

JUNE 2023
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EQUITABLE GROWTH INDICATORS

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Summary

- **INFLATION**

Inflation is declining overall, as well as in the high-inflation categories of food and housing. Households headed by young people and college-educated people continue to experience higher inflation rates at 0.4 and 0.2 percentage point higher than the national average, respectively.

- **EARNINGS**

The gender earnings gap has appeared to stabilize around 20%, while the urban-rural gap continues to fall, with rural workers now earning roughly 22% less than their urban counterparts.

- **EMPLOYMENT**

The labor force participation and employment gaps between men and women are at their lowest levels in more than four years. Men are now 11 percentage points more likely to participate in the labor force, while the unemployment gap remains very small.

- **CONSUMER SPENDING**

Real spending of the young (aged 25-34) continues to fall with a decline of nearly 60% between March and June 2023, while other groups have begun to recover since bottoming out in May 2023.



INFLATION

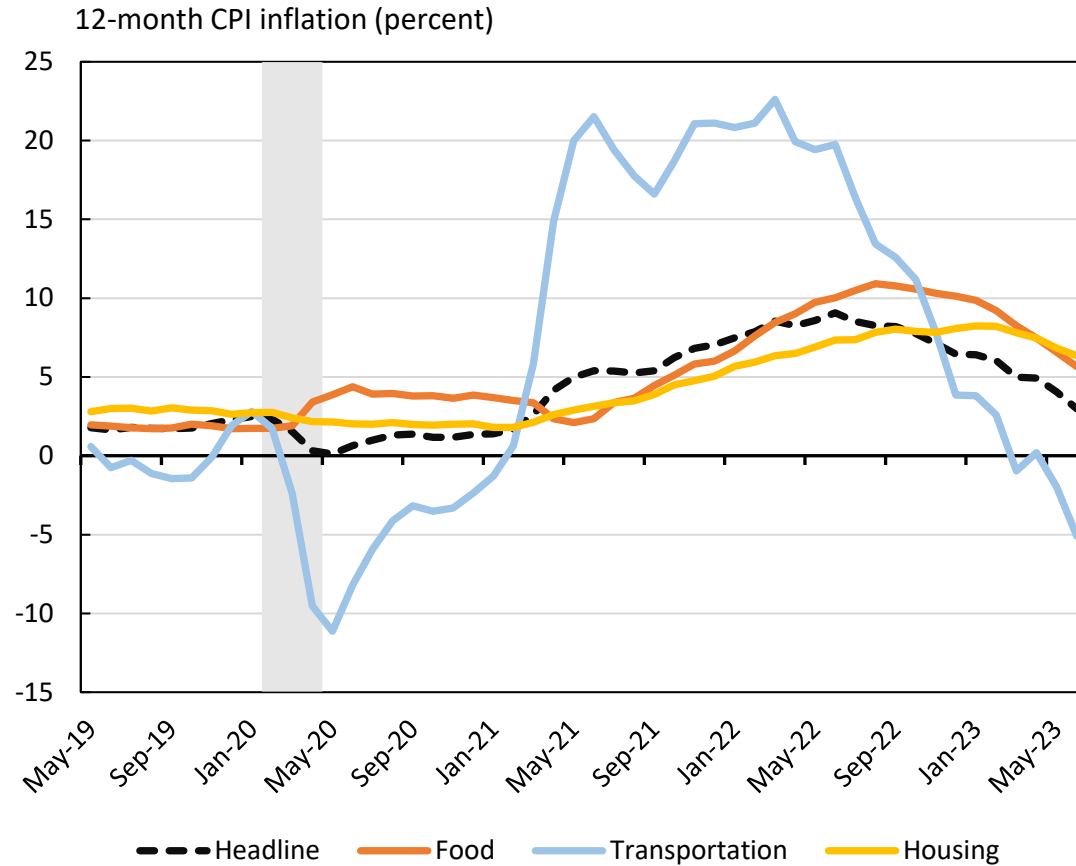
Takeaways | Inflation

- Gaps in demographic inflation rates increased significantly in 2021 and early 2022, a development that was largely attributable to heterogeneity in transportation spending.
- Middle-income households, the young, people without a college degree, residents of the South and Midwest, rural households, and Black and Hispanic households faced higher inflation than the overall average in 2021. Many of these gaps have now reversed.
- Currently, the young, urban, college-educated, low-income households, and residents of the South and West face higher inflation than average.
- Households headed by people under 25 years old faced year-over-year inflation that is 0.39 percentage point higher than the national average in June 2023.

