

OMSR — Omni Macro Systems Research

Peak-Interest Report #1 (Public)

THE 2025 STRUCTURAL INFLATION MAP

Why the U.S. Is Still Inflating Despite Cooling Demand

Prepared by OMSR

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Executive Overview

For seventy years, U.S. household consumption has stayed within an astonishingly stable window:

68%–70% of GDP — in every cycle, every crisis, every regime.

If consumption has not meaningfully changed, then demand cannot explain the persistence of inflation in the 2020s.

Instead, inflation has been driven by structural cost displacement — a corporate behavior pattern where:

- costs
- risks
- depreciation
- claims
- operational burdens

...are shifted away from firms and onto households, workers, municipalities, and hidden public channels.

This phenomenon — Leakage Inflation — has added an estimated 7 percentage points to price levels since 2019.

And monetary policy has no direct tool to reduce it.

This report maps where that structural pressure originates, and why it will continue into 2026 unless addressed.

1. Consumption Invariance: The Unmistakable First Signal

The OMSR model begins with a simple, non-controversial observation:

U.S. household consumption does not surge or collapse for monetary reasons anymore.

- During QE → ~69%
- During QT → ~69%
- During oil shocks → ~69%
- During COVID recovery → ~70%
- During rate hikes → ~69%

This invariance exposes a flaw in every mainstream inflation narrative of the 2020s:

If demand didn't rise, demand cannot be the cause of persistent price pressure.

This unlocks the real story.

2. The Rise of Leakage Inflation

Beginning in the mid-2010s and accelerating dramatically after 2019, the U.S. economy entered a new structural paradigm:

Producers externalized costs faster than consumers could absorb them.

Examples include:

- Auto insurance: claims severity up 15–30%
- Delivery & logistics: depreciation shifted to gig drivers

- Municipal budgets: road wear and emergency services subsidizing last-mile commerce
- Healthcare: risk shifted to households through undercoverage
- Service sectors: cross-subsidies covering revenue shortfalls

These are structural, not cyclical.

They do not fall when demand slows.

They do not respond to rate hikes.

They sit upstream of prices — woven into the economic architecture itself.

3. The 7% Untouchable Inflation Layer

OMSR's structural decomposition estimates the following cumulative contributions (2019–2024):

- 3–4% — Insurance & claims
- 1–1.5% — Depreciation & repairs
- 0.5–1% — Healthcare spillover
- 1–1.5% — Municipal externalities
- 0.5–1% — Cross-subsidization inefficiencies

Every category is non-discretionary and inelastic.

This is inflation that:

- monetary policy cannot suppress
- households cannot avoid
- corporations do not internalize

And so it persists.

4. The Rate-Hike Paradox

Rate hikes produce two simultaneous effects:

1. Financial Stabilization

- ✓ cleanses leverage
- ✓ restores risk pricing
- ✓ disciplines speculative behavior

2. Real-Economy Damage

- ✓ slows productive investment
- ✓ increases operating costs
- ✓ delays modernization
- ✓ amplifies leakage behavior

This paradox explains the disconnect of 2022–2025:

Inflation fell...

...but the inflation that mattered did not.

5. The Structural Map: Three Hot Zones

HOT ZONE #1 — Transportation & Mobility

- Claim severity
- Delivery depreciation
- Insurance inflation
- Parts replacement cycles
- Fleet economics

HOT ZONE #2 — Healthcare & Services

- Risk-shifting
- Narrow-network design
- Out-of-pocket expansion

- Underfunded municipal care

HOT ZONE #3 — Last-Mile Infrastructure Load

- Road wear
- Emergency services
- Congestion externalities
- Subsidized logistics

These hot zones account for nearly two-thirds of structural inflation pressure.

6. Company Examples (Non-Sensitive)

High Internalizers (Positive Structural Impact)

- NVIDIA — Extremely efficient production-to-output scaling
- Toyota — Stable depreciation curves + disciplined risk structures
- Microsoft — High output with low real-economy externalization

High Externalizers (Negative Structural Impact)

- Amazon — Shifts depreciation, claims, and municipal load
- Uber — Depreciation shifted to gig fleets
- DoorDash — High last-mile infrastructure burden

These examples are narrative-only, not algorithmic.

7. Forecast: Structural Pressure Into 2026

OMSR expects three dynamics:

1. Rate cuts will not meaningfully lower structural inflation.
2. Insurance, delivery, and infrastructure costs will remain elevated.
3. Leakage-heavy corporate models will face rising capital-market scrutiny.

Unless cost-internalization incentives change, structural inflation will:

→ fall slower than expected

→ remain elevated vs. pre-2016 norms

→ pressure household budgets through non-discretionary channels

8. Closing Statement

OMSR's mission is simple:

Measure the structures monetary policy cannot see.

Expose the forces driving modern inflation.

Provide clarity in a system that has none.

For institutions, the full model is available through:

omsr@proton.me

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