

INFLATION

UPDATED THROUGH MAY 2025 | NATIONAL

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Takeaways | Inflation

- Housing inflation was above, transportation inflation was below, and food inflation was at headline inflation, with transportation inflation again negative year-on-year in May 2025.
- Hispanic, middle-income, Southern, and rural households experienced lower inflation than the national average. Low-income, Northeastern, college-educated, and urban households, as well as households with heads aged 55+ experienced higher inflation than the national average.
- As of May 2025, Hispanic households experienced inflation that is 0.43 percentage point lower than the national average and rural households experienced inflation 0.46 percentage point lower than the national average. Southern households experienced inflation that is 0.32 percentage points lower the national average, while Northeastern households experienced inflation that is 0.45 percentage point higher than the national average. Other inflation differentials tend to be within 0.2 percentage points of the national average.

Full Report Highlights

▪ INFLATION

- Hispanic, middle-income, Southern, and rural households saw lower inflation than the national average.
- Low-income, Northeastern, college-educated and urban households experienced higher inflation than the national average.
- Inflation gaps were generally smaller than in 2021-22.

▪ EARNINGS

- Black and Hispanic workers, as well as workers without a college degree earned more as a fraction of the earnings of white workers and workers with a degree, respectively, than they did in May 2024. However, women workers' earnings have declined as a share of men's earnings since a year ago.
- Earnings of workers in large-sized businesses have grown at a higher rate than earnings of workers in medium-sized and small businesses.

Full Report Highlights (continued)

▪ EMPLOYMENT

- Employment and labor force participation have fallen for Black women, while unemployment has risen. As a consequence, employment and labor force participation have also fallen for Black workers and for women workers. Employment, unemployment, and labor force participation remain unchanged or have improved for Black men and white women.
- Workers with disabilities were much less (nearly half as) likely to participate in the labor force and be employed, and more than twice as likely to be unemployed than workers without disabilities.
- Employment has grown faster at large businesses than at small and medium-sized businesses.

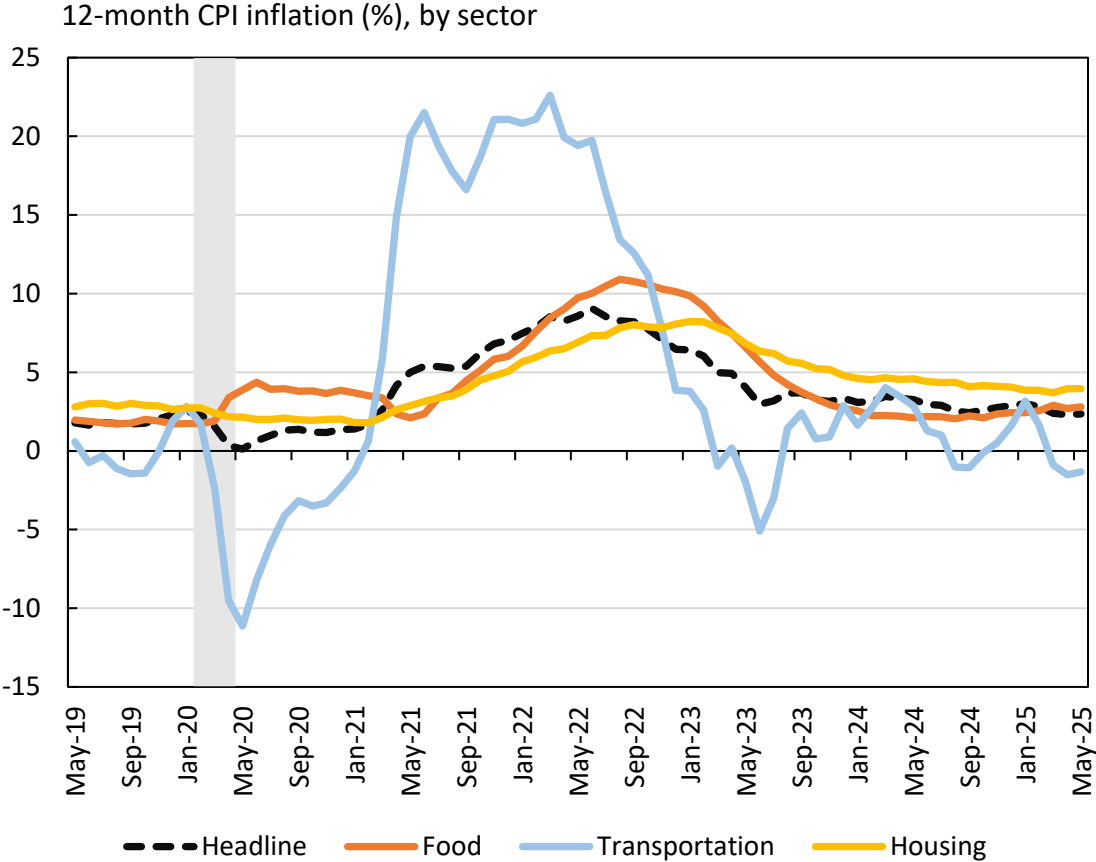
▪ WEALTH

- Growth in wealth after 2019 was faster for some groups with little wealth growth relative to population.
- This growth did not meaningfully reduce stark wealth inequalities across demographic groups.
- Most forms of wealth experienced negative growth in 2025:Q1 across most demographic groups, though liquid assets continued increasing for most groups.