Data & Methods

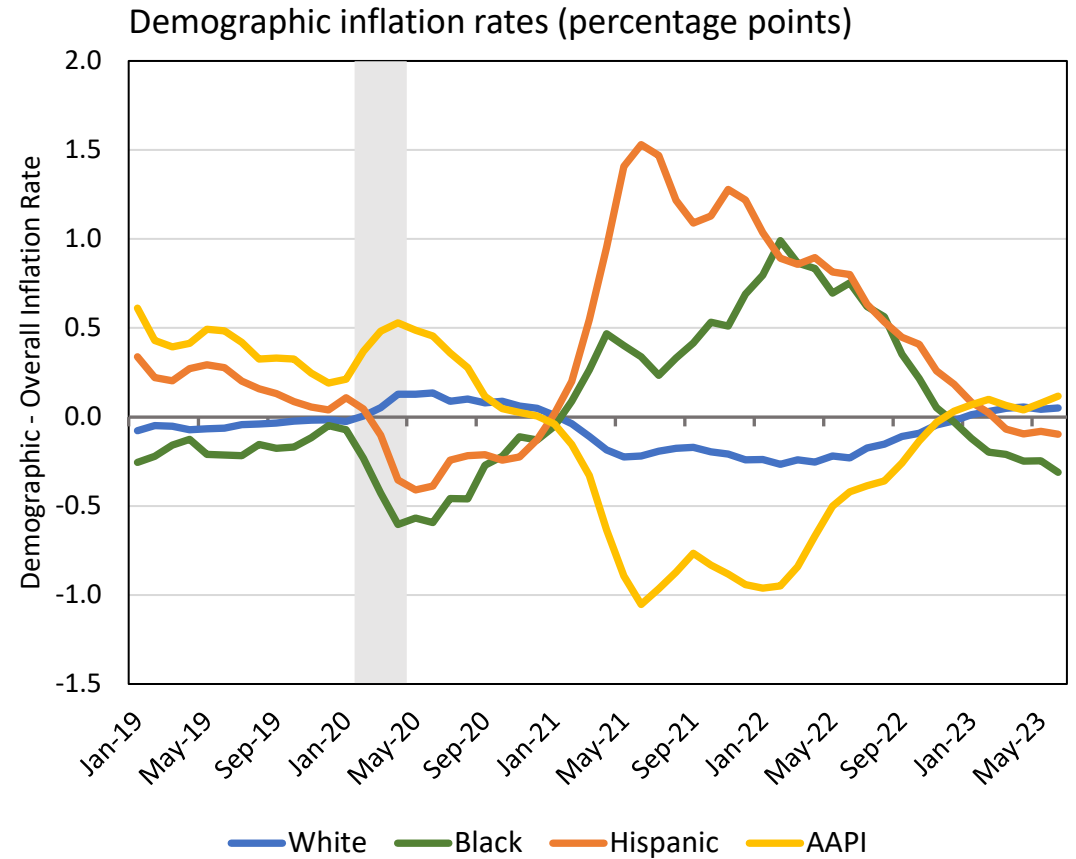
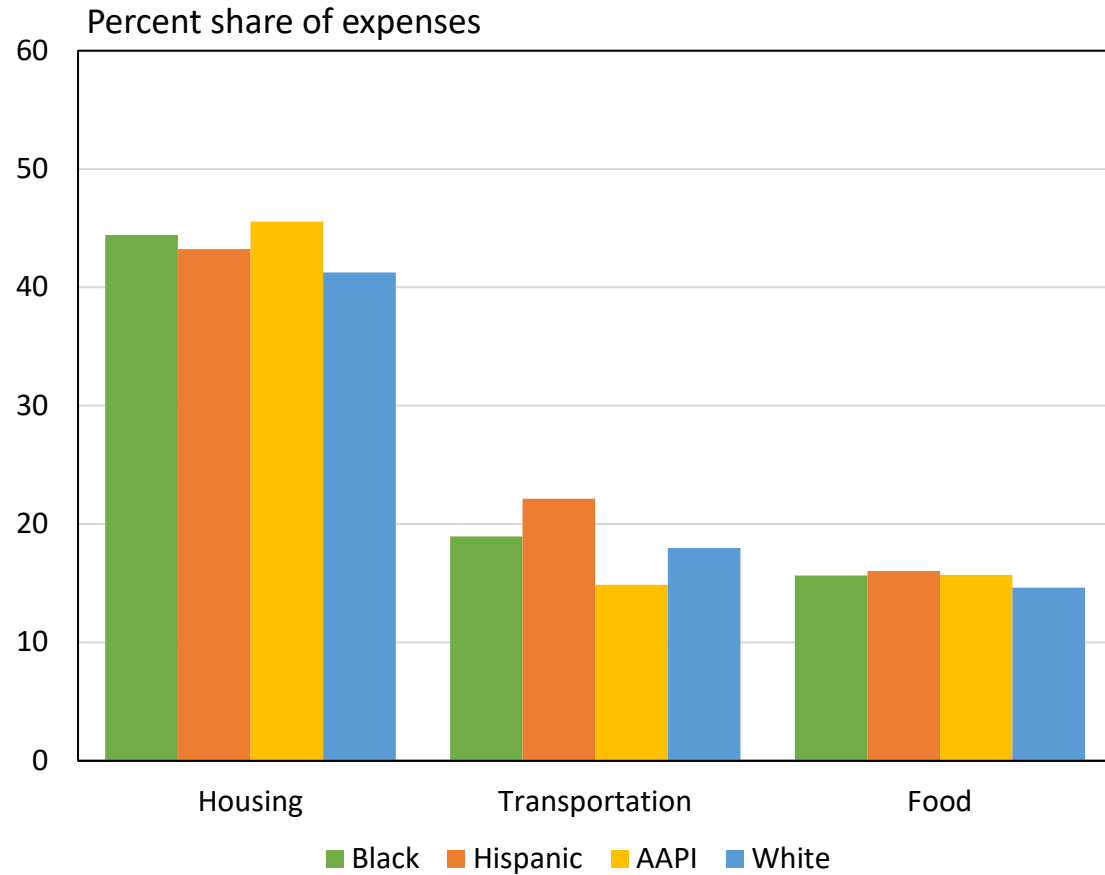
- Data on inflation by demographic groups are not produced by the Bureau of Labor Statistics.
- To calculate demographic inflation, we exploit the fact that the Consumer Expenditure Survey (CEX) can be used to compute spending shares of various consumption categories (for example, cereal, rent, and used 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 Category



