

What is the Current Inflation Rate?

June 10, 2020 by [Tim McMahon](#) [Leave a Comment](#)

Current Annual inflation for the 12 months ending in May 2020 is 0.12% down from 0.33% in April and 1.54% in March

The inflation rate plays an important role in determining the health of an economy. Countries with extremely high inflation rates are said to have [hyperinflation](#) and when this occurs the economy is often near collapse. But even moderate inflation can rapidly erode purchasing power and creates uncertainty as businesses have more difficulty estimating future costs. Usually, high inflation rates also correspond to high interest rates as lenders need to compensate for the decline in purchasing power of future interest and principal repayments. This results in higher costs of doing business and place an overall drag on the economy.

U.S. Annual Inflation Rate in Percent

We calculate the *Current Inflation rate* (see table below) to two decimal places while the Bureau of Labor Statistics only calculates *inflation* to one decimal place. Therefore, while being based on the same government Consumer Price index (CPI-U) our data provides a "finer" view.



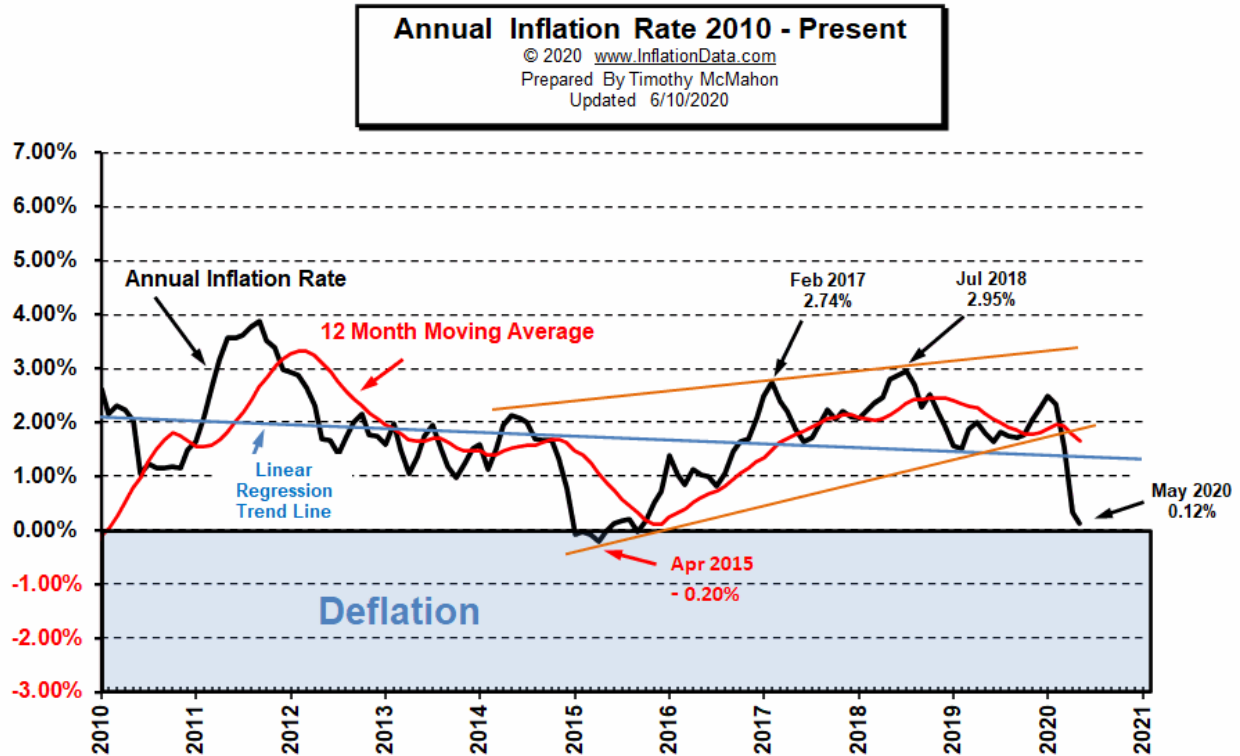
July thru October 2019 is a perfect example, according to the government statistics July=1.8%, August=1.7%, and September=1.7%. However, our data shows inflation in July as 1.81%, August as 1.75%, September as 1.71%. Therefore instead of the inflation rate being "flat" it is actually falling slightly over this 3 month period. Of course this could just be a statistical anomaly but..

Using this enhanced view we might be alerted to watch for the possibility of a bigger decline... which in this case didn't happen as inflation rates for the following months began rising to 1.76%, then 2.05% and 2.29%, and finally 2.49% in January 2020.

In another example we see August 2003 and September with the Government saying inflation rates were 2.2% and 2.3% respectively. This would lead us to believe that inflation rose 0.1% during that period. In actuality however, it rose from 2.16% to 2.32% or a 0.16% increase, substantially more than 0.1%! Once again this finer view gives us a better picture that inflation might be rising more than it appeared to be.

