

## 3<sup>rd</sup> Quarter 2019 Consumer Price Index Report

November 2019

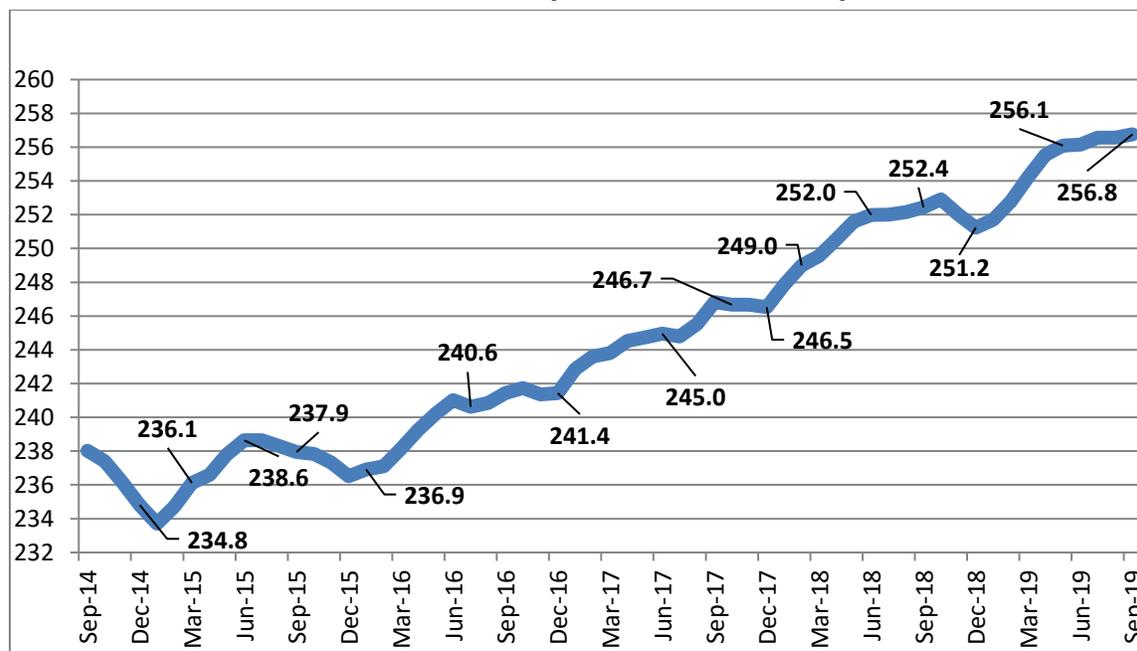
### Executive Summary

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by American consumers for goods and services. The Consumer Price Index is measured by the U.S. Bureau of Labor and Statistics and reported monthly and is often used as a measure for cost of living and economic conditions. The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 87 urban areas across the country from about 4,000 housing units and approximately 26,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments.

The 3rd quarter average Consumer Price Index (US City Average) increased to 256.6 from its 255.9 level last quarter. Monthly CPI has generally been trending upwards since November 2016 but experienced a 1.7 point decline between October and December 2018. With the exception of the fourth quarter of 2018, quarterly CPI average has been trending upwards since the 4<sup>th</sup> Quarter of 2015, when the index was at 237.2. While monthly CPI has recovered and continued to increase since last year's 4th quarter dip, the CPI remained unchanged between the two-month periods of May and June and July and August.

The yearly levels keep trending upwards, as well: 2018 annual average CPI rose to 251, compared to the 2017 average of 245 and 2016 average of 240. This increase allowed the inflation rate to remain above the 2% level for most of 2018. That level of inflation had not been experienced since early 2012. However, **2019 has shown slower growth**, with the inflation rate remaining under 2% for the first three quarters. **The current YTD inflation rate is at 1.6% with a 255.1 YTD average CPI.** In an effort to encourage continued economic growth, the Federal Open Market Committee voted to lower the target range for the federal funds rate over the summer for the first time since 2015, dropping it even further in mid-September.