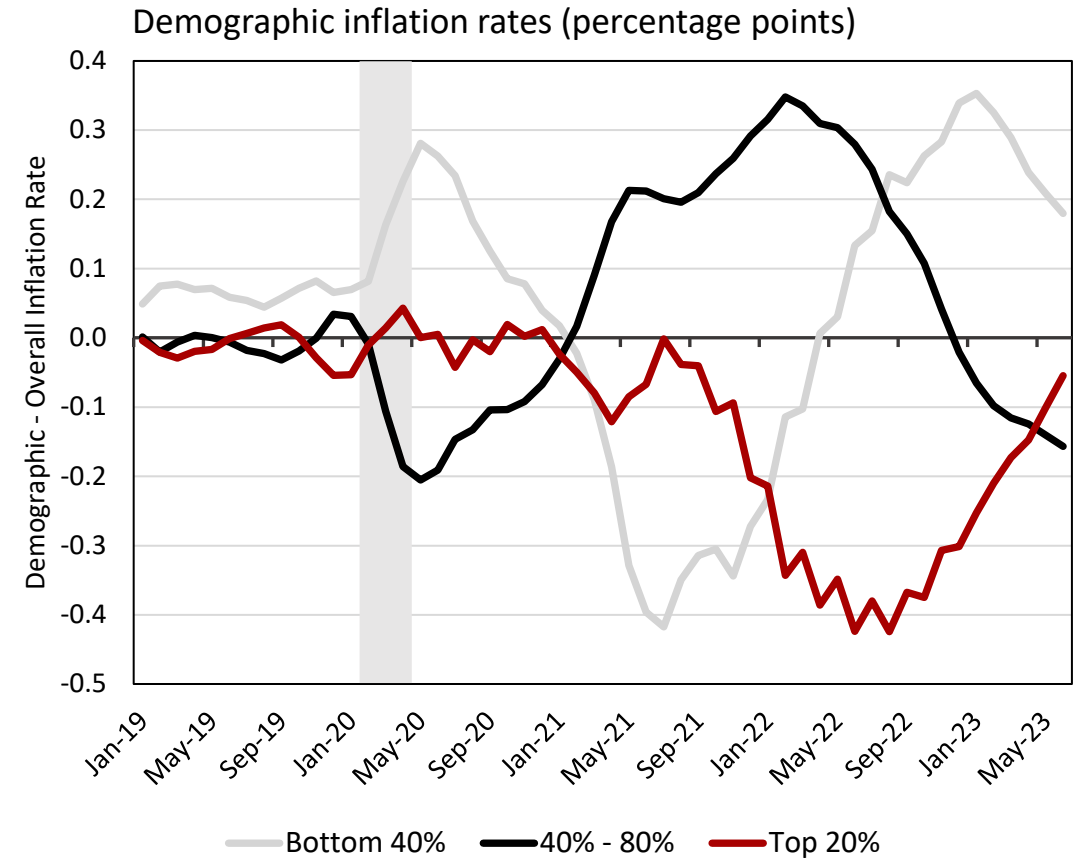
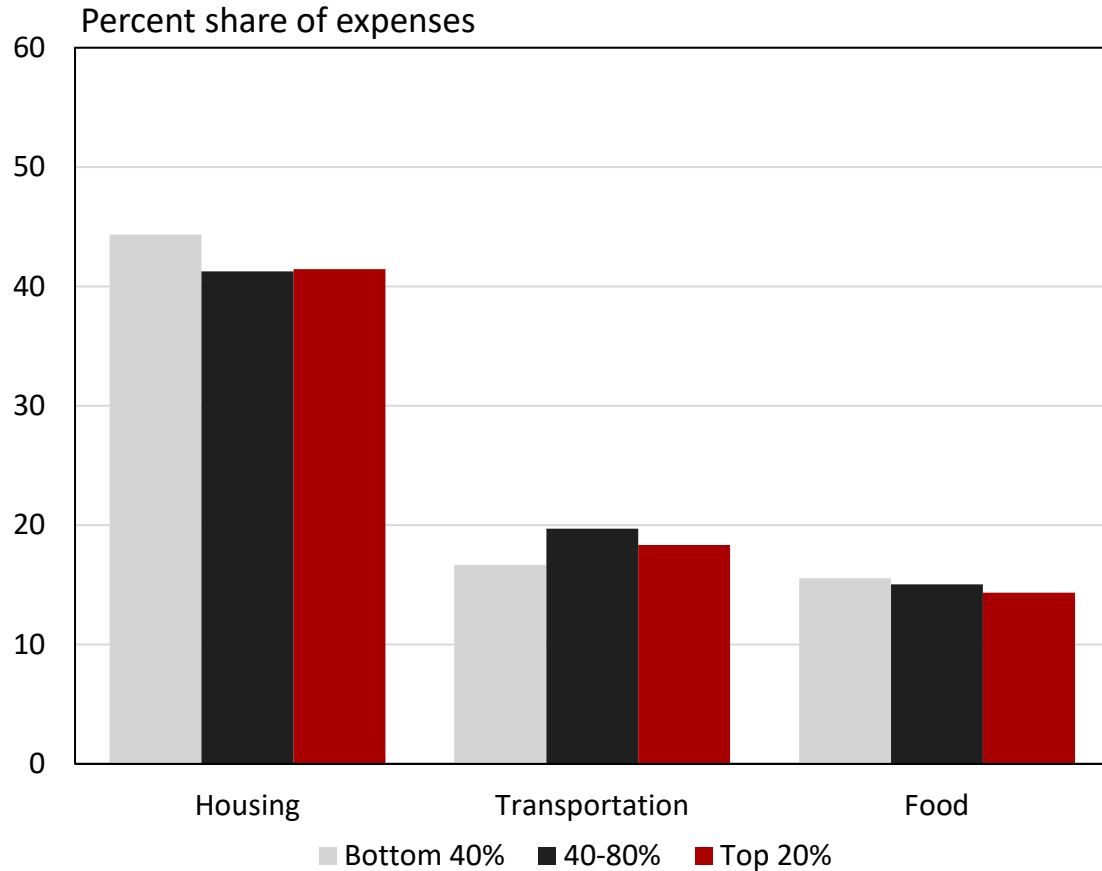
Sources: CPI via Haver Analytics; authors' calculations.
 Note: Shaded region indicates the COVID-19 recession.

