



Macroeconomic Indicators

Consumer Price Index

Definition

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

The CPI is broken down by expenditure category. Indexes are available by expenditure groups (food and beverages, housing, apparel, transportation, medical care, recreation, education and communications, and other goods and services), for items within each group, and for special categories, such as services. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are also included. Income taxes and investment items (like stocks, bonds, and life insurance) are not included. The weight for an item is derived from reported expenditures on that item as estimated by the Consumer Expenditure Survey.

- The CPI-U includes expenditures by urban wage earners and clerical workers, professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force.
- The CPI-W includes only expenditures by those in hourly wage earning or clerical jobs.

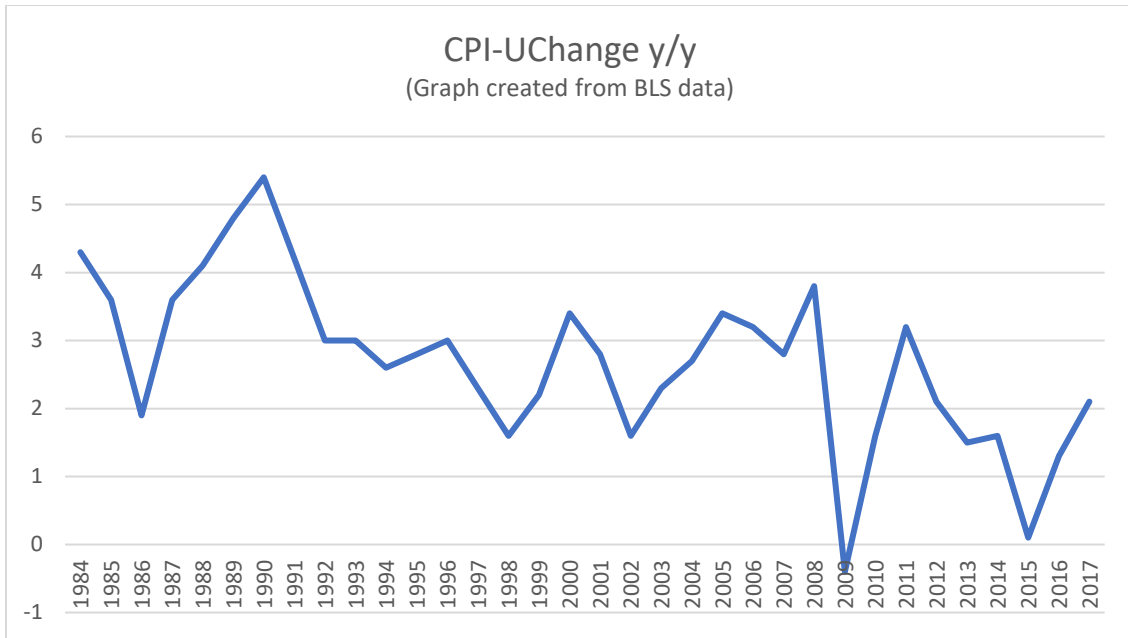
The CPI-U is the indicator that is most often used when a reference is made to CPI.

Who Releases the Indicator?

U.S. Census Bureau and U.S. Department of Labor, Bureau of Labor Statistics (BLS)
Available to the public: <https://www.bls.gov/cpi/#data>.

What Does the Indicator Tell Investors?

The CPI is the most widely used measure of inflation and is sometimes viewed as an indicator of the effectiveness of government economic policy. It provides information about price changes in the economy. Trends in the CPI are used by the Government and the Federal Reserve to aid in formulating fiscal and monetary policies. The Federal Reserve follows “headline CPI” (essentially CPI-U) and “core CPI”. Core CPI excludes the volatile expenditure categories food and energy.



Type of Indicator

CPI is a lagging economic indicator.

How Often Is the Indicator Released?

Once a month, around the middle of the month.

Is the Indicator Revised?

No.