For a more in depth commentary see [Annual Inflation Rate Commentary](#)

Current Annual Inflation Chart



According to the BLS commissioner's report, *"The Consumer Price Index for All Urban Consumers (CPI-U) declined 0.1 percent in May on a seasonally adjusted basis after falling 0.8 percent in April, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 0.1 percent before seasonal adjustment.*

Declines in the indexes for motor vehicle insurance, energy, and apparel more than offset increases in food and shelter indexes to result in the monthly decrease in the seasonally adjusted all items index. The gasoline index declined 3.5 percent in May, leading to a 1.8-percent decline in the energy index. The food index, in contrast, increased 0.7 percent in May as the index for food at home rose 1.0 percent. "

Seasonally Adjusted Inflation Components Table

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended May 2020
	Nov. 2019	Dec. 2019	Jan. 2020	Feb. 2020	Mar. 2020	Apr. 2020	May 2020	
All items.....	0.2	0.2	0.1	0.1	-0.4	-0.8	-0.1	0.1
Food.....	0.1	0.2	0.2	0.4	0.3	1.5	0.7	4.0
Food at home.....	0.1	0.0	0.1	0.5	0.5	2.6	1.0	4.8
Food away from home ¹	0.2	0.3	0.4	0.2	0.2	0.1	0.4	2.9
Energy.....	0.8	1.6	-0.7	-2.0	-5.8	-10.1	-1.8	-18.9
Energy commodities.....	1.2	3.0	-1.6	-3.5	-10.4	-20.0	-3.5	-33.2
Gasoline (all types).....	1.2	3.1	-1.6	-3.4	-10.5	-20.6	-3.5	-33.8
Fuel oil.....	1.0	1.1	-0.4	-8.5	-13.7	-15.6	-6.3	-37.5
Energy services.....	0.2	-0.2	0.6	-0.3	-0.5	0.1	-0.5	-0.2
Electricity.....	0.2	-0.2	0.4	-0.1	-0.2	0.1	-0.8	-0.2
Utility (piped) gas service.....	0.5	-0.5	1.0	-0.9	-1.4	0.2	0.8	-0.3
All items less food and energy.....	0.2	0.1	0.2	0.2	-0.1	-0.4	-0.1	1.2
Commodities less food and energy commodities.....	-0.1	0.0	0.0	0.2	-0.3	-0.7	-0.2	-1.0
New vehicles.....	-0.1	0.1	0.0	0.1	-0.4	0.0	0.3	-0.3
Used cars and trucks.....	-0.7	-0.4	-1.2	0.4	0.8	-0.4	-0.4	-0.4
Apparel.....	0.6	0.1	0.7	0.4	-2.0	-4.7	-2.3	-7.9
Medical care commodities.....	0.0	1.0	-0.6	-0.6	0.0	-0.1	0.1	0.8
Services less energy services.....	0.3	0.2	0.3	0.2	0.0	-0.4	0.0	2.0
Shelter.....	0.3	0.2	0.4	0.3	0.0	0.0	0.2	2.5
Transportation services.....	0.0	-0.1	0.3	0.3	-1.9	-4.7	-3.6	-8.7
Medical care services.....	0.4	0.3	0.3	0.3	0.5	0.5	0.6	5.9

¹ Not seasonally adjusted.

Current Inflation Table

The Inflation table below is updated monthly and provides *the current US Inflation Rate* which is for the preceding 12 months. The Inflation rate is calculated using the [Current Consumer Price Index \(CPI-U\)](#) published monthly by the Bureau of Labor Statistics. [CPI Index Release Dates](#)

You may also be interest in a table of [Monthly Inflation Rate data](#), which shows how much prices have increased over the previous month. Also check our [current articles](#).

