



## **Inflation fell slightly to 8.3% in August as pain from higher prices lingers**

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Inflation was little changed in the month of August, despite efforts by the Federal Reserve to cool off the U.S. economy. Data released Tuesday by the U.S. Bureau of Labor Statistics showed that inflation landed at 8.3% last month compared to one year ago.

Economists surveyed by Bloomberg had forecast an 8.1% annual increase. Prices increased 8.5% in July.

Excluding volatile food and gas prices, inflation climbed 6.3% year-on-year — higher than the consensus estimate for 6.1% and an increase from last month's 5.9% reading.

The energy index rose 23.8% over the past 12 months. That includes the cost of electricity, which saw its largest one-year increase (15.8%) in four decades, according to the data.

Other categories that saw increases in August include motor vehicle maintenance and repair, up 1.7%; health insurance, up 2.4%; and pets and pet products, up 1.6% in the 30-day period between July and August.

Gas prices have fallen for three consecutive months and now stand at a national average of \$3.70 a gallon, though there is wide geographic variability, with most Western states still above \$4.

But food prices have remained stubbornly elevated, climbing 11.4% overall, compared to the same time last year. In that same time period, food at home prices increased 13.5%, while food away from home increased 8%.

A separate survey released Monday from Information Resources, a technology, analytics and data provider, found prices for food at home rose 1.6% from the end of July to the end of August, and 13.4% year-over-year through the week ending Aug. 28.

Inflation is expected to remain elevated for some time, though it should continue heading downward, according to the most recent [New York Federal Reserve survey](#).

Consumers told the central bank last month they expect the annual inflation rate to be at 5.7% one year from now, far above the Federal Reserve's 2% target. That target range won't be reached for another three years, the New York Fed survey indicated.

For now, a majority of Americans say inflation has affected them financially, according to a Gallup poll released this month. The share of middle-income Americans making \$48,000 to \$89,999 per year who said they're experiencing a financial hardship because of inflation rose by 17 percentage points, to 63%, since last fall, the survey found.

An even greater share of low-income Americans (74%) said money is tight as a result of inflation.

Americans on fixed incomes are among those suffering the most. Kevin J. Fox, a resident of Stevens Point, Wisconsin, told NBC News he earns about \$26,000 a year now after going on disability with early onset Parkinson's disease.

"On a good month, I can pay most of my bills," he said in an email. But most months, he said, "I'm playing roulette with who to pay or not."

In a speech last week, Federal Reserve Chairman Jerome Powell said the central bank was committed to getting inflation down and was optimistic it could continue to raise interest rates without incurring "very high social costs," like higher unemployment.

"The Fed has, and accepts, responsibility for price stability," he said at the Cato Institute, a Washington-based think tank. "We need to act right now — forthrightly, strongly."