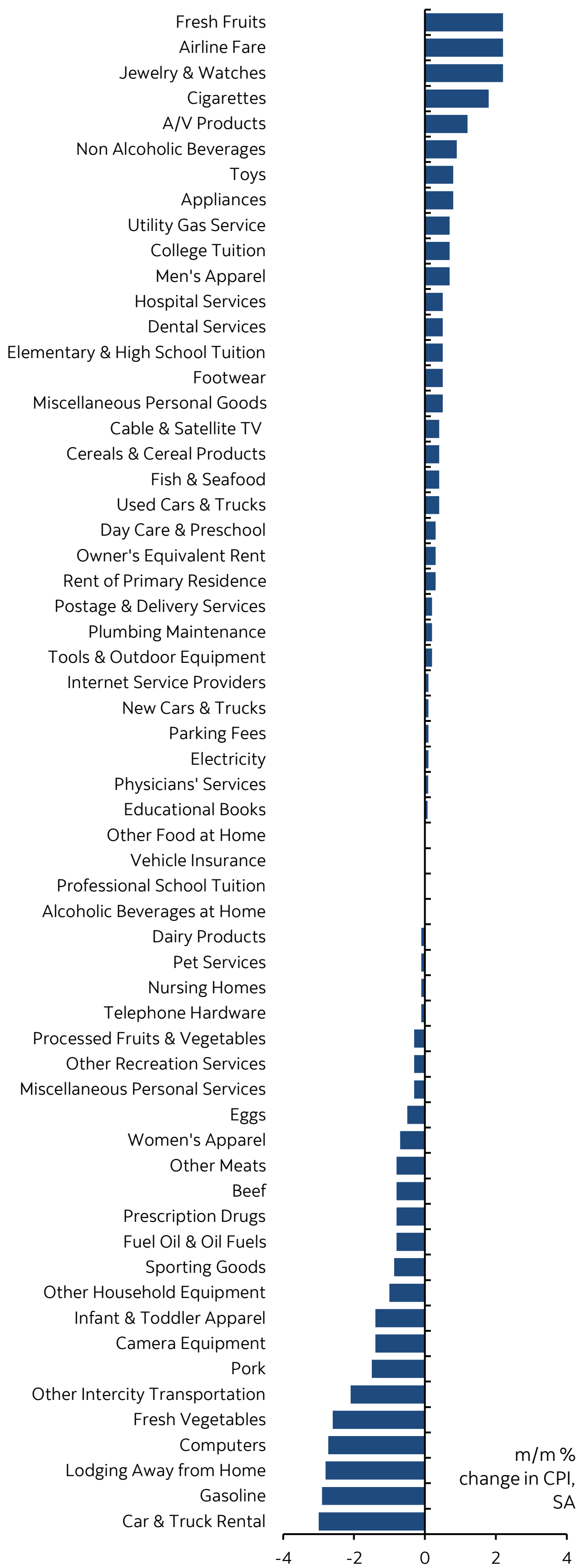


Sources: Scotiabank Economics, BLS.

