

# INFLATION

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## Takeaways | Inflation

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- Housing inflation is above headline inflation, while transportation and food inflation are just below.
- AAPI households have somewhat (0.33 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 0.17 percentage point higher than the national average, likely driven by their higher exposure to housing inflation. The top 20% experience inflation very close to the national average, while the middle 40% experience inflation that is 0.1 percentage point lower than the national average.
- Young households (under 25) are experiencing inflation 0.26 percentage point higher than the national average, likely driven by their higher exposure to housing inflation.
- Rural households are experiencing 0.87 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 South (0.56 percentage points above the national average), and lowest in the Northeast (0.72 percentage point below).

# Full Report Highlights

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- **INFLATION**

Inflation trends continued to be very similar to the last quarter of 2023, with inflation inequality being low and AAPI households, households from the lowest-income 40% and young households experiencing relatively higher inflation.

- **EARNINGS**

The Black earnings gap has marginally increased, nevertheless remaining well below pre-pandemic levels.

- **EMPLOYMENT**

Black employment and labor force participation gaps declined to their lowest levels since the pandemic, driven by Black women.

- **CONSUMER SPENDING**

Consumer spending rose overall in early 2024, with the increase shared by all groups except for the young (25-34).

- **WEALTH**

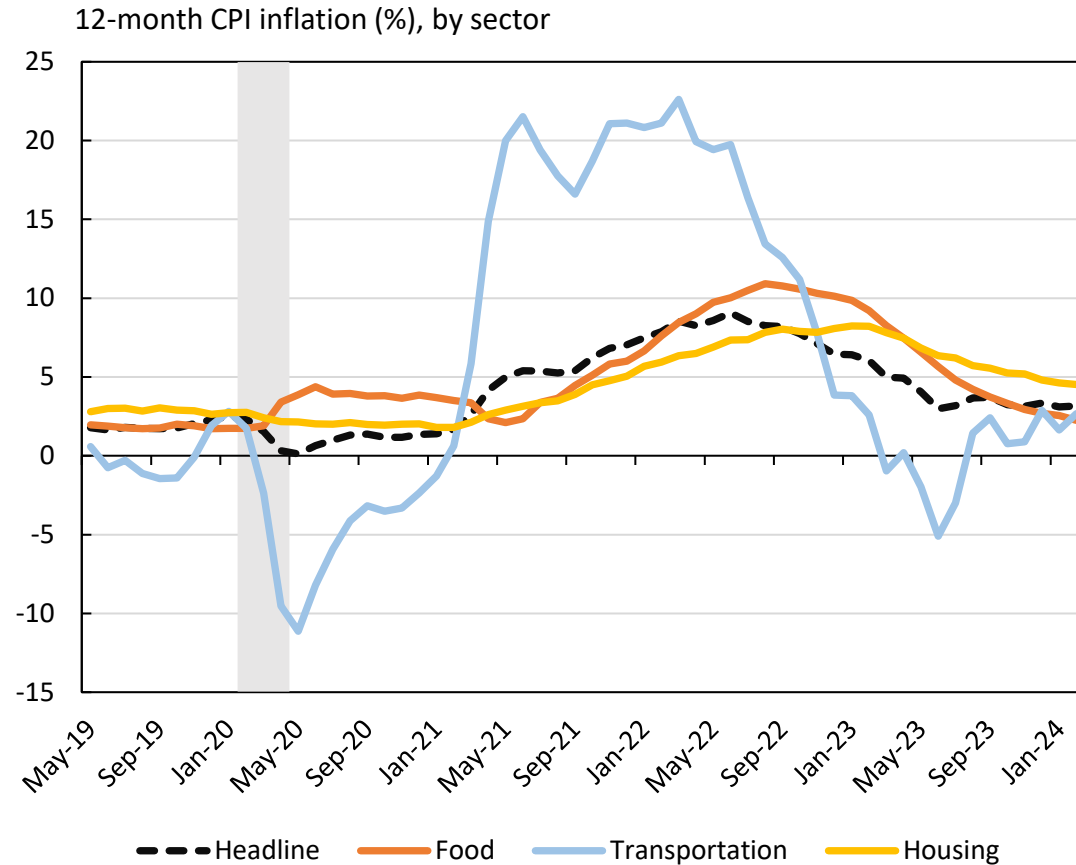
Growth in wealth after 2019 was faster for some groups with little wealth relative to population, but did not meaningfully reduce stark wealth inequalities across demographic groups.

## Data and Methods | Inflation

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- 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, Hobijn 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.

