

INFLATION

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Takeaways | Inflation

- Housing inflation is above, transportation inflation is below, and food inflation is just below headline inflation, which was 2.5 percent in August 2024.
- Hispanic, middle- and upper-income, non-college-educated, younger, and rural households are experiencing lower inflation than the national average. Low-income, Northeastern, college-educated, and urban households are experiencing higher inflation than the national average.
- This is likely because transportation inflation is below headline inflation (it is, in fact, negative), leading groups with above-average transportation shares to have lower inflation and vice versa.
- Inflation differences are currently much narrower than they were during the 2021-22 inflationary episode. However, as of August 2024, Hispanic households are experiencing inflation that is 0.44 percentage points lower than the national average and Northeastern households are experiencing inflation that is 0.86 higher than the national average.

Full Report Highlights

- **INFLATION**

Hispanic, middle- and upper-income, non-college-educated, younger, and rural households are experiencing lower inflation than the national average. Low-income, Northeastern, college-educated, and urban households are experiencing higher inflation than the national average. Both differences are much smaller than during 2021-22.

- **EARNINGS**

Veterans' weekly earnings have exceeded those of comparable non-veterans by the largest amount since the pandemic, with veterans earning 2.3% more than comparable nonveterans (conditional on employment) in August 2024.

- **EMPLOYMENT**

The LFP gap for AAPI workers relative to white workers has fallen to 1.07 percentage points, much lower than its level before the pandemic (4 percentage points in August 2019).

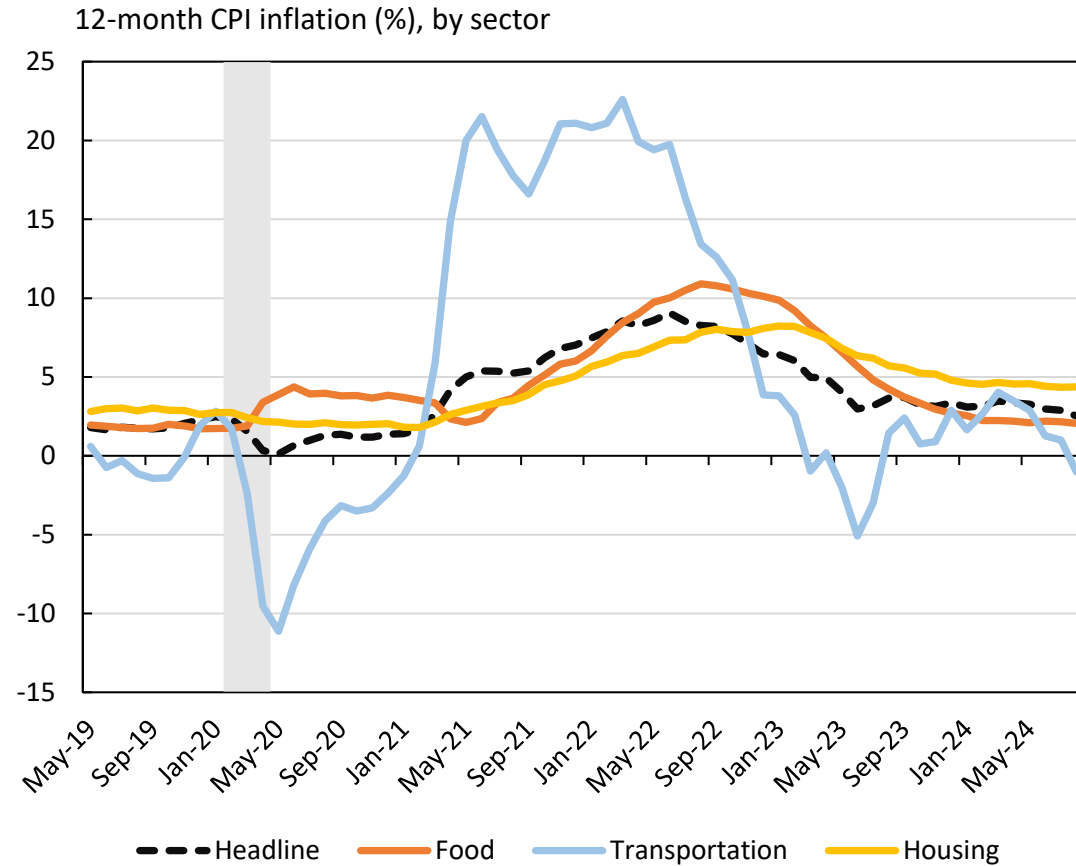
- **WEALTH INEQUALITY**

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, 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.