August 12, 2026

Chart 22

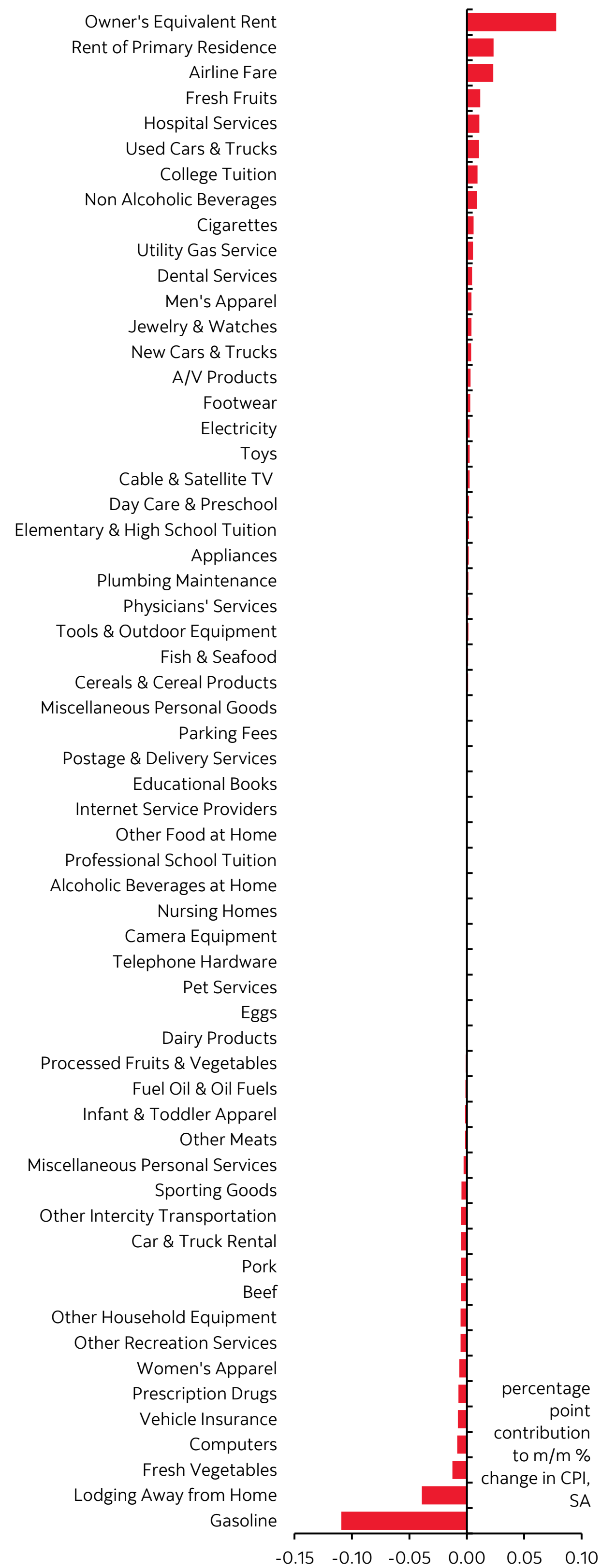
July Changes in US Headline CPI Categories



Sources: Scotiabank Economics, US BLS.

