

U.S. consumer prices see sharpest surge since 1982

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Chicago, January 12 (RHC)-- The latest U.S. government figures show that inflation last month surged at its fastest annual rate in 40 years.

The Consumer Price Index (CPI), which measures price changes in a basket of goods and services, increased 7 percent in December compared with the same period a year ago, the US Department of Labor said on Wednesday. That is the sharpest 12-month spike since June 1982.

Soaring inflation has become a hallmark of the US economic recovery, as supply chain snarls and shortages of materials and workers boost costs for businesses. Firms in turn then pass on at least a portion of those higher input costs onto consumers.

Inflation is especially tough on low-income households, which are seeing a larger share of their incomes consumed by rising prices, especially for essentials like food, fuel, and shelter. A very concerning pressure point is soaring rent, which along with prices for used cars and trucks were the biggest contributors to December's CPI surge.

On a brighter note, while food prices increased 0.5 percent last month, they rose less sharply than in previous months. And prices for natural gas – which nearly half of US households rely on as their primary heating source – fell, along with prices for petrol, ending a long run of increases.

Strip out food and energy, which tend to be CPI's most volatile components, and the so-called core index rose 0.6 percent in December, after increasing 0.5 percent in November. Over the last year, core CPI increased 5.5 percent last month – the sharpest annual rise since 1991.

Inflation is running so hot that late last year, the U.S. Federal Reserve pivoted away from keeping borrowing costs low to get Americans back to work and towards reining in soaring price pressures.

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