Data and Methods | Inflation

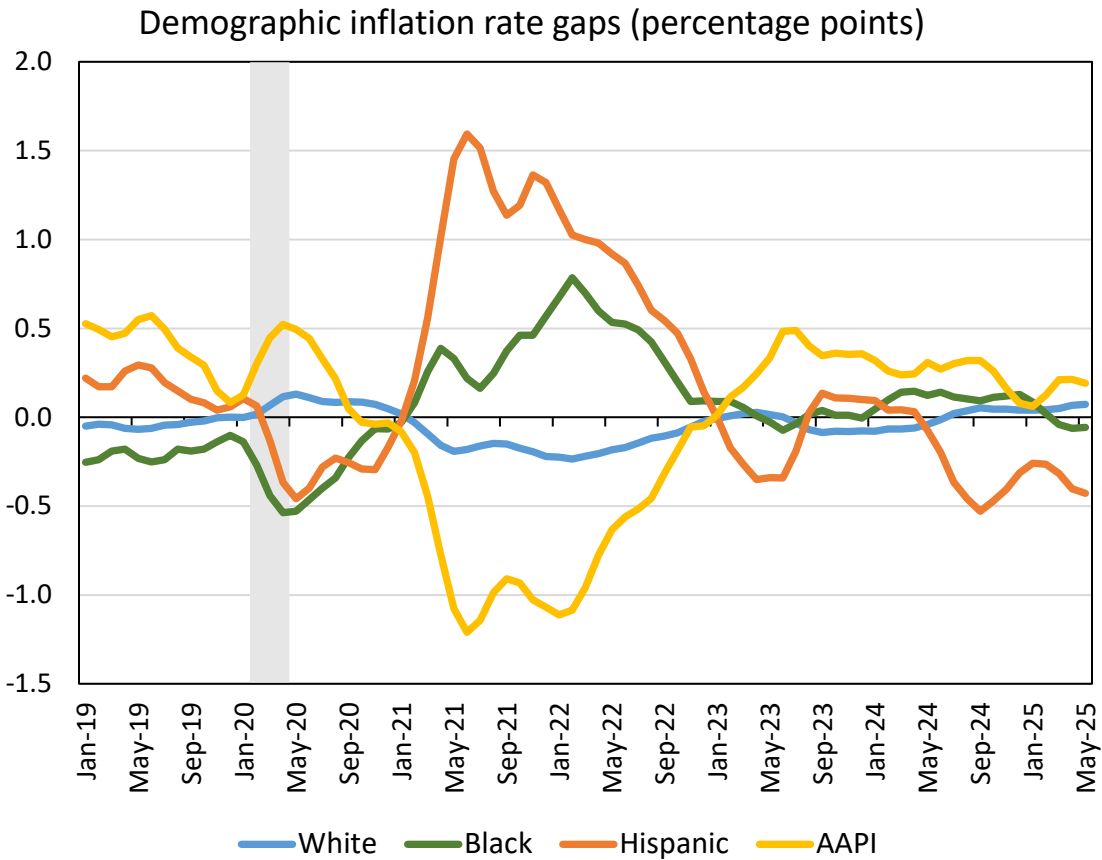
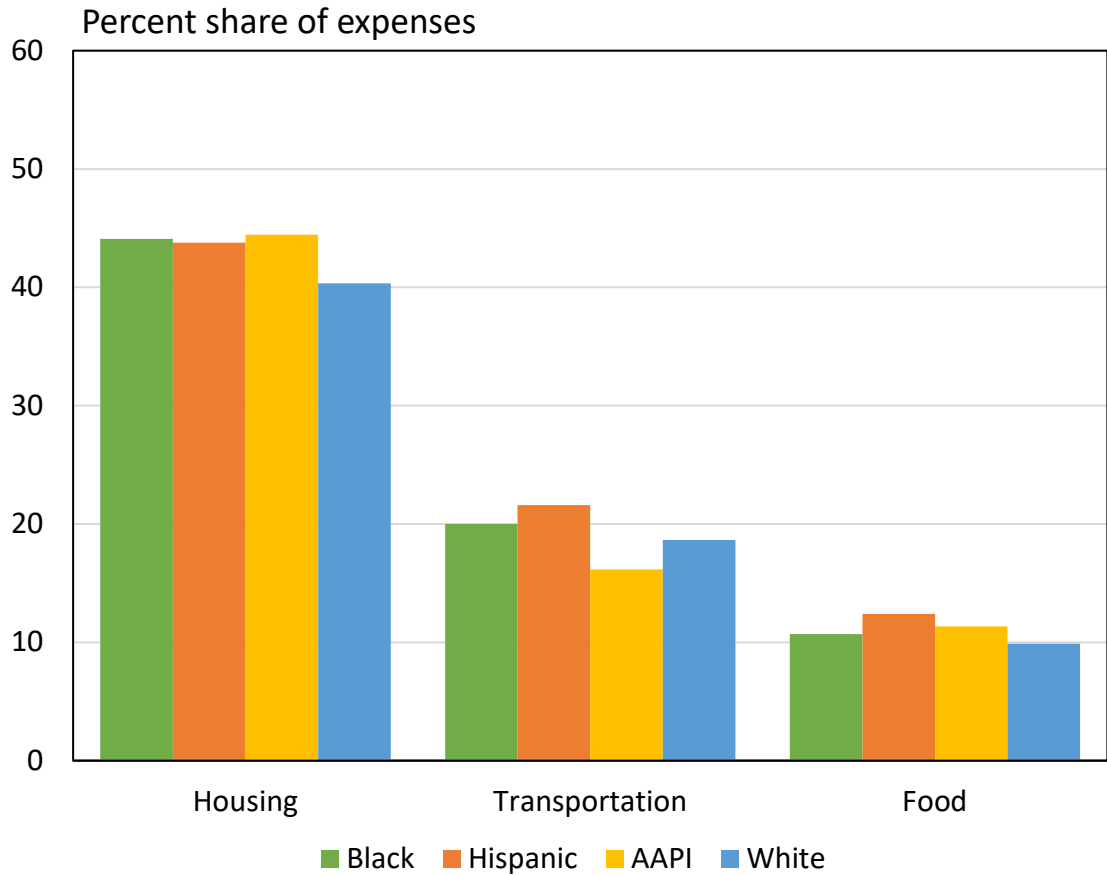
- Data on inflation by demographic groups are not produced by the Bureau of Labor Statistics.
- To calculate demographic inflation, the Consumer Expenditure Survey (CEX) is used to compute spending shares of various consumption categories (for example, cereal, rent, and used cars) by demographic group (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, that group's spending share on that category in that city (from the CEX) in the previous year is multiplied by the twelve-month inflation for that consumption category in that city (from the Consumer Price Index).
- All the contributions are then summed to get an inflation index for the demographic group.
- This method is similar to the previous literature, for example, Hobijn and Lagakos (2005), McGranahan and Paulson (2006), and Jaravel (2019). The EHIs are the first to exploit price variation across cities whereas the aforementioned studies assume people in different demographic groups and cities face the same prices.
- Inflation gaps are calculated as demographic inflation less overall inflation. Inflation gap by urban status is calculated as rural inflation minus urban inflation.