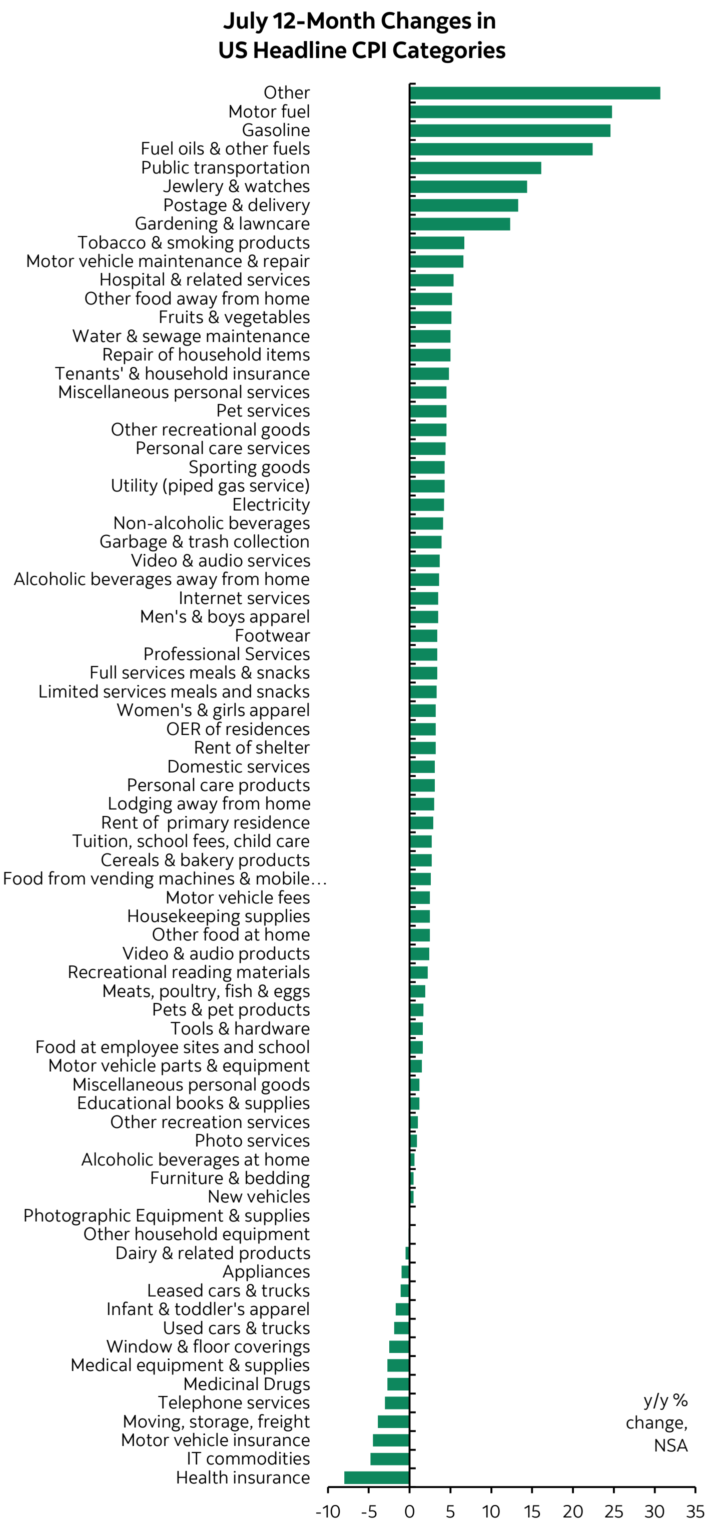
Chart 23

July Weighted Contributions to Monthly Change in US Headline CPI



Sources: Scotiabank Economics, US BLS.

Chart 24



Sources: Scotiabank Economics, BLS.

Chart 25

Source: Scotiabank Economics, BLS.

Jul 2026					Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic		
US INFLATION COMPONENT BREAKDOWN	**y/y % change**	**10-year trend**	**Pandemic trend (Jan 2019–Present)**	**m/m % change**	**Weights (%)**	**y/y**	**m/m**	**2015–2019 avg. y/y**	**Std. Dev.**	**Z-Score**	**2011–2019 avg. y/y**	**Std. Dev.**	**Z-Score**
Food	**3.0**			**0.1**	**13.522**	**0.41**	**0.01**	**1.3**	**0.8**	**2.3**	**1.7**	**1.1**	**1.1**
Food, home	**2.7**			**-0.1**	**8.231**	**0.22**	**-0.01**	**0.2**	**1.1**	**2.2**	**1.2**	**1.9**	**0.8**
Cereals & bakery products	2.7			0.2	1.023	0.03	0.00	0.4	0.9	2.6	0.9	1.7	1.1
Meats, poultry, fish & eggs	1.9			-0.7	1.959	0.03	-0.01	-0.2	3.2	0.7	2.1	3.9	-0.1
Dairy & related products	-0.5			-0.1	0.743	0.00	0.00	-0.6	1.6	0.1	1.1	3.1	-0.5
Fruits & vegetables	5.1			-0.1	1.283	0.07	0.00	0.4	1.7	2.7	1.0	2.0	2.0
Non-alcoholic beverages	4.1			0.9	0.981	0.04	0.01	0.6	1.0	3.4	0.5	1.6	2.3
Other food at home	2.5			0.0	2.242	0.06	0.00	0.5	0.6	3.1	1.0	1.6	1.0
Food, away	**3.4**			**0.3**	**5.290**	**0.19**	**0.02**	**2.7**	**0.3**	**2.4**	**2.5**	**0.5**	**1.8**
Full services meals & snacks	3.4			0.2	2.346	0.08	0.00	2.6	0.4	2.2	2.4	0.5	2.0
Limited services meals and snacks	3.3			0.4	2.645	0.09	0.01	2.8	0.3	1.5	2.5	0.7	1.2
Food at employee sites and school	1.6			0.5	0.064	0.00	0.00	2.8	2.4	-0.5	2.8	1.9	-0.6
Food from vending machines & mobile vendors	2.6			0.3	0.052	0.00	0.00	3.1	1.0	-0.5	2.5	1.3	0.1
Other food away from home	5.2			0.8	0.183	0.01	0.00	2.5	1.3	2.0	2.3	1.0	2.9