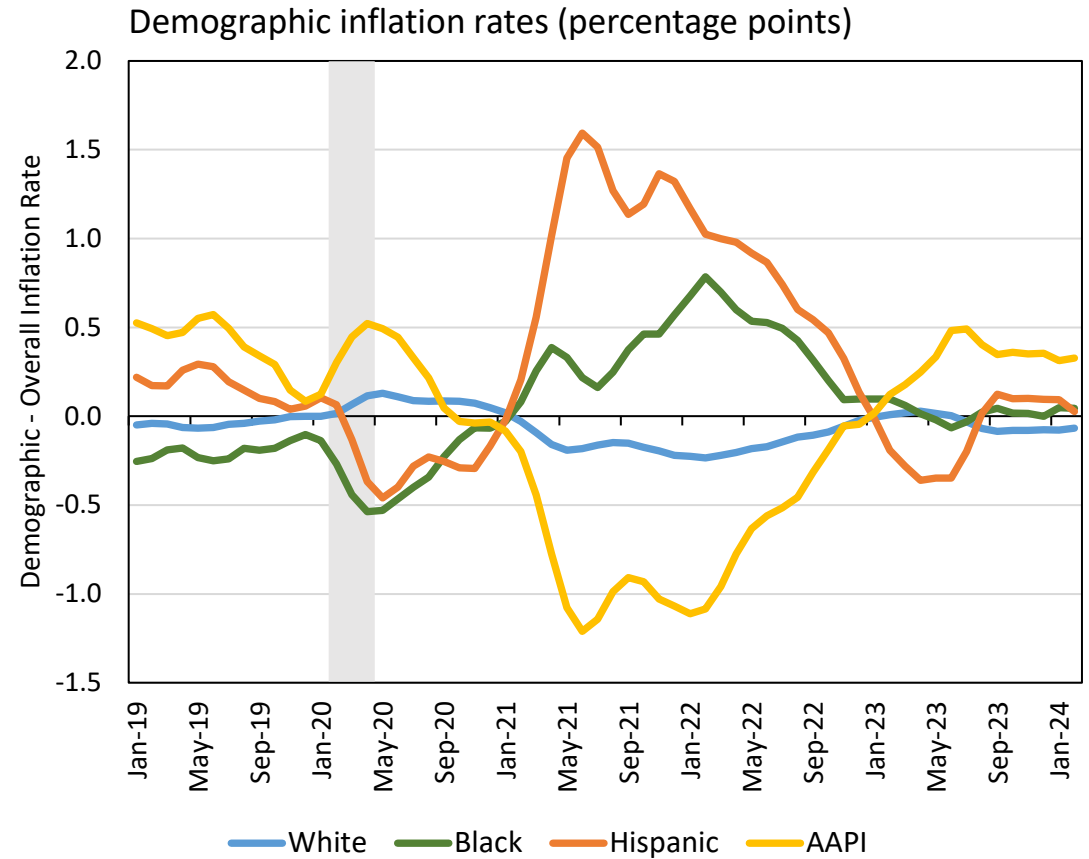
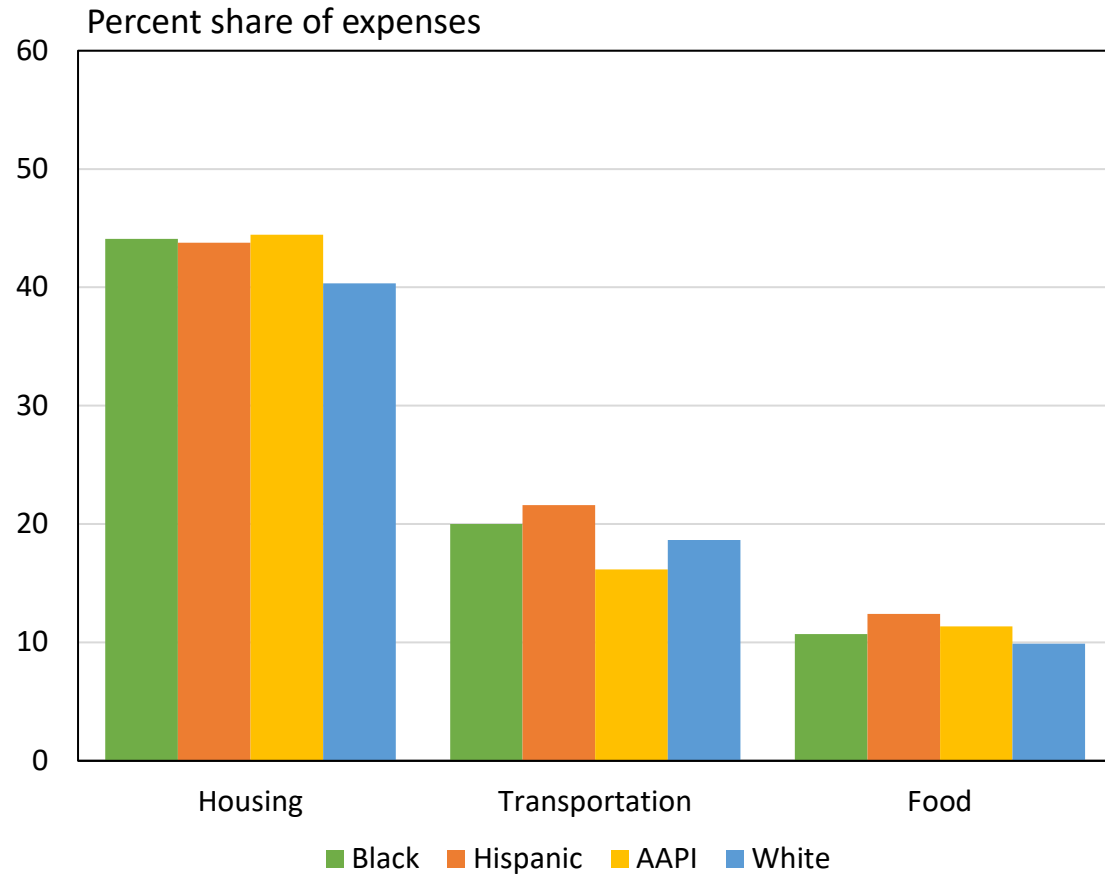
## Inflation by Sector



Sources: CPI via Haver Analytics; authors' calculations.