**U.S. Consumer Price Index September 2014 – September 2019**



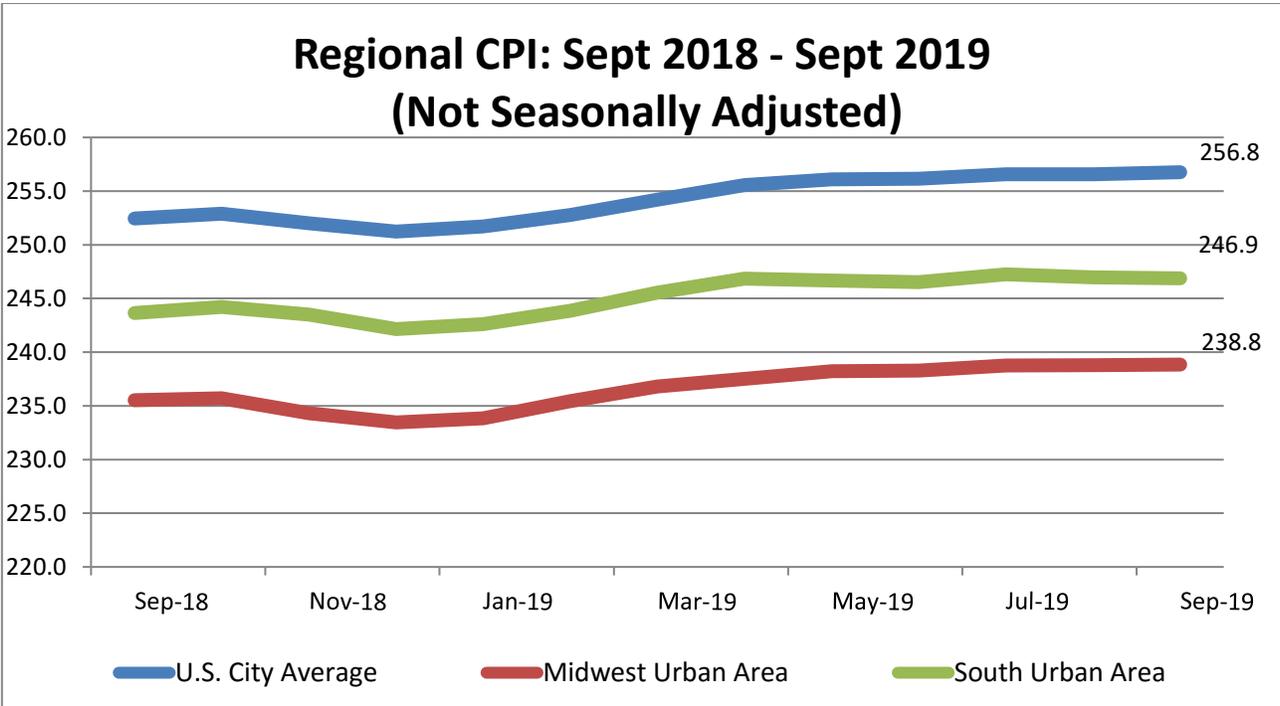
U.S. City Average Not Seasonally Adjusted – Sept. 2019 – 256.8

**Regional Consumer Price Index**

Oklahoma is the most northwestern state in the Southern region, as defined by the Bureau of Labor Statistics. Oklahoma shares many characteristics with the Midwest region, given that it is in such close proximity. The South region is comprised of: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The Midwest region is comprised of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The Midwest and the South Urban Areas’ CPIs increased by 1.41% and 1.33%, respectively, over the 12-month period, while the national CPI increased 1.71%.

