

FINANCIAL SERVICES

US inflation accelerates as vehicle, travel costs climb

June 10, 2021



Car prices continue to climb. Image credit: Cox Automotive

By LUXURY DAILY NEWS SERVICE

Consumer prices in the United States continue to climb, with a key inflation measure jumping at the fastest rate in decades.

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On June 10, the [U.S. Bureau of Labor Statistics](#) reported that inflation grew in May 2021 by 5 percent year-over-year. As demand and spending tick up as the economy more fully reopens, prices in key sectors are rising dramatically.

Supply and demand

The 5 percent increase in inflation was the fastest rate of growth since August 2008, indicative of more demand as consumers return to shopping, traveling and dining as the COVID-19 pandemic improves in the U.S.

Core inflation, which excludes more volatile food and energy costs, rose 3.8 percent year-over-year the largest 12-month increase since June 1992.

Supply chain issues have been a major factor, particularly in certain sectors.

Used car and truck prices increased 7.3 percent from April to May 2021, and are up 29.7 percent y-o-y. New vehicle prices also edged up, for an increase of 1.6 percent month-over-month the largest monthly jump since October 2009 and 3.3 percent year-over-year.

Apparel prices are up 5.6 percent year-over-year, including a 1.2 percent jump from April. As consumers feel ready to travel, airline fares are also climbing up 7.0 percent m-o-m in May, after increasing by 10.2 percent from March to April.



As vaccines continue to be distributed globally, the travel industry is ready for a rebound. Image credit Norwegian Cruise Line

Consumers also continue to invest in their homes. Household furnishing costs grew 1.3 percent from April to May, the largest increase since January 1976.

Last month, the Dow Jones Industrial Average saw its worst week of 2021 amid climbing inflation rates. With the stock market continuing its recovery from the COVID-19 pandemic, inflation fears had reached Wall Street and investors ([see story](#)).

Despite higher than expected inflation in May, the S&P 500 reached a record high on June 10 and the Nasdaq Composite hit 14,000 points for the first time since early May. The Dow Jones Industrial Average saw a modest bump after three straight days of losses.

In another positive sign for the U.S. economy, new claims for unemployment aid hit its lowest mark since the start of the pandemic.

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