



NEWS RELEASE

OAKWORTH CAPITAL BANK
INVESTMENT COMMITTEE

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OAKWORTH CONSUMER PRICE INDEX (OCPI)

July 2022

Month	Index Value	1-Month	3-Month	YTD	12-Month
July	115.66	0.77%	3.81%	7.66%	N/A

The Oakworth Consumer Price Index (OCPI) increased 0.77% during July. Over the past three months, the index has increased at a non-annualized 3.81% rate and is up 7.66% for the year to date through the end of July. This works out to a 13.48% annualized equivalent.

After a slight decrease during June, the OCPI increased 0.77% during July to 115.66. However, there wasn't much movement in many of the underlying components. We hope this might imply prices are beginning to moderate across the broader economy.

As has been the case for much of 2022, the Cost of Living (CoL) sub-index increased at a faster pace than the Cost of Living it Up (CoLU). This suggests recent price increases have had a disproportionate impact on the lower income brackets. Unfortunately, this is normally the case during inflationary periods. This is due to the greater availability of alternatives for "elastic" goods when compared to "inelastic" ones.

Moving forward, lower energy and commodity prices, a slowing money supply, tighter money and a strong U.S. dollar should cause inflation to moderate. This will likely be more pronounced during the Q4.

OCPI 1: LIVING IT UP (CoLU)

Month	Index Value	1-Month	3-Month	YTD	12-Month
July	215.16	0.56%	2.87%	7.03%	N/A

The OCPI – Cost of Living It Up (CoLU) basket was up 0.56% during July. Over the past three months, the index has increased at a non-annualized 2.87% rate and is up 7.03% for the year to date through the end of July. This works out to a 12.35% annualized equivalent.

The only meaningful movement in the CoLU sub-index during July was for Brussels sprouts. The price of these shot up an eye-popping 40.16% during the month. However, this particular line item isn't typically a major expenditure. As a result, the CoLU wasn't up a significant amount last month.

As the table shows, not all items in the sub-index have gone up in 2022. This suggests consumers have greater options. For instance, shoppers could choose choice beef as opposed to prime. They could opt for wine instead of beer, and red over white as well.

In the end, the sharp increase in the price of Brussels sprouts is likely good news for children moving forward. Their parents probably won't be buying as many.

Item	July 2022 Price	1-Month %	3-Month %	YTD %	12-Month %
Prime Beef Tenderloin /lb.	\$30.99	0.00%	0.00%	10.72%	N/A
Choice Beef Tenderloin /lb.	\$25.99	0.00%	-3.71%	-3.71%	N/A
Ile de France Brie (13.2 oz.)	\$15.99	0.00%	10.35%	18.53%	N/A
Salmon (farm raised) /lb.	\$24.35	0.00%	14.32%	14.32%	N/A
Ciabatta Loaf	\$4.69	0.00%	17.54%	17.54%	N/A
Russet Potato /lb.	\$1.19	20.20%	-7.75%	33.71%	N/A
Asparagus /lb.	\$3.99	0.00%	0.00%	0.00%	N/A
Brussels Sprouts /lb.	\$3.49	40.16%	-12.53%	29.74%	N/A
Land O' Lakes Salted Butter Sticks (1 lb.)	\$6.49	0.00%	0.00%	28.01%	N/A
Daisy Sour Cream (16 oz.)	\$2.85	0.00%	14.46%	14.46%	N/A
Regular Lump Crab (8 oz.)	\$23.99	0.00%	41.20%	41.20%	N/A
Ben & Jerry's Pint	\$5.69	0.00%	9.63%	9.63%	N/A
La Crema Sonoma Coast 2018 Pinot Noir	\$21.49	0.00%	-20.38%	-20.38%	N/A
La Crema Sonoma Coast 2018 Chardonnay	\$22.99	0.00%	0.00%	0.00%	N/A
Stella Artois (6 pack)	\$9.99	0.00%	0.00%	11.12%	N/A
O.Henry's Coffee – O.Henry's Blend (12 oz.)	\$10.99	0.00%	0.00%	0.00%	N/A

For methodology, please see below

OCPI 2: LIVING (CoL)

Month	Index Value	1-Month	3-Month	YTD	12-Month
July	85.17	0.98%	4.54%	7.97%	N/A

The OCPI – Cost of Living (CoL) basket was down 0.98% during July. Over the past three months, the index has increased at a non-annualized 4.54% rate and is up 7.97% for the year to date through the end of July. This works out to a 14.04% annualized equivalent.

Despite the drop in paper towels and milk, the CoL sub-index was up 0.98% during July. The reason for this was largely due to increases in both tuna fish and Coca-Cola. These were both up sharply.

Interestingly, many of the items in the sub-index didn't change in value last month. In fact, of the 15 items in the CoL, only four were up in price. In fact, three were negative, a tie for the highest number of price decreases in any one month since the inception of the OCPI.

The sharp spike in Coca-Cola is potentially due to a shortage in commercial carbon dioxide. CO2 prices have risen sharply over the last several months. Fortunately, industry experts expect market conditions to improve during Q3.

