

INFLATION

UPDATED THROUGH MAY 2024 | NATIONAL

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Takeaways | Inflation

- Housing inflation is above headline inflation, while transportation and food inflation are just below.
- As of May 2024, AAPI households have somewhat (0.30 percentage point) higher inflation than the national average, while Hispanic and Black households are at the national average, and white households are very slightly below. AAPI households are particularly affected by housing inflation.
- The bottom 40% of the household income distribution experiences inflation rates 0.25 percentage point higher than the national average, likely driven by their higher exposure to housing inflation. The top 20% experience inflation that is 0.1 percentage point below the national average, while the middle 40% experience inflation that is very close to the national average.
- Inflation rates have converged across age and education groups.
- Rural households are experiencing 0.58 percentage point less inflation than urban households are, likely because of their greater exposure to transportation and lower exposure to housing inflation.
- Inflation is highest in the Northeast (0.64 percentage point above the national average) and lowest in the Midwest (0.55 percentage point below the national average), as a result of a secular regional rise in inflation in the Northeast.

Full Report Highlights

- **INFLATION**

Inflation rose in the Northeast relative to the rest of the country, moving the Northeast from being the region with the least inflation (0.72 percentage point below the national average in February 2024) to the region with the most (0.64 percentage point above the national average in May 2024).

- **EARNINGS**

Racial, ethnic, and gender gaps in earnings declined in 2024:Q2, but this was in part because the nominal and real earnings of white workers and men declined in 2024:Q2. However, the Black-white and the gender earnings gaps continued on their gradually declining trends since the pre-pandemic period.

- **EMPLOYMENT**

Labor market trends have continued as in 2024:Q1, with the gender employment and LFP gaps declining and other gaps being close to their pre-pandemic levels.

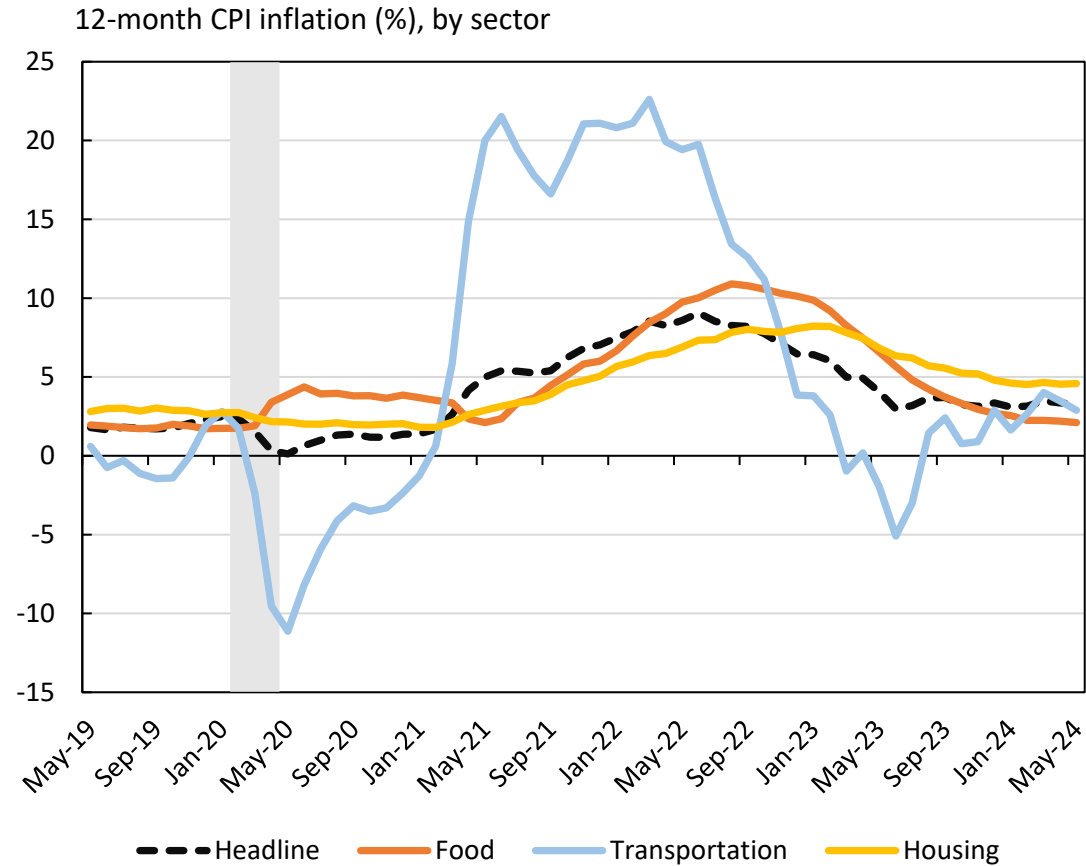
- **WEALTH INEQUALITY**

Growth in wealth after 2019 was faster for some groups with little wealth relative to population but did not meaningfully reduce stark wealth inequalities across demographic groups.

Data and Methods | Inflation

- Data on inflation by demographic groups are not produced by the Bureau of Labor Statistics.
- To calculate demographic inflation, we exploit the fact that the Consumer Expenditure Survey (CEX) can be used to compute spending shares of various consumption categories (for example, cereal, rent, and used cars) by demographic group (for example, Black, Hispanic, some college, and aged 45-54).
- To compute the contribution of a consumption category in a particular city to demographic inflation for a specific group, we take that group's spending share on that category in that city (from the CEX) in the previous year and multiply it by the twelve-month inflation for that consumption category in that city (from the Consumer Price Index).
- We then add up all the contributions to get an inflation index for the demographic group.
- Our method is similar to the previous literature, for example, Hobbijn and Lagakos (2005), McGranahan and Paulson (2006), and Jaravel (2019). We are the first to exploit price variation across cities whereas the above-mentioned studies assume people in different demographic groups and cities face the same prices.

