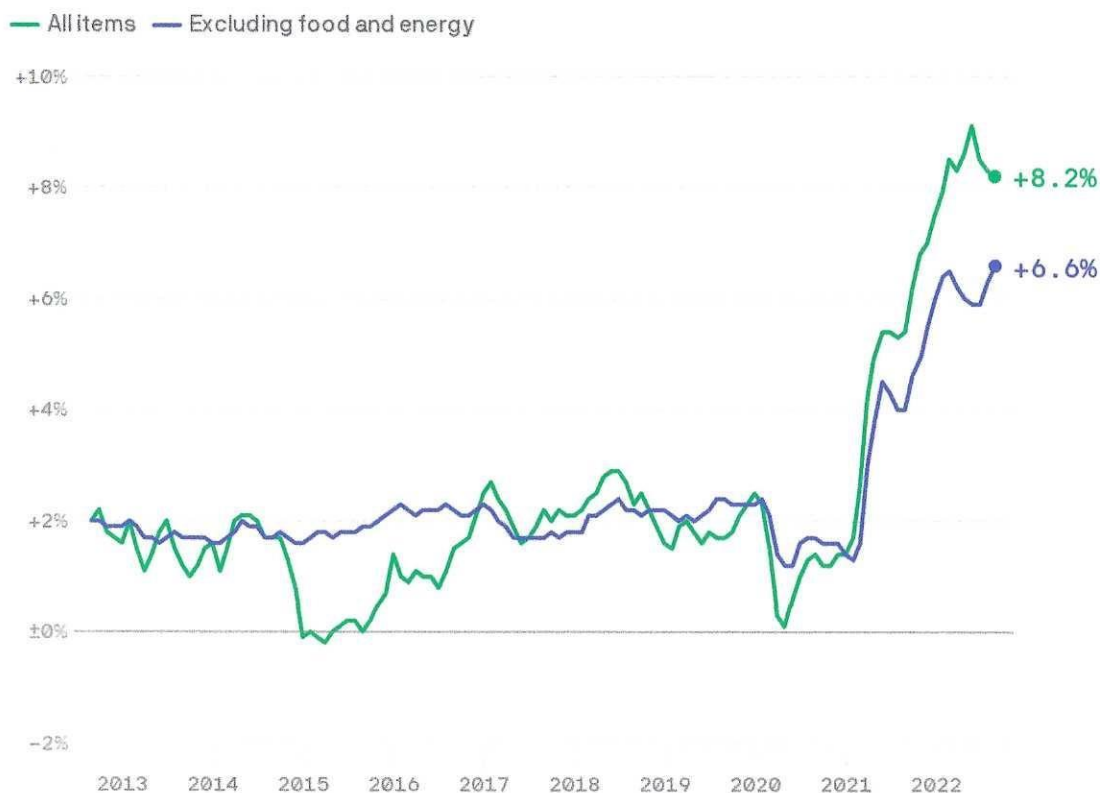


“No Inflation Relief”

Year-over-year change in consumer price index

Monthly; September 2012 to September 2022



Data: [Bureau of Labor Statistics](#); Chart: Simran Parwani/Axios

There has been a numbing sameness to inflation reports this year. Every month, we look for signs that price pressures might finally be abating. Nearly every month, the numbers come out and dash those hopes.

- Here we are again, with September CPI showing yet another month of high and broad-based inflation. It's a treadmill that nobody seems to know how to switch off.

Why it matters: Aggressive tightening by the Federal Reserve is starting to wreak major damage to the global economy. But the central bank won't relent until there is clear, compelling evidence U.S. inflation is coming down.

- That didn't come close to happening last month.

The details: Core inflation, excluding food and energy, was 0.6% in September and 6.6% over the last 12 months, the highest since 1982.

- Falling energy prices have held down overall inflation for the last few months. But outside of gasoline, most other goods and services keep getting markedly more expensive. And gas prices have started to rebound in recent weeks.
- September price gains were notably broad, rising rapidly for items as varied as restaurant meals (0.9%), new cars and trucks (0.7%) and medical care (1%).
- Median CPI, a measure calculated by the Cleveland Fed to exclude outliers, rose 0.7% for the second straight month, confirming the breadth of the inflation problem.

Between the lines: That all points to a problem of excessive demand, not idiosyncratic problems in a handful of industries. That will make the Fed inclined toward another 0.75 percentage point rate hike at a policy meeting concluding Nov. 2.

- But it would be taking that action, even as the negative consequences of the Fed's aggressive rate hikes — causing fraying in financial markets around the globe — are becoming more evident.

If you squint, you can see some reason to think the U.S. inflation picture will get better from here. In particular, the 0.8% rise in rents in September could come down over time if reports of falling rent growth prove sustainable.

- And over the last three months, core CPI rose at a 6% annual rate, which is down from a recent peak in the April-May-June period (a 7.9% annual rate).

Yes, but: Inflation has been too high for too long for the Fed to have any comfort backing off its policy plans based on forecasts of what *might* happen in the future.

- "Given the real risks that inflation presents to the American real economy one cannot simply cherry pick their data points to craft a forward-looking monetary policy outlook," said Joe Brusuelas, chief economist at RSM.
- "Rather, this is a time of difficult choices, economic pain, and higher interest rates for a longer period than anyone will be comfortable," he wrote in a note that called inflation "hot, sticky, and elevated."