Inflation by Sector



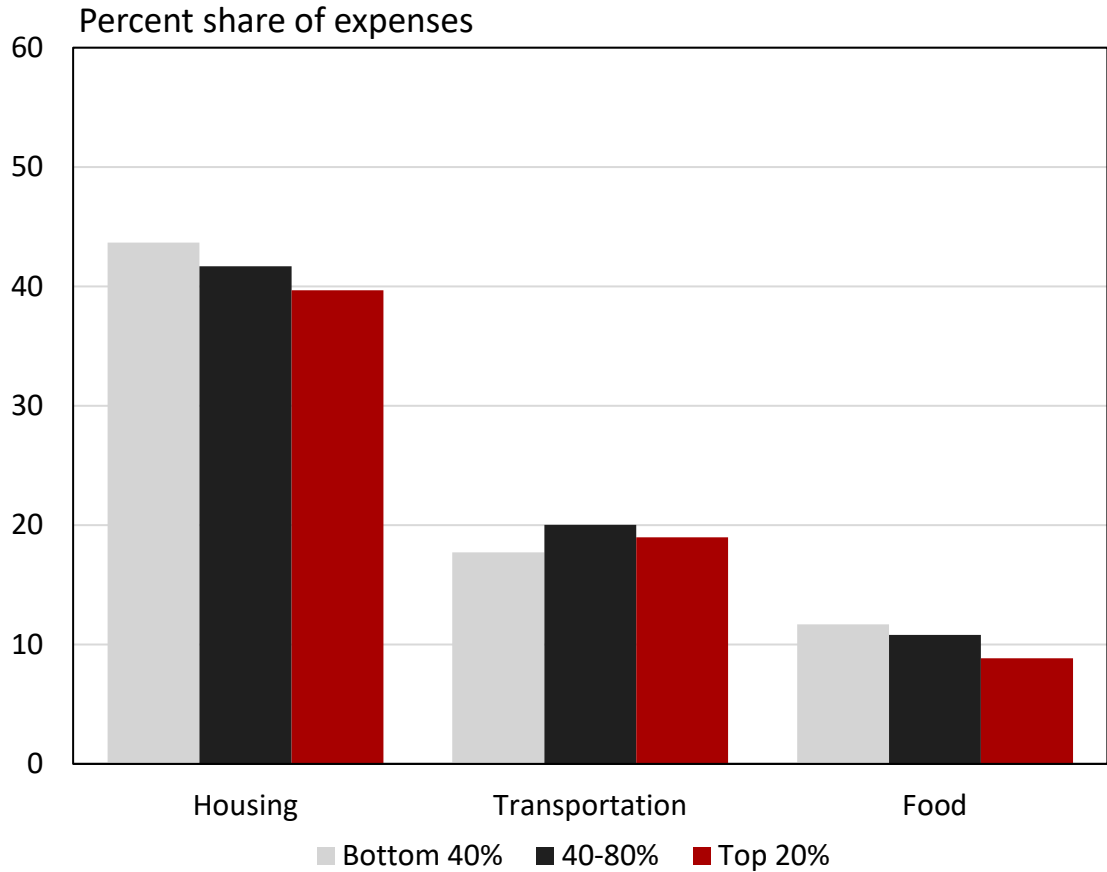
Sources: CPI via Haver Analytics; authors' calculations.
Note: Shaded region indicates the COVID-19 recession.