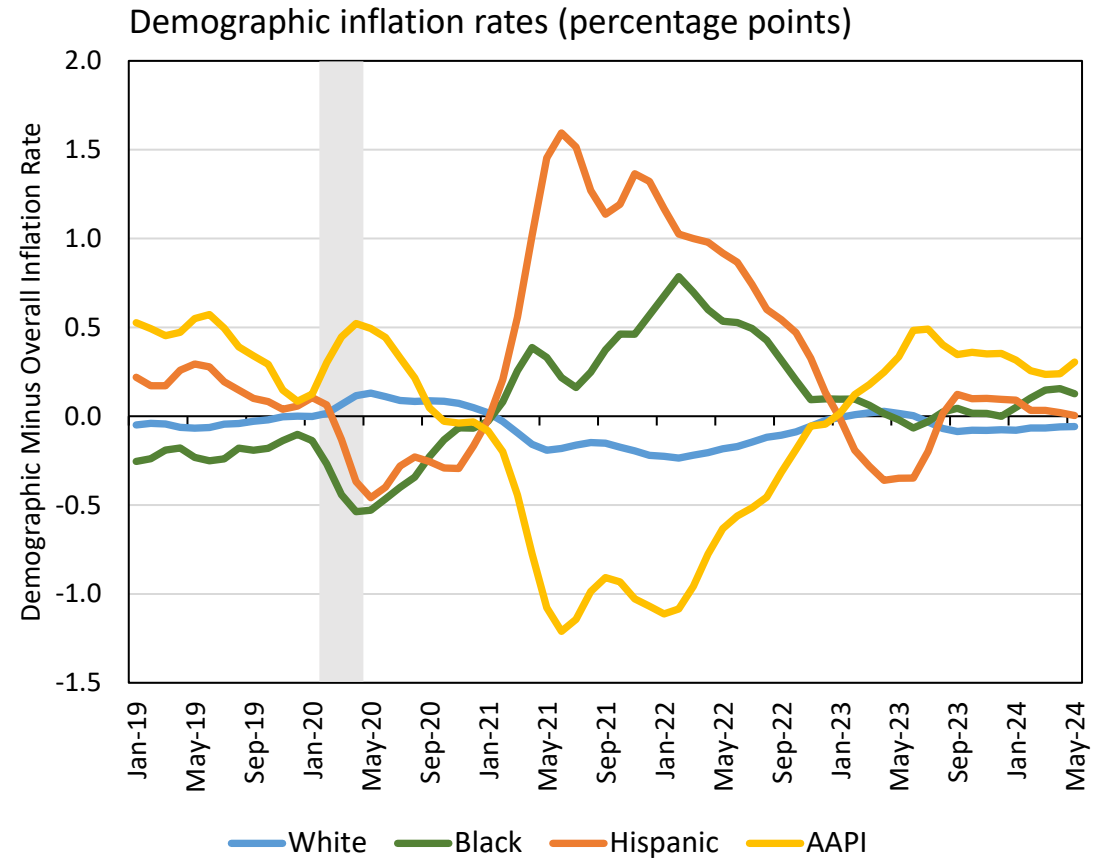
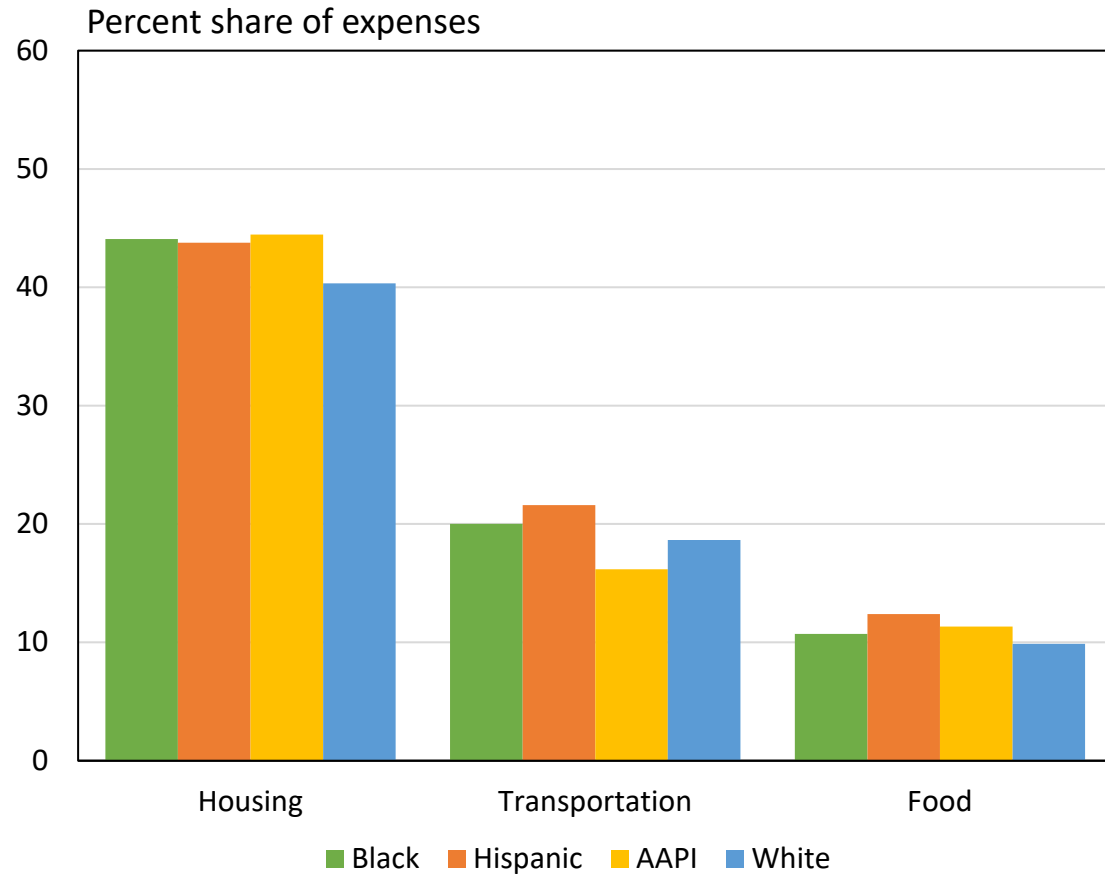
Inflation by Sector



