

FINANCIAL SERVICES

## US inflation hits new high in 40 years

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Led by increases in energy cost, annual inflation reached 7.5 percent, the highest rate since 1982. Image credit: Unsplash

By LUXURY DAILY NEWS SERVICE

The annual U.S. consumer price index increased 7.5 percent, before seasonal adjustment, according to the [U.S. Bureau of Labor Statistics](#), the steepest 12-month increase since 1982.

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Without the food and energy indexes, which rose 7 and 27 percent, respectively, prices saw a 6 percent increase between January 2021 and January 2022. In January 2022, alone, food prices rose nearly 1 percent, as well as home furnishings, medical care and apparel.

Looking bleak

Supply chain issues from the beginning of the COVID-19 pandemic coupled with labor shortages have driven and will likely continue driving inflation.

According to [Bloomberg economists](#), the early pandemic government stimulus package encouraged a surge of household purchases, ultimately pressuring global supply chains to increase production using a smaller labor pool.



*Food and grocery prices have risen significantly, even in the last month. Image credit: Unsplash*

Despite suppliers' efforts to retain employees through higher wages, which rose 1 percent from December to January, inflation-adjusted hourly earnings fell 1.7 percent year-over-year.

For the housing market, the index rose 4.4 percent from January 2021 to January 2022, and 0.4 percent between December and January. Unlike food or energy, shelter is less likely to deflate once prices rise, which could be a major challenge for the [Federal Reserve](#).

Migration has contributed significantly to climbing costs for consumer goods and services.

Earlier this week, Redfin reported that the most popular migration destinations within the United States have the highest rates of inflation.

Atlanta saw the highest rate of inflation, at 8.9 percent y-o-y, followed by Phoenix at 8.4 percent y-o-y and Tampa, Florida at 8 percent y-o-y. Atlanta was also the tenth most popular migration destination during Q4, while Phoenix and Tampa ranked second and fifth, respectively ([see story](#)).

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