Energy	**14.7**			**-1.5**	**7.432**	**0.94**	**-0.11**	**-1.9**	**10.0**	**1.7**	**1.6**	**9.6**	**1.4**
Energy comm.	**24.7**			**-2.9**	**4.132**	**0.78**	**-0.12**	**-2.8**	**17.0**	**1.6**	**3.0**	**17.1**	**1.3**
Fuel oils & other fuels	22.4			-0.8	0.161	0.03	0.00	-2.3	15.8	1.6	2.7	14.4	1.4
Motor fuel	24.8			-3.0	3.971	0.75	-0.12	-2.8	17.1	1.6	3.0	17.3	1.3
Gasoline	*24.6*			*-2.9*	*3.852*	*0.73*	*-0.11*	*-2.8*	*17.1*	*1.6*	*3.0*	*17.4*	*1.2*
Other	*30.7*			*-5.5*	*0.119*	*0.03*	*-0.01*	*-2.3*	*19.5*	*1.7*	*3.6*	*17.9*	*1.5*
Energy serv.	**4.3**			**0.3**	**3.300**	**0.14**	**0.01**	**0.0**	**2.4**	**1.7**	**0.5**	**2.7**	**1.4**
Electricity	4.2			0.1	2.552	0.10	0.00	0.5	1.5	2.5	1.0	1.7	1.9
Utility (piped gas service)	4.3			0.7	0.748	0.03	0.01	-1.4	7.5	0.8	-0.9	7.3	0.7
All items less food and energy	**2.5**			**0.2**	**79.047**	**2.00**	**0.16**	**2.0**	**0.2**	**2.1**	**1.8**	**0.4**	**1.6**
Commodities less food and energy	**0.8**			**0.2**	**18.829**	**0.15**	**0.04**	**-0.3**	**0.4**	**2.9**	**0.2**	**0.9**	**0.7**
Household furnishings	**0.8**			**0.1**	**3.433**	**0.03**	**0.00**	**-0.8**	**1.2**	**1.4**	**-0.9**	**1.2**	**1.4**
Window & floor coverings	*-2.5*			*-0.8*	*0.233*	*-0.01*	*0.00*	*-2.3*	*1.7*	*-0.1*	*-2.8*	*1.8*	*0.2*
Furniture & bedding	*0.5*			*0.0*	*0.856*	*0.00*	*0.00*	*-0.3*	*1.7*	*0.5*	*-0.9*	*2.1*	*0.7*
Appliances	*-1.0*			*0.8*	*0.196*	*0.00*	*0.00*	*-1.2*	*3.1*	*0.1*	*-1.6*	*3.0*	*0.2*
Other household equipment	*-0.1*			*-1.3*	*0.543*	*0.00*	*-0.01*	*-3.5*	*1.8*	*1.9*	*-3.7*	*1.5*	*2.4*
Tools & hardware	*1.6*			*0.2*	*0.669*	*0.01*	*0.00*	*-0.1*	*1.0*	*1.6*	*-0.3*	*1.2*	*1.6*
Housekeeping supplies	*2.5*			*0.1*	*0.831*	*0.02*	*0.00*	*0.3*	*1.2*	*1.9*	*0.4*	*1.3*	*1.6*