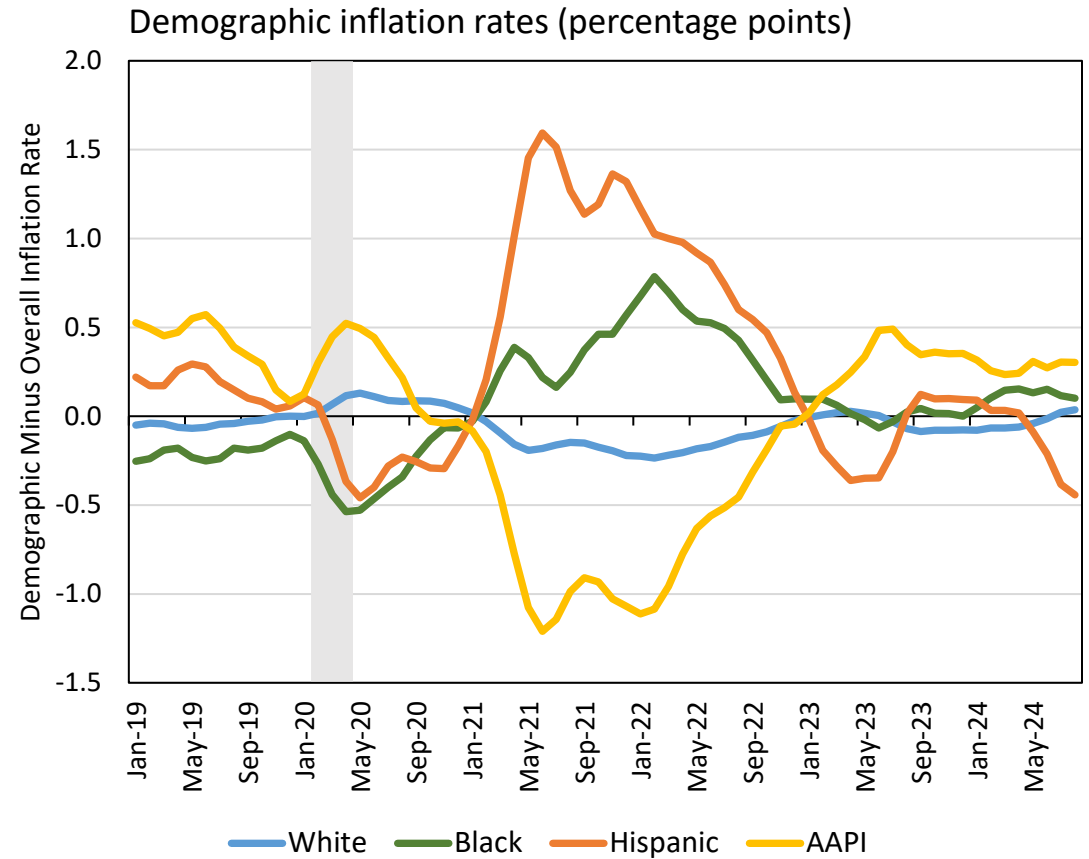
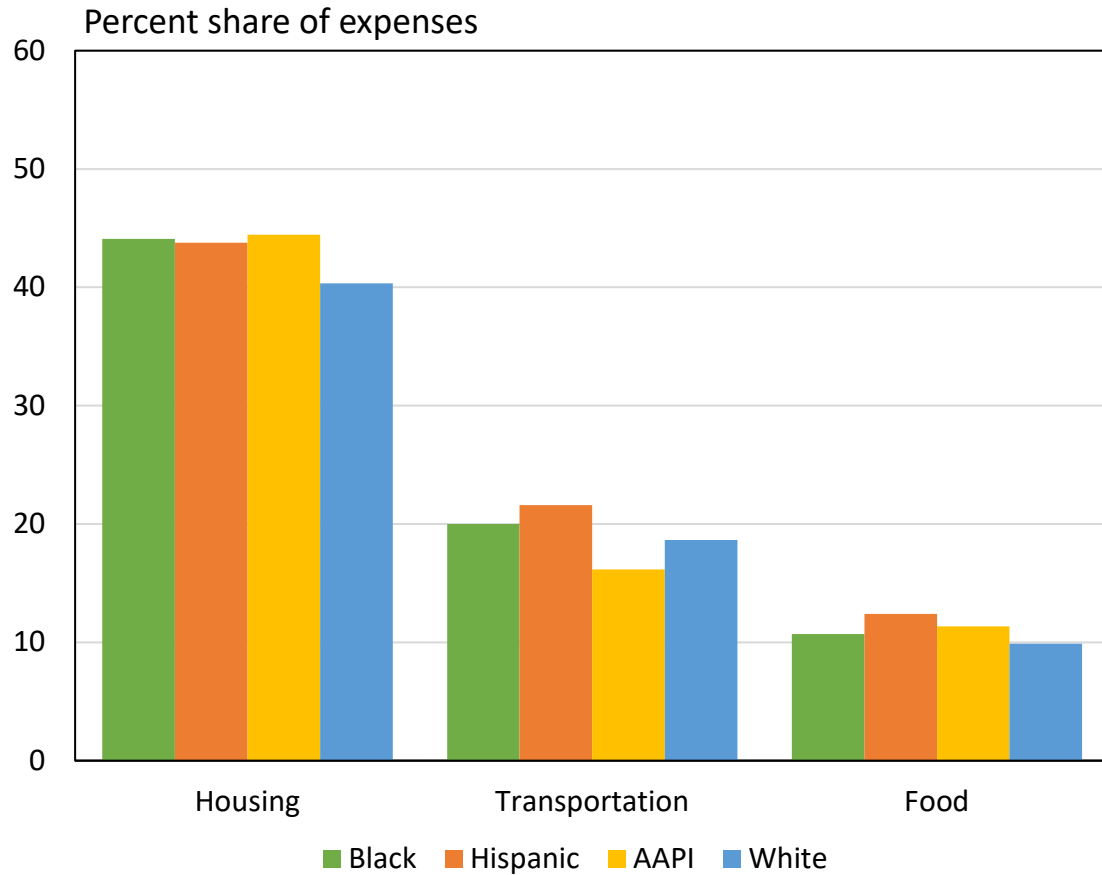
Inflation by Sector



Sources: CPI via Haver Analytics; authors' calculations.

