

# INFLATION

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## Takeaways | Inflation

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- Housing inflation is above, transportation inflation is below, and food inflation is just below headline inflation, although inflation differences between the three main categories of spending are decreasing.
- Hispanic, middle- and upper-income, and rural households are experiencing lower inflation than the national average. Low-income, Northeastern, and urban households are experiencing higher inflation than the national average.
- Inflation differences between college-educated and non-college educated households have declined to nearly zero, as have inflation differences between households headed by people of different ages.
- Inflation differences are currently much narrower than they were during the 2021-22 inflationary episode. As of February 2025, Hispanic households are experiencing inflation that is 0.23 percentage point lower than the national average and rural households are experiencing inflation 0.31 percentage point lower than the national average. However, Northeastern households are experiencing inflation that is 1.07 percentage point higher than the national average.

*Gaps and all other relevant definitions can be found on the data and methods slide.*

# Full Report Highlights

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## ▪ INFLATION

- Hispanic, middle- and upper-income, and rural households see lower inflation than the national average.
- Low-income, Northeastern, and urban households are experiencing higher inflation than the national average.
- Inflation differences by age and education are nearly zero and inflation gaps are much smaller than in 2021-22.

## ▪ EARNINGS

- Rural workers earned more as a fraction of urban workers' earnings in February 2025 than in November 2024.
- Black and Hispanic workers, women, and workers without a college degree earn more as a fraction of white workers, men, and workers with a degree, respectively, than they did in February 2024.
- Workers in large businesses, on average, receive higher monthly earnings than workers in small and medium-sized businesses do, while earnings of workers in medium and large-sized businesses grew at the highest rate.

## Full Report Highlights (continued)

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### ▪ EMPLOYMENT

- EPOP and LFP gaps for Black men and veterans have risen between November 2024 and February 2025.
- Workers with disabilities are much less (nearly half as) likely to participate in the labor force and be employed, and more than twice as likely to be unemployed than workers without disabilities.
- Turning to heterogeneity by business size, employment has grown faster at large businesses than at small and medium-sized businesses.

### ▪ WEALTH

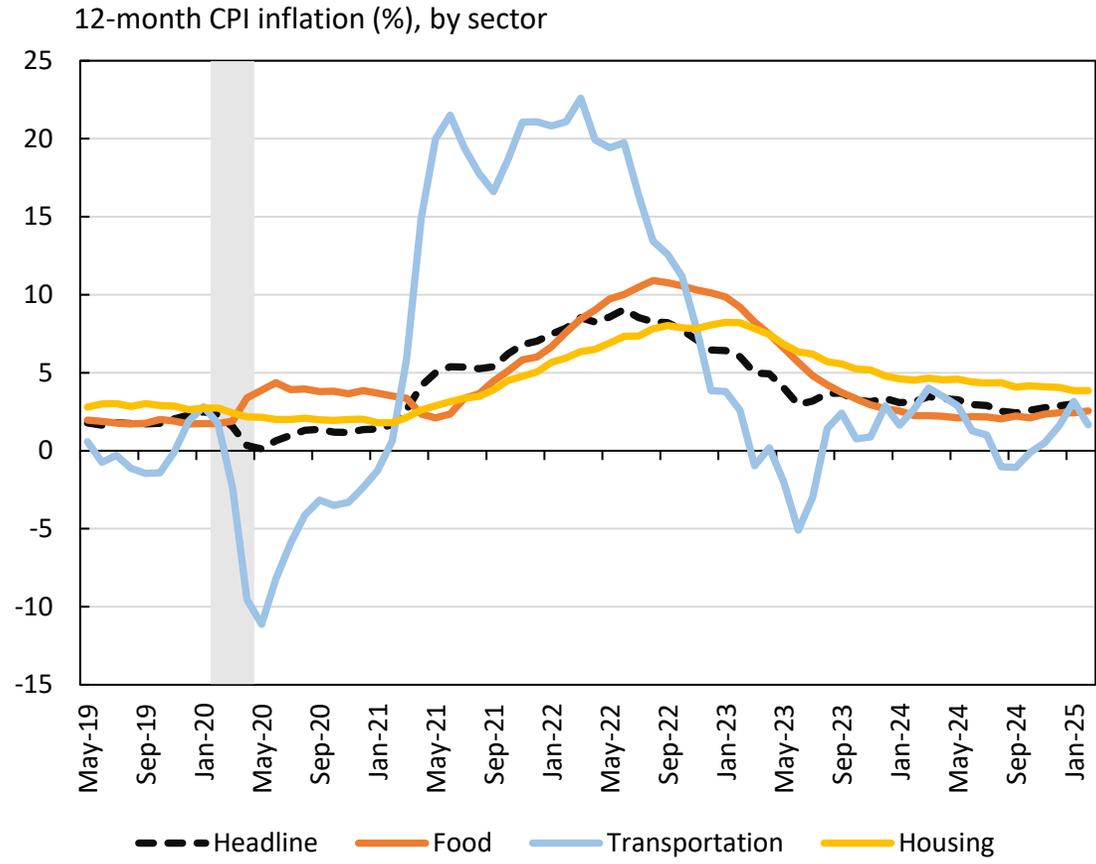
- Growth in wealth after 2019 was faster for some groups with little wealth growth relative to population.
- This growth did not meaningfully reduce stark wealth inequalities across demographic groups.
- Liquid assets have increased in 2025:Q1.

