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<https://www.wsj.com/articles/inflation-rate-calculator-customize-your-own-consumer-price-index-11621503004>

## U.S. ECONOMY

# Inflation Rate Calculator: Customize Your Own Consumer-Price Index

The Covid-19 pandemic changed Americans' spending habits, and the government's monthly inflation report may not show price changes you are seeing at the pump or supermarket

By [Ana Rivas](#) and Juanje Gomez

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The Labor Department reported last week that its consumer-price index **jumped 4.2% in April** from a year earlier. That means consumers need to spend 4.2% more money to buy the same amount of goods and services, including clothes, groceries, restaurant meals, recreational activities and vehicles. So, for example,

Try another amount and year

If you had  to spend in April ,  
that would be the same as **\$104.16** today,  
an increase of **4.2%** over one year.

The U.S. struggled with high inflation in the 1970s and early 1980s. The inflation rate peaked in April 1980 at 14.76%. Years of generally low and stable inflation followed. Today, the Federal Reserve's goal for inflation is 2%. In April, prices rose by the most in any 12-month period since 2008.

Every month, the Bureau of Labor Statistics publishes the consumer-price index, a statistical estimate of the change in prices for a basket of goods and services purchased by households. But prices as measured by the CPI may not show the kind of changes you are seeing at the pump, the supermarket or brunch.

The inflation rate you experience depends on what you want to buy. And while the index is updated monthly, the factors used in determining how households spend money is updated once a year. Over the past 12 months, though, the swings in our buying habits accelerated. With much of the country under stay-at-home orders last year, consumers suddenly found themselves spending more at the grocery store and much less on transportation, for example. Using credit and debit card transaction information, researchers at Harvard University, recalculated the inflation rate for the Covid-era consumer.

# Calculate the inflation rate

What do you spend your money on? Use the sliders below to adjust the relative importance of each category in your annual budget.

Or select a preset:

Average urban consumer

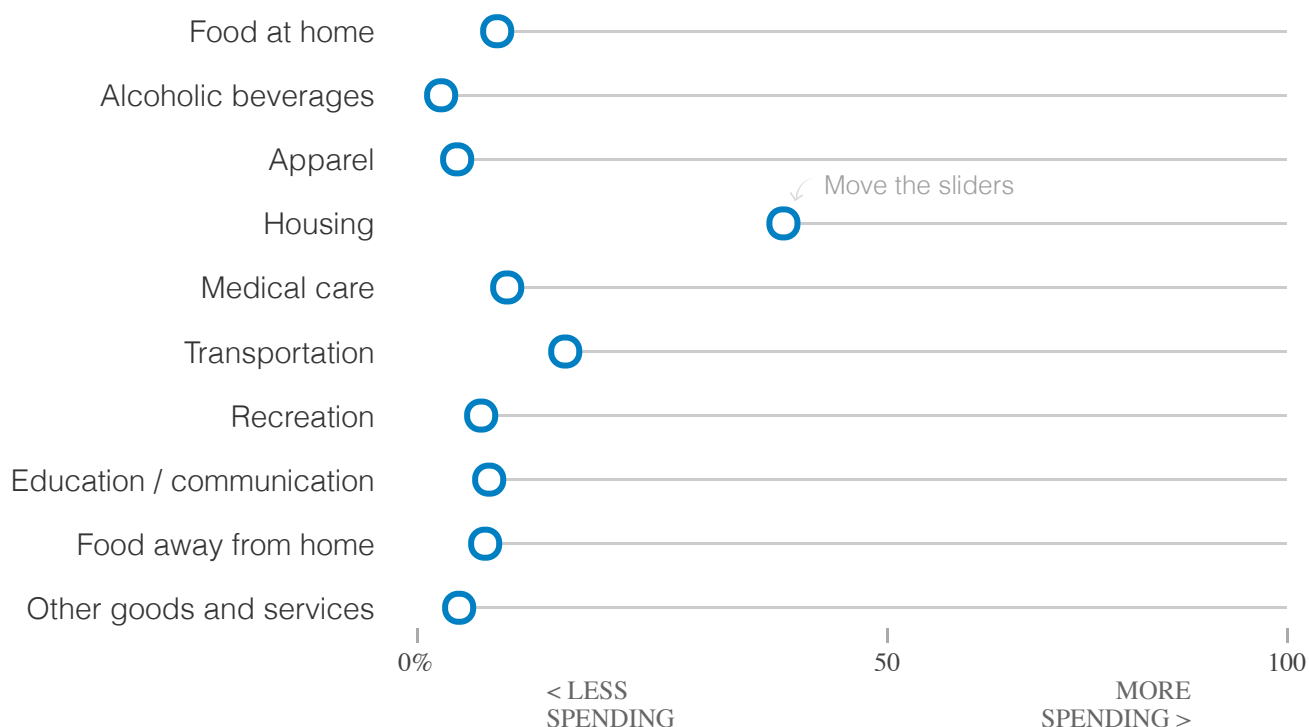
Covid-era consumer

Older person with high medical expenses

Parent with children under 5 years

Young adult traveling, eating out

Inflation for this budget is **4.2%** from a year earlier



Notes: The adjusted CPI works by weighting items out of 100. Based on items' contributions to the all-items April 2021 price change over the last 12 months. Presets for hypothetical consumers are not designed to reflect average behavior.

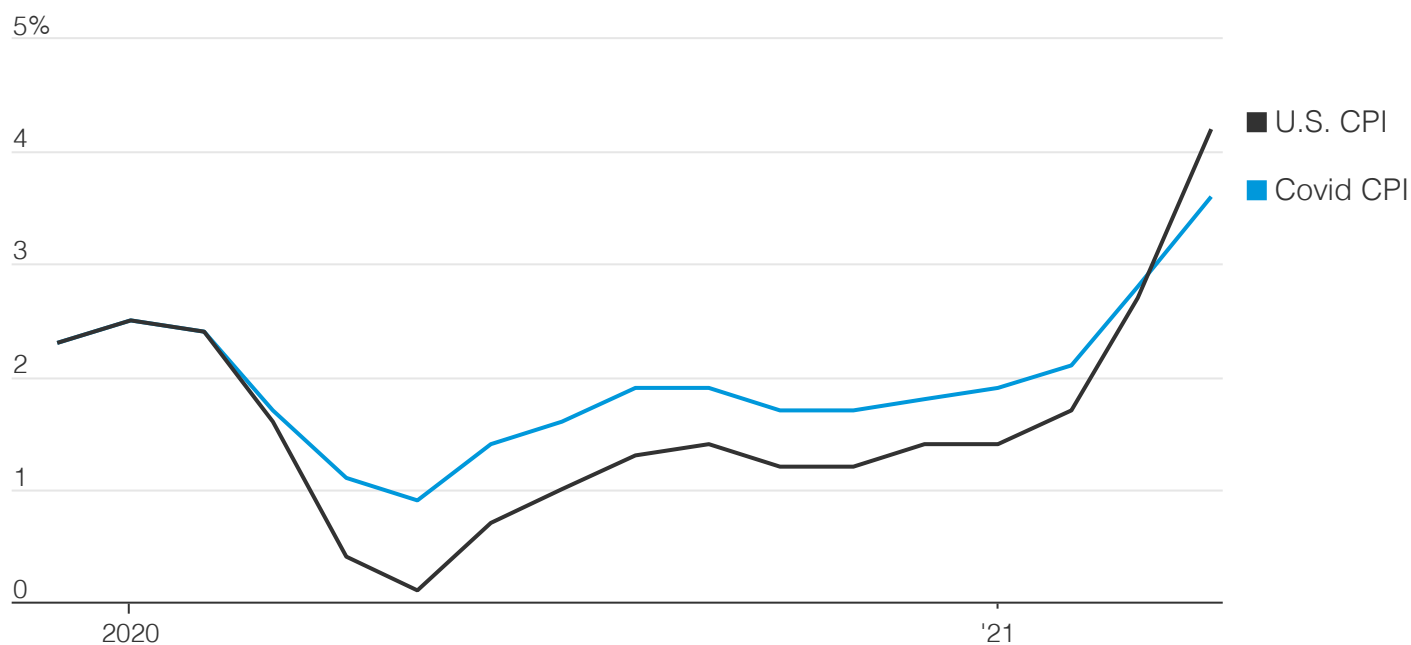
Sources: U.S. Bureau of Labor Statistics (U.S. CPI for all urban consumers, individual items' contributions); Harvard Business School (Covid CPI)

In general, consumers tend to notice price increases in the goods and services they purchase more frequently, such as food and gasoline, and not so much for things like appliances, or other less-frequent purchases. But over the past year, our spending patterns for gas and food also changed.