Demographic Inflation by Race/Ethnicity



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.
 Notes: Expenditure shares use 2020 CEX microdata. Shaded region indicates the COVID-19 recession.

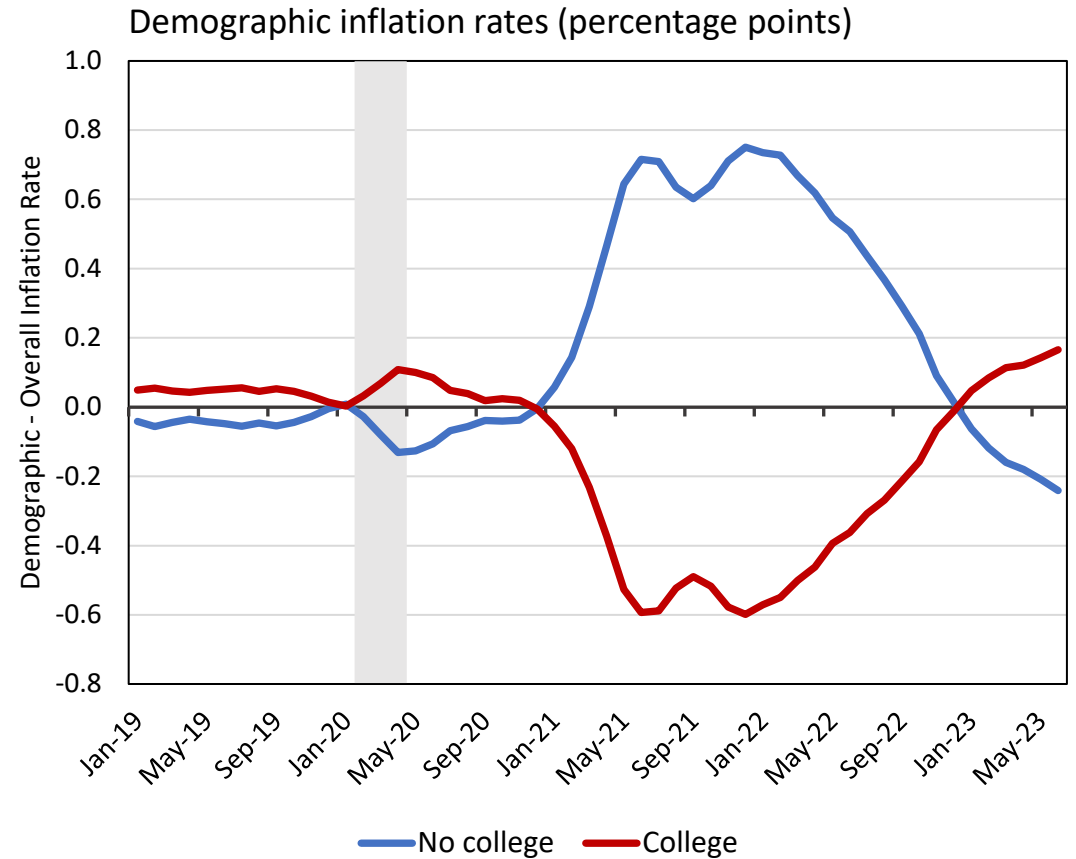
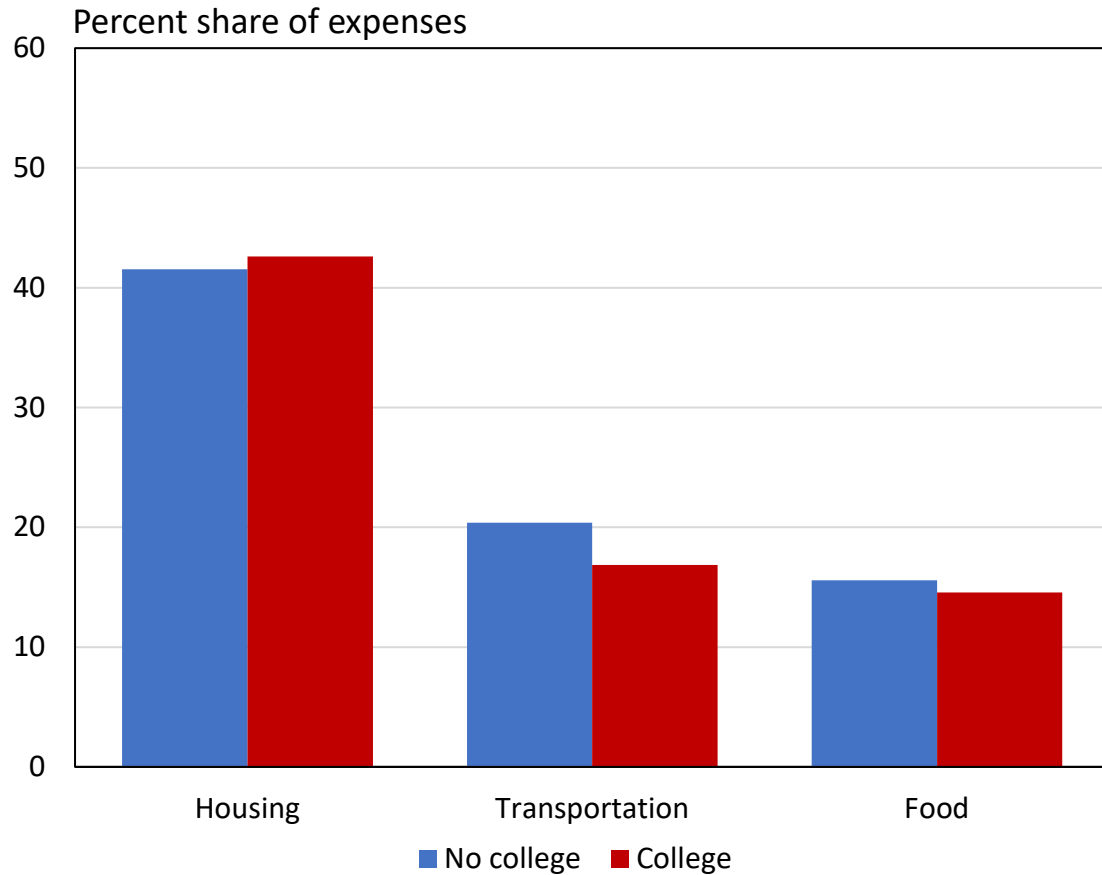
Demographic Inflation by Income



