



MAGNIFIED STATS

7.1%

US average all items 12-month inflation rate (Nov. 2022)

Nov. 1981

The last time inflation rate reached its July 2022 peak of 9.1%

6.2

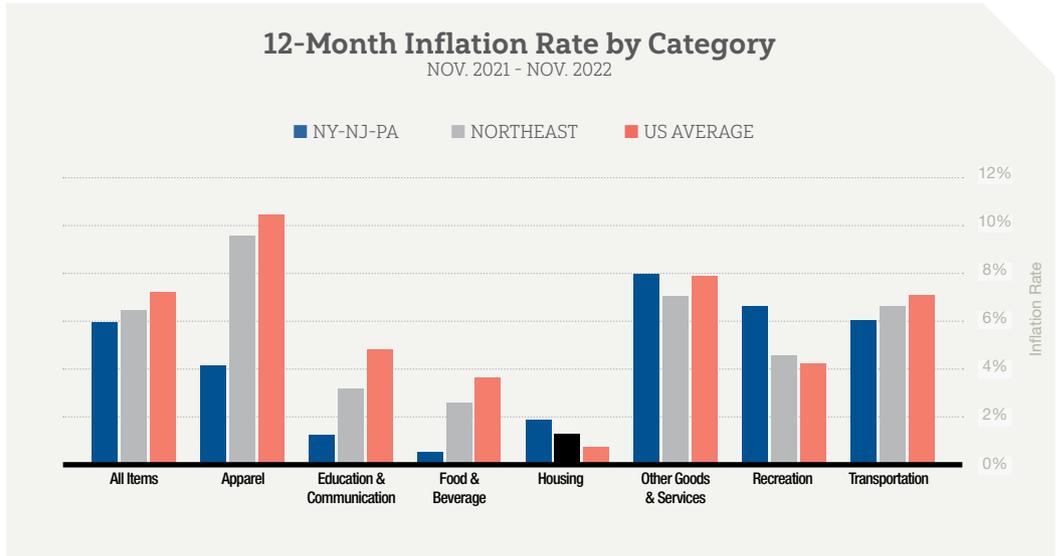
Percentage point difference between US and NJ region inflation rate for apparel (Nov. 2022)



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Inflation in NJ Region Lower than US Average

INFLATION REACHED RECORD levels in 2022, but were price increases in New Jersey as steep as the rest of the country?

In simplest terms, inflation measures how much more expensive any particular set of goods and/or services become over a defined period – a month, year or decade. A high rate of inflation means that prices are rapidly increasing, while a low rate of inflation signals the opposite.

Generally, the Federal Reserve, which is responsible for setting monetary policy in the United States, considers a rate of 2% annual inflation to be the goal for “maximum employment and price stability.”

However, in the months following the onset of the COVID-19 pandemic, inflation in the United States skyrocketed past this 2% target. In July 2022, the all-

items index (a measurement of the prices paid by consumers for goods and services in all categories) had increased by 9.1% over the preceding 12 months – the highest 12-month inflation rate since November 1981, according to the Bureau of Labor Statistics.

In November 2022, the most recent month for which data was available as this went to press, the national 12-month all items inflation rate was approximately 7.1%. However, that rate varied by region, peaking at 7.7% in the South, and coming in lowest in the Northeast at 6.4%.

Even better news for the Garden State is that inflation for the New York-Newark-Jersey City region was estimated to be even lower at 5.9%. An analysis by Focus NJ of price indices of particular goods shows the New Jersey region has faced

less dramatic price increases than the national average over the past year for food and beverages (0.48% vs. 3.57%), apparel (4.08% vs. 10.34%), and transportation (5.98% vs. 7.01%).

Conversely, housing price increases have been slightly steeper in our region compared to the rest of the country over the past 12 months (1.84% vs. 0.69%).

Regional variation in inflation rates is not out of the ordinary. Differences in consumer demand, operating costs, distribution costs, and competition levels all play a role in the price of goods and services and can vary significantly from state-to-state and region-to-region. Still, for New Jersey consumers, any reprieve from recent inflationary pressures is certainly welcome news. ●

– Kyle Sullender
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