## Data and Methods | Inflation

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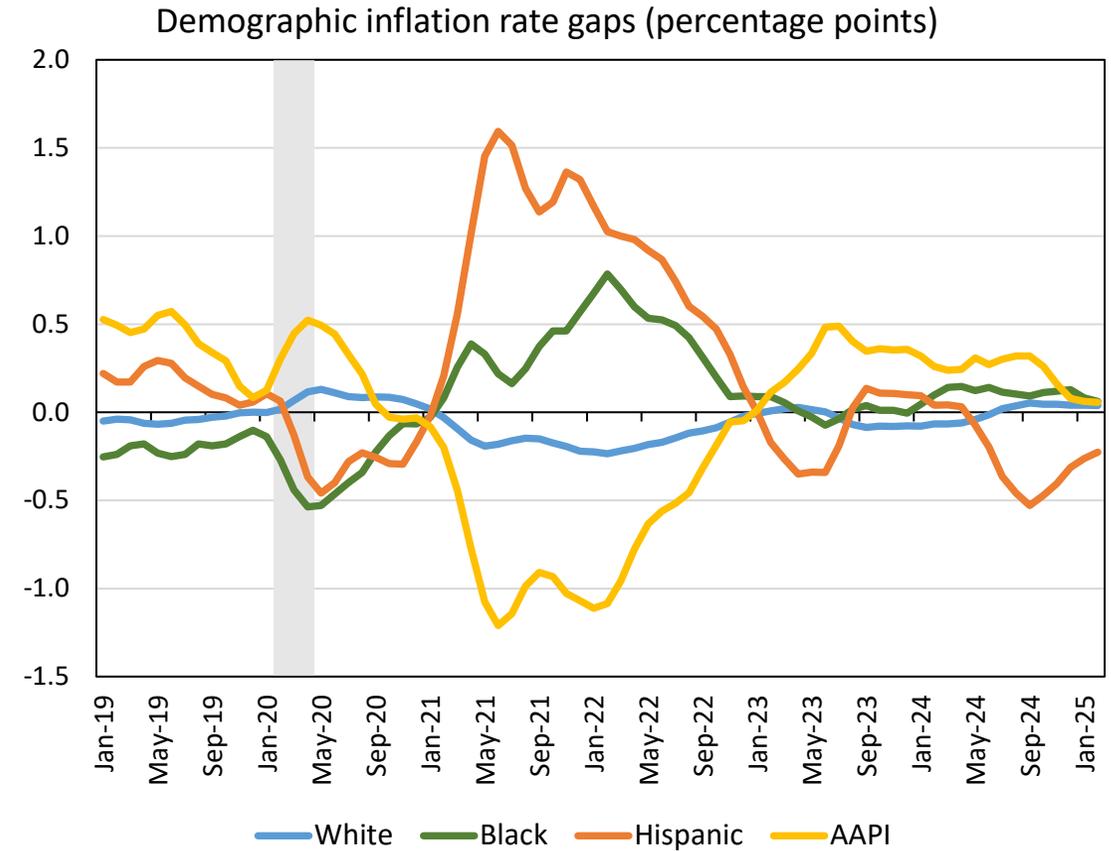
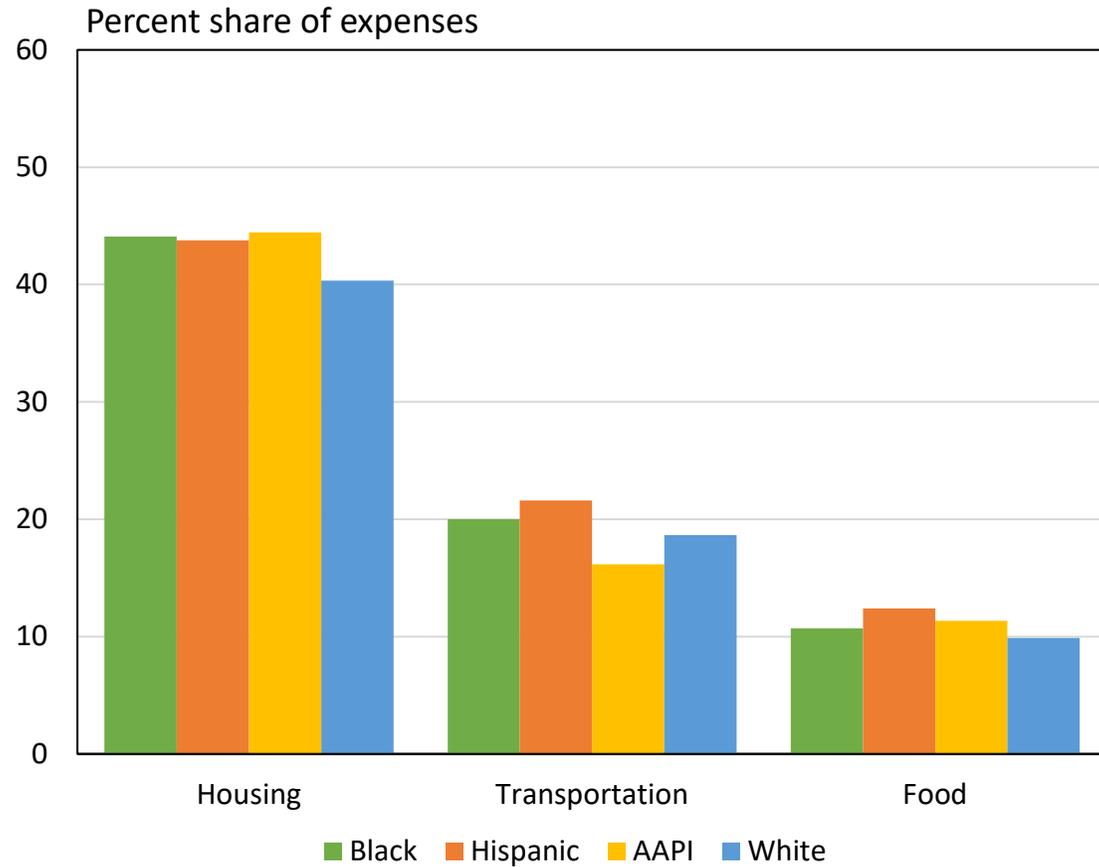
- Data on inflation by demographic groups are not produced by the Bureau of Labor Statistics.
- To calculate demographic inflation, the Consumer Expenditure Survey (CEX) is used to compute spending shares of various consumption categories (for example, cereal, rent, and used cars) by demographic group (for example, Black, Hispanic, some college, and aged 45-54).
- To compute the contribution of a consumption category in a particular city to demographic inflation for a specific group, that group's spending share on that category in that city (from the CEX) in the previous year is multiplied by the twelve-month inflation for that consumption category in that city (from the Consumer Price Index).
- All the contributions are then summed to get an inflation index for the demographic group.
- This method is similar to the previous literature, for example, Hobijn and Lagakos (2005), McGranahan and Paulson (2006), and Jaravel (2019). The EHIs are the first to exploit price variation across cities whereas the aforementioned studies assume people in different demographic groups and cities face the same prices.
- Inflation gaps are calculated as demographic inflation less overall inflation. Inflation gap by urban status is calculated as rural inflation minus urban inflation.