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVE
2020	2.49%	2.33%	1.54%	0.33%	0.12%	NA	NA	NA	NA	NA	NA	NA	NA
2019	1.55%	1.52%	1.86%	2.00%	1.79%	1.65%	1.81%	1.75%	1.71%	1.76%	2.05%	2.29%	1.81%
2018	2.07%	2.21%	2.36%	2.46%	2.80%	2.87%	2.95%	2.70%	2.28%	2.52%	2.18%	1.91%	2.44%
2017	2.50%	2.74%	2.38%	2.20%	1.87%	1.63%	1.73%	1.94%	2.23%	2.04%	2.20%	2.11%	2.13%
2016	1.37%	1.02%	0.85%	1.13%	1.02%	1.01%	0.84%	1.06%	1.46%	1.64%	1.69%	2.07%	1.26%
2015	-0.09%	-0.03%	-0.07%	-0.20%	-0.04%	0.12%	0.17%	0.20%	-0.04%	0.17%	0.50%	0.73%	0.12%
2014	1.58%	1.13%	1.51%	1.95%	2.13%	2.07%	1.99%	1.70%	1.66%	1.66%	1.32%	0.76%	1.62%
2013	1.59%	1.98%	1.47%	1.06%	1.36%	1.75%	1.96%	1.52%	1.18%	0.96%	1.24%	1.50%	1.47%
2012	2.93%	2.87%	2.65%	2.30%	1.70%	1.66%	1.41%	1.69%	1.99%	2.16%	1.76%	1.74%	2.07%
2011	1.63%	2.11%	2.68%	3.16%	3.57%	3.56%	3.63%	3.77%	3.87%	3.53%	3.39%	2.96%	3.16%
2010	2.63%	2.14%	2.31%	2.24%	2.02%	1.05%	1.24%	1.15%	1.14%	1.17%	1.14%	1.50%	1.64%
2009	0.03%	0.24%	-0.38%	-0.74%	-1.28%	-1.43%	-2.10%	-1.48%	-1.29%	-0.18%	1.84%	2.72%	-0.34%
2008	4.28%	4.03%	3.98%	3.94%	4.18%	5.02%	5.60%	5.37%	4.94%	3.66%	1.07%	0.09%	3.85%
2007	2.08%	2.42%	2.78%	2.57%	2.69%	2.69%	2.36%	1.97%	2.76%	3.54%	4.31%	4.08%	2.85%
2006	3.99%	3.60%	3.36%	3.55%	4.17%	4.32%	4.15%	3.82%	2.06%	1.31%	1.97%	2.54%	3.24%
2005	2.97%	3.01%	3.15%	3.51%	2.80%	2.53%	3.17%	3.64%	4.69%	4.35%	3.46%	3.42%	3.39%
2004	1.93%	1.69%	1.74%	2.29%	3.05%	3.27%	2.99%	2.65%	2.54%	3.19%	3.52%	3.26%	2.68%
2003	2.60%	2.98%	3.02%	2.22%	2.06%	2.11%	2.11%	2.16%	2.32%	2.04%	1.77%	1.88%	2.27%
2002	1.14%	1.14%	1.48%	1.64%	1.18%	1.07%	1.46%	1.80%	1.51%	2.03%	2.20%	2.38%	1.59%
2001	3.73%	3.53%	2.92%	3.27%	3.62%	3.25%	2.72%	2.72%	2.65%	2.13%	1.90%	1.55%	2.83%
2000	2.74%	3.22%	3.76%	3.07%	3.19%	3.73%	3.66%	3.41%	3.45%	3.45%	3.45%	3.39%	3.38%

Note: Red indicates Deflation, NA indicates data not yet released.

Since high inflation is detrimental to the overall economy but beneficial to the government (since it allows them to pay back their debt with "cheaper dollars") the [Federal Reserve](#) has a constant balancing act to try to reconcile the government's desires for higher inflation with the need for a healthy [economy](#).

In an effort to convince people that inflation is really good, the government has a constant media circus going promoting the benefits of inflation and decrying the evils of deflation--- but [what's so bad about falling prices?](#)

Their major argument revolves around the "stimulating" effects of inflation. Basically it makes people feel richer until they eventually realize that each of their dollars now buys less. But in the meantime they tend to spend the "excess". This results in people buying things they wouldn't have, had they realized that their money was actually worth less than they thought. Eventually this results in a monetary "hangover" as the effects of their buying binge become apparent.

Inflation is largely a result of increases in the money supply months or even years previously. Because of this serious lag in the time between the money creation and the time it shows up in the economy the [FED](#) must estimate the impact their money creation efforts will have years in advance. The Federal Reserve tries to target a 2% inflation rate but often over or underestimates the effect their actions will have.

The Federal Reserve monitors the inflation rate for its targeting purposes using the "[Core Inflation Rate](#)" which excludes food and energy leading some people to mistakenly believe that the U.S. government doesn't track those items in the inflation rate. Actually the Bureau of labor statistics does track them but the FED simply excludes them for targeting purposes because they are volatile and subject to external forces unrelated to the money supply.

We believe a picture is worth a thousand words, so we track the [recent inflation rate in chart form](#) to give you a better sense of the current direction of inflation and also the longer term inflation trends.

The inflation rate is calculated using the [Consumer Price Index](#) or [CPI](#). To calculate inflation from a month and year to a later month and year, Try our [Inflation calculator](#).

We also post the previous Inflation Rates in our [Historical Inflation Tables](#). The [Historical Consumer Price Index](#) is also available in table format. You can instantly see the current inflation trend in our [chart of the Annual Inflation Rate](#).

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About [Tim McMahon](#)



My grandfather lived through the Hyperinflation in Weimar, Germany--to say he was an original "gold bug" would be an understatement. I began reading his "hard money" newsletters at the age of 16 and the dividends from gold stocks helped put me through college.

In 1995 the *Financial Trend Forecaster* paper newsletter was born upon the death of James Moore editor of *Your Window into the Future* and the creator of the Moore Inflation Predictor©. *FTF* specializes in trends in the stock market, gold, inflation and bonds.

In January of 2003, we spun-off *InflationData.com* to specialize in all forms of information about the nature of Inflation. In 2009, we added *ElliottWaveUniversity* to help teach the principles of Elliott Wave analysis and in 2013, we began publishing *OptioMoney*.