Demographic Inflation by Race/Ethnicity

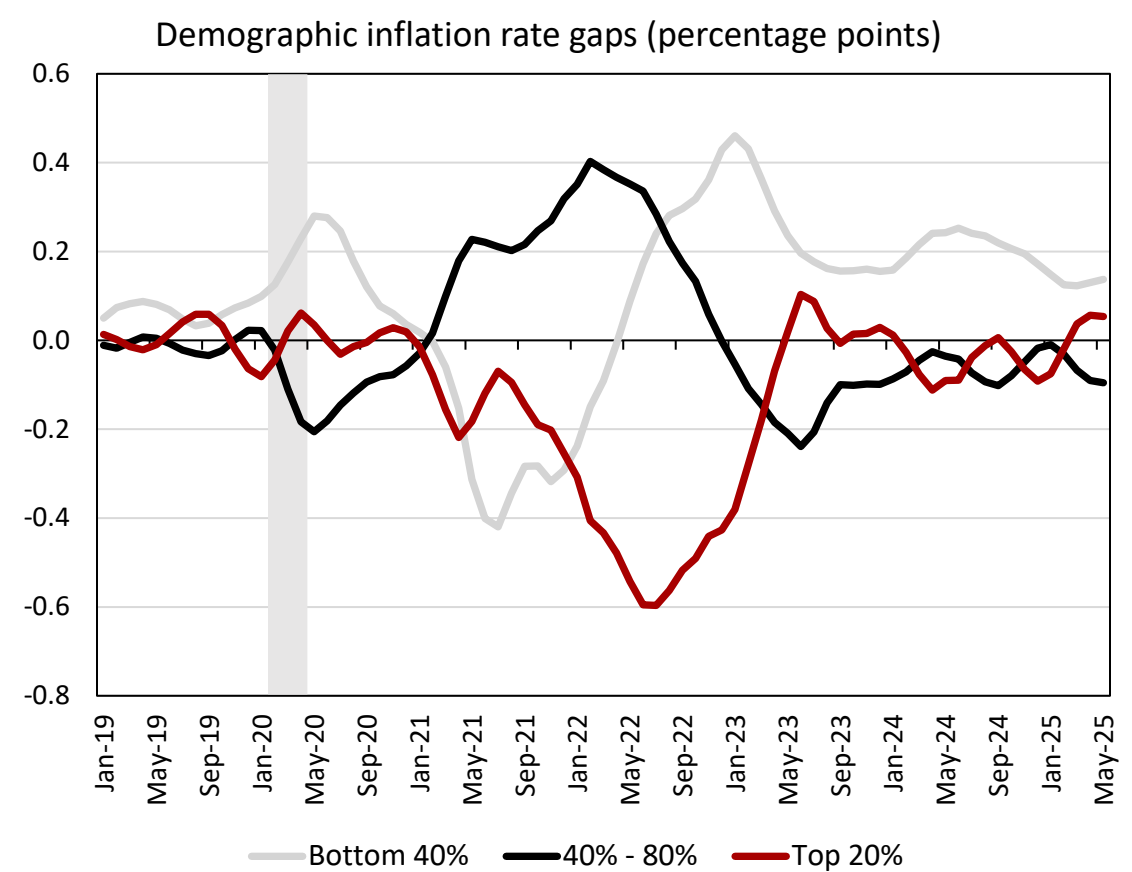


Source: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.
Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