## Inflation by Sector



Sources: CPI via Haver Analytics; authors' calculations.  
 Note: Shaded region indicates the COVID-19 recession.

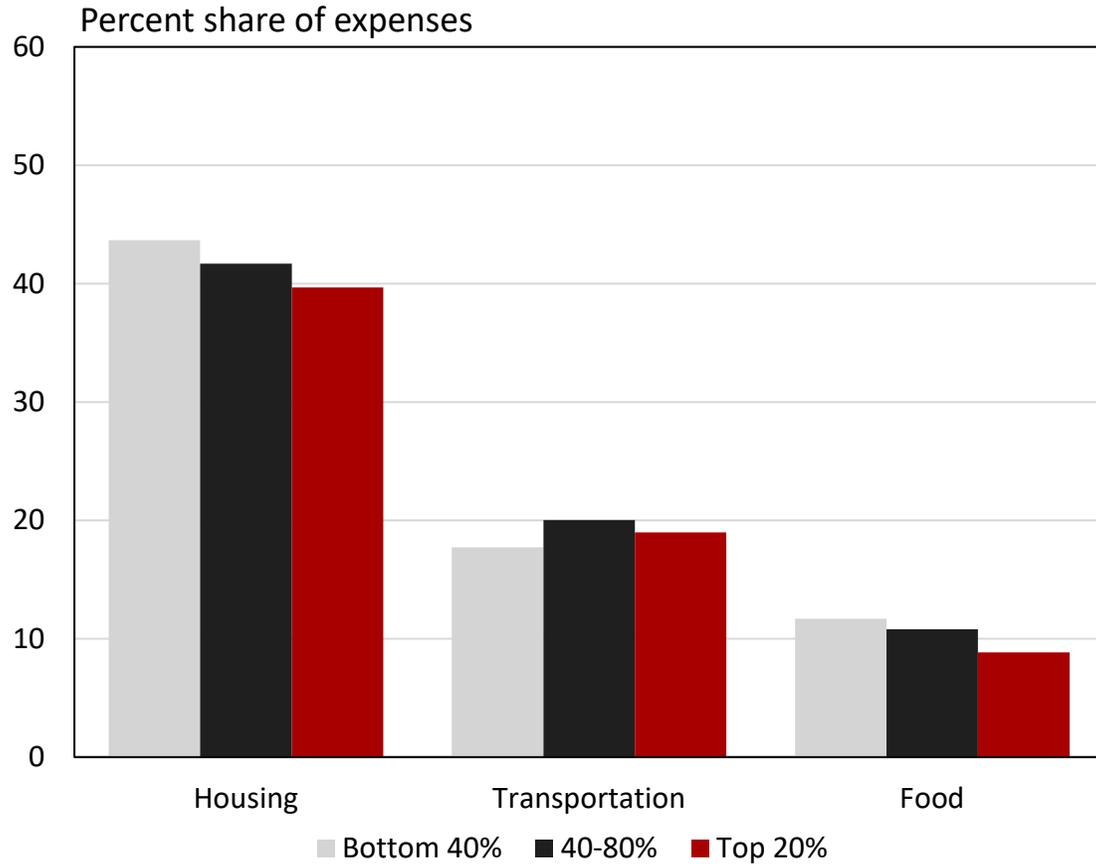
## Demographic Inflation by Race/Ethnicity



