

The costs of petrol, food and other necessities jumped in May, raising inflation in the United States to a new four-decade high and giving American households no respite from rising costs. Consumer prices surged 8.6 percent last month from 12 months earlier, faster than April's year-over-year surge of 8.3 percent, the US Department of Labor said Friday. The costs of petrol, food and other necessities jumped in May, raising inflation in the United States to a new four-decade high and giving American households no respite from rising costs. Consumer prices surged 8.6 percent last month from 12 months earlier, faster than April's year-over-year surge of 8.3 percent, the US Department of Labor said Friday. On a month-to-month basis, prices jumped 1 percent from April to May, a steep rise from the 0.3 percent increase from March to April. Much higher petrol prices were to blame for most of that increase. Rampant inflation in the US has imposed severe pressures on families, forcing them to pay much more for food, petrol and rent and reducing their ability to afford discretionary items, from haircuts to electronics. Lower-income and Black and Hispanic Americans, in particular, are struggling because, on average, a larger proportion of their income is consumed by necessities. US President Joe Biden was scheduled to address price rises on Friday while speaking at the Port of Los Angeles, the busiest in the US. For more than a year, dozens of ships have lined up outside, as COVID limited the capacity to unload ships, disrupting supply chains. Economists do expect inflation to ease this year, though not by very much. Some analysts have forecast that the inflation gauge the government reported Friday — the consumer price index — may drop below 7 percent by year's end. In March, the year-over-year CPI reached 8.5 percent, the highest such rate since 1982. High inflation has also forced the Federal Reserve into what will likely be the fastest series of interest rate hikes in three decades. By raising borrowing costs aggressively, the Fed hopes to cool spending and growth enough to curb inflation without tipping the economy into a recession. For the central bank, it will be a difficult balancing act. Surveys show that Americans see high inflation as the nation's top problem, and most disapprove of Biden's handling of the economy. Congressional Republicans are hammering Democrats on the issue in the run-up to midterm elections later this year. Inflation has remained high even as the sources of rising prices have shifted. Initially, robust demand for goods from Americans who were stuck at home for months after COVID hit caused shortages and supply chain snarls and drove up prices for cars, furniture and appliances. Now, as Americans resume spending on services, including travel, entertainment and dining out, the costs of airline tickets, hotel rooms and restaurant meals have soared. Russia's invasion of Ukraine has further accelerated the prices of oil and natural gas. And with China easing strict COVID lockdowns in Shanghai and elsewhere, more of its citizens are driving, thereby sending oil prices up even further. Goods prices are expected to fall in the coming months. Many large retailers, including Target, Walmart and Macy's, have reported that they are now stuck with too much of the patio furniture, electronics and other goods that they ordered when those items were in heavier demand and will have to discount them. Even so, rising petrol prices are eroding the finances of millions of Americans. Prices at the pump are averaging nearly \$5 a gallon (\$1.32 per litre) nationally and edging closer to the inflation-adjusted record of about \$5.40 (\$1.42 per litre) reached in 2008. Research by the Bank of America Institute, which uses anonymous data from millions of their customers' credit and debit card accounts, shows spending on gas eating up a larger share of consumers' budgets and crowding out their ability to

buy other items. For lower-income households — defined as those with incomes below \$50,000 — spending on gas reached nearly 10 percent of all spending on credit and debit cards in the last week of May, the institute said in a report this week. That's up from about 7.5 percent in February, a steep increase in such a short period. Spending by all the bank's customers on long-lasting goods, like furniture, electronics and home improvement, has plunged from a year ago, the institute found. But their spending on plane tickets, hotels and entertainment has continued to rise. Economists have pointed to that shift in spending from goods to services as a trend that should help lower inflation by year's end. But with wages rising steadily for many workers, prices are rising in services, as well.