Jul 2026					Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic		
US INFLATION COMPONENT BREAKDOWN	**y/y % change**	**10-year trend**	**Pandemic trend (Jan 2019–Present)**	**m/m % change**	**Weights (%)**	**y/y**	**m/m**	**2015–2019 avg. y/y**	**Std. Dev.**	**Z-Score**	**2011–2019 avg. y/y**	**Std. Dev.**	**Z-Score**
Apparel	**3.9**			**0.1**	**2.437**	**0.10**	**0.00**	**-0.5**	**1.0**	**4.5**	**0.3**	**1.7**	**2.0**
Men's & boys apparel	3.5			0.7	0.605	0.02	0.00	-0.3	1.5	2.5	0.5	2.3	1.3
Women's & girls apparel	3.2			-0.7	0.969	0.03	-0.01	-1.3	1.9	2.4	-0.1	2.5	1.3
Footwear	3.4			0.5	0.591	0.02	0.00	0.2	1.3	2.4	0.8	1.7	1.6
Infant & toddler's apparel	-1.7			-1.4	0.097	0.00	0.00	0.4	3.8	-0.5	0.5	3.6	-0.6
Jewlery & watches	14.4			2.2	0.175	0.03	0.00	1.0	3.4	4.0	1.5	3.8	3.4
Trans. less fuel	**-0.2**			**0.2**	**6.842**	**-0.01**	**0.01**	**-0.3**	**0.9**	**0.1**	**0.4**	**1.5**	**-0.4**
New vehicles	0.5			0.1	3.751	0.02	0.00	0.1	0.7	0.6	0.8	1.2	-0.2
Used cars & trucks	-1.9			0.4	2.679	-0.05	0.01	-1.3	2.1	-0.3	1.1	4.8	-0.6
Motor vehicle parts & equipment	1.5			0.6	0.338	0.01	0.00	0.2	1.1	1.2	0.9	2.2	0.3
Medical comm.	**-2.7**			**-0.6**	**1.412**	**-0.04**	**-0.01**	**2.1**	**1.7**	**-2.9**	**2.3**	**1.5**	**-3.4**
Medicinal Drugs	-2.7			-0.5	1.282	-0.04	-0.01	2.2	1.8	-2.8	2.3	1.6	-3.2
Medical equipment & supplies	-2.7			-1.6	0.130	0.00	0.00	0.4	1.2	-2.4	0.3	1.2	-2.6
Recreation comm.	**3.1**			**0.6**	**1.916**	**0.06**	**0.01**	**-2.6**	**1.1**	**5.4**	**-2.3**	**0.9**	**6.0**
Video & audio products	2.4			1.2	0.259	0.01	0.00	-10.1	2.4	5.2	-9.2	2.2	5.2
Pets & pet products	1.7			0.7	0.600	0.01	0.00	0.4	1.5	0.9	0.5	1.5	0.9
Sporting goods	4.3			0.1	0.531	0.02	0.00	-0.7	1.5	3.3	-0.6	1.2	4.0
Photographic Equipment & supplies	0.0			-1.4	0.025	0.00	0.00	-1.7	4.6	0.4	-3.0	4.0	0.8
Recreational reading materials	2.2			2.2	0.110	0.00	0.00	1.6	1.9	0.3	1.5	1.8	0.4
Other recreational goods	4.5			0.5	0.391	0.02	0.00	-6.5	1.3	8.2	-5.2	1.7	5.5
Educ. & communication comm.	**-4.5**			**1.3**	**0.774**	**-0.03**	**0.01**	**-3.7**	**1.0**	**-0.8**	**-3.5**	**0.9**	**-1.1**
Educational books & supplies	1.2			0.8	0.038	0.00	0.00	2.2	3.0	-0.3	3.6	2.7	-0.9
IT commodities	-4.8			1.4	0.736	-0.03	0.01	-6.1	1.9	0.7	-6.8	1.8	1.1
Alcohol	**2.1**			**0.2**	**0.823**	**0.02**	**0.00**	**1.3**	**0.3**	**2.4**	**1.4**	**0.4**	**2.0**
Alcoholic beverages at home	0.6			0.0	0.386	0.00	0.00	0.8	0.6	-0.4	0.8	0.5	-0.3
Alcoholic beverages away from home	3.6			0.4	0.437	0.01	0.00	1.9	0.5	3.7	2.2	0.7	2.1
Other goods	**4.2**			**0.4**	**1.297**	**0.05**	**0.01**	**1.4**	**0.9**	**3.3**	**1.4**	**0.7**	**3.9**
Tobacco & smoking products	6.7			0.5	0.445	0.03	0.00	4.3	1.5	1.6	4.4	3.8	0.6
Personal care products	3.1			0.4	0.670	0.02	0.00	-0.3	0.6	5.9	-0.1	0.8	3.9
Miscellaneous personal goods	1.2			-0.6	0.182	0.00	0.00	-2.4	3.1	1.2	-1.7	2.4	1.2