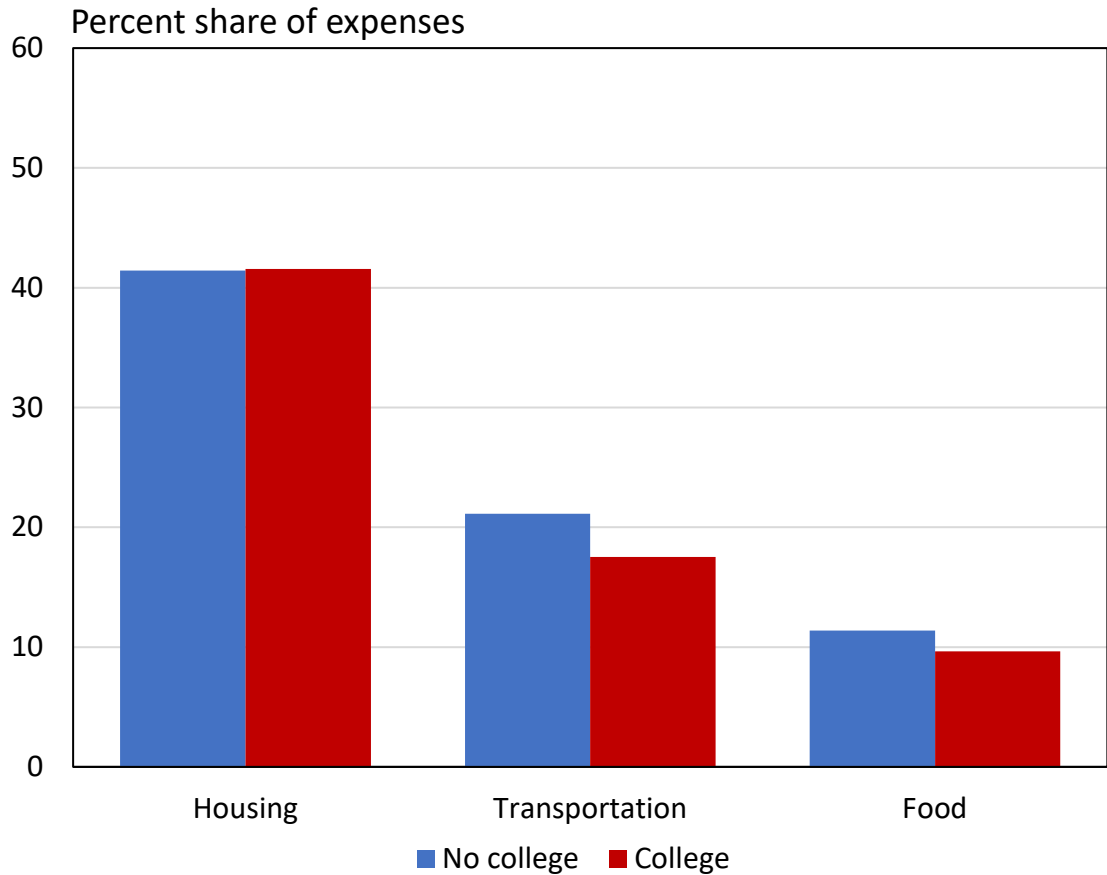
Demographic Inflation by Income



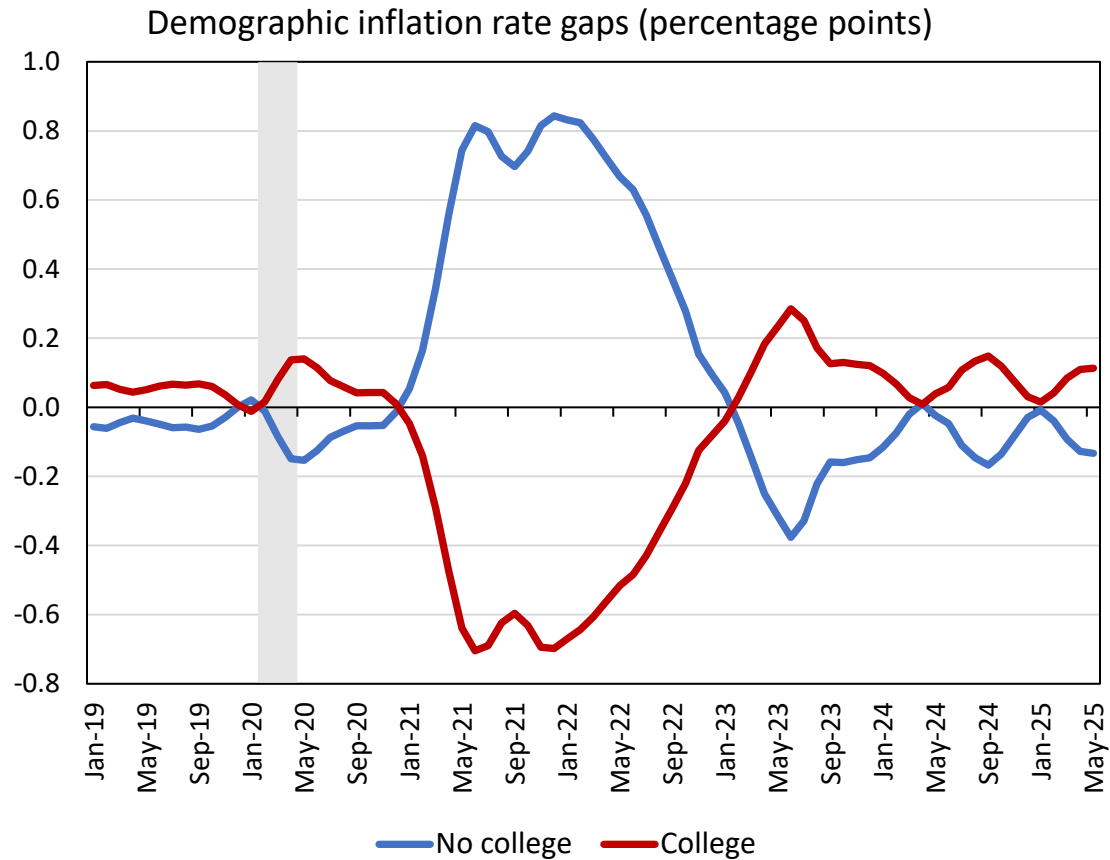
Source: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.
Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.