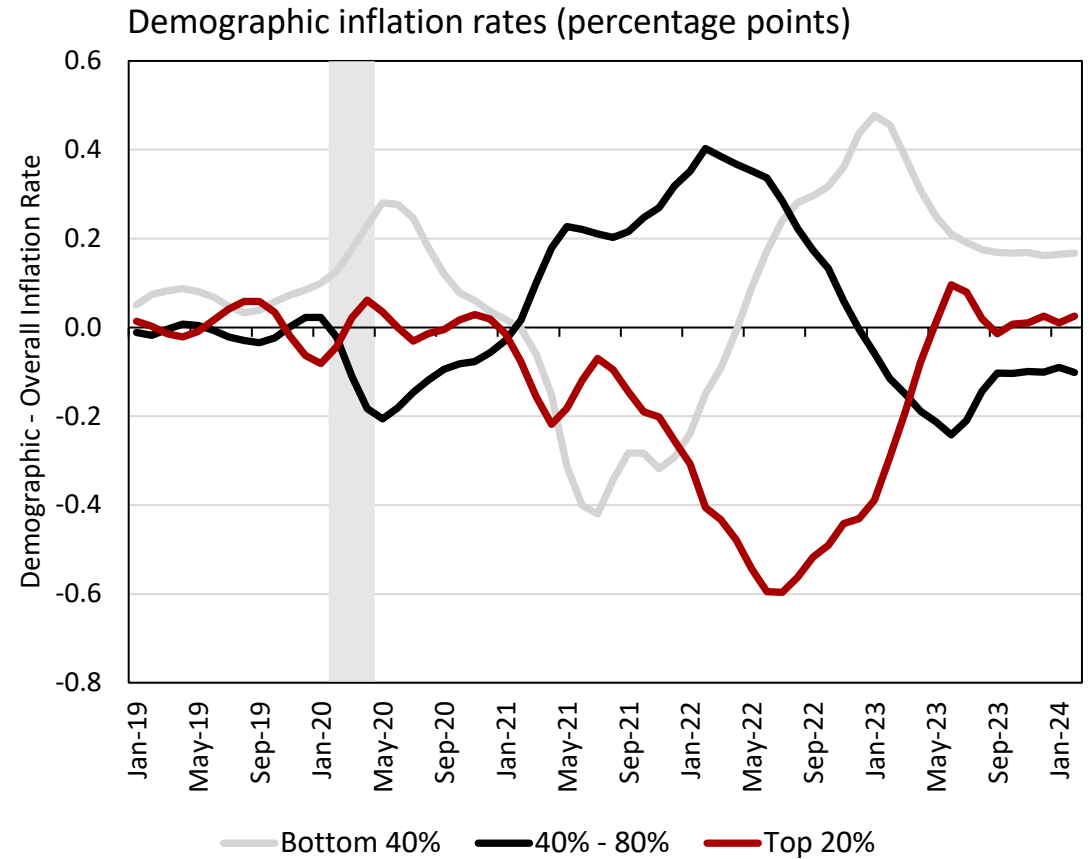
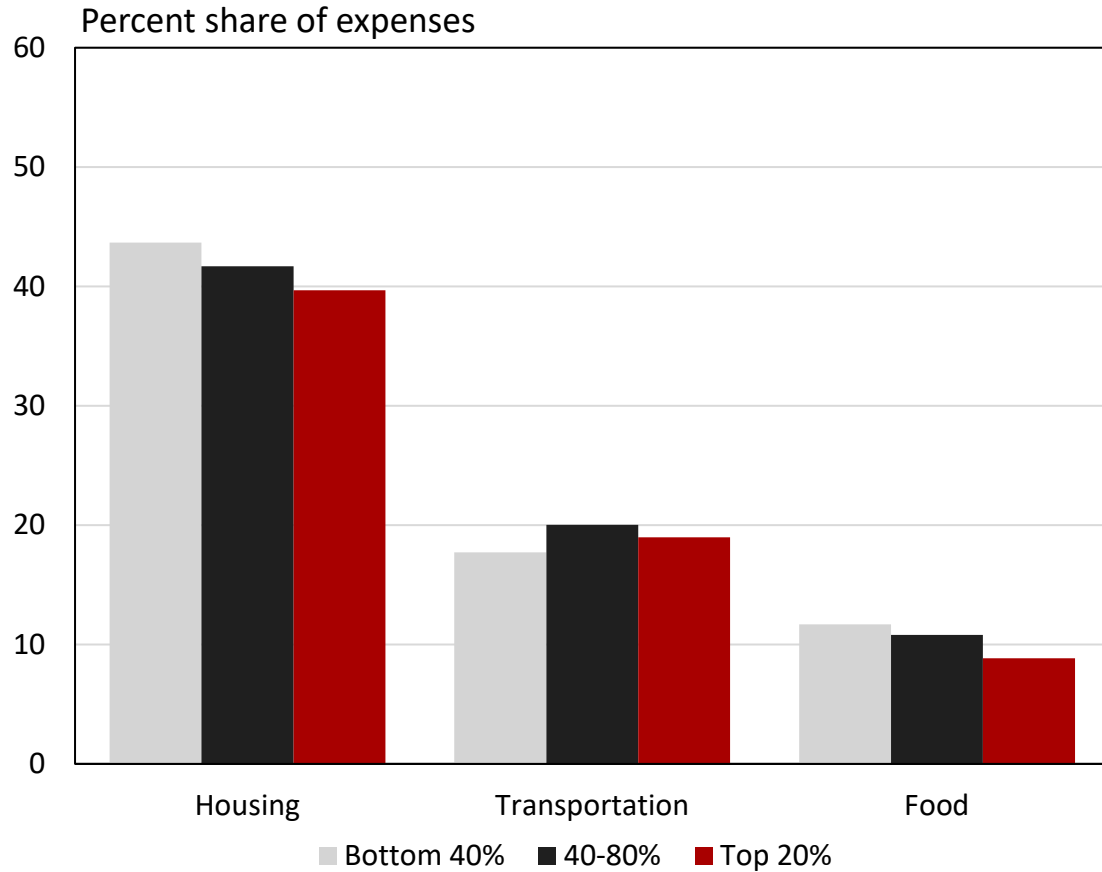
Note: Shaded region indicates the COVID-19 recession.

