

2026-5-13

# Annual consumer inflation accelerates amid price increases

300

The Denver Gazette · 13 May 2026 · C4

WASHINGTON · U.S. consumer prices increased at a brisk pace for a second straight month in April as the war with Iran pushed up energy costs and food prices surged, heightening political risks for President Donald Trump and his Republican party ahead of November's midterm elections.



Note

The back-to-back increases in the Consumer Price Index reported by the Labor Department on Tuesday culminated in the largest annual increase in inflation in three years. Trump won re-election in 2024 in large part because of his promise to reduce inflation, but Americans have soured on his handling of the economy and many blame him for the pain at the pump.

The strong inflation readings added to data last week showing a larger-than-anticipated increase in nonfarm payrolls in April in strengthening economists' expectations that the Federal Reserve would keep interest rates unchanged into 2027.

"There is a real financial squeeze underway," said Heather Long, chief economist at Navy Federal Credit Union. "For the first time in three years, inflation is eating up all wage gains. This is a setback for middle-class and lower-income households and they know it.

The CPI increased 0.6% last month after surging 0.9% in March, the Labor Department's Bureau of Labor Statistics said. The moderation after posting the largest increase since June 2022 was mostly mechanical. Oil prices shot above \$100 a barrel in March following strikes against Iran by the U.S. and Israel, before pulling back to still-high levels after a ceasefire in early April.

The war's impact was immediately reflected in more expensive gasoline, diesel and jet fuel. Economists believe the second-round effects would be felt in the months ahead.

A 3.8% increase in energy prices accounted for more than 40% of the rise in the CPI last month. That followed a 10.9% jump in March. Gasoline prices rose 5.4%, while fuel oil increased 5.8%."

Note

Note

Note

Note

Note

Consumers also paid higher prices for electricity.

Food prices accelerated 0.5% after being unchanged in March. Grocery store inflation shot up 0.7%, driven by a 2.7% increase in beef prices. Fruits and vegetable prices rose 1.8% while nonalcoholic beverages cost 1.1% more. There were also strong increases in the prices of dairy and eggs.

In the 12 months through April, the CPI advanced 3.8%. That was the biggest year-on-year increase since May 2023 and followed a 3.3% rise in March. The U.S. central bank, which tracks the Personal Consumption Expenditures price indexes for its 2% inflation target, last month left its benchmark overnight interest rate in the 3.50%-3.75% range.

“With no clear end to hostilities in sight, the primary catalysts for the increase in inflation — energy, oil, gasoline, transportation, and food — are all poised to jump higher in coming months as global supplies grow tight and supply chain stress rises,” said Joseph Brusuelas, chief economist at RSM.

Excluding food and energy, the CPI climbed 0.4% last month. That was the largest gain since January 2025 and partly reflected a one-time adjustment to rent measures after last year’s shutdown of the federal government prevented data collection.

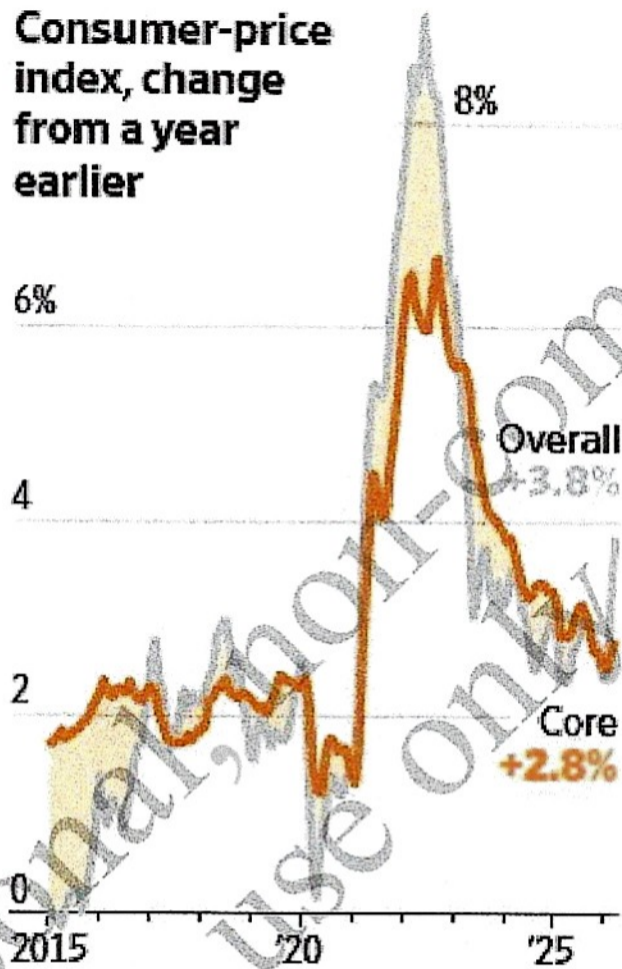
The BLS splits its rent survey into six panels. Each panel is sampled every six months on a rotating basis. The BLS used a method called carry-forward imputation for rent and OER to account for the missing data, which had artificially lowered the rent indexes. The so-called core CPI increased 0.2% in March.