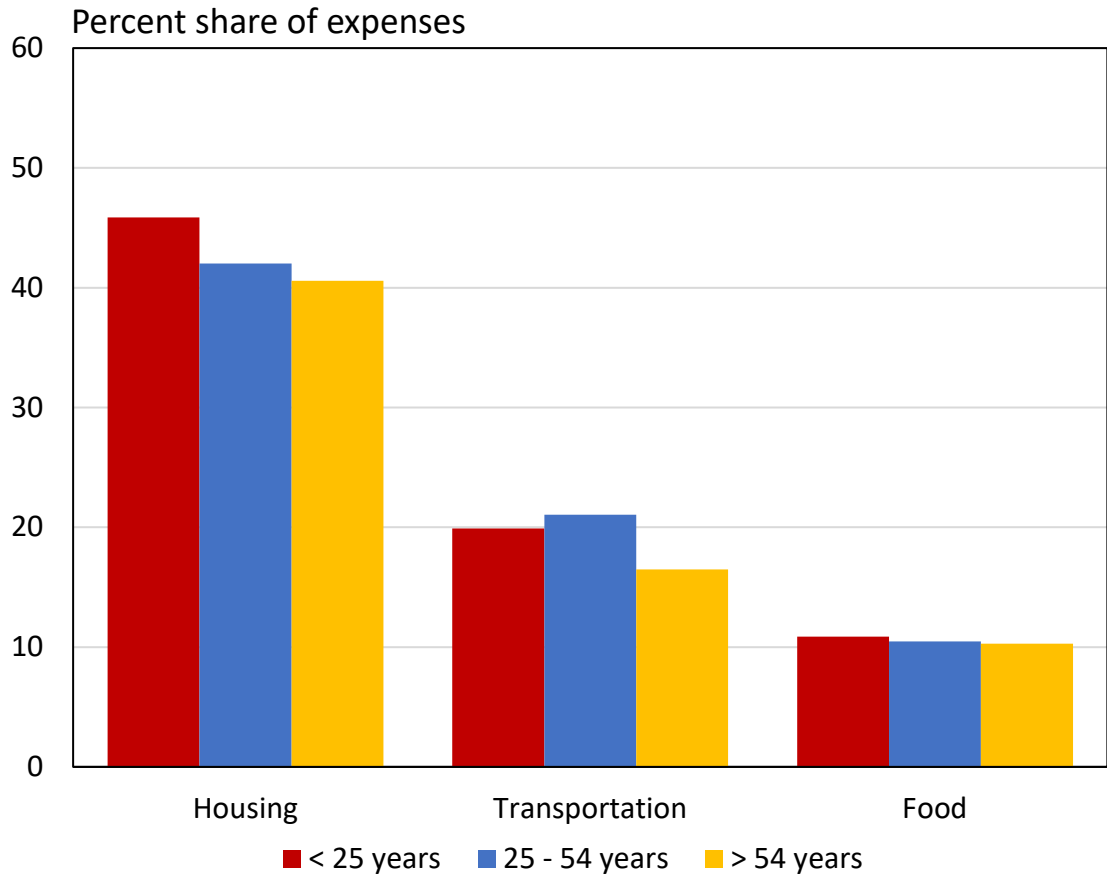
Demographic Inflation by Education



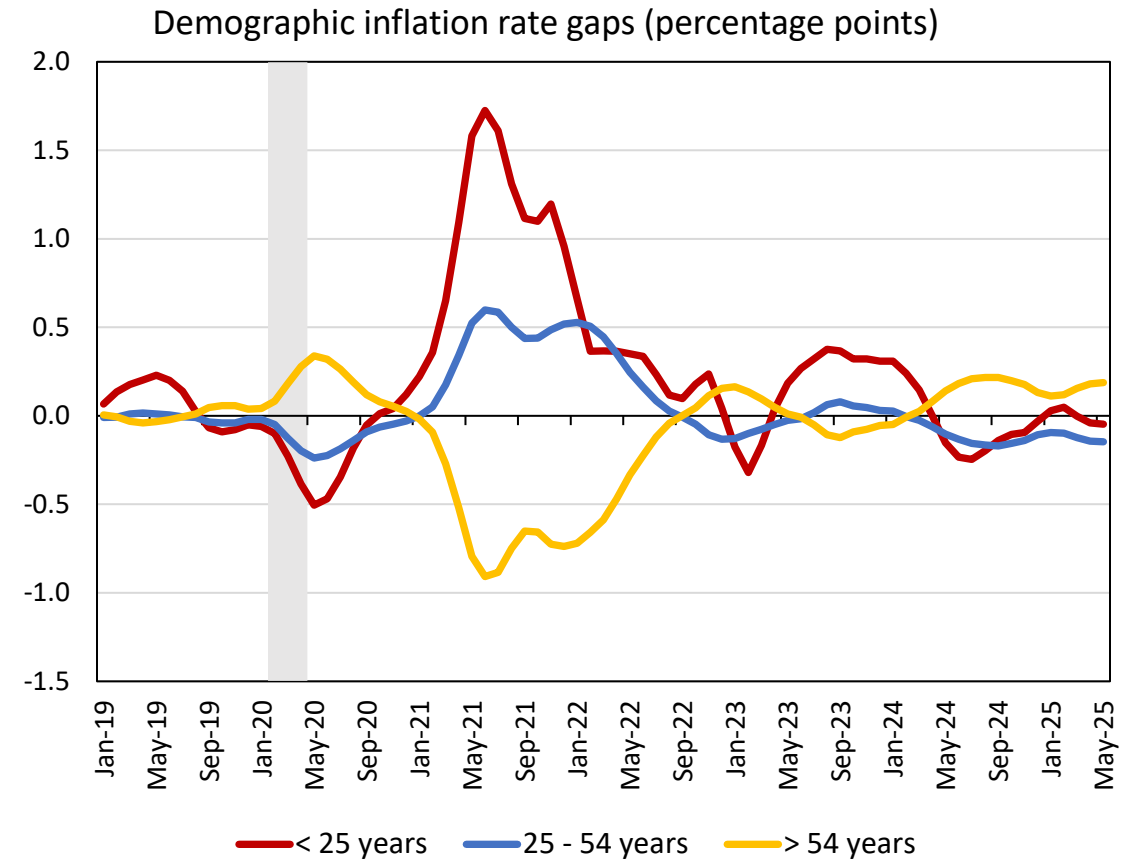
Source: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.
Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.