Note: Shaded region indicates the COVID-19 recession.

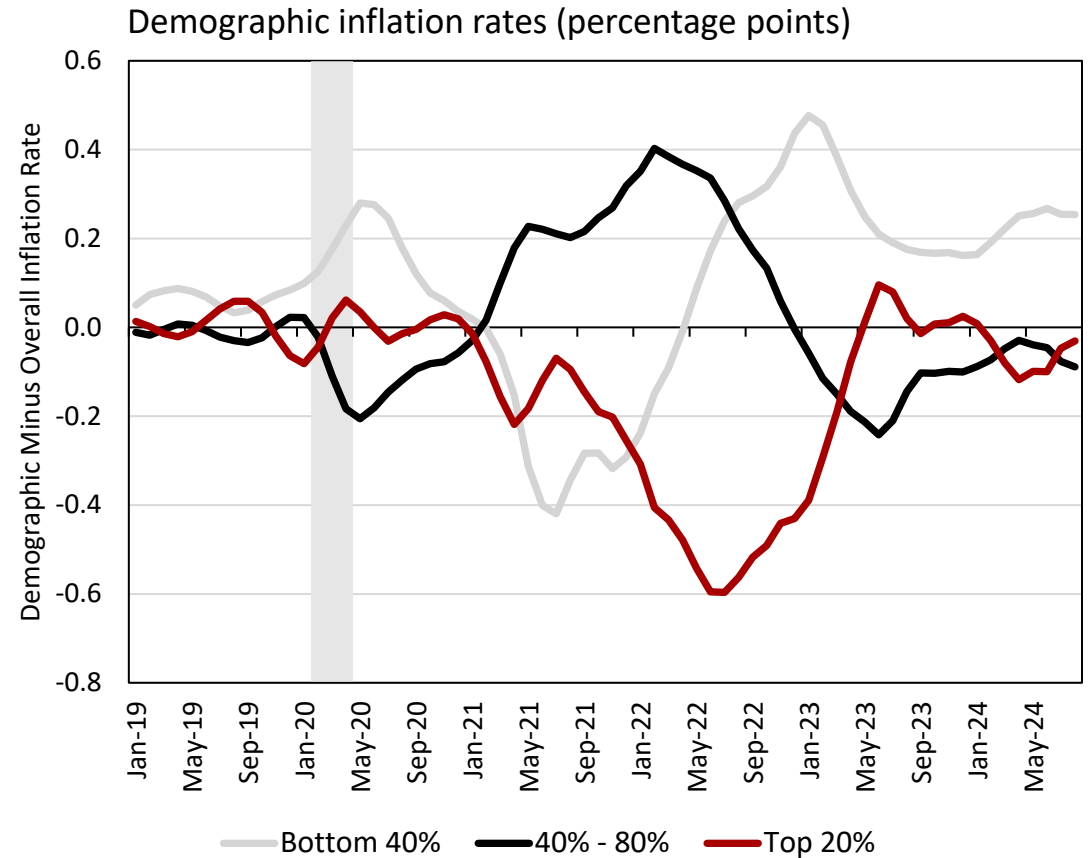
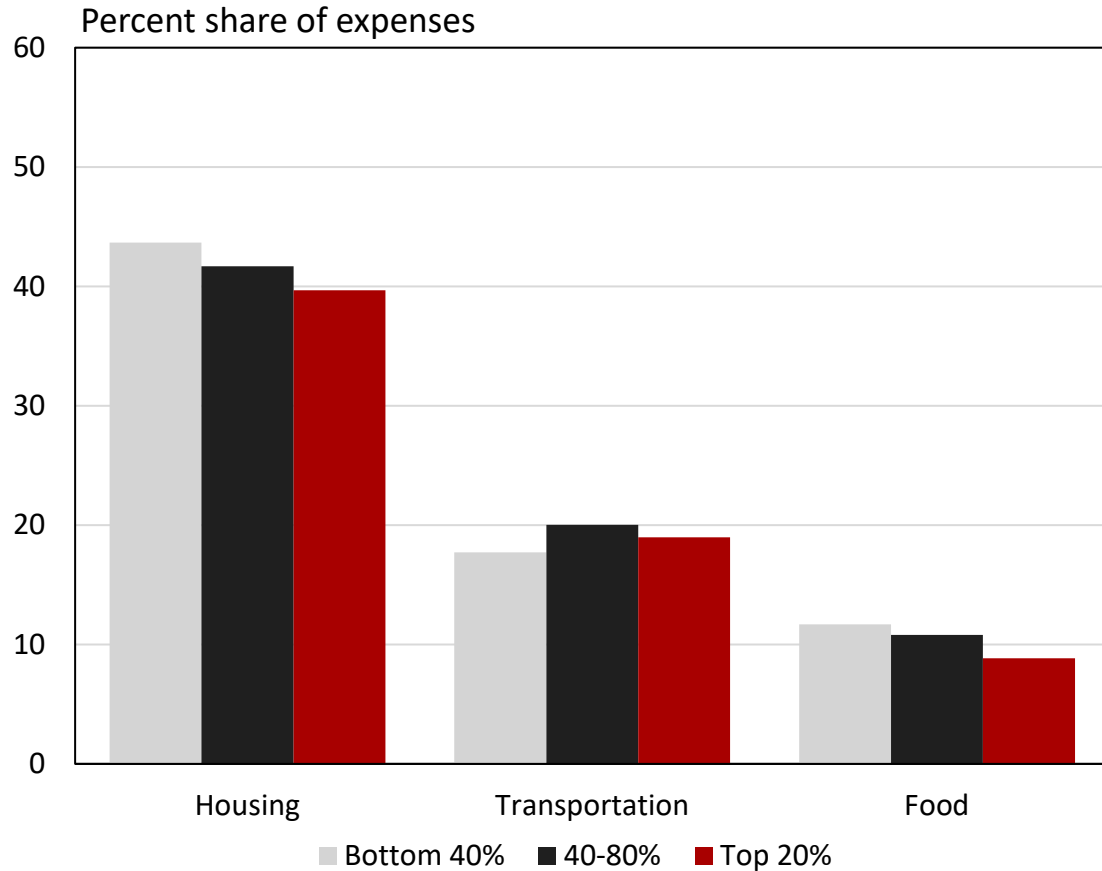
Demographic Inflation by Race/Ethnicity