Rent of shelter jumped 0.6% after rising 0.3% in March.

Owners’ equivalent of rent increased 0.5%. High jet fuel prices drove up airline fares 2.8%.

Elsewhere, apparel and footwear prices rose strongly. Household furnishings and operations prices increased 0.7%.

RF  
Ntu



Note: Data for October 2025 is unavailable.  
Core excludes food and energy prices.  
Source: Labor Department

---

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit [djreprints.com](http://djreprints.com).

---



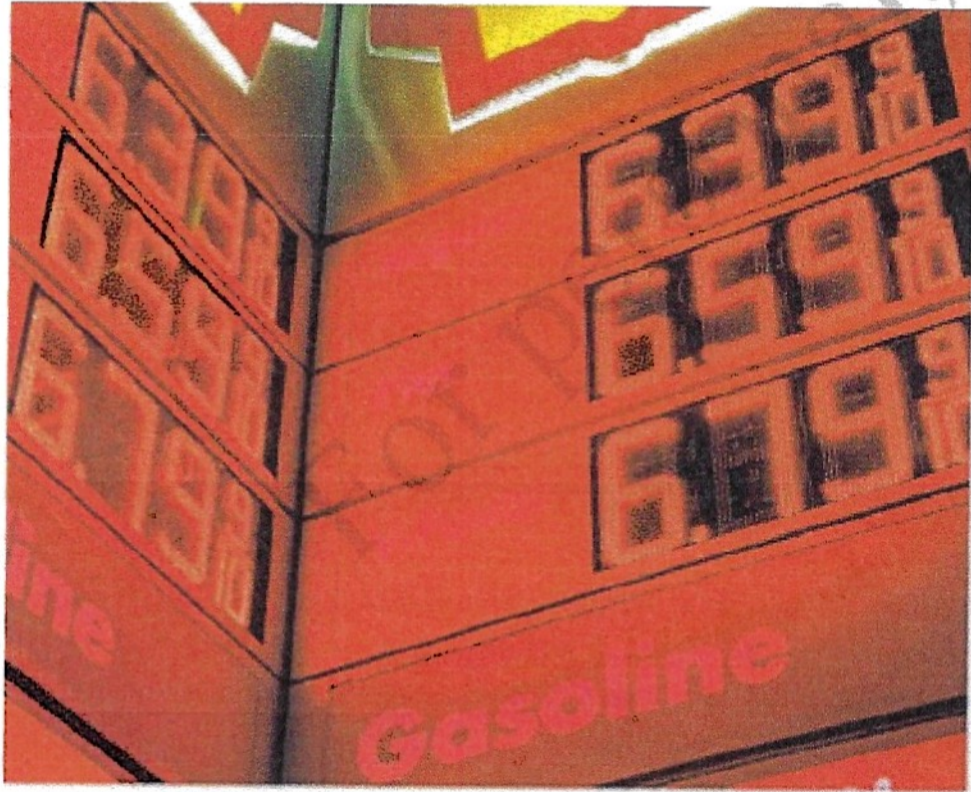
2020-5-13

ΣCO

# WSJ Print Edition

image

image



Gasoline prices Monday at a station in Burbank, Calif. Average gas prices are about \$4.50 a gallon for regular, AAA says. Energy prices overall increased 18% last month from a year ago. MARIO TAMA/ GETTY IMAGES

## Inflation Accelerated to 3.8% in April

**Prices took biggest jump in three years, with gasoline, coffee particular pain points**

BY CHAO DENG

Consumer prices rose 3.8% in April from a year earlier, a clear impact of higher gasoline prices since the war with Iran started and the latest sign that Federal Reserve rate cuts are unlikely this year.

