

Economic News Release

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Consumer Price Index Summary

Transmission of Wednesday in this release is embargoed until 8:30 a.m. (ET) Wednesday, September 13, 2023 USD=23-1972

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CONSUMER PRICE INDEX – AUGUST 2023

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.6 percent in August on a seasonally adjusted basis, after increasing 0.2 percent in July, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 3.7 percent before seasonal adjustment.

The index for gasoline was the largest contributor to the monthly all items increase, accounting for over half of the increase. Also contributing to the August monthly increase was continued advancement in the shelter index, which rose for the 48th consecutive month. The energy index rose 5.6 percent in August as all the major energy component indexes increased. The food index increased 0.2 percent in August, as it did in July. The index for food at home increased 0.2 percent over the month while the index for food away from home rose 0.3 percent in August.

The index for all items less food and energy rose 0.3 percent in August, following a 0.2-percent increase in July. Indexes which increased in August include rent, owners' equivalent rent, motor vehicle insurance, medical care, and personal care. The indexes for lodging away from home, used cars and trucks, and recreation were among those that decreased over the month.

The all items index increased 3.7 percent for the 12 months ending August, a larger increase than the 3.2-percent increase for the 12 months ending July. The all items less food and energy index rose 4.3 percent over the last 12 months. The energy index decreased 3.6 percent for the 12 months ending August, and the food index increased 4.3 percent over the last year.

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

Table with columns for months from Feb 2023 to Aug 2023 and Unadjusted 12-mos ended Aug 2023. Rows include All items, Food at home, Energy, Gasoline, Fuel oil, Electricity, Utility, etc.

Food

The food index rose 0.2 percent in August, as it did in the previous month. The index for food at home increased 0.2 percent over the month, after rising 0.3 percent in July. The six major grocery store food group indexes were split over the month, with three increases and three decreases.

The index for dairy and related products decreased 0.2 percent in August after increasing 0.5 percent in July. The fruit and vegetables index declined 0.4 percent over the month, as did the nonalcoholic beverages index.

The food away from home index rose 0.3 percent in August. The index for limited service meals rose 0.3 percent over the month, and the index for full service meals increased 0.2 percent.

The food at home index rose 3.0 percent over the last 12 months. The index for cereals and bakery products rose 6.0 percent over the 12 months ending in August. The meats, poultry, fish, and eggs index rose 2.4 percent after rising 2.8 percent the preceding month. The indexes for airline fares, personal care, new vehicles, and household furnishings and operations also increased in August.

The medical care index rose 0.2 percent in August, after falling 0.2 percent the previous month. The index for hospital services increased 0.7 percent over the month, and the index for physicians' services rose 0.1 percent. The prescription drugs index rose 0.4 percent in August.

The index for used cars and trucks fell 1.2 percent in August, after decreasing 1.3 percent in July. The recreation index declined 0.2 percent over the month, and the communication index declined 0.1 percent.

The index for all items less food and energy rose 4.3 percent over the past 12 months. The shelter index increased 7.3 percent over the last year, accounting for over 70 percent of the total increase in all items less food and energy. Other indexes with notable increases over the last year include motor vehicle insurance (+19.1 percent), recreation (+3.5 percent), personal care (+5.8 percent), and new vehicles (+2.9 percent).

Not seasonally adjusted CPI measures

The Consumer Price Index for All Urban Consumers (CPI-U) increased 3.7 percent over the last 12 months to an index level of 307,026 (1982-84=100). For the month, the index increased 0.4 percent prior to seasonal adjustment.

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 3.4 percent over the last 12 months to an index level of 301,551 (1982-84=100). For the month, the index increased 0.6 percent prior to seasonal adjustment.

The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) increased 3.7 percent over the last 12 months. For the month, the index increased 0.4 percent on a not seasonally adjusted basis. Please note that the indexes for the past 10 to 12 months are subject to revision.

The Consumer Price Index for September 2023 is scheduled to be released on Thursday, October 12, 2023, at 8:30 a.m. (ET).

Technical Note

Brief Explanation of the CPI

The Consumer Price Index (CPI) measures the change in prices paid by consumers for goods and services. The CPI reflects spending patterns for each of two population groups: all urban consumers and urban wage earners and clerical workers.

The CPIs are based on prices of food, clothing, shelter, fuels, transportation, doctors' and dentists' services, drugs, and other goods and services that people buy for day-to-day living. Prices are collected each month in 75 urban areas across the country from about 6,000 housing units and approximately 22,000 retail establishments.

In calculating the index, price changes for the various items in each location are aggregated using weights, which represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average.

The index measures price change from a designed reference date. For most of the CPI-U and the CPI-W, the reference base is 1982-84 equals 100. The reference base for the C-CPI-U is the 1999 equals 100. An increase of 7 percent from the reference base, for example, is shown as 107,000.

Sampling Error in the CPI

The CPI is a statistical estimate that is subject to sampling error because it is based upon a sample of retail prices and not the complete universe of all prices. BLS calculates and publishes estimates of the 1-month, 2-month, 6-month, and 12-month percent change standard errors annually for the CPI-U. These standard error estimates can be used to construct confidence intervals for hypothesis testing.

Movements of the indexes from 1 month to another are usually expressed as percent changes rather than changes in index points, because index point changes are affected by the level of the index in relation to its base period, while percent changes are not.

Table showing an example of using index values to calculate percent changes for Item A, Item B, and Item C over Year I and Year II.

Use of Seasonally Adjusted and Unadjusted Data

The Consumer Price Index (CPI) produces both unadjusted and seasonally adjusted data. Seasonally adjusted data are computed using seasonal factors derived by the X-13ARIMA-SEATS seasonal adjustment method.

For analyzing short-term price trends in the economy, seasonally adjusted changes are usually preferred since they eliminate the effect of changes that normally occur at the same time and in about the same magnitude every year—such as price movements resulting from weather events, production cycles, model changeovers, holidays, and sales.

For the seasonal factors for January 2022, BLS adjusted 72 series using intervention analysis seasonal adjustment, including selected food and beverage items, motor fuels, electricity, and vehicles.

Revision of Seasonally Adjusted Indexes

Seasonally adjusted data, including the U.S. city average all items index levels, are subject to revision for up to 5 years after their original release. Every year, economists in the CPI calculate new seasonal factors for seasonally adjusted series and apply them to the last 5 years of data.

Determining Seasonal Status

Each year the seasonal status of every series is reevaluated based upon certain statistical criteria. Using these criteria, BLS economists determine whether a series should change its status from "not seasonally adjusted" to "seasonally adjusted", or vice versa.

Contact Information

For additional information about the CPI visit www.bls.gov/cpi or contact the CPI Information and Analysis Section at 202-691-7000 or cpi_info@bls.gov.

For additional information on seasonal adjustment in the CPI visit www.bls.gov/cpi/seasonal-adjustment/home.htm or contact the CPI seasonal adjustment section at 202-691-9968 or cpiseas@bls.gov.

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