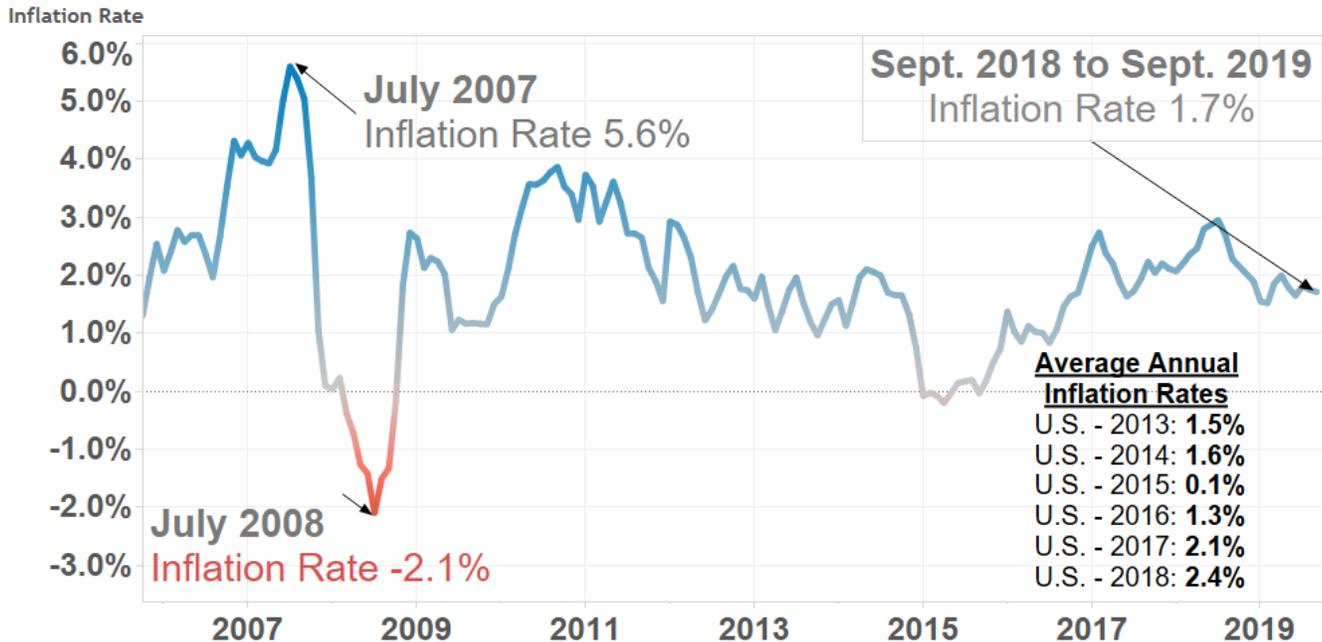
The graph below shows a 12-month moving average for the U.S., as well as the South and Midwest Regions.



12-Month Moving Average: **U.S.** – 254.4, **Midwest Urban Area** – 236.7, **South Urban Area** – 245.2

## Inflation Rate (Year-over-Year)

The inflation rate is a measure of the rise in the general price levels of goods and services over a period of time. The chief measure of price inflation is the percentage change in the Consumer Price Index.



### Observations:

From late 2015 to the present, the U.S. has not seen any deflation, but the Federal Open Market Committee's target of two-percent inflation was only hit once in 2016. Moving forward in 2017 and 2018, meeting the 2% goal proved to be more successful. Inflation was over the 2% mark for most months in 2017, except for May through August (when it fluctuated between 1.633% and 1.939%), and remained above 2% throughout 2018, until December. This is partially why the Federal Reserve continued to raise interest rates in December 2017 and three times in 2018, bumping up target inflation to 2.5% at the end of last year. So far, 2019 has shown much lower inflation rates, barely hitting a YTD high of 2% in April. Perhaps seeing this as indicative of a looming economic downturn, the Fed cut interest rates at the end of July for the first time since 2008 and cut rates again in mid-September. The two 25-basis-point cuts were made with the goal of further stimulating economic activity, despite the Fed's previous statements that interest rates were expected to remain the same through 2021.

**Methodology:** The graph above illustrates year-over-year inflation levels using the U.S. City Average measure of the CPI. For example, the September 2019 inflation level of 1.71% was calculated by comparing the CPI of the preceding September (2018) to the September 2019 figure.