The figures, reported Tuesday by the Labor Department, surpassed the previous month's reported increase of 3.3%. Economists polled by The Wall Street Journal had expected inflation of 3.7%. The April increase was the highest in three years.

①

Prices excluding food and energy categories—the so-called core measure economists watch in an effort to better capture inflation's underlying trend—rose 2.8%. That compared with forecasts for a 2.7% increase, and was a pickup from 2.6% the previous month.

High and rising prices have become a flashpoint for U.S. consumers, who had expected the steep inflation that hit the country right after the pandemic to be off their plates by now. Price increases have been especially sharp for some items that people buy all the time, like coffee and gas.

Some economists said the tariffs that President Trump announced a year ago are still slowly filtering through to some goods—but the Iran war, layered on top of that, has presented a much quicker and more obvious shock that could be hard to reverse.

“The American economy has entered a new chapter where inflation appears to have stepped up,” said Joseph Brusuelas, chief economist at RSM. He predicted the headline rate moving to 4% later this year. “Median American families are going to find it very challenging to adjust going into the second half of the year.”

White House spokesman Kush Desai said that price disruptions from the Iran war are temporary. “The Trump administration remains laser-focused on delivering growth and affordability on the home front while working to eliminate the Iranian nuclear threat,” Desai said.

Prices rose 0.6% in April from the previous month, in line with economists' forecasts and slowing from 0.9% in March. Energy prices accounted for more than 40% of the month-to-month increase.

Energy prices were up 18%

from a year earlier; within that gasoline was up 28% and fuel oil jumped 54%.

Airfare prices rose 21%. A fragile cease-fire in the Iran war was announced last month, but commercial traffic through the Strait of Hormuz remains largely at a halt. Trump, a Republican, rejected on Monday Iran's response to a proposal for ending the war, saying that the pause in fighting was on “massive life support.”

The April report is the latest sign that the rate cuts that markets were pricing in at the start of the year are no longer a 2026 story.

Four months ago, a big question for the Fed was whether it needed to keep cutting interest rates to support what appeared to be a shaky labor market. But the labor market has steadied, putting even more importance on the inflation data. Now, the policy debate within the Fed has shifted away from when to cut rates and toward when to start signaling that a rate hike is as likely as a rate cut.

That is a difficult inheritance for Kevin Warsh, who is set to take the Fed's helm under a president who has made clear he expects rate cuts.

Ultimately, a great deal hinges on whether or when fuel and commodities resume flowing through the Persian Gulf. If they do, the inflation arithmetic gets easier in a hurry because officials don't have to worry about secondround effects of higher energy prices and product shortages.

High prices ate into households' purchasing power. Inflation-adjusted average hourly earnings declined 0.3% in April from a year earlier. That marked the first time inflation outstripped annual growth in paychecks since April 2023.

Consumer sentiment, meanwhile, hit a record low in April, largely due to soaring prices at the pump.

Tuesday's hot CPI exacerbated worries on Wall Street. The Nasdaq composite traded off session lows, but still had the sharpest loss among major indexes, falling 0.7%. The S&P 500 held up better, falling 0.2%, while the Dow Jones Industrial Average eked out a 0.1% gain.

Higher energy prices could filter through to many other goods, with high transportation costs making food and clothing more expensive. A rise in natural-gas prices has already pushed up fertilizer costs, another strain on food prices.

From a year earlier, food prices were up 3.2%. Coffee prices rose about 19% over the year, and fresh vegetables rose about 12%. Prices for tomatoes, which were already getting more expensive due to adverse weather conditions and Trump's tariffs, rose 40% over the year.

Among the signs that tariffs continue to push up some prices, audio equipment jumped 5.8% from a year earlier and apparel was up 4.2%.

Price pressures in the goods sector were mild in April, which at a glance would lend support to the idea that tariffs aren't generating new price pressures.

But prices for services excluding energy and housing firmed up. Services include everything from dental care to pet grooming—in other words, things that aren't so directly affected by tariffs. That increase complicates the argument of interest-rate doves who argue that the Fed can adopt a relaxed posture because tariff-related price increases might prove to be a one-off.

Economists said high-income households who benefited from stock-market gains are helping boost services prices.