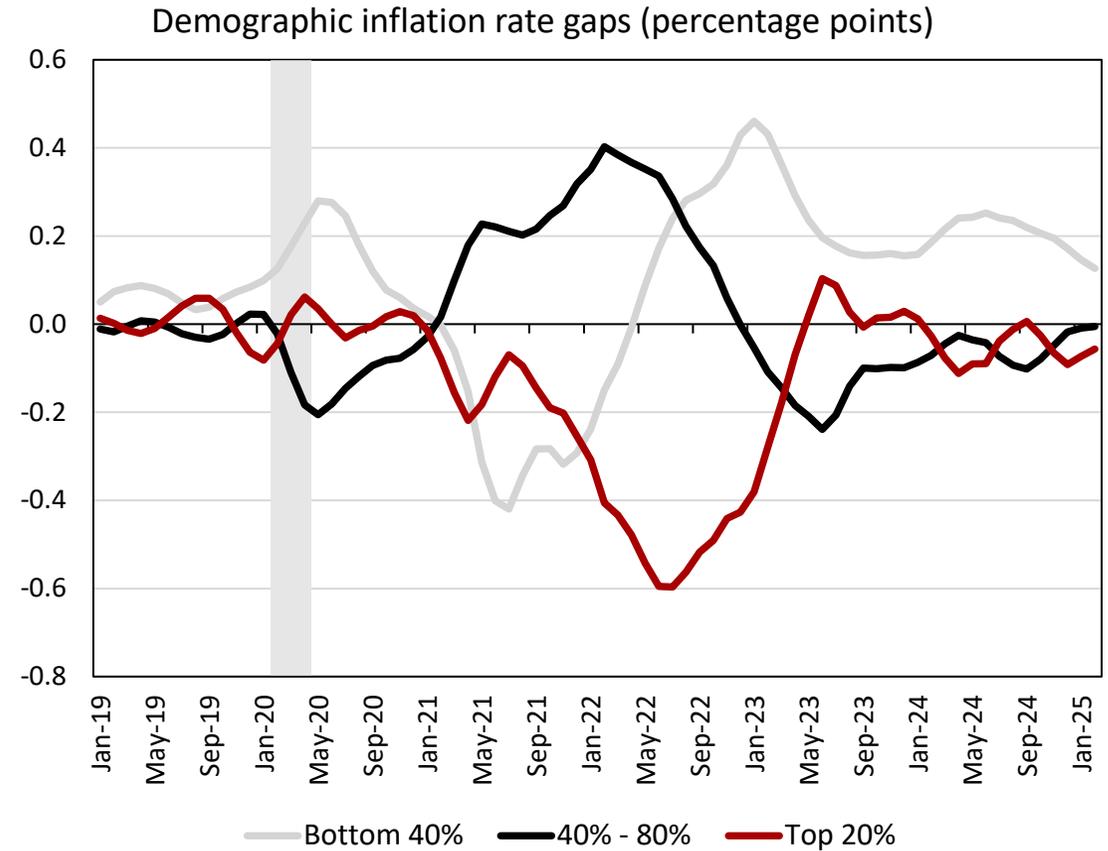
Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.  
 Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

Demographic inflation gaps are calculated as demographic inflation less overall inflation.

## Demographic Inflation by Income

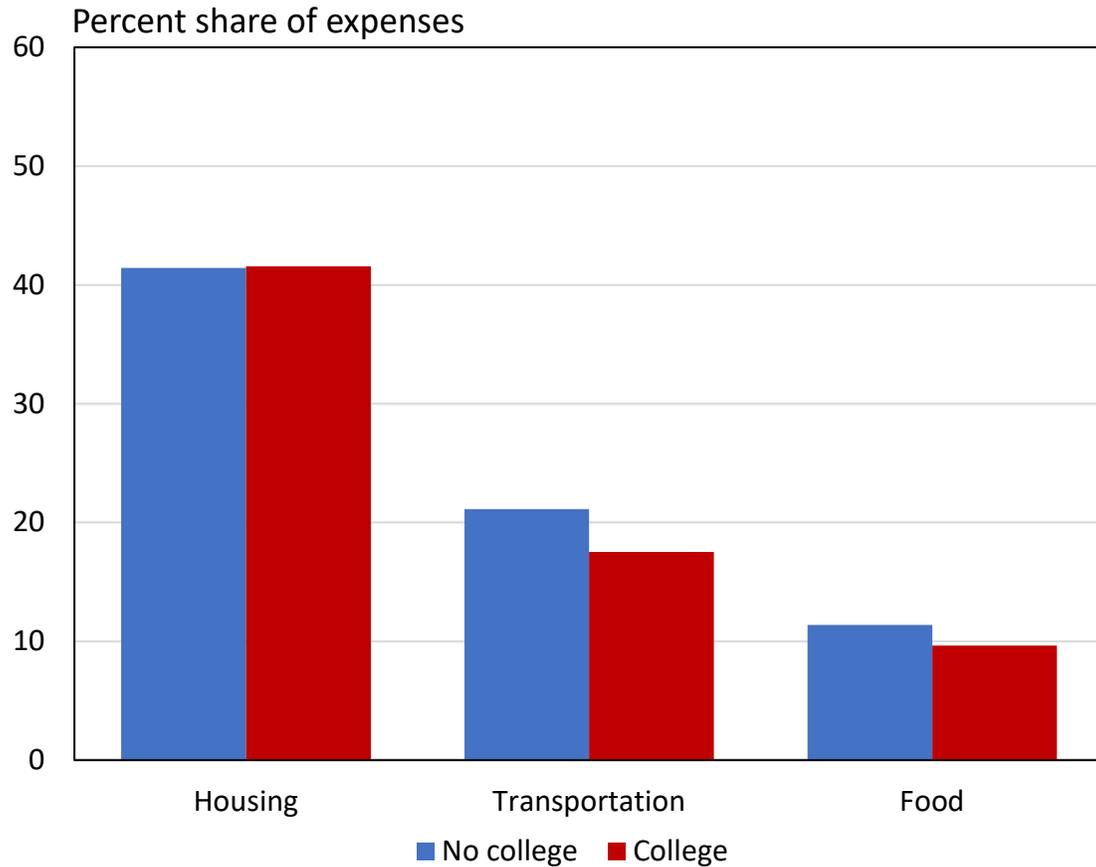


Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.  
 Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

