

CPI Report: Inflation Rose More Than Expected in March, Driven By Housing and Energy Costs



The U.S. consumer price index, which measures the cost of goods and services, increased faster than expected in March at an annual inflation rate of 3.5%, according to a March CPI report released by the Bureau of Labor Statistics (BLS) on Wednesday.

The prices for necessities have gone up, with the average U.S. household paying \$227 more per month for goods compared to one year ago.

The annual inflation rate recorded in February was lower, at 3.2%.

The agency attributed more than half of the monthly increase in inflation to rising energy and housing prices. Housing costs rose 5.7% from last year, while gasoline rose 1.7% (or 6.4% before seasonal adjustments).

Transportation services rose the highest out of all categories, at a 10.7% year-over-year increase.

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Shelter costs are weighed as one-third of the CPI; CNBC reports that the expectations for costs in that category to decrease throughout the year have been crucial to possible interest rate cuts.

Food prices also increased, according to the CPI, but not across the board: Meats, poultry, fish, and eggs prices rose 0.9% over the year, while fruit and vegetable prices rose 2%.

Dairy product prices dropped 1.9% over the same period.

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Meanwhile, a separate BLS real earnings summary from March shows that average hourly earnings for workers increased by just 0.6% in the past year.

U.S. households are spending more than a thousand dollars more on goods per month on average than they did three years ago, according to ABC News.

Will the Federal Reserve Cut Interest Rates?

The CPI report decreases the chance that the Federal Reserve will cut interest rates in June.

Economist Paul Ashworth of Capital Economics wrote to clients in a note obtained by USA TODAY that the rise in inflation “pretty much kills off hopes of a June rate cut.”

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“That means mortgage rates, car loans, those credit card APRs, they all stay higher for longer,” ABC News’ Rebecca Jarvis stated.

Inflation has decreased from its 9.1% peak in June 2022 but is still above the Fed’s target of 2%.

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