

Breaking Down the U.S. Inflation Rate

December 21, 2021

Focus on rising consumer prices has increased amid the [latest data release](#) from the [Bureau of Labor Statistics](#) showing that the inflation rate, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), was 6.8% over the 12 months ending November 2021, the largest 12-month increase in [39 years](#). Inflation is generally defined as an increase in prices across the economy broadly. However, not all prices used to calculate the inflation rate increase by the same amount, and inflation rates can differ across geographic locations. This Insight examines the inflation rate across various product categories and geographic areas.

Inflation Across Selected Expenditure Categories

Table 1 below shows a breakdown of inflation across certain expenditure categories. [Core inflation](#) (inflation that does not include energy and food prices) was lower than overall inflation, at 4.9% over the 12 months ending in November 2021. The increase in energy prices, historically a volatile source of inflation, was significantly higher over the same period (33.3%).

Commodities (goods) inflation (11.9%) [outstripped](#) services inflation (3.8%) in the 12 months ending in November 2021. Supply chain [disruptions and bottlenecks](#), which have plagued the economy throughout the Coronavirus Disease 2019 (COVID-19) pandemic, tend to affect goods more than services, as goods are traded at a much higher rate than services. Within goods, used cars and trucks, a category which has seen [particularly high inflation](#) for several months, saw inflation of 31.4% over the past year. New vehicles also had relatively high inflation, although considerably less than used cars and trucks, at 11.1%.

Table 1. 12-Month Percentage Change, Consumer Price Index for All Urban Consumers (CPI-U), Selected Expenditure Categories, November 2021

Expenditure Category	Relative Importance October 2021, as a Percentage	12-month Percentage Change
All items	100.000%	6.8%
Food	13.995%	6.1%
Food at home	7.733%	6.4%

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Expenditure Category	Relative Importance October 2021, as a Percentage	12-month Percentage Change
Cereals and bakery products	0.979%	4.6%
Meats, poultry, fish, and eggs	1.838%	12.8%
Dairy and related products	0.750%	1.6%
Fruits and vegetables	1.311%	4.0%
Nonalcoholic beverages and beverage materials	0.929%	5.3%
Other food at home	1.935%	5.7%
Food away from home	6.262%	5.8%
Energy	7.469%	33.3%
Energy commodities	4.207%	57.5%
Fuel oil	0.111%	59.3%
Motor fuel	4.022%	58.0%
Gasoline (all types)	3.937%	58.1%
Energy services	3.262%	10.7%
Electricity	2.446%	6.5%
Natural gas (piped)	0.816%	25.1%
All items less food and energy	78.536%	4.9%
Commodities less food and energy commodities	20.755%	9.4%
Apparel	2.725%	5.0%
New vehicles	3.856%	11.1%
Used cars and trucks	3.350%	31.4%
Medical care commodities	1.493%	0.2%
Alcoholic beverages	0.997%	1.9%
Tobacco and smoking products	0.615%	8.9%
Services less energy services	57.781%	3.4%
Shelter	32.425%	3.8%
Rent of primary residence	7.585%	3.0%
Owners' equivalent rent of residence	23.514%	3.5%
Medical care services	7.002%	2.1%
Transportation services	5.012%	3.9%
Motor vehicle maintenance and repair	1.085%	4.9%
Motor vehicle insurance	1.557%	5.7%

Expenditure Category	Relative Importance October 2021, as a Percentage	12-month Percentage Change
Airline fares	0.596%	-3.7%

Source: Bureau of Labor Statistics.

Notes: Relative importance are weights used by BLS based on estimates of how consumers distribute expenditures across categories. More information on relative importance can be found [here](#).

Inflation Across Regions and Selected Local Areas

Table 2 shows current inflation levels broken out by geographic area. There is less variation in inflation across regions and localities than across expenditure categories, though even relatively small differences in inflation rates can be meaningful for individuals who are seeing prices rising relatively faster where they live and work. Note that locations with the highest inflation are not necessarily the most expensive in absolute terms: in fact, the Northeast and West generally have a higher [cost of living](#) than other regions. In the 12 months ending in November 2021, the Midwest region and the Tampa-St. Petersburg-Clearwater, FL, local area experienced the highest inflation, and the Northeast region and the San Francisco-Oakland-Hayward, CA, local area experienced the lowest inflation.

Table 2. 12-Month Percentage Change, Consumer Price Index for All Urban Consumers (CPI-U), Regions and Selected Local Areas, November 2021

Geographic Area	12-Month Percentage Change
U.S. city average	6.8%
Region	
Northeast	6.0%
Midwest	7.3%
South	7.2%
West	6.5%
Selected local areas	
Atlanta-Sandy Springs-Roswell, GA ^a	7.9%
Baltimore-Columbia-Towson, MD ^a	6.3%
Boston-Cambridge-Newton, MA-NH	5.3%
Chicago-Naperville-Elgin, IL-IN-WI	6.0%
Dallas-Fort Worth-Arlington, TX	7.5%
Denver-Aurora-Lakewood, CO	6.5%
Detroit-Warren-Dearborn, MI ^a	5.5%
Houston-The Woodlands-Sugar Land, TX ^a	6.1%
Los Angeles-Long Beach-Anaheim, CA	6.0%
Miami-Fort Lauderdale-West Palm Beach, FL ^a	5.7%
Minneapolis-St. Paul-Bloomington, MN-WI	6.9%
New York-Newark-Jersey City, NY-NJ-PA	5.0%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD ^a	5.6%

Geographic Area	12-Month Percentage Change
Phoenix-Mesa-Scottsdale, AZ ^a	7.1%
Riverside-San Bernardino-Ontario, CA	7.9%
San Diego-Carlsbad, CA	6.6%
San Francisco-Oakland-Hayward, CA ^a	3.8%
Seattle-Tacoma-Bellevue, WA ^a	6.5%
St. Louis, MO-IL ^a	7.5%
Tampa-St. Petersburg-Clearwater, FL	8.0%
Urban Alaska ^a	6.3%
Urban Hawaii	5.4%
Washington-Arlington-Alexandria, DC-VA-MD-WV	5.8%

Source: Bureau of Labor Statistics (BLS).

Notes: Complete data by detailed expenditure category may be found [here](#).

- a. 12-month percentage change from October 2020 to October 2021. The BLS explains that it surveys prices for food, fuel, and several other items every month in all areas. The BLS surveys prices for goods and services every month in certain areas, and alternating months in other areas.

As described above, prices of different items have changed at different rates over the past year. However, nearly all categories increased and some of the largest categories of expenditures that consumers face, such as food and energy, increased relatively rapidly from a historical perspective. In fact, food and energy indexes both hit [13-year highs](#). The relatively high inflation seen both in November 2021 and throughout much of 2021 has been a topic of concern to policymakers. The Federal Reserve’s Federal Open Market Committee (FOMC) [most recently](#) did not decide to increase interest rates but did project rate increases in 2022. Additionally, the FOMC decided to double the pace of reducing its asset purchases in response to inflation as well as general market conditions. Starting in mid-January, the Federal Reserve will reduce monthly net asset purchases by \$20 billion for Treasury securities and \$10 billion for agency mortgage-backed securities. For more information about inflation and related policy in 2021, see CRS Report R46890, *Inflation in the Wake of COVID-19*, by Marc Labonte and Lida R. Weinstock; and CRS Insight IN11792, *Federal Reserve: Tapering of Asset Purchases*, by Marc Labonte.

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