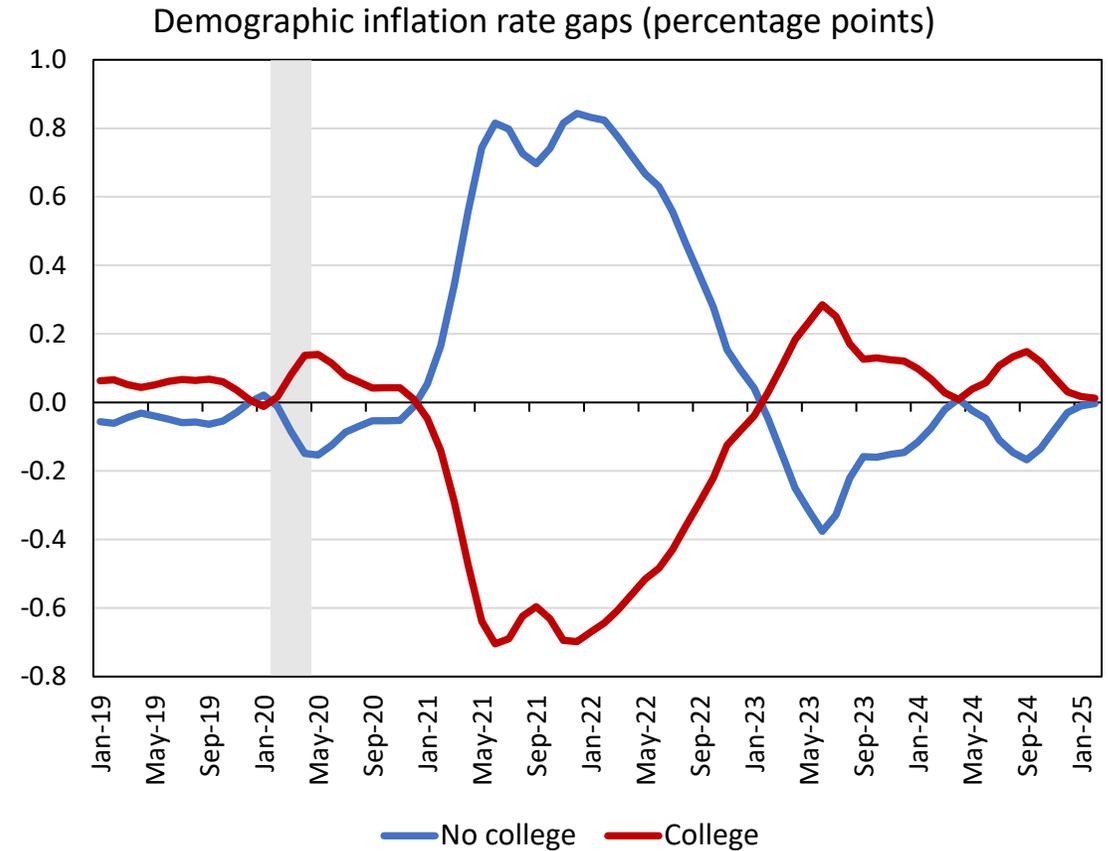


Demographic inflation gaps are calculated as demographic inflation less overall inflation.

## Demographic Inflation by Education

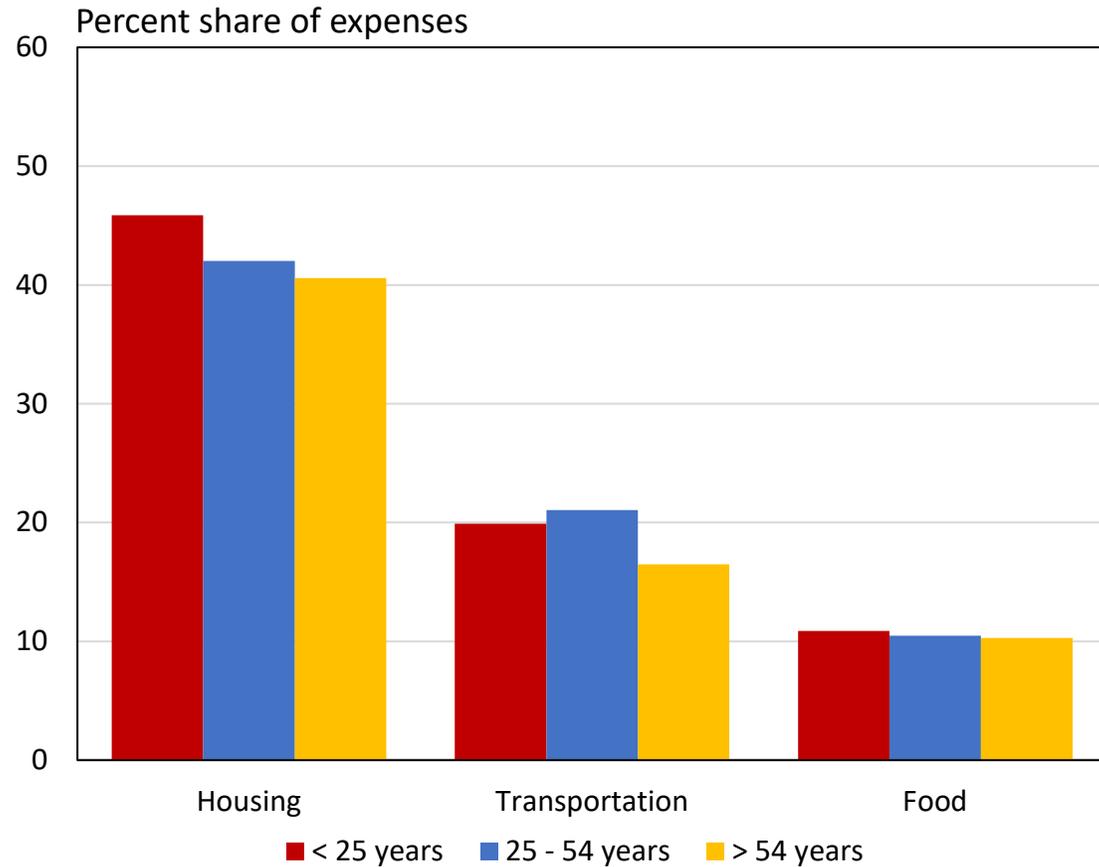


Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.  
 Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