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

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

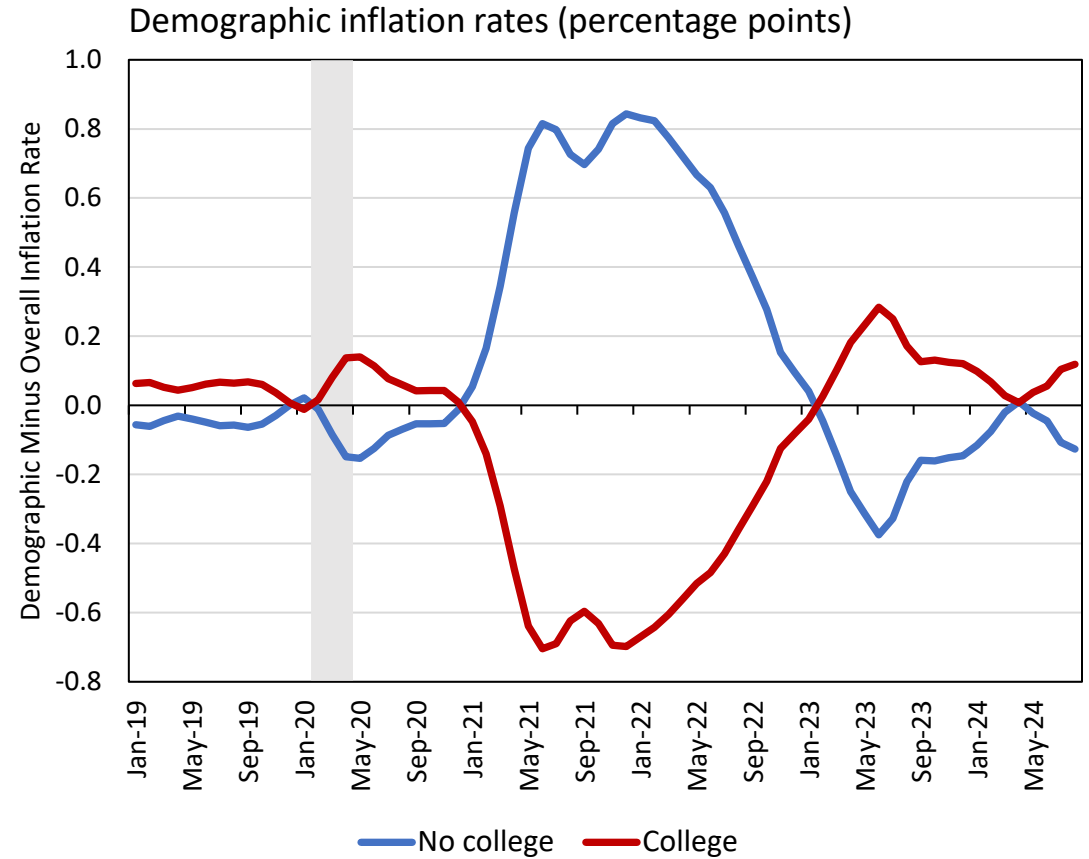
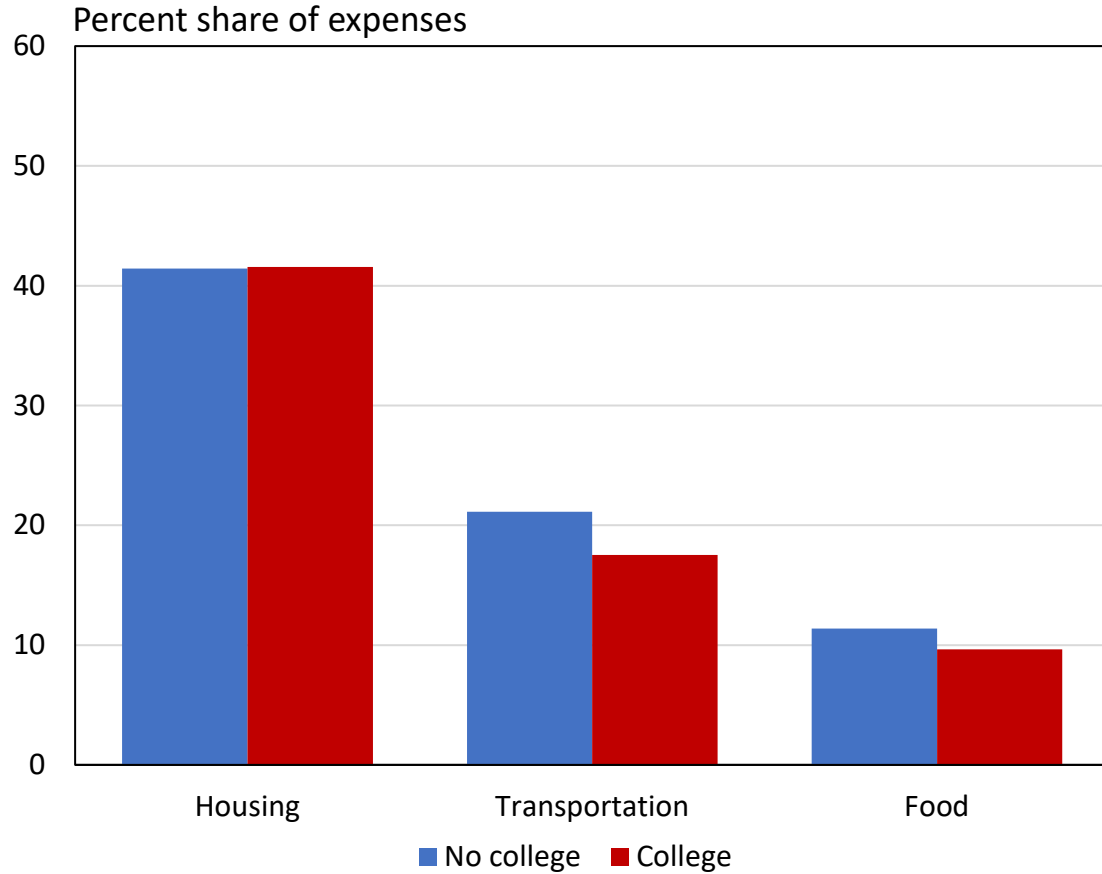
Demographic Inflation by Income