August 12, 2026

Jul 2026					Weighted Contributions (ppts)*			5-Year Pre-Pandemic			10-Year Pre-Pandemic		
US INFLATION COMPONENT BREAKDOWN	**y/y % change**	**10-year trend**	**Pandemic trend (Jan 2019–Present)**	**m/m % change**	**Weights (%)**	**y/y**	**m/m**	**2015–2019 avg. y/y**	**Std. Dev.**	**Z-Score**	**2011–2019 avg. y/y**	**Std. Dev.**	**Z-Score**
Services less energy services	**3.0**			**0.2**	**60.217**	**1.82**	**0.12**	**2.8**	**0.2**	**0.7**	**2.4**	**0.6**	**0.9**
Shelter	**3.2**			**0.1**	**35.304**	**1.13**	**0.04**	**3.3**	**0.2**	**-0.5**	**2.5**	**1.2**	**0.6**
Rent of shelter	3.2			0.1	35.016	1.12	0.04	3.3	0.2	-0.6	2.5	1.2	0.6
Rent of primary residence	2.9			0.3	7.716	0.22	0.02	3.7	0.1	-6.0	2.9	1.1	0.0
Lodging away from home	3.0			-2.8	1.450	0.04	-0.04	2.3	2.0	0.4	2.2	2.2	0.4
OER of residences	3.2			0.3	25.849	0.84	0.08	3.2	0.2	-0.1	2.4	1.1	0.7
Tenants' & household insurance	4.8			-0.1	0.288	0.02	0.00	1.4	1.2	2.8	2.3	1.5	1.6
Water, sewer, trash collection	**4.6**			**0.4**	**1.140**	**0.05**	**0.00**	**3.6**	**0.6**	**1.7**	**4.3**	**1.0**	**0.3**
Water & sewage maintenance	5.0			0.2	0.783	0.04	0.00	4.0	0.8	1.3	4.8	1.4	0.1
Garbage & trash collection	3.9			0.9	0.357	0.01	0.00	2.5	1.5	1.0	2.5	1.1	1.3
Household ops.	**5.7**			**-0.3**	**0.881**	**0.00**	**0.00**	**3.8**	**1.3**	**1.5**	**2.6**	**1.6**	**1.9**
Domestic services	3.1			0.7	0.277	0.00	0.00	2.0	1.1	1.1	1.6	1.0	1.4
Gardening & lawncare	12.3			0.5	0.373	0.05	0.00	4.3	2.7	3.0	2.8	2.6	3.6
Moving, storage, freight	-3.9			-0.6	0.078	-0.01	0.00	5.6	3.9	-2.4	3.3	3.9	-1.9
Repair of household items	5.0			1.7	0.097	0.00	0.00	4.8	2.1	0.1	4.2	2.0	0.4
Medical serv.	**2.7**			**0.6**	**6.840**	**0.18**	**0.04**	**2.9**	**1.0**	**-0.2**	**3.0**	**0.8**	**-0.4**
Professional Services	3.4			0.4	3.408	0.13	0.01	1.5	0.9	2.0	1.8	0.8	2.0
Hospital & related services	5.4			0.4	2.607	0.12	0.01	3.8	1.1	1.4	4.5	1.3	0.6
Health insurance	-8.0			-0.2	0.826	-0.06	0.00	5.0	5.8	-2.3	3.6	6.0	-1.9
Transportation serv.	**2.9**			**0.3**	**6.352**	**0.18**	**0.02**	**2.6**	**1.1**	**0.2**	**2.6**	**1.0**	**0.3**
Leased cars & trucks	-1.1			0.3	0.384	0.00	0.00	0.5	3.0	-0.5	-1.6	3.2	0.1
Motor vehicle maintenance & repair	6.6			0.6	1.048	0.07	0.01	2.2	0.7	6.3	2.0	0.6	8.0
Motor vehicle insurance	-4.5			-0.3	2.570	-0.13	-0.01	5.5	2.6	-3.8	4.8	2.0	-4.6
Motor vehicle fees	2.5			-1.0	0.510	0.01	-0.01	1.8	0.7	1.0	2.2	1.9	0.2
Public transportation	16.1			1.7	1.683	0.22	0.03	-1.2	1.5	11.5	1.0	3.6	4.2
Recreation serv.	**2.2**			**0.0**	**3.154**	**0.08**	**0.00**	**2.6**	**0.7**	**-0.6**	**2.3**	**0.7**	**-0.2**
Video & audio services	3.7			0.8	0.777	0.03	0.01	2.7	1.4	0.7	2.6	1.3	0.8
Pet services	4.5			-0.1	0.543	0.02	0.00	3.1	0.8	1.9	3.3	0.9	1.3
Photo services	0.9			-0.1	0.037	0.00	0.00	-0.2	2.0	0.5	0.8	1.8	0.0
Other recreation services	1.0			-0.3	1.798	0.02	-0.01	2.4	0.6	-2.3	1.7	1.1	-0.7
Educ. & communication serv.	**1.3**			**0.5**	**4.904**	**0.06**	**0.02**	**0.4**	**1.3**	**0.7**	**1.1**	**1.3**	**0.2**
Tuition, school fees, child care	2.7			0.5	2.499	0.07	0.01	2.8	0.6	-0.2	3.3	0.8	-0.8
Postage & delivery	13.3			0.2	0.067	0.01	0.00	2.3	2.0	5.6	3.3	2.0	5.1
Telephone services	-3.0			0.6	1.413	-0.04	0.01	-2.4	3.0	-0.2	-1.3	2.4	-0.7
Internet services	3.5			0.1	0.915	0.03	0.00	-0.2	1.5	2.5	0.1	1.3	2.6
Other personal serv.	**4.4**			**-0.2**	**1.608**	**0.07**	**0.00**	**2.7**	**0.7**	**2.6**	**2.4**	**0.6**	**3.2**
Personal care services	4.4			0.1	0.667	0.03	0.00	2.3	0.7	3.0	1.8	0.8	3.2
Miscellaneous personal services	4.5			-0.3	0.941	0.05	0.00	2.9	0.9	1.8	2.7	0.7	2.5

*Number may not add due to rounding

Sources: Scotiabank Economics, BLS.