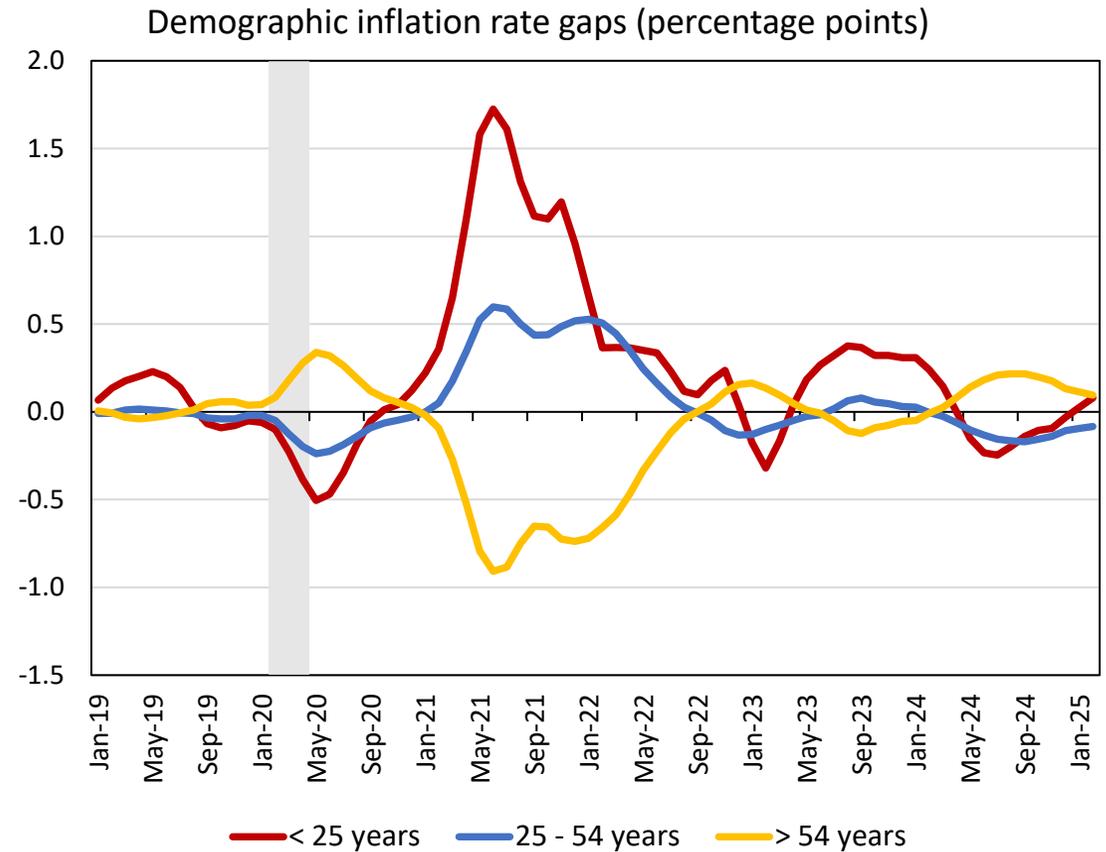


Demographic inflation gaps are calculated as demographic inflation less overall inflation.