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

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

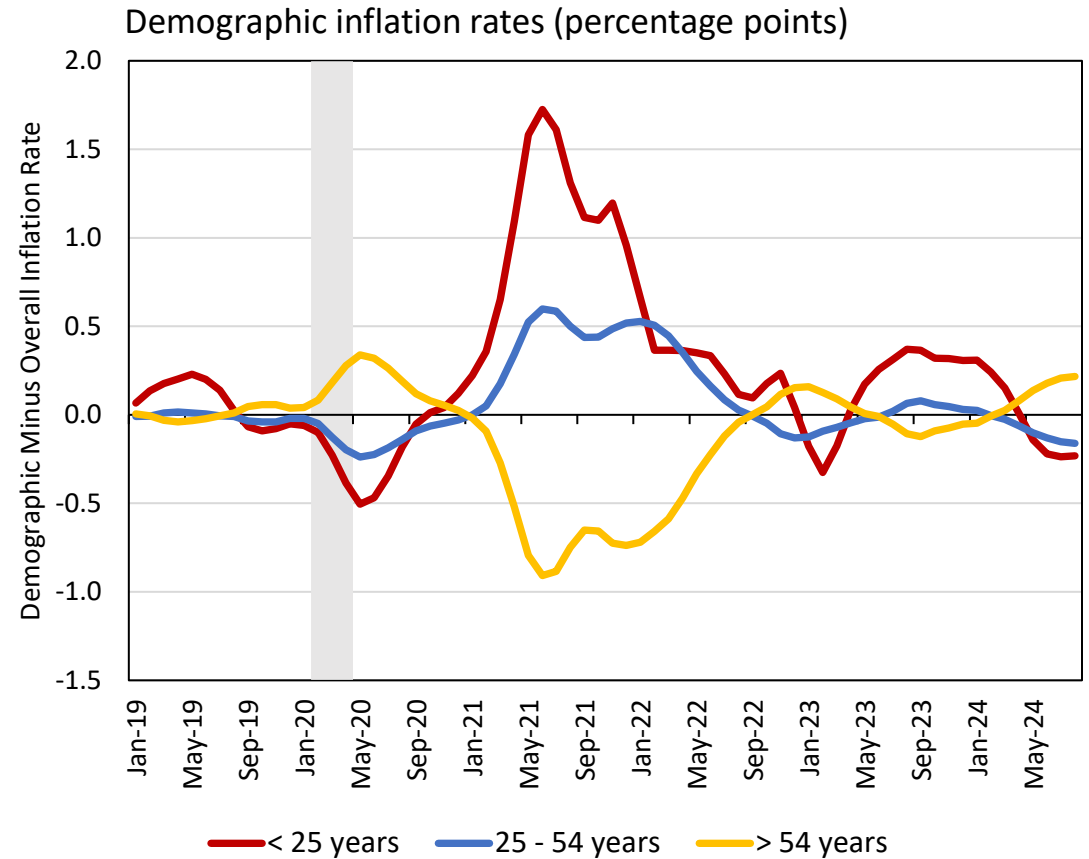
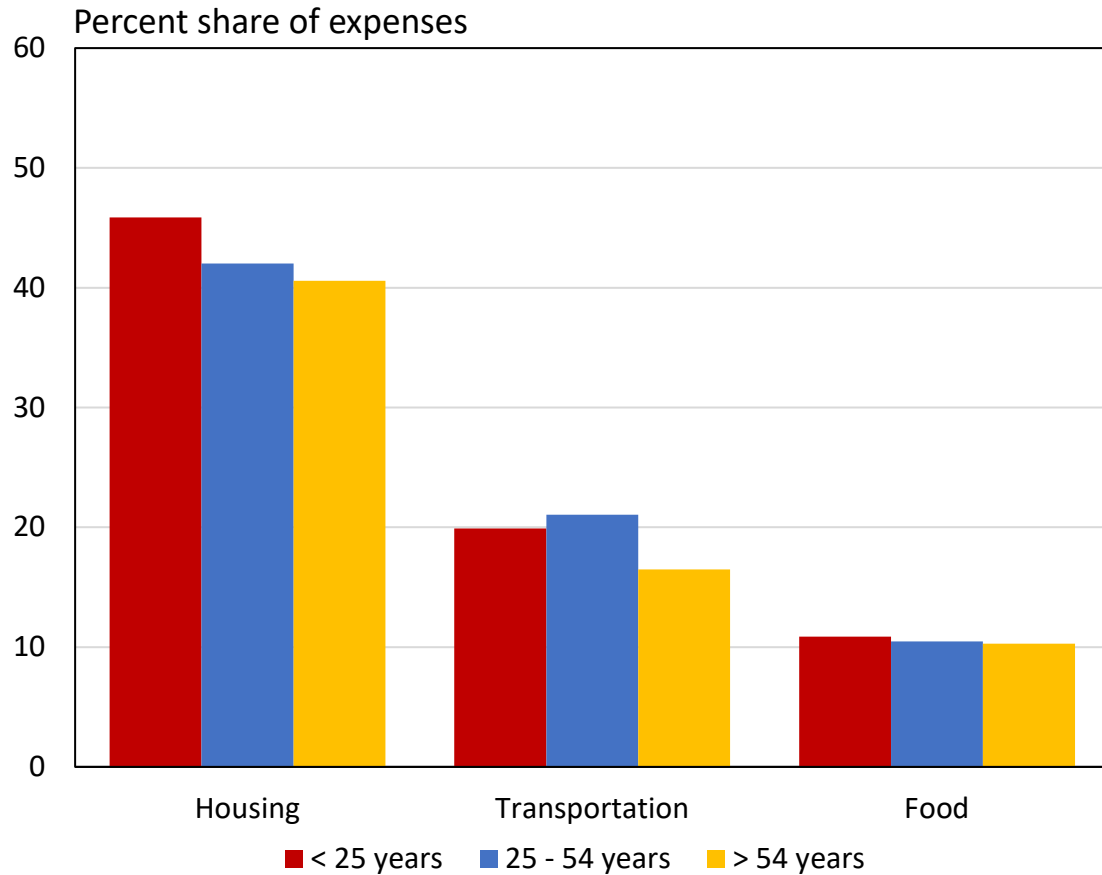
Demographic Inflation by Education