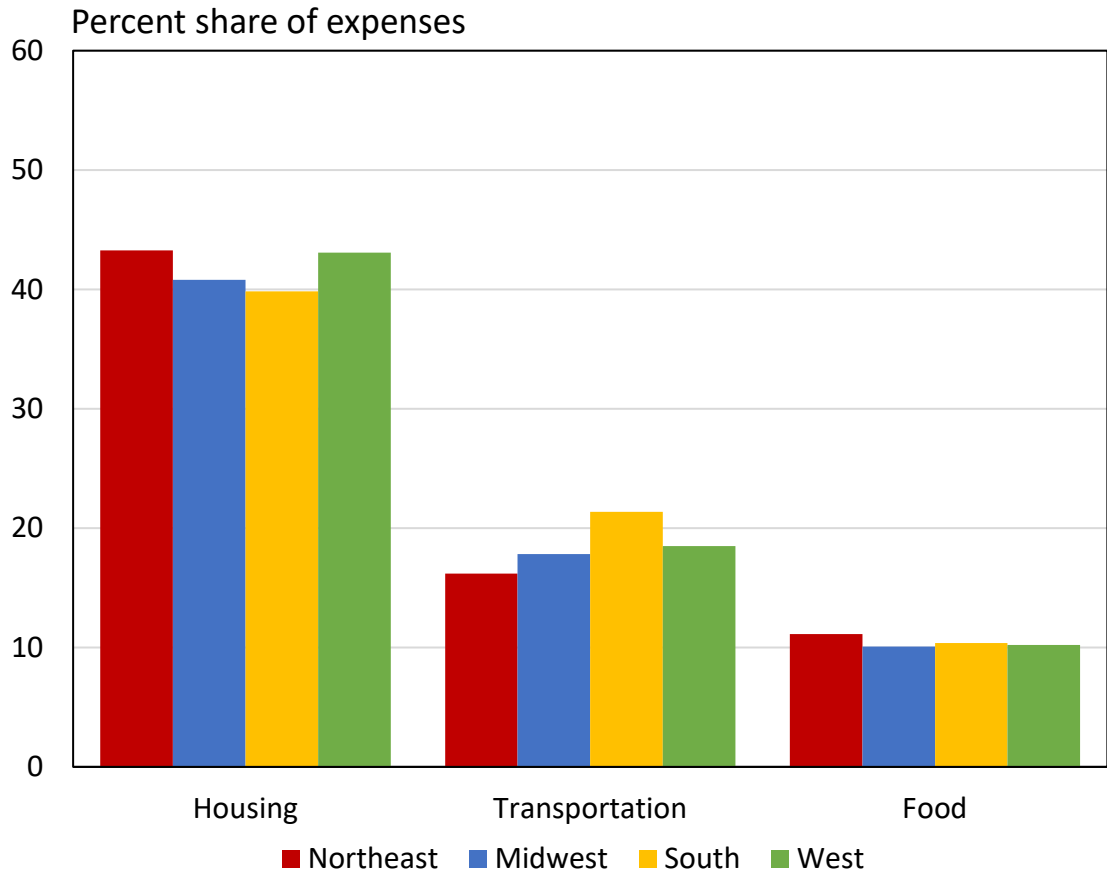
Demographic Inflation by Age



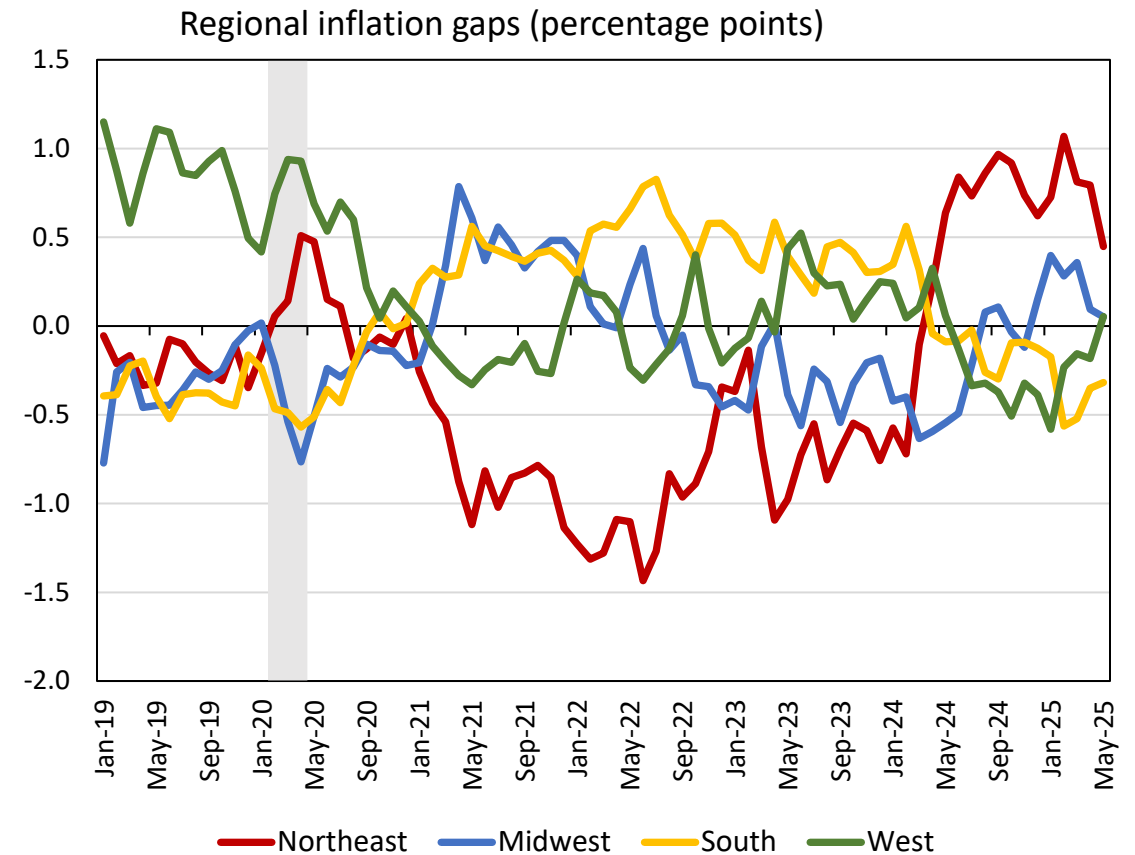
Source: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.
Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.