## Demographic Inflation by Age

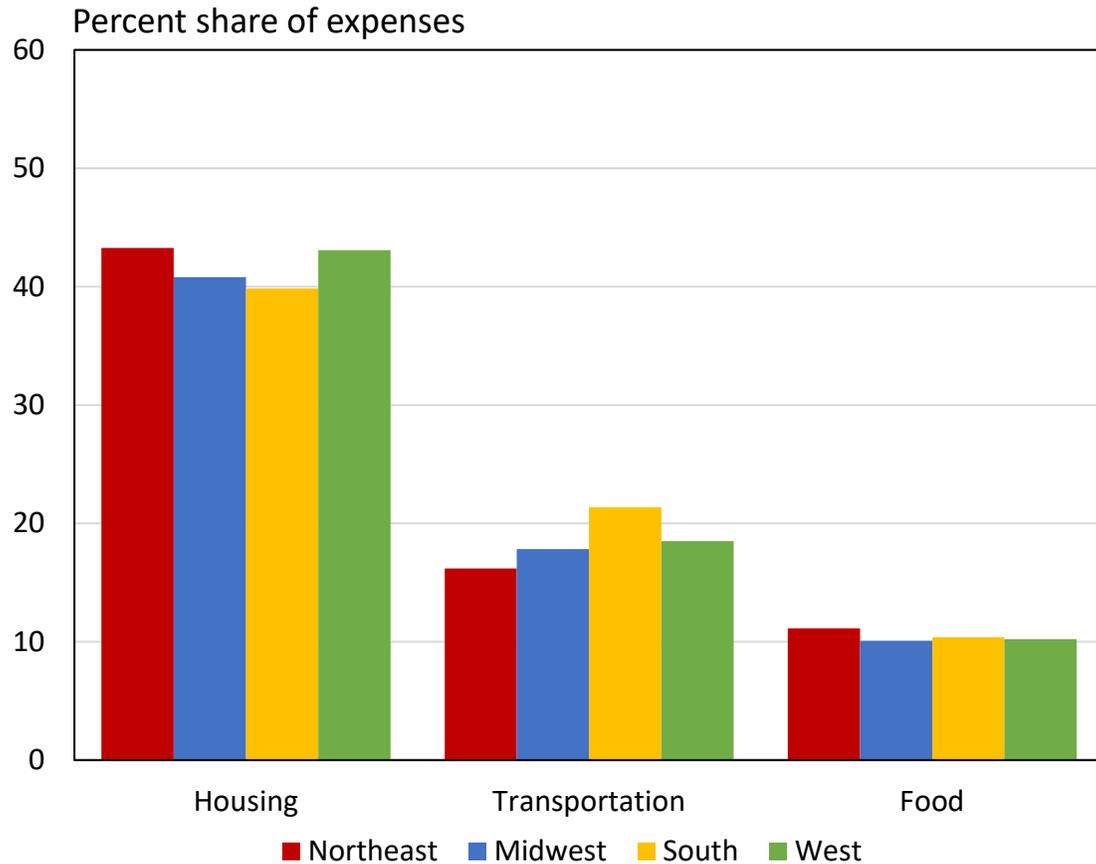


Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.  
 Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

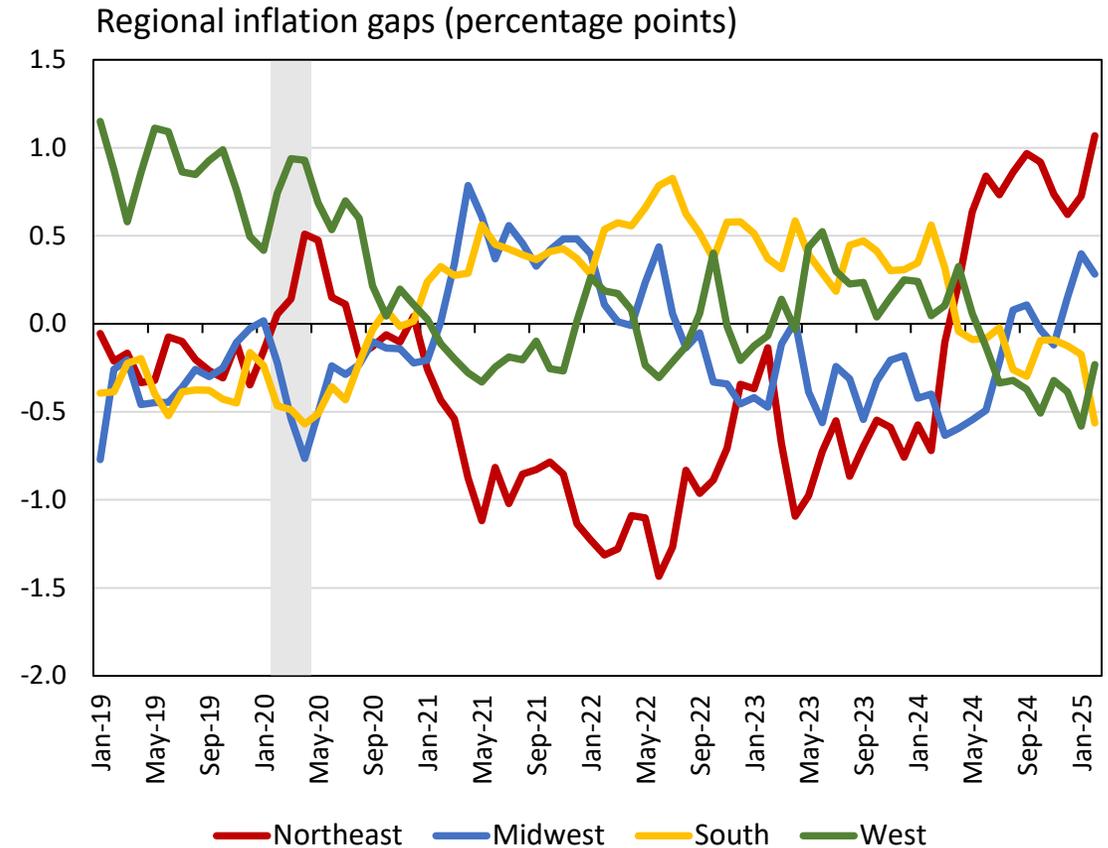


Demographic inflation gaps are calculated as demographic inflation less overall inflation.