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

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

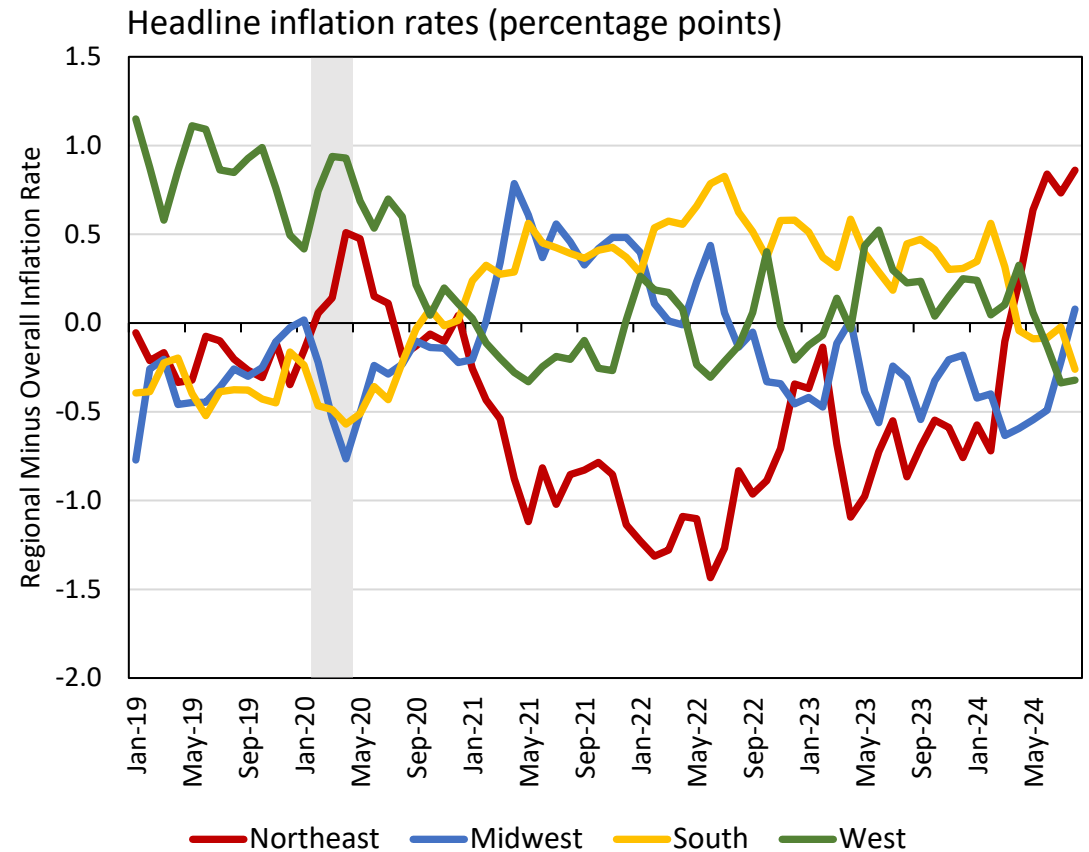
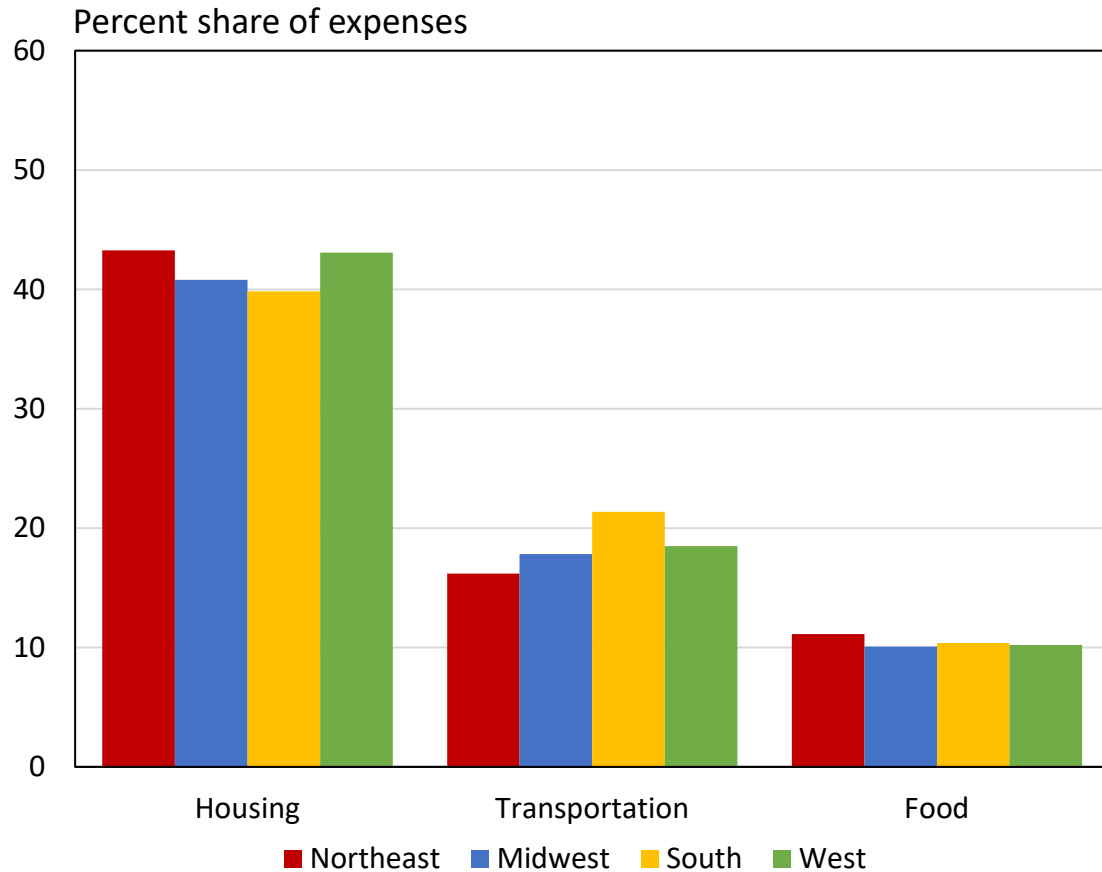
Demographic Inflation by Age