Consumer Price Index - All Urban Consumers - Not Seasonally Adjusted- All Items														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Average YTD	Inflation Rate YOY
2004	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3	188.9	2.7%
2005	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8	195.3	3.4%
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6	3.2%
2007	202.4	203.5	205.4	206.7	207.9	208.4	208.3	207.9	208.5	208.9	210.2	210.0	207.3	2.9%
2008	211.1	211.7	213.5	214.8	216.6	218.8	220.0	219.1	218.8	216.6	212.4	210.2	215.3	3.8%
2009	211.1	212.2	212.7	213.2	213.9	215.7	215.4	215.8	216.0	216.2	216.3	215.9	214.5	-0.4%
2010	216.7	216.7	217.6	218.0	218.2	218.0	218.0	218.3	218.4	218.7	218.8	219.2	218.1	1.6%
2011	220.2	221.3	223.5	224.9	226.0	225.7	225.9	226.5	226.9	226.4	226.2	225.7	224.9	3.2%
2012	226.7	227.7	229.4	230.1	229.8	229.5	229.1	230.4	231.4	231.3	230.2	229.6	229.6	2.1%
2013	230.3	232.2	232.8	232.5	232.9	233.5	233.6	233.9	234.1	233.5	233.1	233.0	233.0	1.5%
2014	233.9	234.8	236.3	237.1	237.9	238.3	238.3	237.9	238.0	237.4	236.2	234.8	236.7	1.6%
2015 U.S. City Average	233.7	234.7	236.1	236.6	237.8	238.6	238.7	238.3	237.9	237.8	237.3	236.5	237.0	0.1%
2015 Midwest Urban Area	221.5	222.3	223.6	223.8	224.7	225.9	225.9	225.8	225.2	225.1	224.0	222.7	224.2	-0.5%
2015 South Urban Area	226.9	227.9	229.3	230.0	230.9	232.0	231.7	231.3	230.9	230.9	230.4	229.6	230.1	-0.2%
2016 U.S. City Average	236.9	237.1	238.1	239.3	240.2	241.0	240.6	240.9	241.4	241.7	241.4	241.4	240.0	1.3%
2016 Midwest Urban Area	223.3	223.2	224.6	225.6	226.5	227.8	226.8	227.1	227.6	227.4	226.7	226.8	226.1	0.8%
2016 South Urban Area	229.5	229.6	231.0	232.0	232.9	233.8	233.3	233.5	234.1	234.3	234.0	234.2	232.7	1.1%
2017 U.S. City Average	242.8	243.6	243.8	244.5	244.7	245.0	244.8	245.5	246.8	246.7	246.7	246.5	245.1	2.1%
2017 Midwest Urban Area	228.3	228.6	228.8	229.7	229.7	229.8	229.8	230.4	231.0	230.7	231.1	230.5	229.9	1.7%
2017 South Urban Area	235.5	236.1	236.2	236.7	236.8	237.3	236.9	237.9	239.6	239.1	238.9	238.5	237.5	2.0%
2018 U.S. City Average	247.9	249.0	249.6	250.5	251.6	252.0	252.0	252.1	252.4	252.9	252.0	251.2	251.0	2.4%
2018 Midwest Urban Area	232.0	232.5	232.9	233.9	235.1	235.5	235.3	235.3	235.5	235.7	234.3	233.5	234.2	1.9%
2018 South Urban Area	239.8	241.1	241.6	242.5	243.3	243.8	243.8	243.6	243.6	244.2	243.5	242.2	242.6	2.2%
2019 U.S. City Average	251.7	252.8	254.2	255.5	256.1	256.1	256.6	256.6	256.8				255.1	1.6%
2019 Midwest Urban Area	233.8	235.4	236.8	237.5	238.2	238.3	238.8	238.8	238.8				237.4	1.4%
2019 South Urban Area	242.6	243.9	245.6	246.8	246.7	246.5	247.3	247.0	246.9				245.9	1.3%

The table above, All Items Consumer Price Index for All Urban Consumers (CPI-U) is the Bureau of Labor Statistics' broadest and most comprehensive index. The base index year is 1982-1984 = 100. Source: U.S. Bureau of Labor Statistics, [www.bls.gov/data](http://www.bls.gov/data)