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

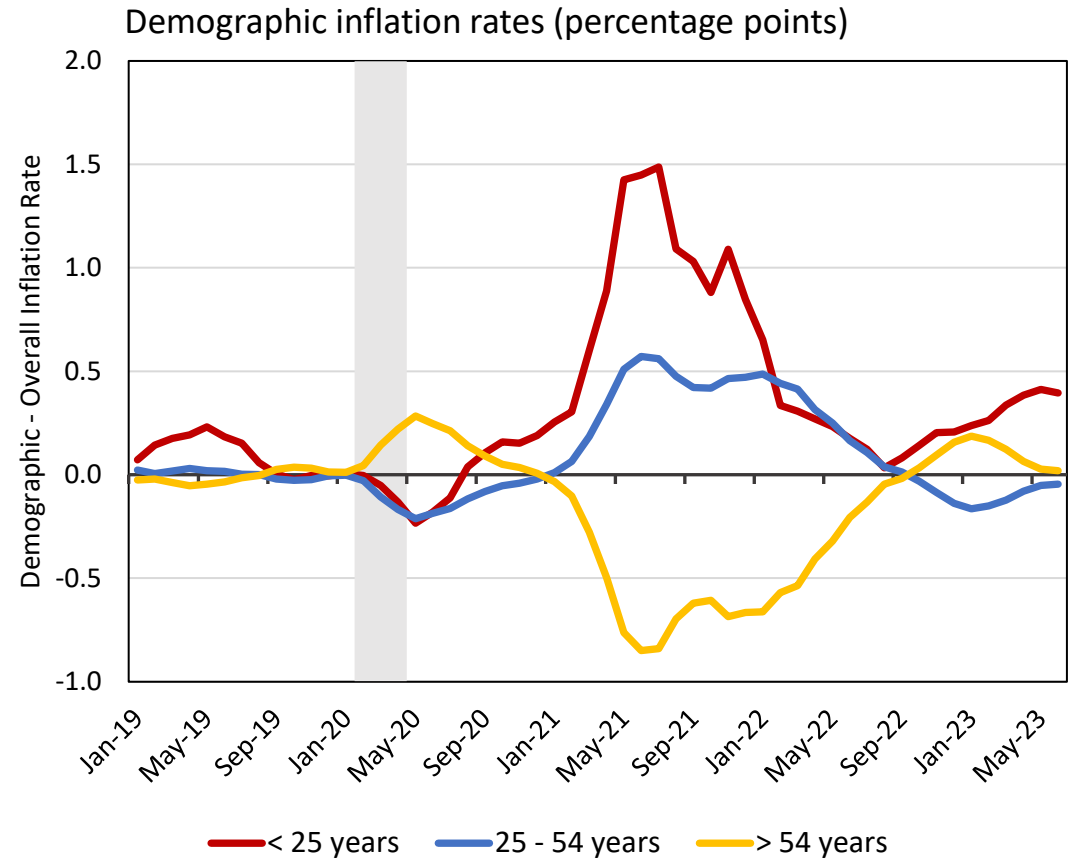
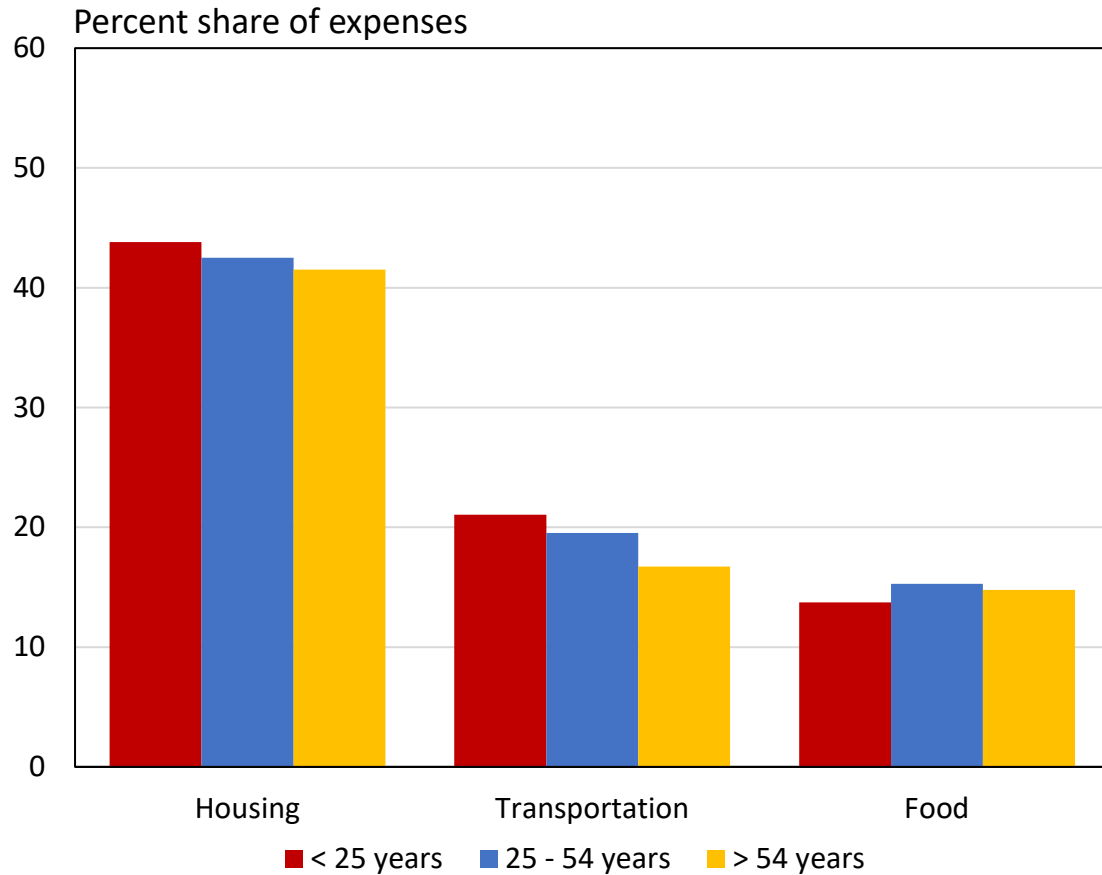
Notes: Expenditure shares use 2020 CEX microdata. Shaded region indicates the COVID-19 recession.