Part of the pickup in underlying inflation is a correction related to last fall's government shutdown. During the shutdown, the Labor Department was unable to collect data that it normally would be able to use for calculating the consumer-price index.

As a stopgap, the department penciled in a 0% increase in rent in prices in October, which likely skewed the data artificially lower in the following months until Tuesday's report. The new report appeared to be the first one where the zero dropped out of the calculations. Housing costs account for about a third of the basket of prices used to calculate the CPI.

---

[Copyright \(c\)2026 Dow Jones & Company, Inc. All Rights Reserved. 5/13/2026](#)  
[Powered by TECNAVIA](#)

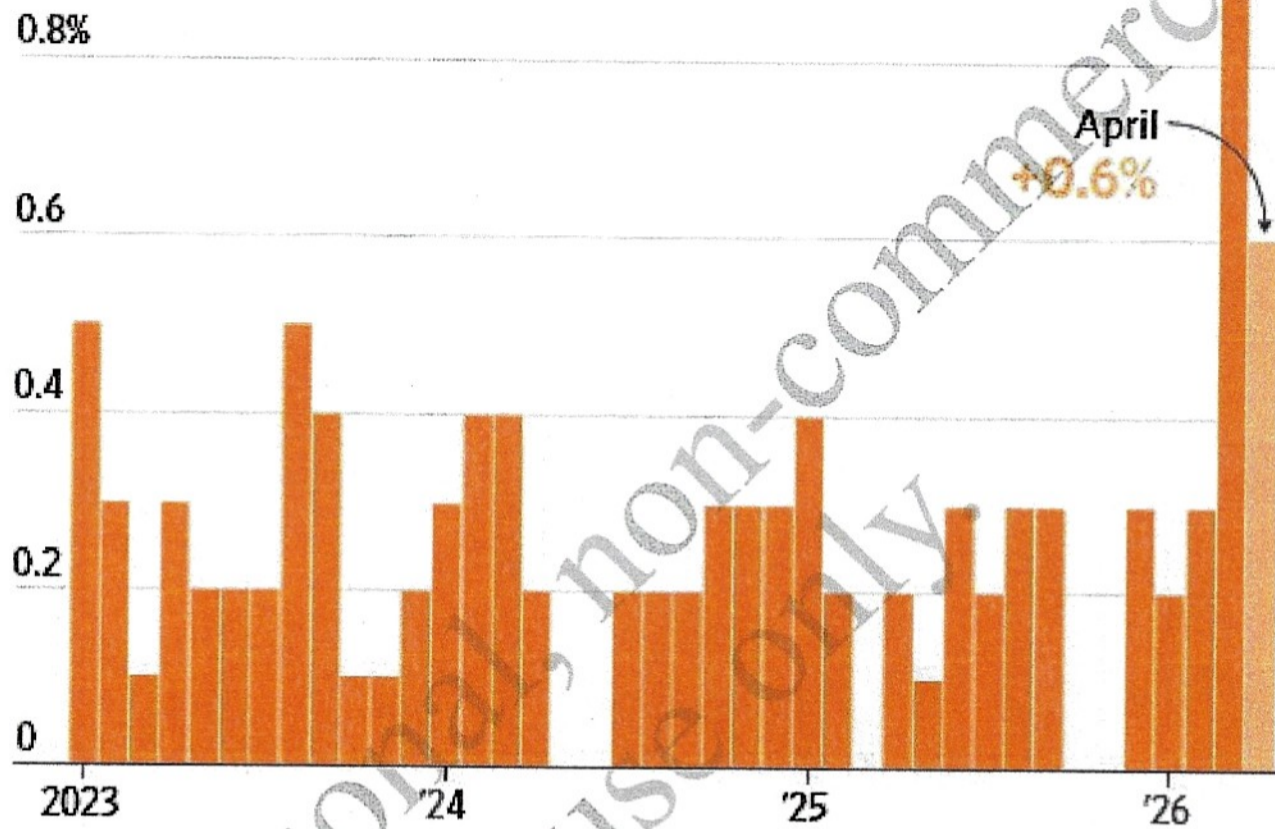
---

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit [djreprints.com](http://djreprints.com).

---



Consumer-price index, change from a month earlier



Note: Seasonally adjusted; April is preliminary. Data for October and November 2025 unavailable due to the government shutdown.

Source: Labor Department

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit [djreprints.com](http://djreprints.com).