Item	July 2022 Price	1-Month %	3-Month %	YTD %	12-Month %
Gain Laundry Detergent (Original 154 oz.)	\$15.94	0.00%	0.00%	6.69%	N/A
Sparkle Paper Towels (2 ply - 6 pack)	\$6.68	-23.39%	-2.20%	3.73%	N/A
Scott Toilet Paper (8 pack)	\$5.78	0.00%	0.00%	5.47%	N/A
Suave Shampoo (Ocean Breeze 30 oz.)	\$1.88	-3.09%	-3.09%	-3.09%	N/A
Milk (gallon - store brand - whole)	\$3.32	-9.04%	-2.92%	-13.09%	N/A
Nature's Own Honey Wheat Bread (20 oz.)	\$3.34	0.00%	5.03%	7.05%	N/A
Peter Pan Peanut Butter (28 oz. creamy)	\$3.72	0.00%	8.77%	8.14%	N/A
Hellmann's Mayonnaise (30 oz.)	\$4.88	0.00%	0.00%	17.87%	N/A
Kraft Mac & Cheese (7.25 oz. original)	\$1.00	0.00%	0.00%	2.04%	N/A
StarKist Chunk Light Tuna (8 pack)	\$7.98	22.39%	4.72%	14.33%	N/A
Lucky Charms Cereal (29.1 oz.)	\$5.98	9.12%	9.12%	20.08%	N/A
Tropicana OJ (52 oz.)	\$3.78	2.72%	2.72%	2.72%	N/A
Lay's Original Potato Chip (party size - 13 oz.)	\$4.78	0.00%	6.70%	6.70%	N/A
Coca-Cola (12 oz. - 24 pack)	\$10.88	12.40%	25.35%	12.40%	N/A
Ground Chuck (1 lb.)	\$5.23	0.00%	1.75%	9.41%	N/A

For methodology, please see below

TECHNICAL NOTE :

What it is:

The Oakworth Capital Price Index (OCPI) is a comparison between two separate baskets of groceries. One basket contains items one might use/consume when preparing a celebratory dinner at home. This is the Cost of Living It Up basket. The other contains more common household necessities for which there might be more inelastic demand. This is the Cost of Living basket.

Why:

The government's official Consumer Price Index (CPI) contains a variety of different products and services, many of which might not be in every consumer's budget each month. For instance, most households don't purchase a major appliance, furniture or a new car every month. Further, it uses variable costs for what are usually fixed expenses, such as cable television and ISP services. Essentially, while it is a useful tool, the CPI doesn't always tell the story consumers are actually experiencing.

However, everyone has to eat, do laundry, bathe and clean. These are things people have to do, the cost of living, with no exceptions. Conversely, there are items we would like to purchase, in this instance at the grocery, that might not always fit into the monthly budget. This is the cost of living it up.

The purpose of the OCPI is to determine which is hitting the U.S. consumer's budget the hardest: the necessities of life OR the simple luxuries.

Methodology:

Members of Oakworth Capital's Investment Committee price two different baskets of groceries twice a month, as close to the middle and the end of the month as possible. The table below lists the items in each basket, the amount measured and the source of the pricing information. Each item is incorporated into the index as is, without any predetermined weightings.

The aggregate OCPI is a combination of the two baskets, each containing a 50% weighting within the larger index. Due to the nature of the products in each basket, the dollar amount in the Living It Up basket was roughly 228% that of the Cost of Living basket at inception. As a result, the 50/50 weighting reflects how the average consumer would spend more than double on essentials relative to "luxuries."

The inception date for the index was 9/15/2021 with a value of 100.00.

The Cost of Living it Up Basket <i>Publix GreenWise Market</i> 35223 zip code	The Cost of Living Basket <i>Walmart.com website</i> 35209 zip code
<ul style="list-style-type: none"> • Prime Beef Tenderloin /lb • Choice Beef Tenderloin /lb • Ile de France Brie (13.2 oz) • Salmon (Farm Raised) /lb • Ciabatta loaf • Russet Potato /lb • Asparagus /lb • Brussel Sprouts /lb • Land O' Lakes Salted Butter Sticks 1lb • Daisy Sour Cream 16 oz • Regular Lump Crab 8oz • Ben & Jerry's Pint • La Crema Sonoma Coast 2018 Pinot Noir 750 ml • La Crema Sonoma Coast 2018 Chardonnay 750 ml • Stella Artois 6 pack • O'Henry's Coffee - O'Henry's Blend 12oz 	<ul style="list-style-type: none"> • Gain Laundry Detergent (Original 154 oz.) • Sparkle Paper Towels (2 ply - 6 pack) • Scott Toilet Paper (8 pack) • Suave Shampoo (Ocean Breeze 30 oz.) • Milk (gallon - store brand - whole) • Nature's Own Honey Wheat Bread (20 oz.) • Peter Pan Peanut Butter (28 oz. creamy) • Hellmann's Mayonnaise (30 oz.) • Kraft Mac & Cheese (7.25 oz. original) • StarKist Chunk Light Tuna (8 pack) • Lucky Charms Cereal (29.1 oz.) • Tropicana OJ (52 oz.) • Lay's Original Potato Chips (party size - 13 oz.) • Coca-Cola (12 oz. - 24 pack) • Ground Chuck 1 lb.

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