

# US inflation rises a tad, builds case for Fed pause

Consumer prices in July up 3.2%, though still above Fed's 2% target

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Inflation in the United States rose in July after 12 straight months of declines, boosted by costlier housing. But excluding volatile food and energy prices, so-called core inflation matched the smallest monthly increase in nearly two years. The data strengthens case for the Federal Reserve to pause on rate hikes.

The inflation figure the government reported Thursday showed that consumer prices increased 3.2 per cent from a year earlier.

That was up from a 3 per cent annual rise in June, which was the lowest rate in more than two years.

The July inflation figure remained far below last year's

peak of 9.1 per cent, though still above the Federal Reserve's 2 per cent target.

The Fed, economists and investors, though, pay particular attention to the core inflation figures for signs of where inflationary pressures might be headed. From June to July, core inflation remained a tame 0.2 per cent. Thursday's price data will be among the key barometers the Fed will weigh in deciding whether to continue raising interest rates.

In its drive to tame inflation, the Fed has raised its benchmark rate 11 times since March 2022 to a 22-year high.

A jump in energy prices has rekindled some of the inflation pressures underlying the economy. Gasoline prices have surged nearly 30 cents over the past month to a national average of \$ 3.83 a gallon.

Economists say that in the fight to conquer inflation, the easy progress has likely already been achieved.

Gasoline prices, for example, though liable to bounce around from month to month, have already plunged from a peak national average of more than \$5 a gallon, which was reached in June of last year after Russia's invasion of Ukraine. Much of the inflationary surge that began in 2021 was caused by clogged supply chains: Ports, factories and freight yards were overwhelmed by the explosive economic rebound from the pandemic recession of 2020.

The result was delays, parts shortages and higher prices. But supply-chain backlogs have eased in the past year, sharply reducing upward pressure on goods prices.

## Biden orders ban on US tech investments in China

President Biden signed an executive order Wednesday to block and regulate high-tech US-based investments going toward China — a move the administration said was targeted but it also reflected an intensifying competition between the world's two biggest powers. The order covers advanced computer chips, micro electronics, quantum information technologies and artificial intelligence.

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