Demographic Inflation by Education



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.
 Notes: Expenditure shares use 2020 CEX microdata. Shaded region indicates the COVID-19 recession.

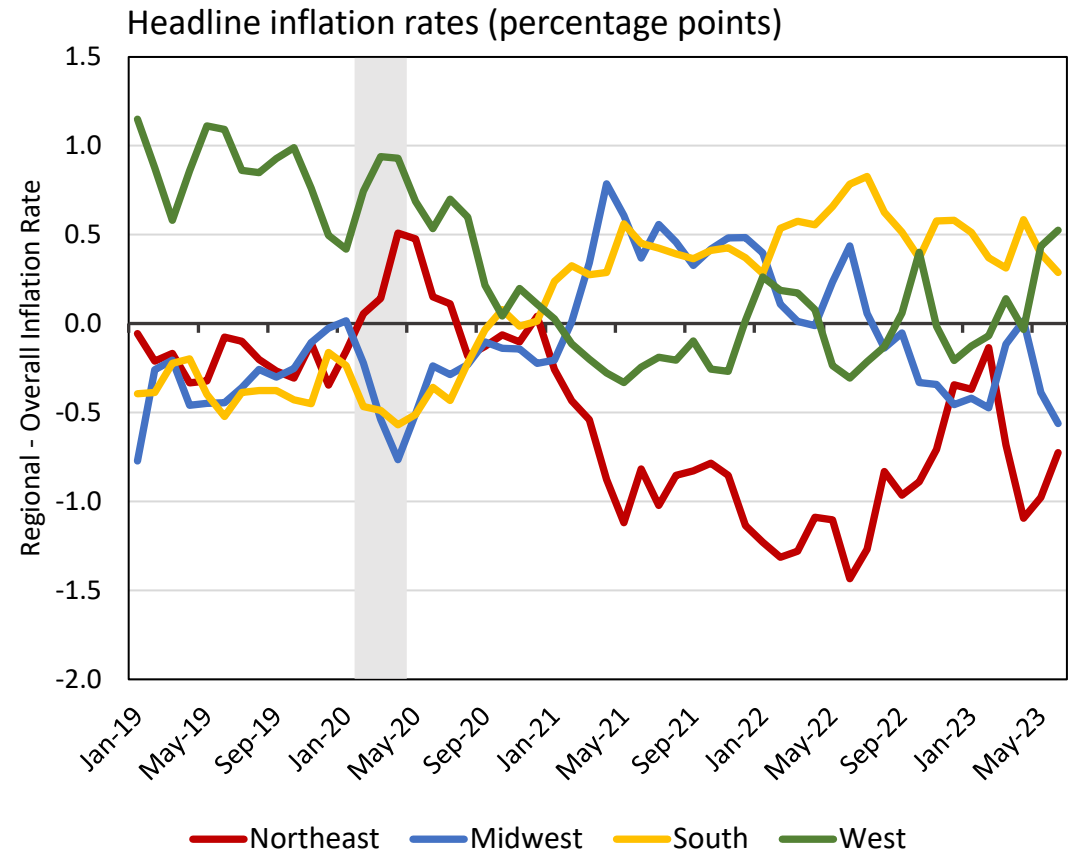
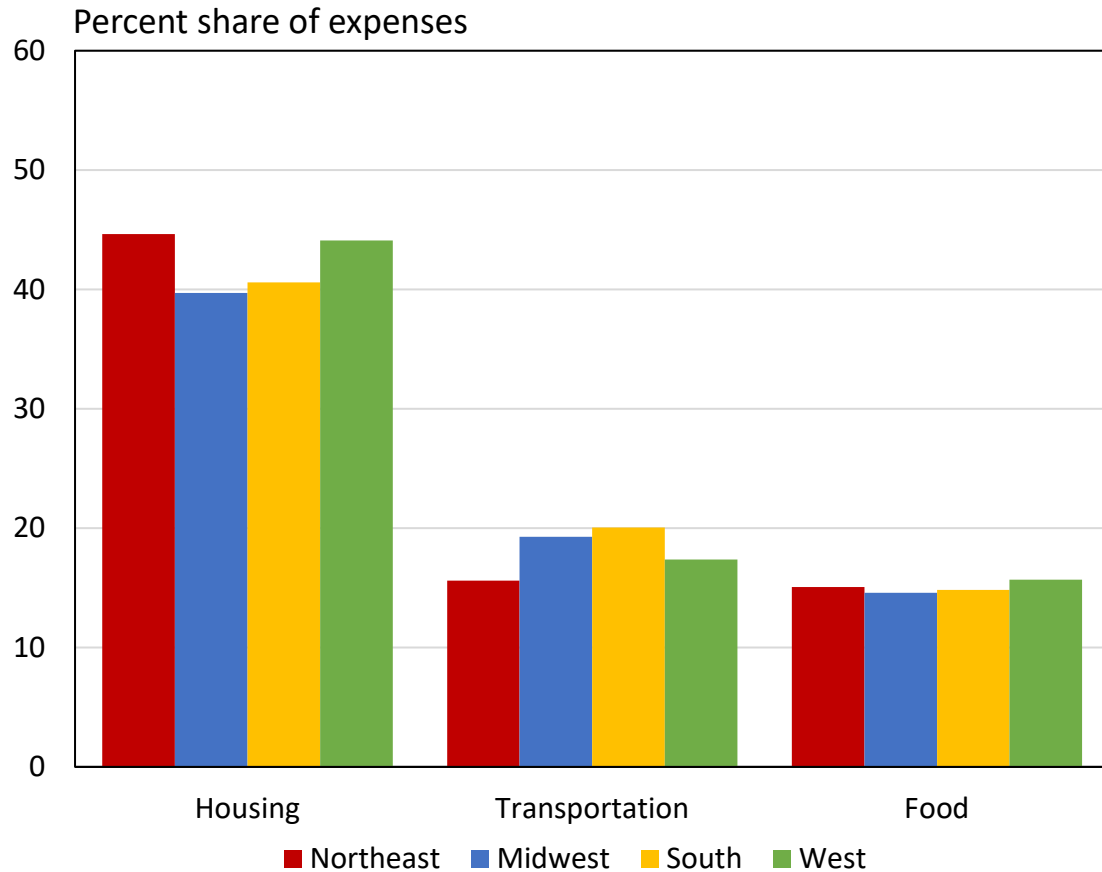
Demographic Inflation by Age



