

Research [in] Brief

# Does Residual Seasonality Remain in Core PCE after Seasonal Adjustments?



## Primary issue

Researchers studied the average one-month percent changes in three components of core PCE inflation—goods excluding food and energy, services excluding energy and housing, and housing alone—to check for the presence of remaining residual seasonality, which can influence short-term inflation readings.



## Key findings

Average core PCE inflation rates for goods and for services excluding housing tend to increase in January over rates in either November or December and do so in an economically and statistically significant way that does not appear to be random.

Housing inflation rates do not change significantly over the same comparison periods and thus do not exhibit residual seasonality.

These results taken together indicate that the appearance of residual seasonality—in two out of the three inflation components, goods and services, but not housing—is broad based but not universal.



## The bottom line

The findings suggest residual seasonality is a variable that must be considered when attempting to attribute movements in short-term inflation to specific components of PCE inflation.

Want to find out more? Read “Residual Seasonality in Some Components of PCE Inflation” at [clefed.org/ec202604](https://clefed.org/ec202604).

Stay up to date with the Bank’s inflation research and news with the Center for Inflation Research’s quarterly newsletter. Subscribe: [clevelandfed.org/center-for-inflation-research](https://clevelandfed.org/center-for-inflation-research).