## 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.

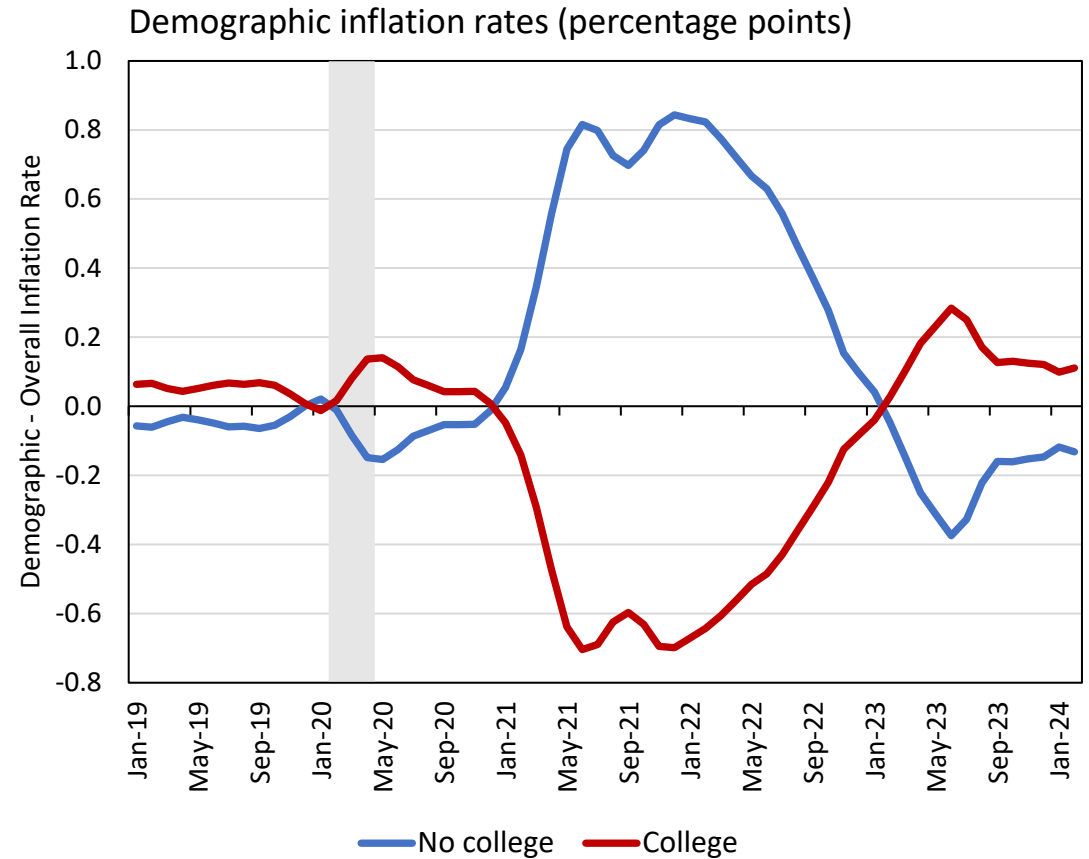
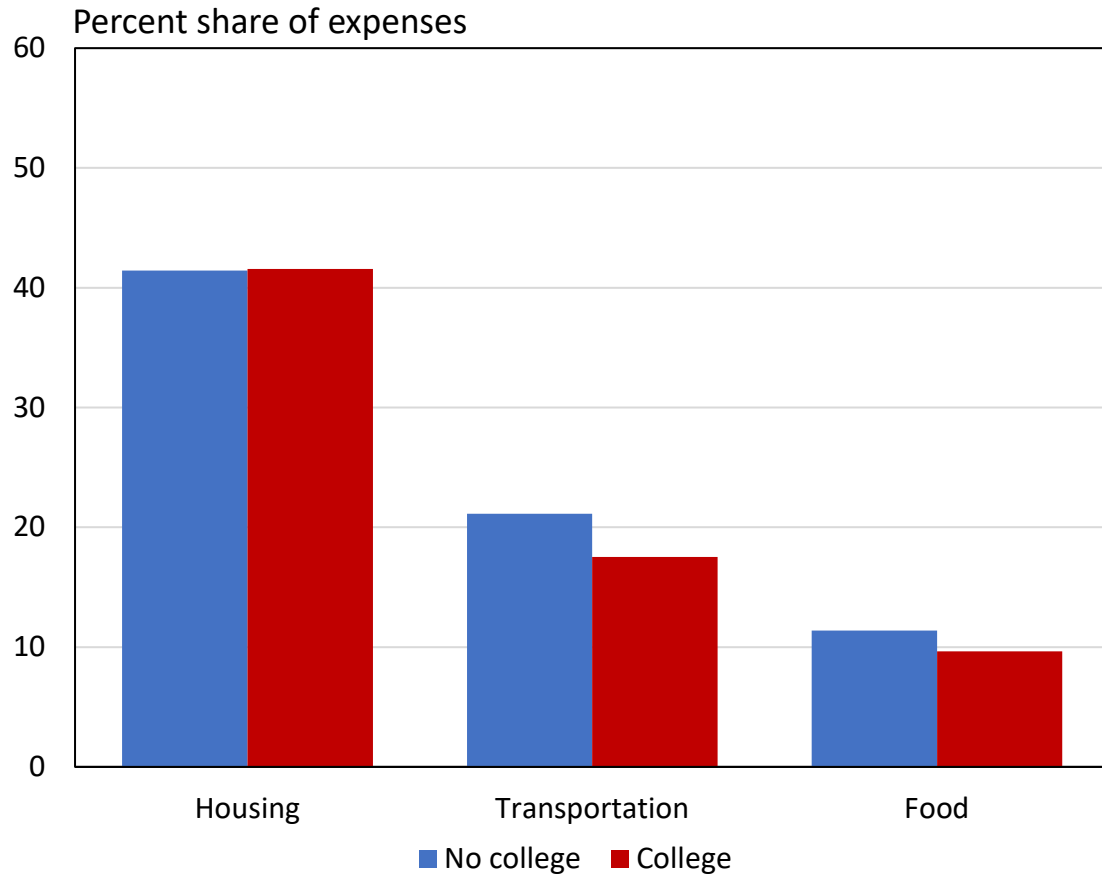
## Demographic Inflation by Income



