

US inflation highest since May 2023

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United States (US) inflation accelerated in April on rising gasoline and grocery costs, exceeding wage growth in a double-whammy for already strained consumers.

The consumer price index (CPI) rose 3.8 per cent from a year earlier, according to Bureau of Labor Statistics data out Tuesday, the most since 2023. After adjusting for inflation, wages fell for the first time in three years.

The figures show how the impact of the Iran war is hitting the US economy as energy costs surge. The BLS report indicated

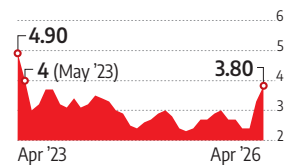


gas prices rose almost 28 per cent over the past two months. Grocery prices, rents and airfares also saw large increases from a month earlier. A sustained pickup, especially in the cost of essentials, could lead consumers to cut back on spending.

“Inflation, which we

On an upside

US CPI Y-o-Y chg (%)



Source: Bloomberg

thought was under control, is reaccelerating, and that's a real problem," said Gus Faucher, chief economist at PNC Financial Services Group. "The longer inflation remains elevated, the more stress that's going to place on consumers."

One of the main examples

in the April CPI data was airfares: They rose 2.8 per cent from a month earlier as the surging cost of jet fuel prompted airlines to raise prices and baggage fees and cut capacity. Overall services costs excluding energy and housing rose 0.5 per cent, according to data compiled by *Bloomberg*. Hotel prices rose 2.8 per cent, the most since 2024.

The overall CPI advanced 0.6 per cent in April. Grocery prices rose 0.7 per cent, the most in almost four years. Meats, dairy, fresh fruits and vegetables all posted notable gains. Food prices have been a major contributor to affordability concerns in recent years.