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

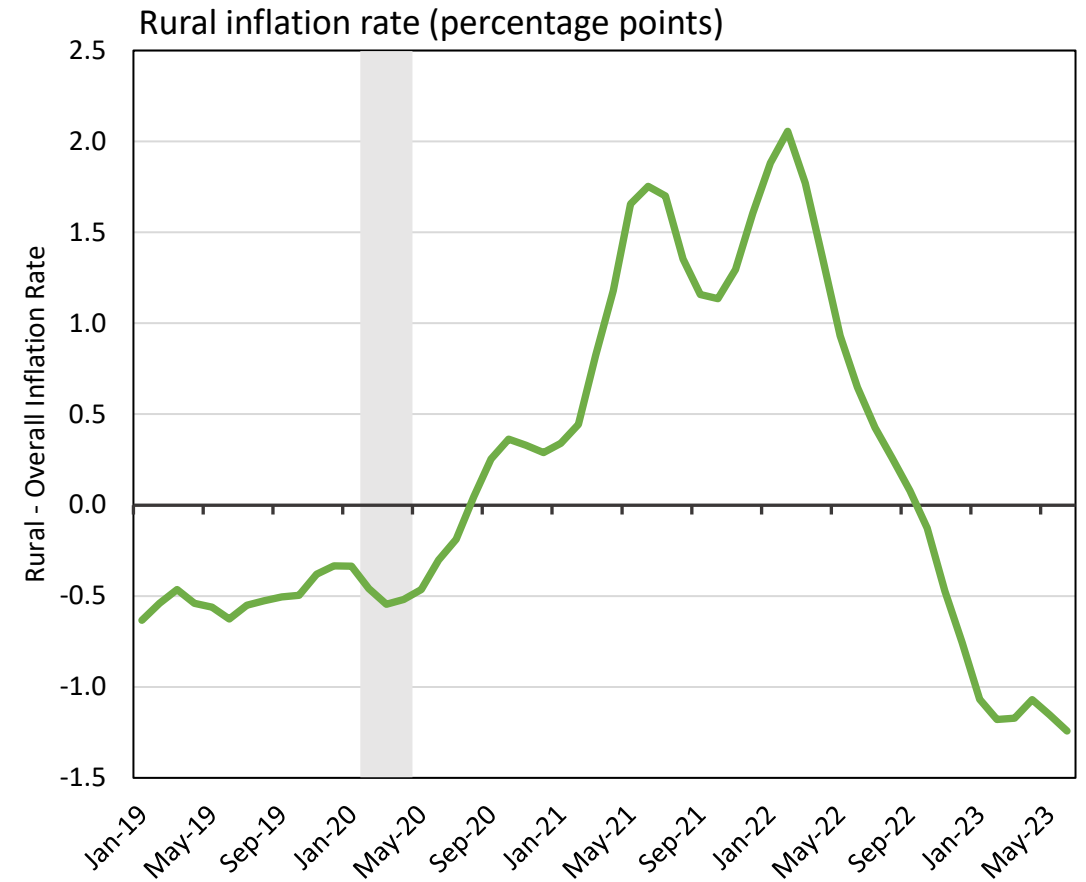
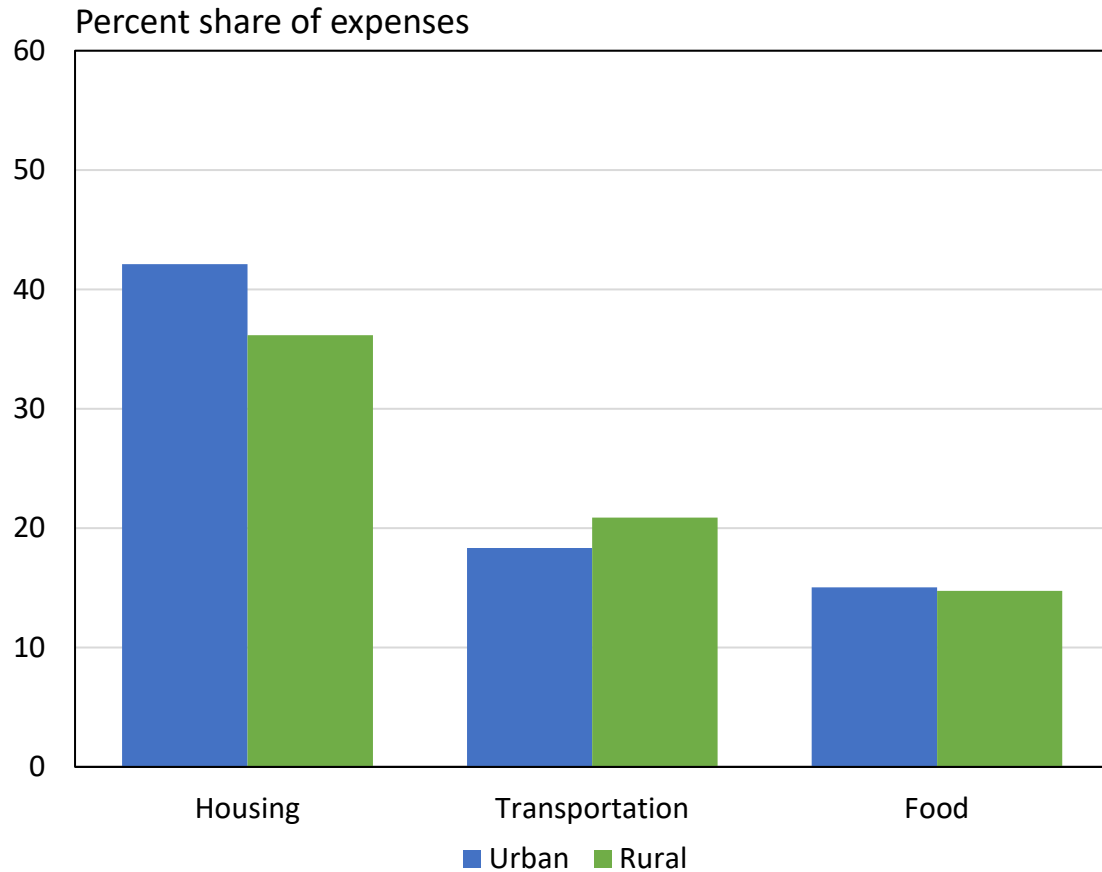
Notes: Expenditure shares use 2020 CEX microdata. Shaded region indicates the COVID-19 recession.

Demographic Inflation by U.S. Region



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.
 Notes: Expenditure shares use 2020 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 2020 CEX microdata. Shaded region indicates the COVID-19 recession.