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

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

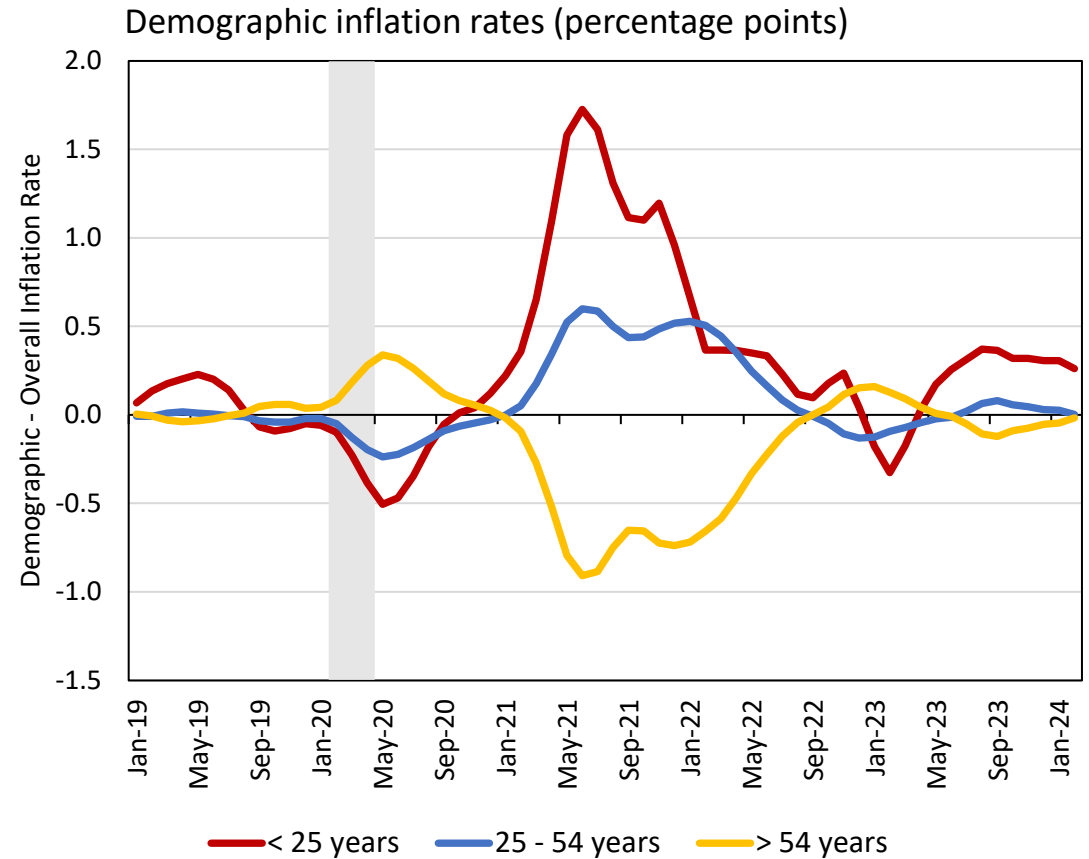
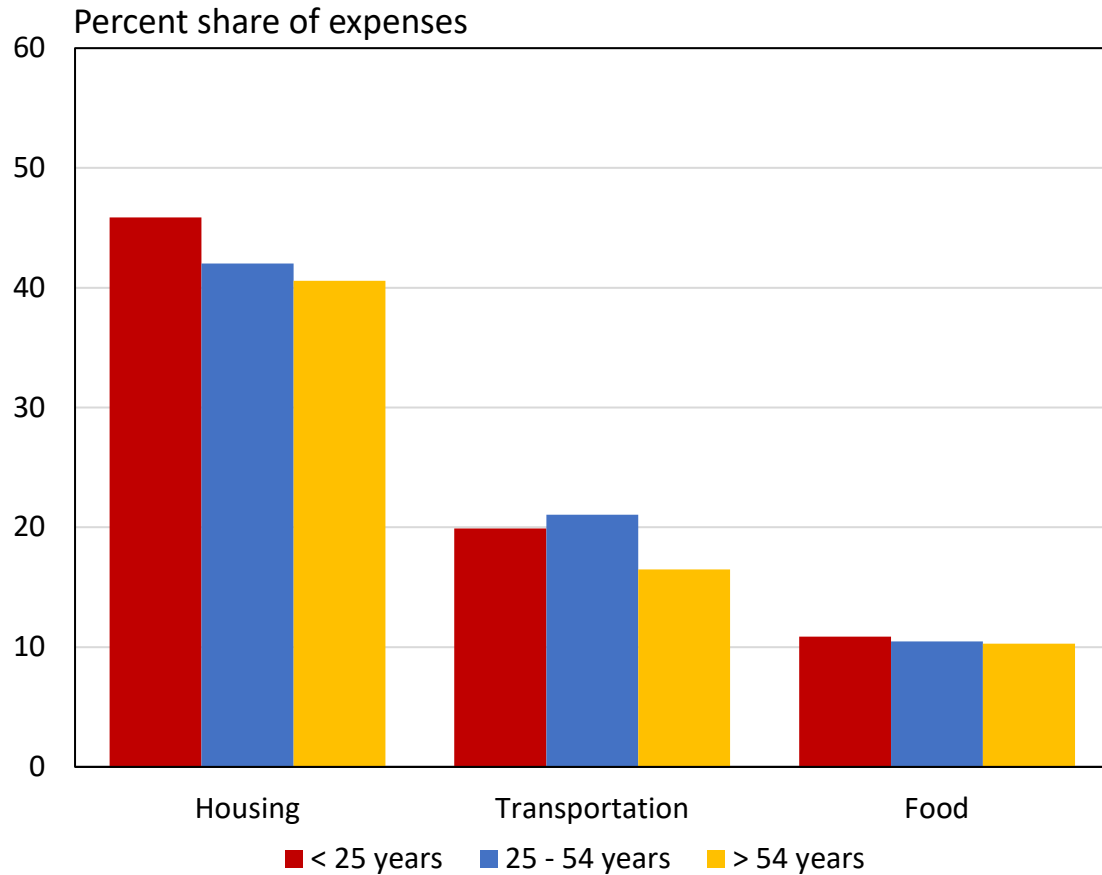
## Demographic Inflation by Education



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.  
 Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

