

Using Truflation to monitor US inflation

To the Portfolio Manager | Shi Yuchen | Snapshot and forecast cutoff 18 October 2026

Assessment

Truflation is useful as a timely input to a calibrated CPI forecast. In this snapshot, the correlation of monthly changes is 0.84 across 2011-2026 and 0.81 in the 2022 onward subset. The level gap changes materially across regimes, so forecasting value needs to be tested against simple baselines.

What the latest observations imply

The latest archived Truflation reading is **3.08%** on 17 October, compared with the latest official headline rate of **3.74%** for September. The forecast uses a conservative publication cutoff, admitting Truflation only through **2026-10-16**. The eligible October average is 2.90%, versus 2.39% in September. Thus the direction of the alternative signal is upward even though its level remains below CPI.

The selected model, **Truflation + gasoline (OLS)**, produces an implied October rate of **4.01%**, with a nominal 80% empirical residual band of **3.80-4.20%**. The notebook and dashboard compare the other models and their intervals; measured coverage is reported below.

The next scheduled release is **10 November 2026 at 08:30 US Eastern time**. The October 2025 headline CPI base is unavailable, and BLS will not publish the corresponding October 2026 12-month change. The implied YoY is therefore a counterfactual scenario [1, 2].

Using a geometric interpolation of the missing October 2025 seasonally adjusted base, and carrying forward the latest SA-minus-NSA YoY gap, the model translates to a **conditional +0.39% SA month-on-month** scenario, with an illustrative range of **+0.07% to +0.68%**. This m/m translation has not been independently backtested. The range includes historical interpolation error but leaves structural uncertainty around the missing base and seasonal adjustment.

Evidence against simple baselines

Expanding-window fits simulate a forecast at the start of the 18th UTC each month. Outcomes are admitted to training only after the calendar release date. High-frequency observations also respect conservative publication lags. Errors are percentage points of the headline YoY rate. The full evaluation covers 2015 onward; the live-era subset starts in January 2022.

Model	Full RMSE	2022+ RMSE	Full MAE
Random walk	0.408	0.410	0.303
AR(1) on changes	0.361	0.394	0.276
Truflation level (face value)	1.115	1.355	0.743
Truflation change, b=1	0.288	0.324	0.213
Truflation bridge (OLS)	0.242	0.283	0.183
Gasoline bridge (OLS)	0.238	0.270	0.169
Truflation + gasoline (OLS)	0.194	0.233	0.139

The selected combination's live-era RMSE is **0.233pp**, compared with **0.410pp** for carrying the last CPI forward, a **43.2%** reduction. Model selection used this same 2022+ sample, so the comparison is exploratory. The selected model's full-sample empirical coverage is **72.9%** for its nominal 80% bands. The

intervals under-cover. Subperiod results and the blackout exercise show how performance changes across dates and forecast horizons.

Divergences and use during a data blackout

The included data show Truflation persistently above headline CPI in March 2021-September 2022, and below it in April-August 2023 and February-September 2026. Basket weights, housing treatment, source coverage and timing differ. Truflation's 2026 housing category carries about 23.1% and includes mortgage-related costs; BLS shelter uses a different rental-equivalence concept [3, 4]. The ex-shelter comparison describes the gap without attributing it causally to housing.

During a blackout, retain the last official print as the anchor and update it with the change in Truflation. The saved blackout exercise artificially withholds CPI for one to six months while leaving high-frequency data available. This stress test shows that the preferred combination can change at longer horizons. Show the stale official observation, its age, and the range across models separately.

Limits and recommended use

- **Historical-vintage risk.** Truflation launched in December 2021; earlier data are back-cast. The backtest uses current vintages, including later revisions or reweighting. The 2022+ split removes the pre-launch period but cannot reconstruct historical data availability [5, 6].
- **Timing approximations.** Truflation is admitted at observation date plus two calendar days; gasoline at date plus three days. CPI is admitted after its bundled release date. These conservative rules approximate publication timing; exact assumptions and sources are in the model audit.
- **Regime and selection risk.** Energy shocks, tariffs and housing dynamics may change coefficients. P-values are exploratory after comparing multiple models; residual frequencies are not calibrated trading probabilities.
- **Operational use.** Monitor Truflation alongside official CPI and energy inputs. Flag stale data and sudden jumps, retain raw snapshots, and revisit calibration when BLS releases resume. Keep the October missing-base scenario visibly labelled. Establish prospective paper forecasts before using the model for investment decisions.

Sources and reproducibility

[1] [BLS CPI release schedule](#). [2] [BLS shutdown impact FAQ](#).

[3] [Truflation 2026 CPI weights](#). [4] [BLS owners equivalent rent and rent](#).

[5] [Truflation methodology and launch date](#). [6] [Truflation source coverage and historical updates](#).

Computed figures use data/processed/ rebuilt from the SHA-256-verified data/raw/ archive. notebooks/Algebris_Case_Study.ipynb executes the complete walkthrough; its HTML export opens without installation. reports/model_audit.md documents the exact timing and model limitations.