Sources: CPI via Haver Analytics; authors' calculations.

Note: Shaded region indicates the COVID-19 recession.

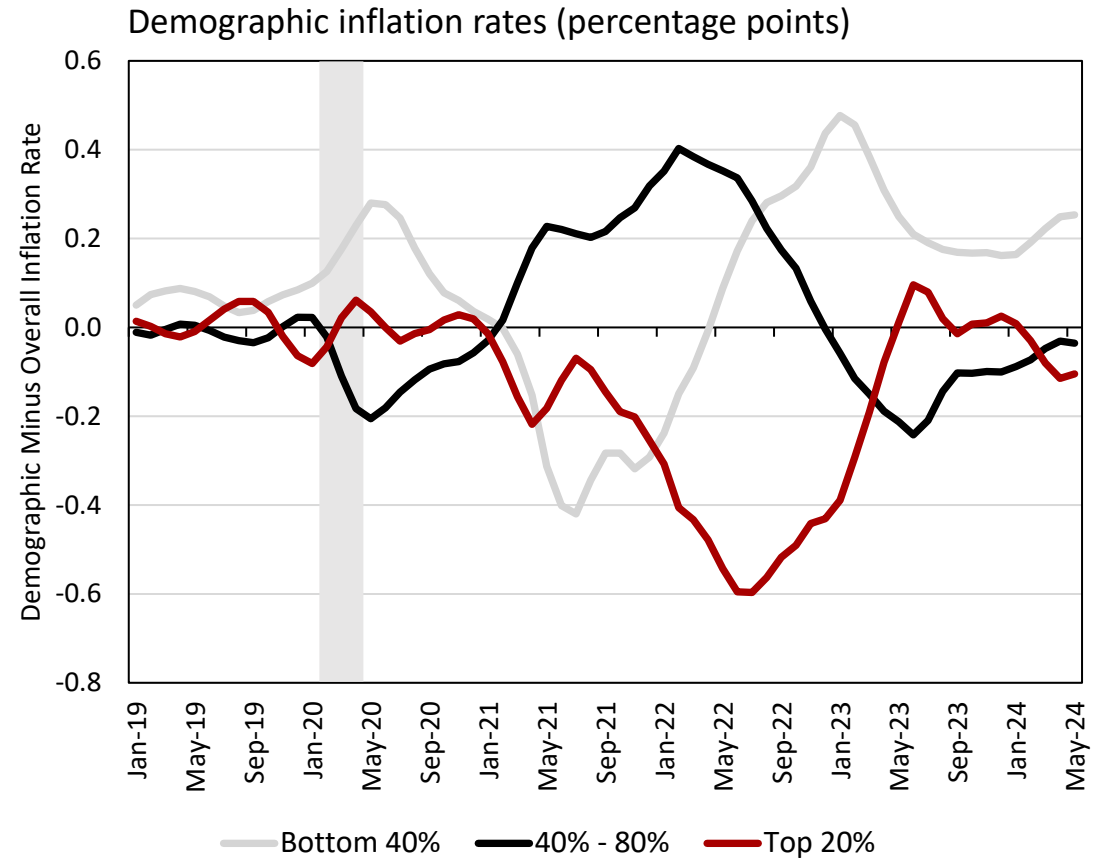
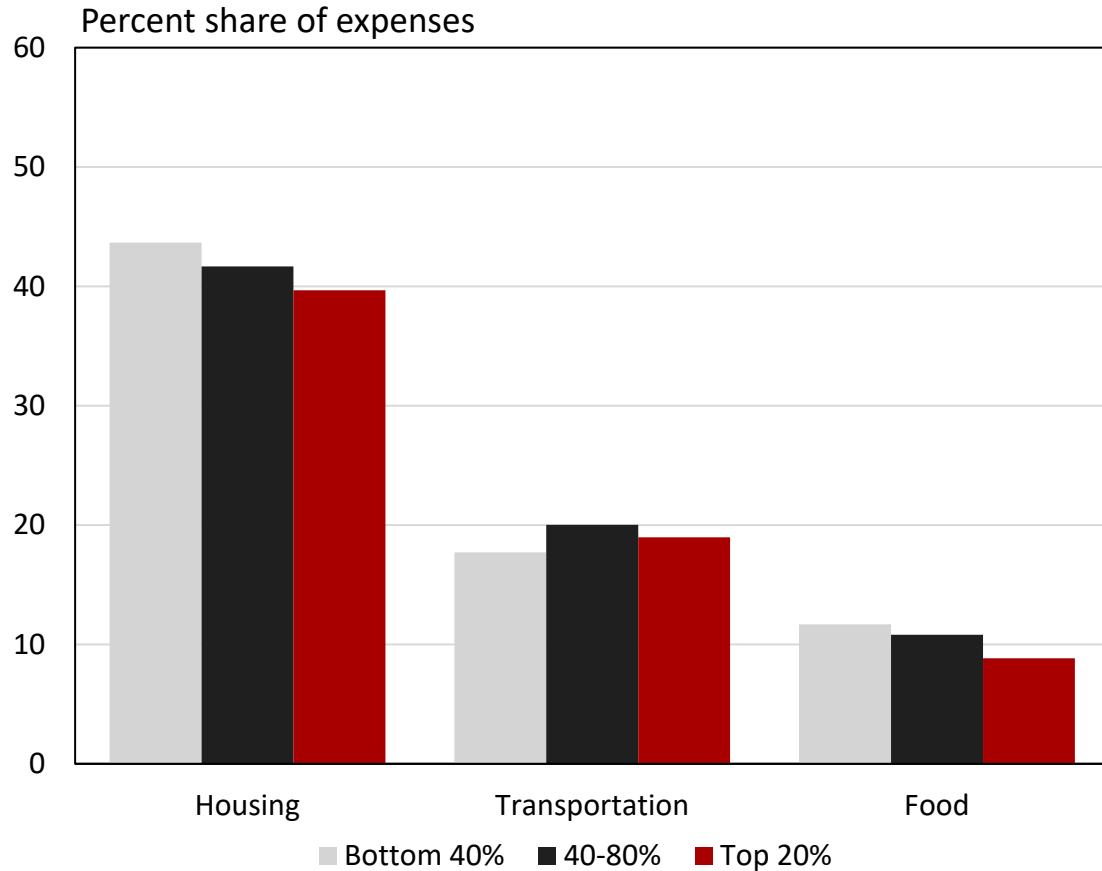
Demographic Inflation by Race/Ethnicity