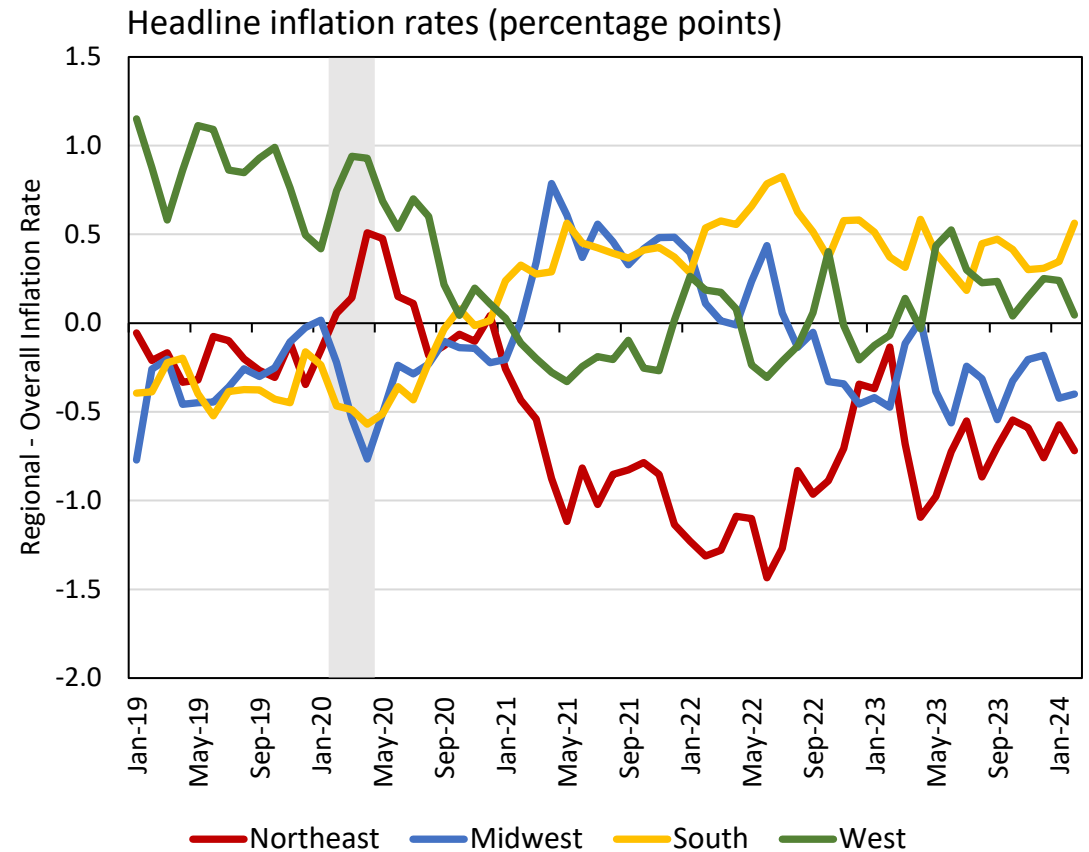
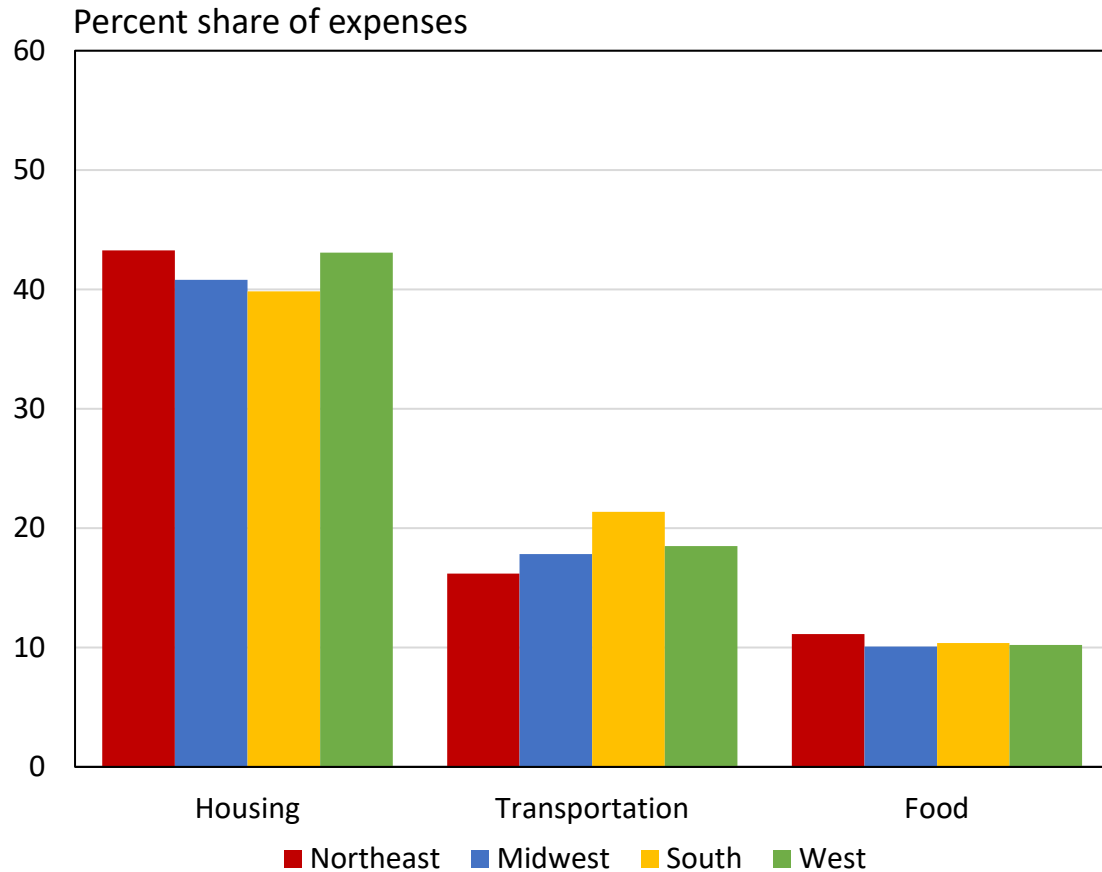