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

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

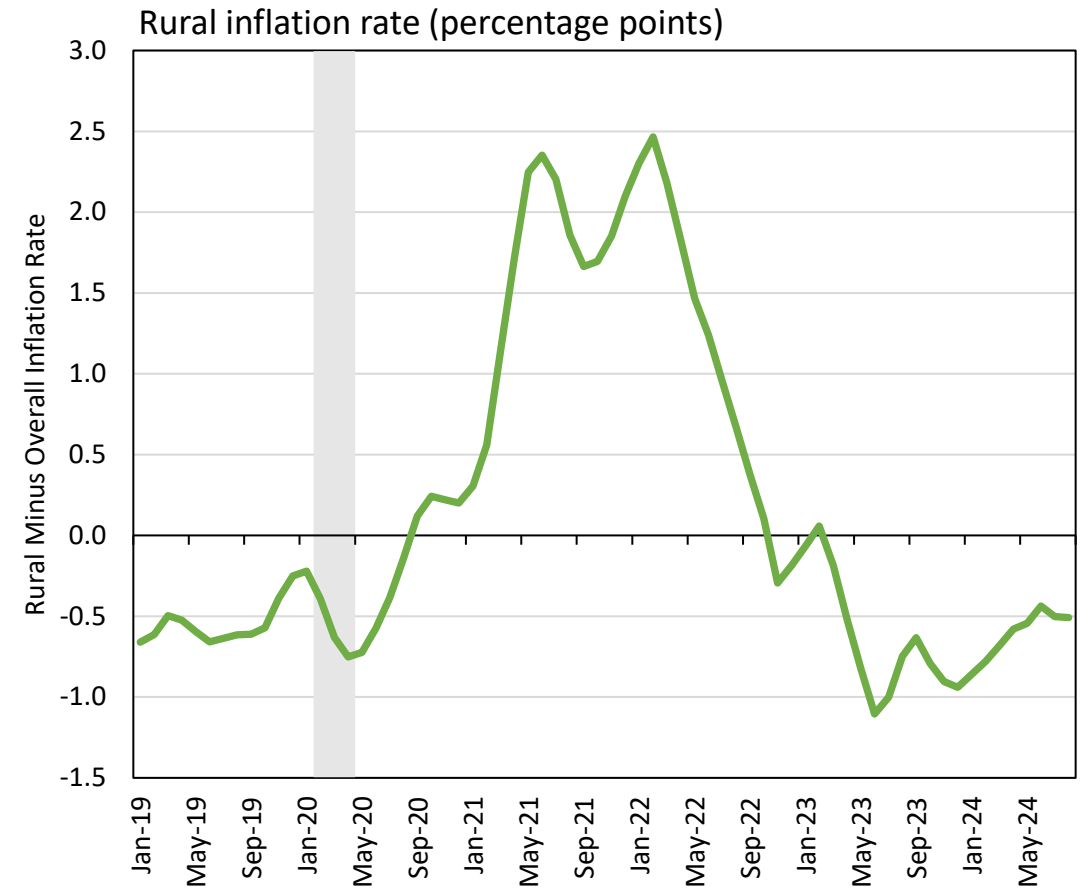