Based on these shifts, Alberto Cavallo, a Harvard Business School professor, estimated that consumers staying at home in April 2020, early in the pandemic, were experiencing a higher inflation rate—1.1% year-over-year—than the 0.4% officially indicated by the CPI.

Today, the situation is reversed, according to Prof. Cavallo, who said recent CPI data might be overstating inflation because of a sharp increase in the transportation segment of the index. “April’s jump in the CPI would have been lower if we had taken into account the fact that consumer spending on transportation has not really fully recovered yet,” he said.

#### Consumer-price index, change year over year

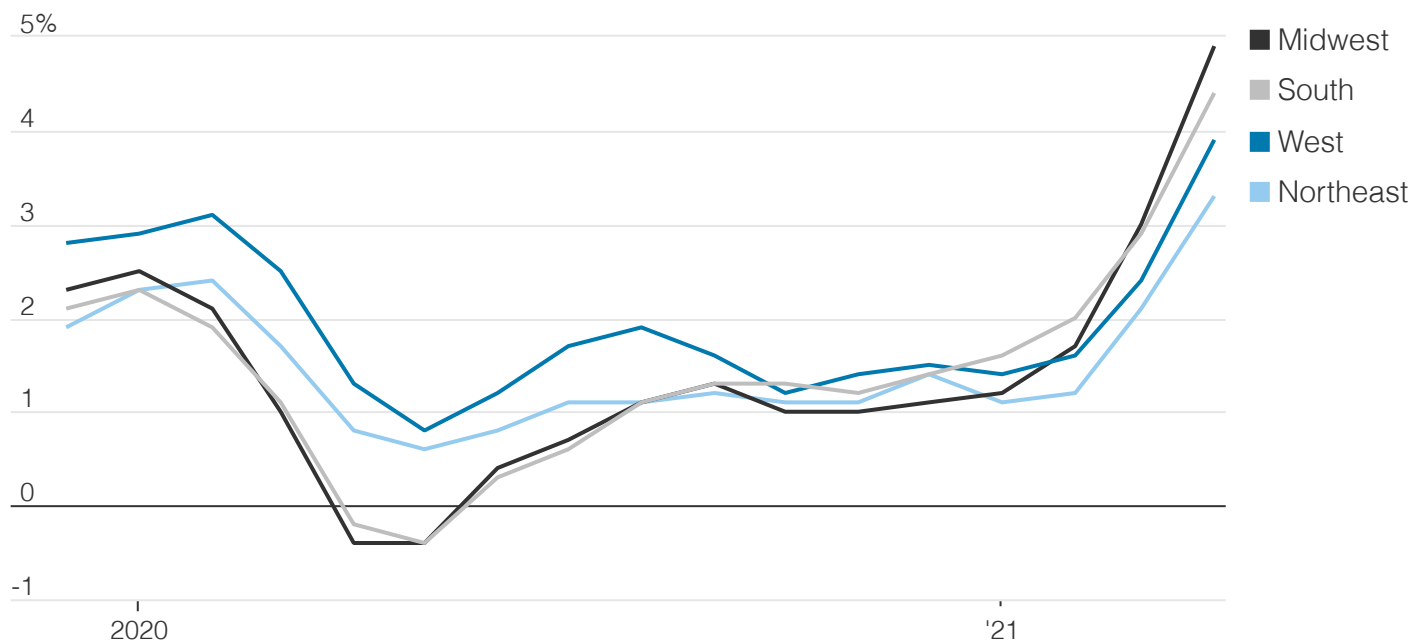


Note: All items, not seasonally adjusted

Source: U.S. Bureau of Labor Statistics (CPI); Harvard Business School (Covid CPI)

In addition to a monthly index of consumer prices nationwide, the BLS publishes regional data. There can be big differences in the inflation rate among regions—consumer prices rose 4.9% between April 2020 and April 2021 in the Midwest and 3.3% over the same period in the Northeast. A major factor in higher inflation this year has been rising gasoline prices.

## U.S. consumer-price index by region, 12-month percentage change



Note: All items, not seasonally adjusted

Source: U.S. Bureau of Labor Statistics

—Taylor Umlauf and Danny Dougherty contributed to this article; illustration by Jessica Kuronen.

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