## Demographic Inflation by Age



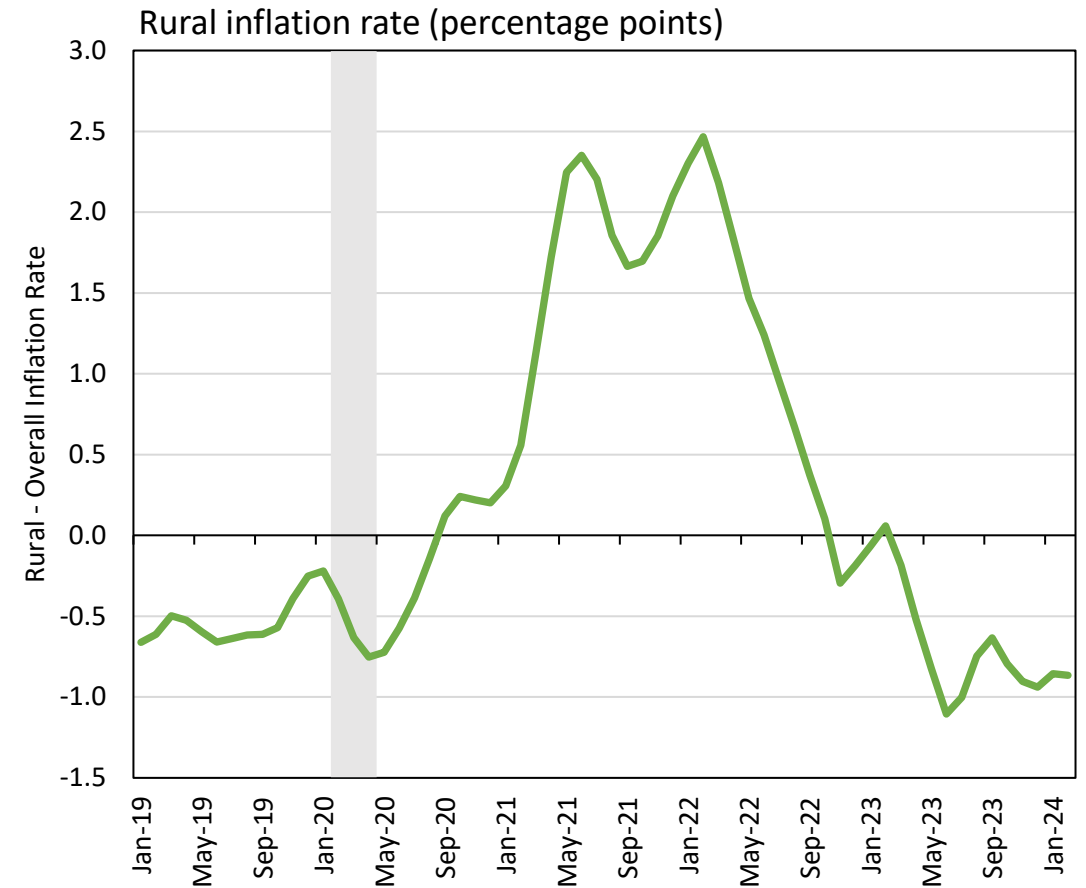
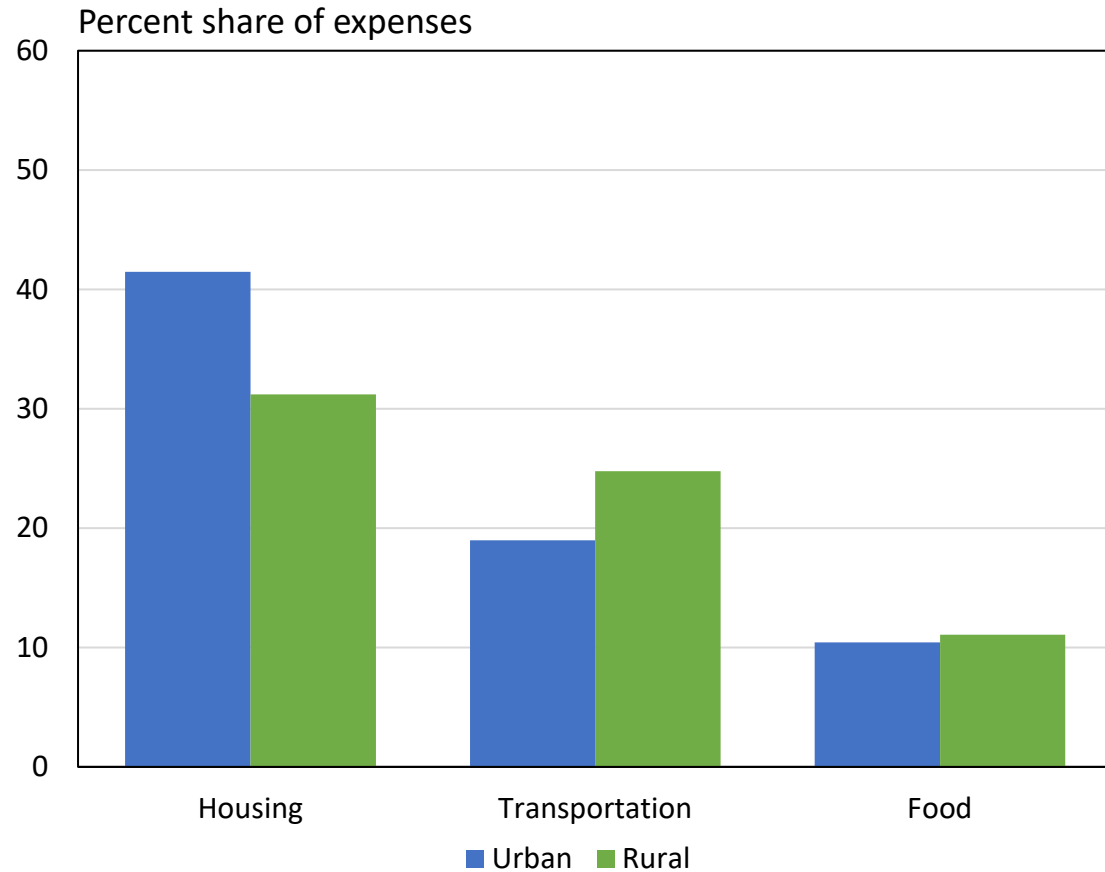
Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.  
 Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

## 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.