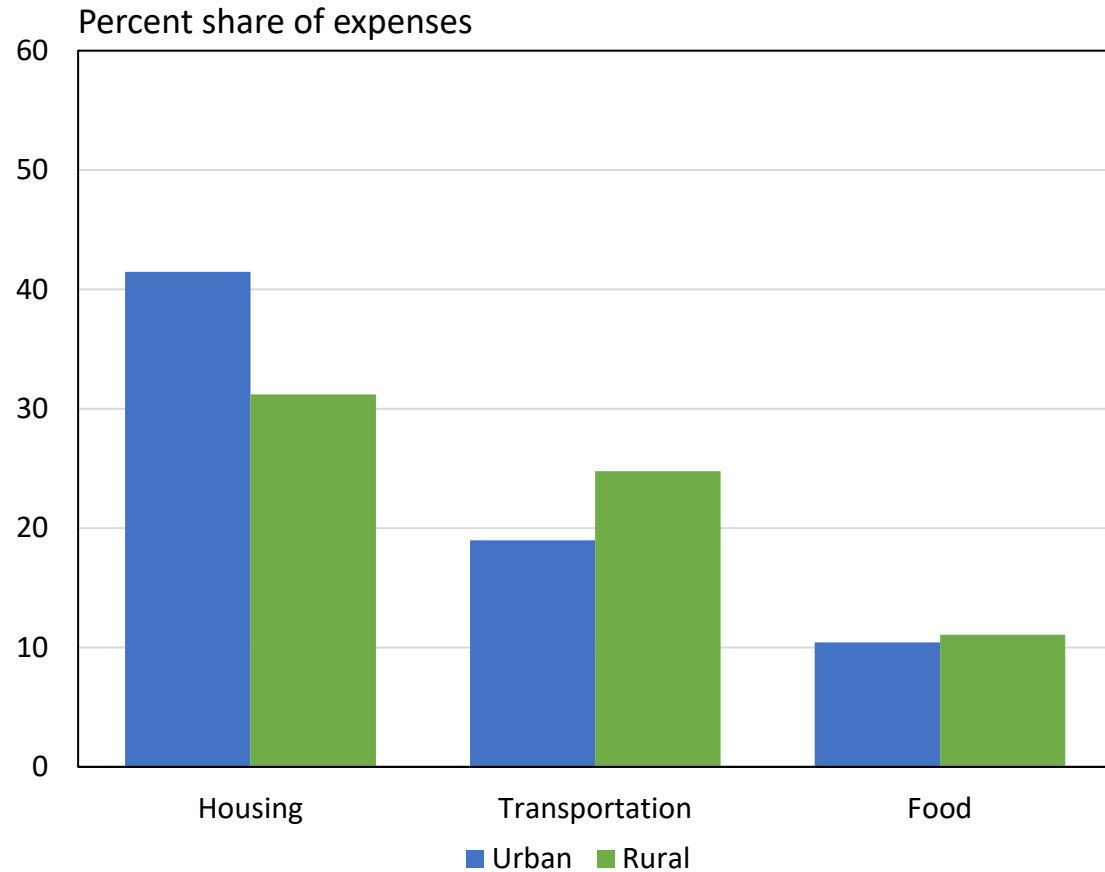
Demographic Inflation by U.S. Region



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.