Demographic Inflation by U.S. Region

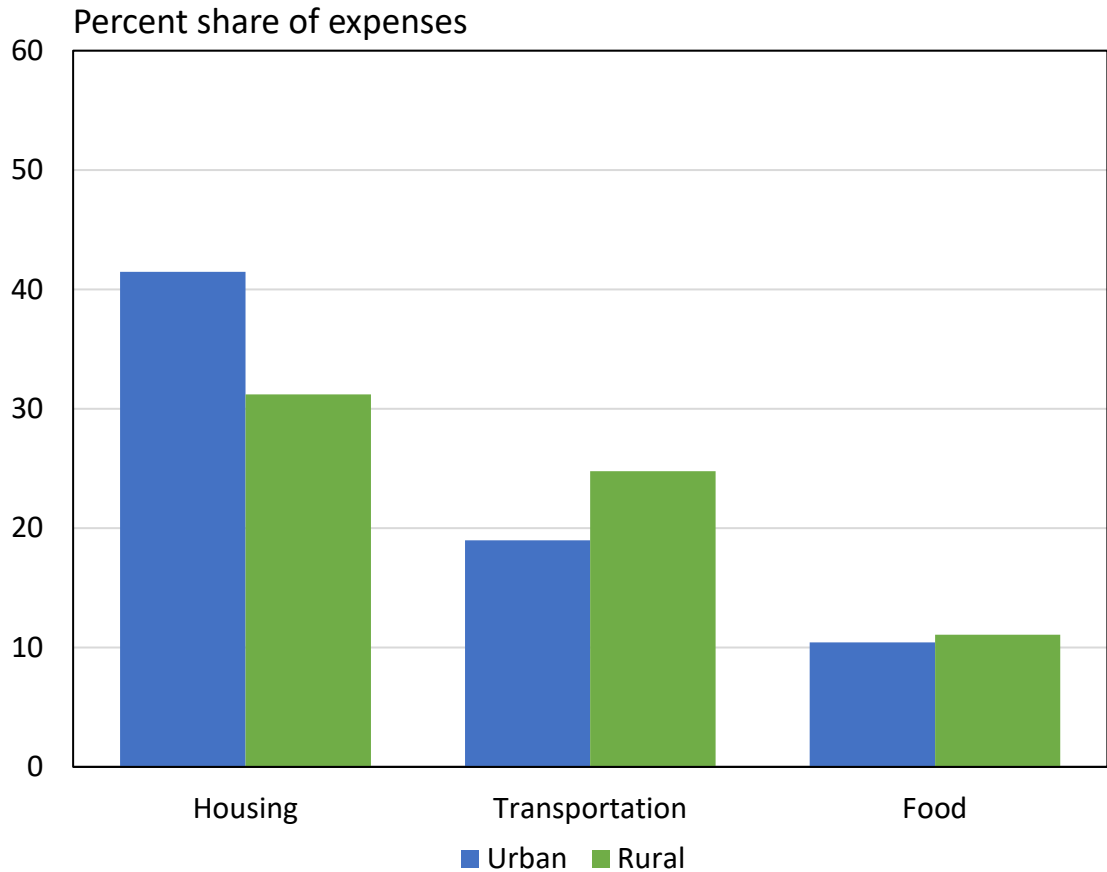


Source: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.
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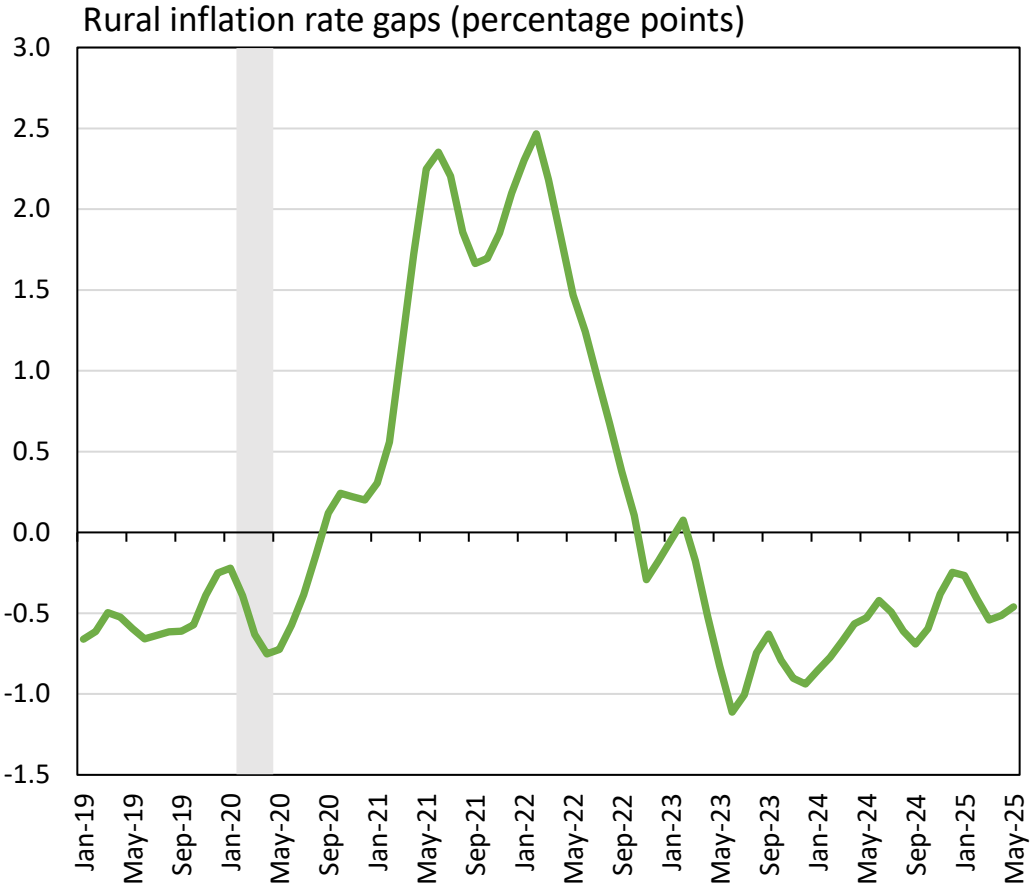


Regional inflation gaps are calculated as inflation of the region less overall inflation.

Demographic Inflation by Urban Status



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



The rural inflation gap is calculated relative to urban inflation.