## Demographic Inflation by U.S. Region

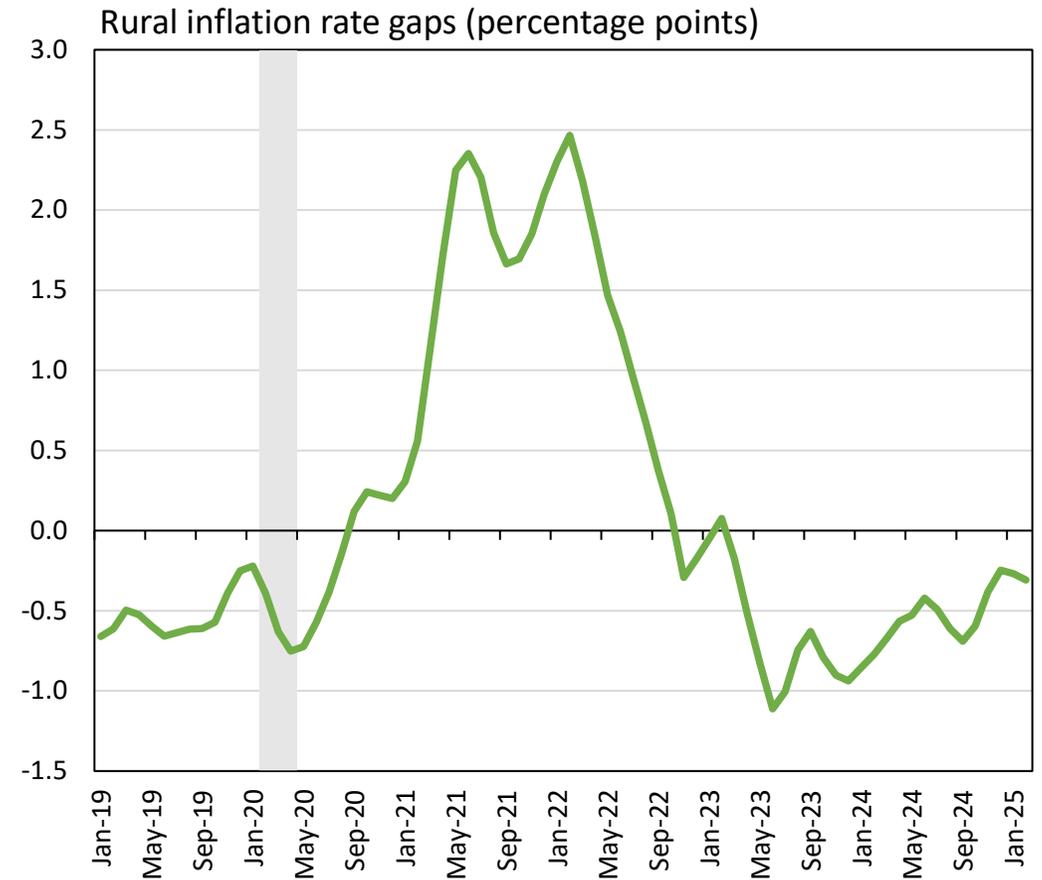
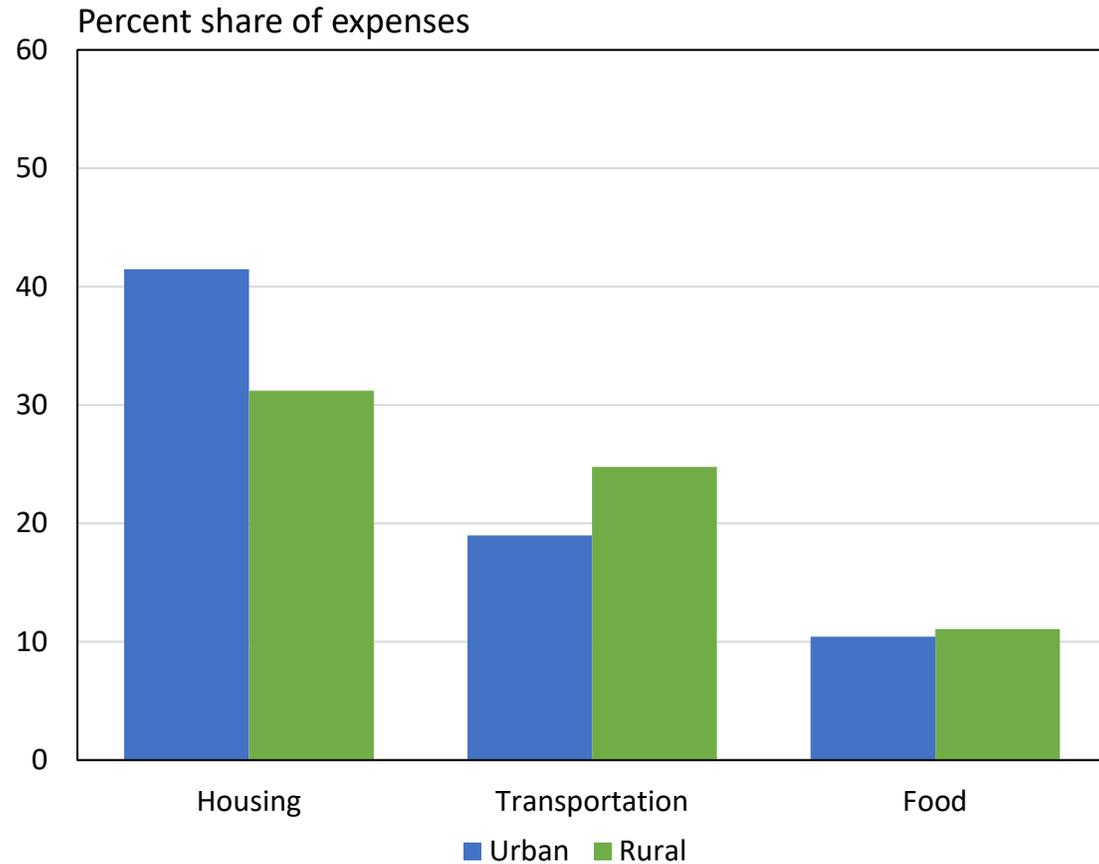


Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.  
 Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.



Regional inflation gaps are calculated as inflation of the region less overall inflation.

## Demographic Inflation by Urban Status



Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.  
 Notes: Expenditure shares use 2021 CEX microdata. Shaded region indicates the COVID-19 recession.

The rural inflation gap is calculated relative to urban inflation.