

Inflation is Getting Worse and the Bad News Outweighs the Good – By a Lot

On Tuesday, the Bureau of Labor Statistics reported that the Consumer Price Index for All Urban Consumers increased 0.3% in August on a seasonally adjusted basis after rising 0.5% in July. Over the last 12 months, the All Items index increased 5.3%.

A few highlights:

- The indexes for gasoline, household furnishings and operations, food, and shelter all rose in August and contributed to the monthly all items seasonally adjusted increase.
- The energy index increased 2.0%, mainly due to a 2.8% increase in the gasoline index.
- The index for food rose 0.4%, with the indexes for food at home and food away from home both increasing 0.4%.

Here is some good news on the monthly increases (maybe):

- The index for dairy and related products declined in August, falling 1.0% after rising in each of the previous 4 months.
- There was a sharp decline in the index for food at employee sites and schools, which fell 17% in August.
- The index for airline fares fell sharply, decreasing 9.1% over the month.
- The index for used cars and trucks declined 1.5% in August, ending a series of five consecutive monthly increases.

And here is some good news on the annual increases (maybe):

- The all items index rose 5.3% for the 12 months ending August, a smaller increase than the 5.4% rise for the period ending July.
- The index for all items less food and energy rose 4.0% over the last 12 months, also a smaller increase than the period ending July.
- The prescription drugs index fell 2.7%, one of the few indexes to show a 12-month decline.

Bad News Outweighs the Good – By a Lot

Unfortunately, there is much more bad inflation news versus good, as the table below reveals.

Consumer Price Index for All Consumers	12-Months
All items	+5.3%
Food	+3.7%
Food at home	+3.0%
Food away from home	+4.7%
Energy	+25.0%
Energy commodities	+41.9%
Gasoline (all types)	+42.7%
Fuel oil	+33.2%
Energy services	+8.6%
Electricity	+5.2%
Utility (piped) gas service	+21.1%
All items less food and energy	+4.0%
Commodities less food and energy	+7.7%
New vehicles	+7.6%
Used cars and trucks	+31.9%
Apparel	+4.2%
Medical care commodities	-2.5%
Services less energy services	+2.7%
Shelter	+2.8%
Transportation services	+4.6%
Medical care services	+1.0%

More Data Later in the Week

More economic data will be released later this week, including MBA Mortgage Applications on Wednesday; Jobless Claims and Retail Sales on Thursday and Consumer Sentiment on Friday. [Sources: bls.gov](https://www.bls.gov)