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

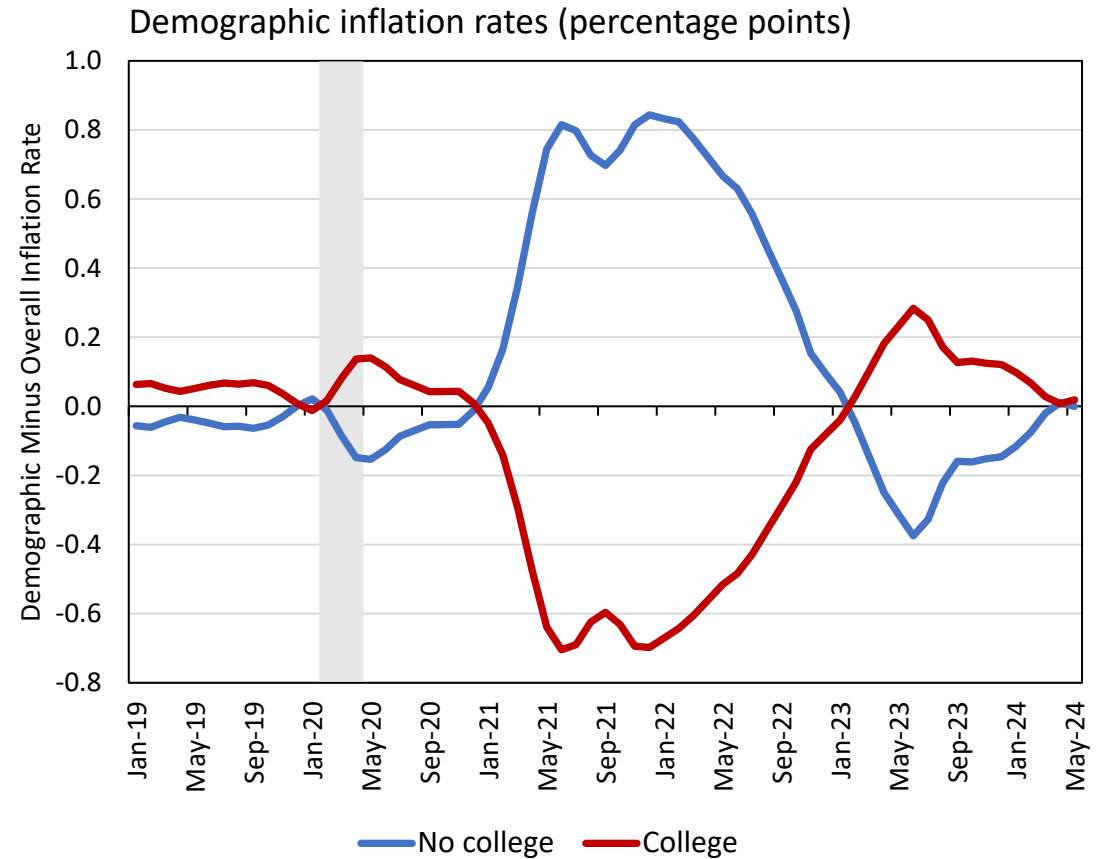
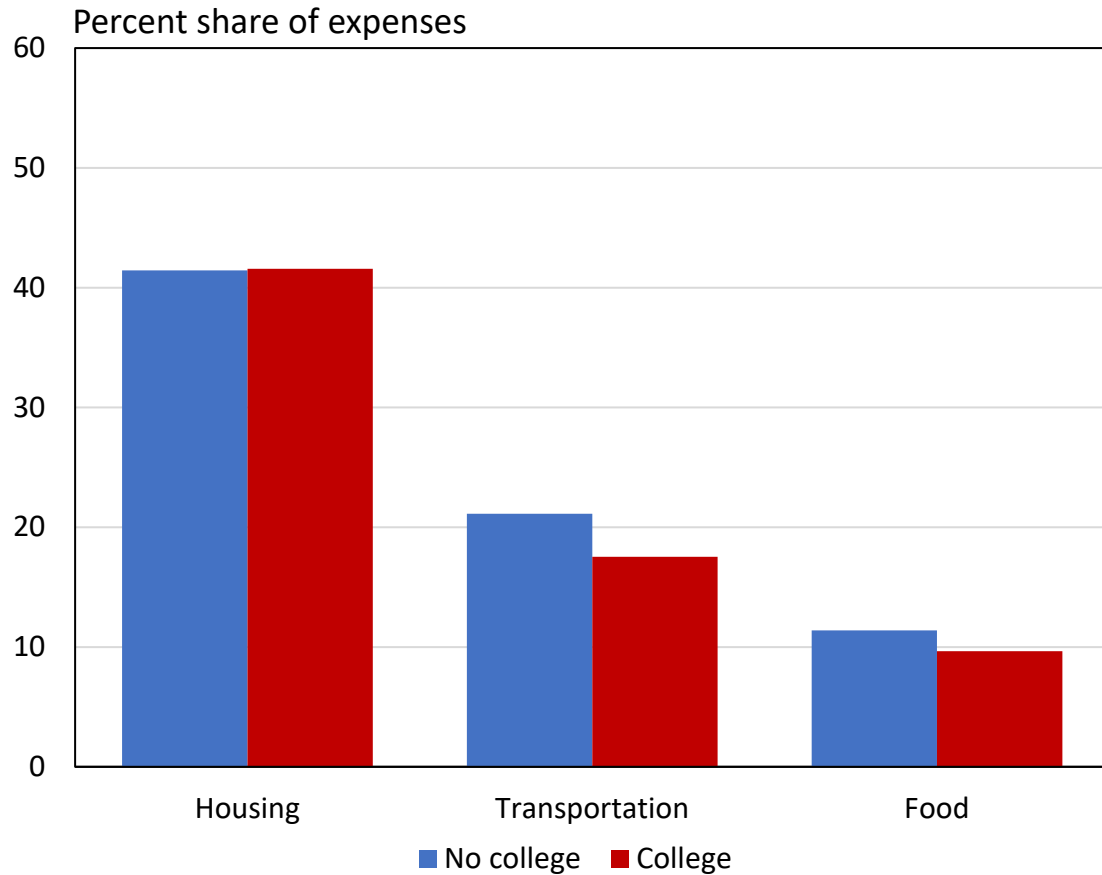
Demographic Inflation by Income



