

Not That Anyone Cares, But OER Seems Crazy

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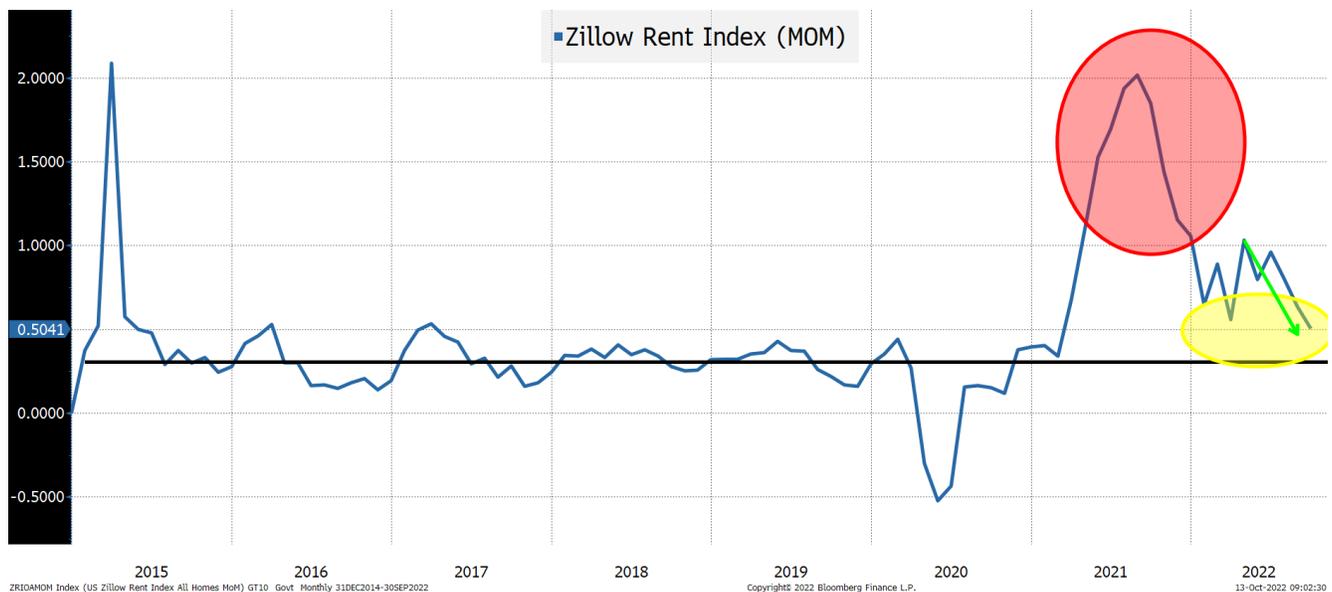
From today's [BLS CPI](#) report:

"The rent index rose 0.8 percent in September. The owners' equivalent rent index also increased 0.8 percent over the month, **the largest monthly increase in that index since June 1990.**"

The bold is mine, but I personally was shocked to discover that **September 2022 was the largest monthly increase in OER in over 30 years!**

Redfin, which offers web-based real estate and brokerage services (including rentals), published a [Rental Market Tracker](#) report that showed Median Monthly Rent dropped by 2.5% in the month of September! Yes, it is median and it is only one company's data, but intuitively that seems more likely than the highest monthly gains in 32 years!

Zillow Rent Index Month on Month



The Zillow rent index tells a different story. Rents were increasing (month on month) at a dangerous rate back in the summer and fall of 2021 - during peak "transitory" talk and while QE was still "necessary".

Rents, according to Zillow, are still running higher than the longer-term averages (but not by much) and they've been headed in the right direction.

Just Following Orders

Just following orders is not an excuse for anyone, and it seems shocking that we may base our policy (and certainly our market reaction) on numbers that do not seem to reflect reality.

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It seems (and has seemed clear) to me that CPI, for example, massively understated inflation last year. Everywhere you turned there were horror stories about price increases, but CPI barely reflected them.

Now, are we just catching up to problems that we've already lived through?

Two wrongs don't make a right, and this little rant is unlikely to sway markets (at least not today), but I have a lot of difficulty digesting today's CPI data when the biggest input contributed 0.3% of the monthly total increase of 0.6% (shelter is 32.5% of total CPI and I believe that it is 42% (32.5/78.1) of CPI ex-food and energy).

Maybe that is an accurate reflection of where we are in the economy today, but I don't buy it. On the other hand, I've learned not to fight the Fed or markets, **so not sure there is much to do with this information except to file it into my growing list of reasons why we will experience a hard landing.**

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