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

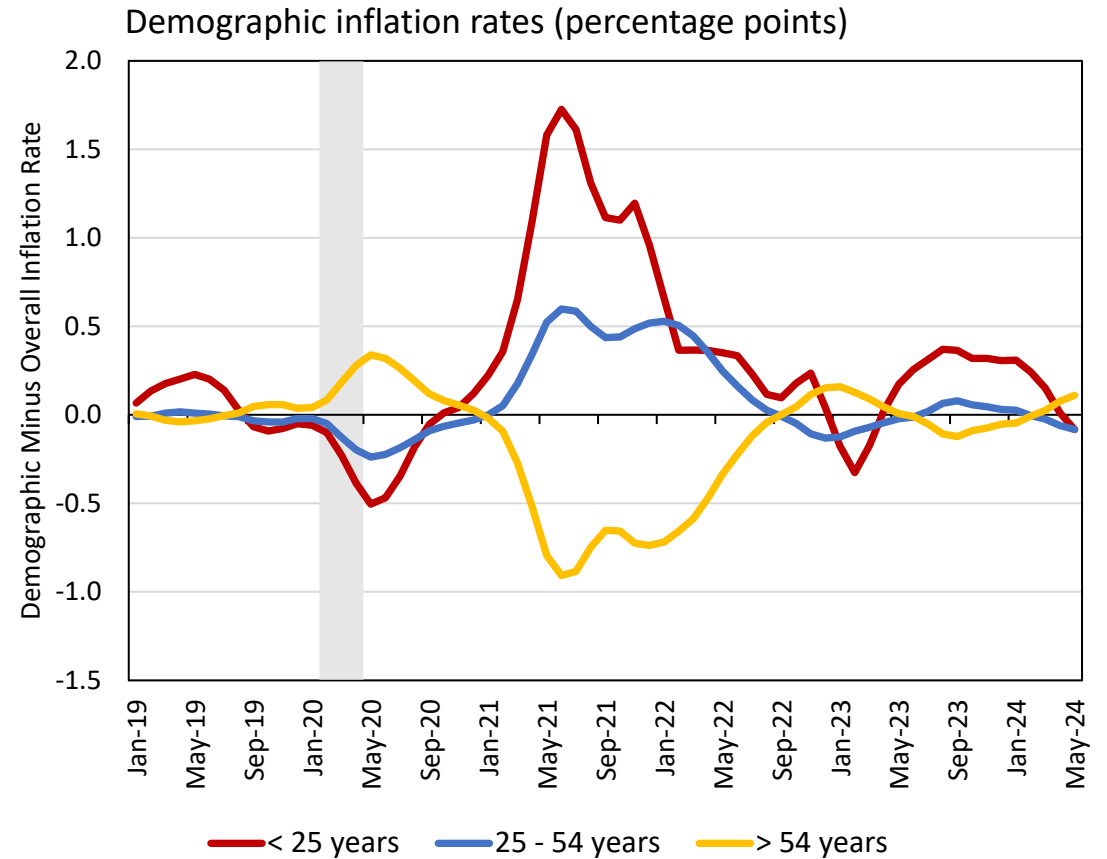
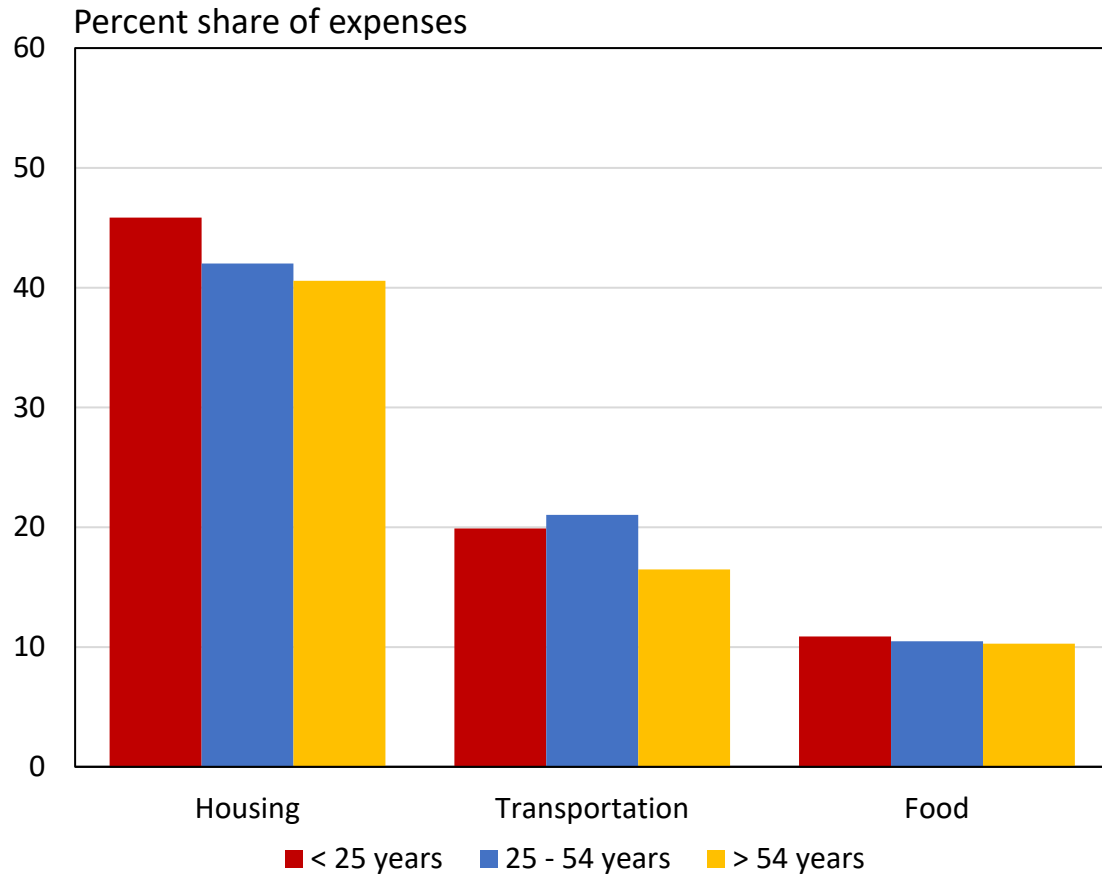
Demographic Inflation by Education



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

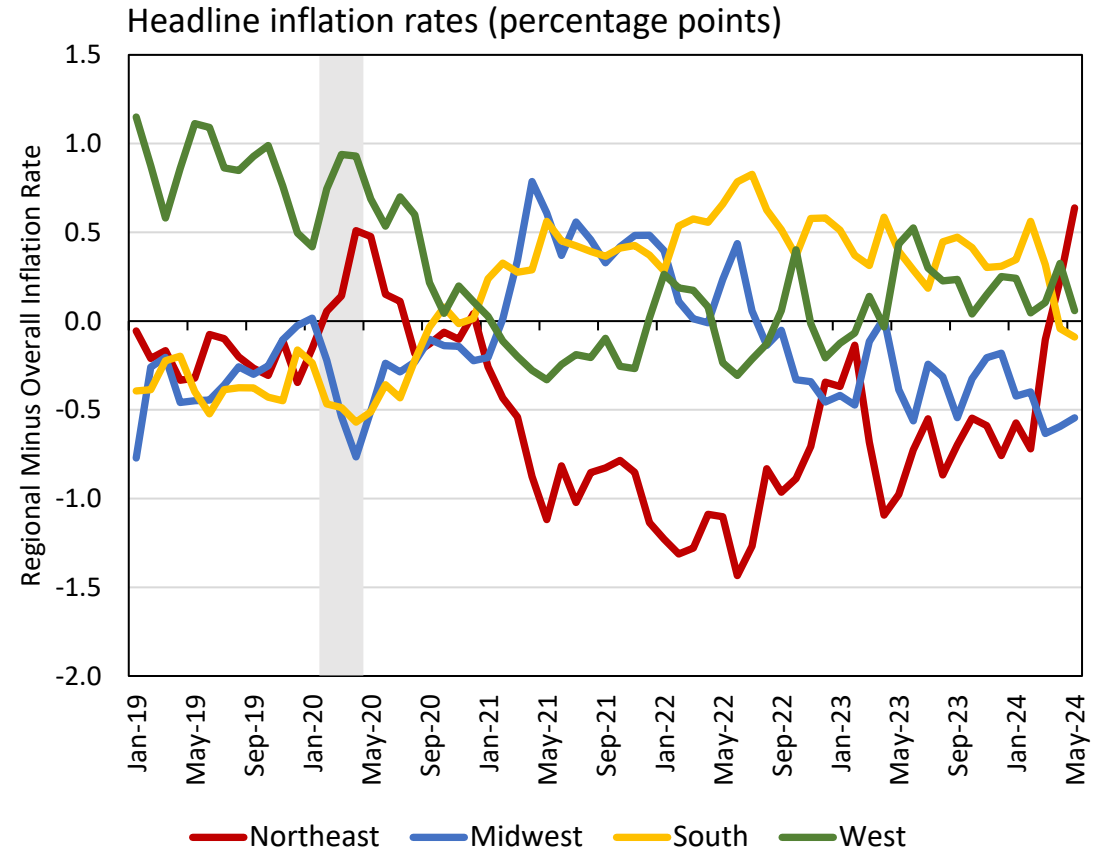
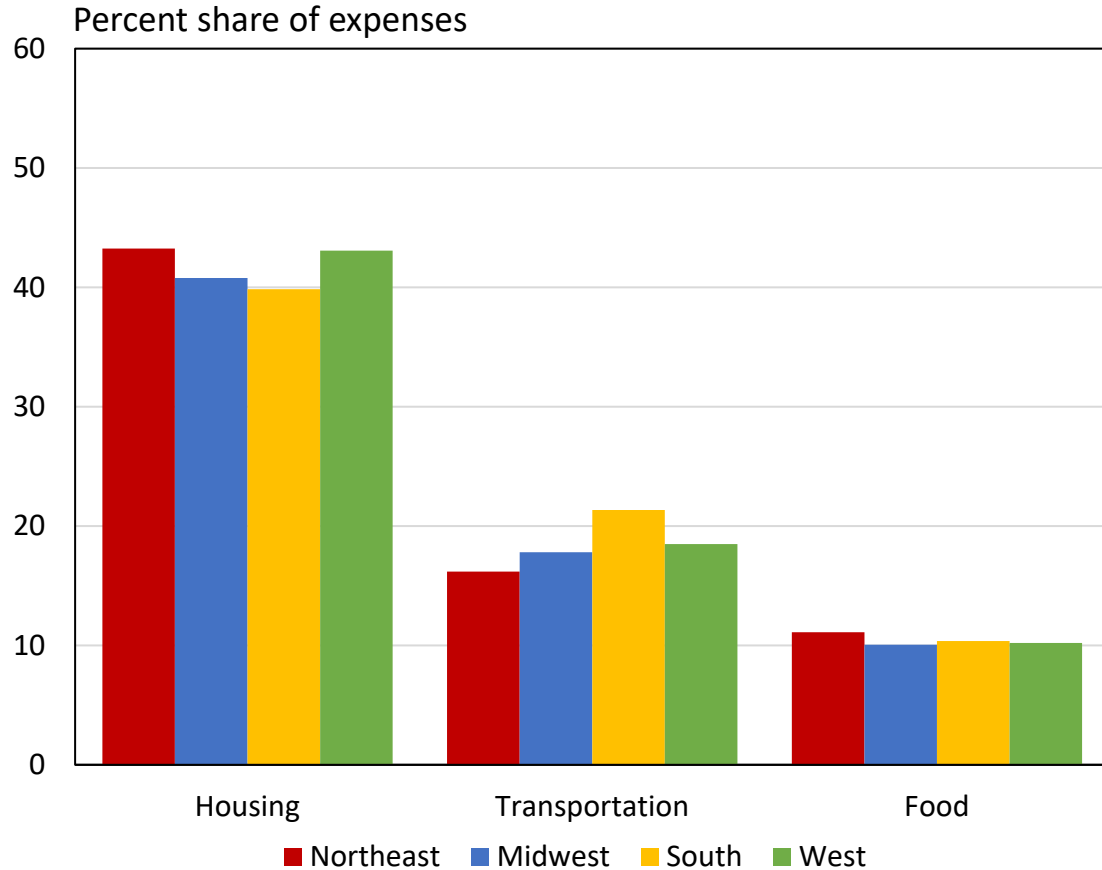
Demographic Inflation by Age



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

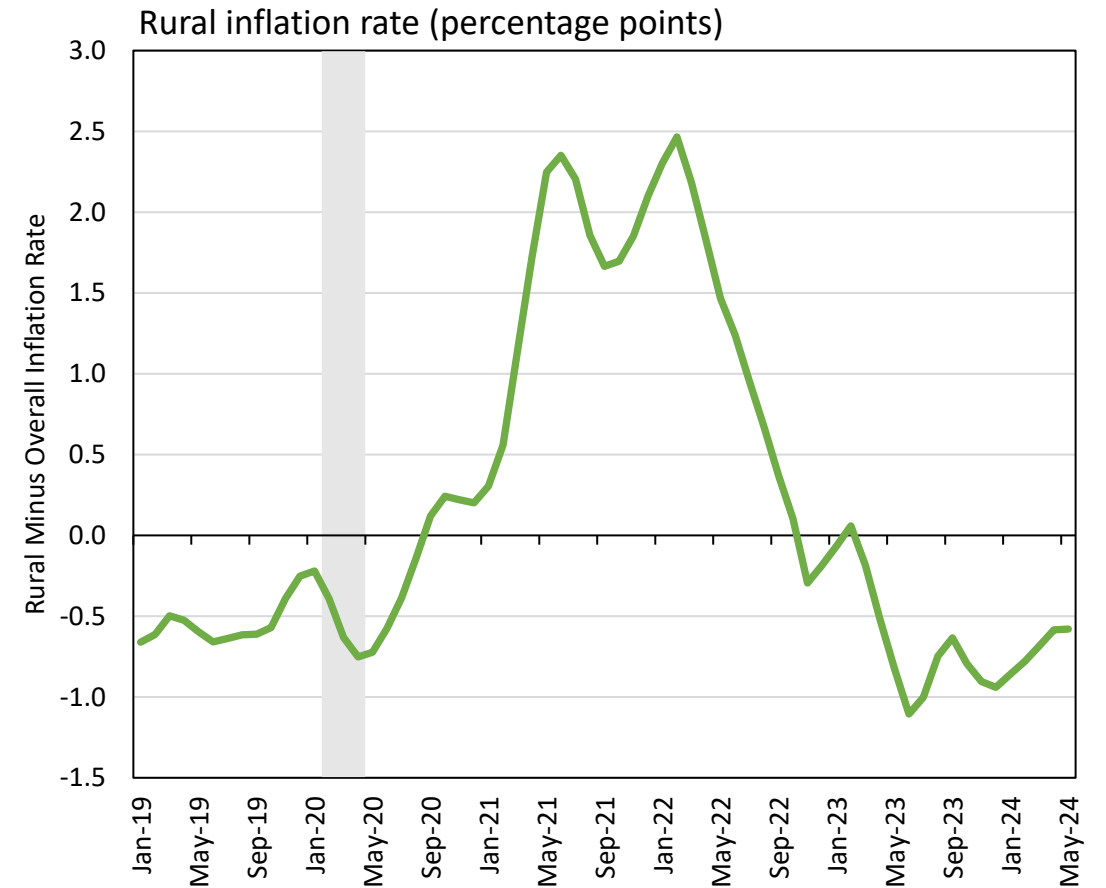
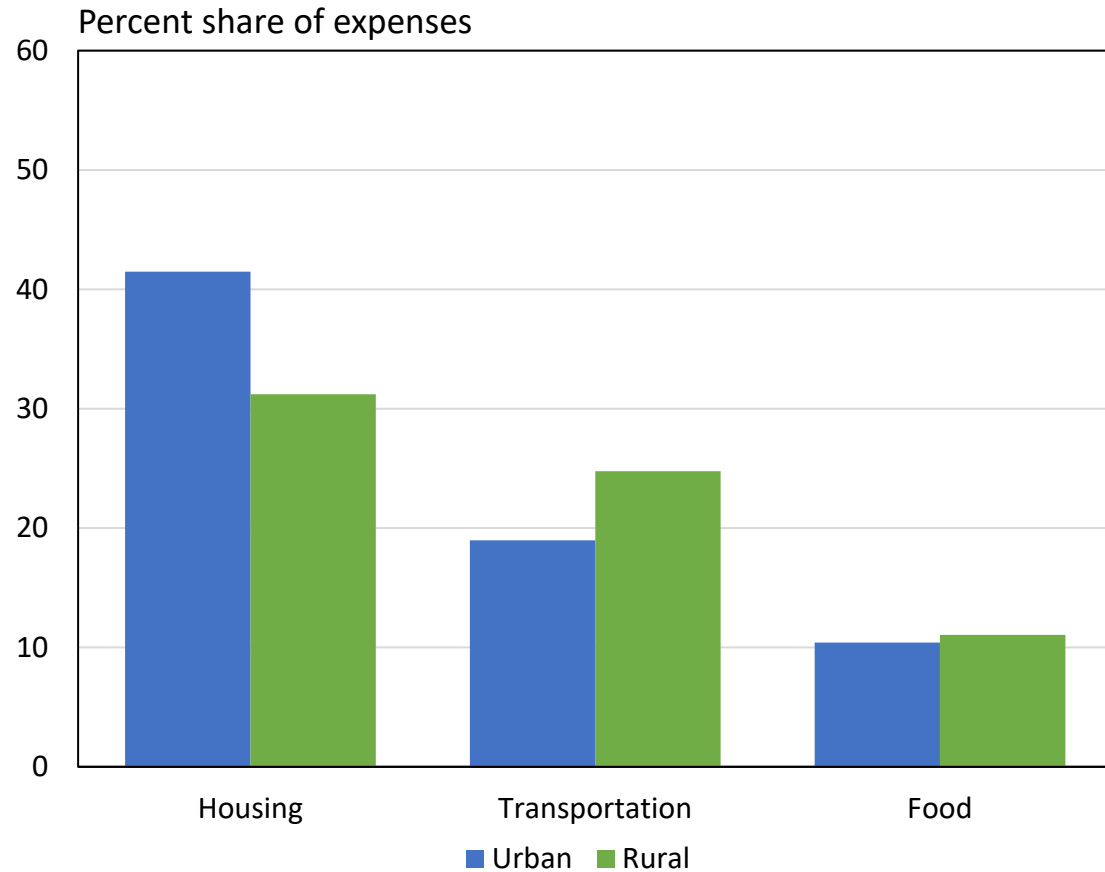
Demographic Inflation by U.S. Region



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

Demographic Inflation by Urban Status



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.