Consumer Prices and Inflation – December 2009

Consumer Price Stats at a Glance

Percent Change 12 Months Ending:	CPI-U	CPI-W	CPI-W, All Items Less Medical Care
December 2005	3.4%	3.5%	3.4%
December 2006	2.5%	2.4%	2.4%
December 2007	4.1%	4.3%	4.3%
December 2008	0.1%	-0.5%	-0.6%
December 2009	2.7%	3.4%	3.4%

2009 Actual **-0.4%**
2010 Forecast **2.1%**

Percent changes in consumer prices above are drawn from non-seasonally adjusted data. This is the data used to calculate changes in COLA. Forecasts are from Consensus Economics (December 7 survey date).

CPI-U is the Consumer Price Index for All Urban Consumers. It is based on a typical "market basket" of goods consumed by urban consumers, including salaried employees, business owners and retirees as well as wage earners.

CPI-W is the Consumer Price Index for All Urban Wage and Clerical Workers. It is based on a typical "market basket" of goods consumed by urban households that receive most of their income from clerical or hourly wage occupations.

- On a seasonally-adjusted basis, consumer prices fell slightly in December - but remained 2.7 percent higher than in December 2008.
- Big fluctuations in energy prices have led the CPI to yo-yo up and down. *Average* prices in 2009 were actually slightly lower than in 2008.
- Core inflation (excluding food and energy) has been steady at around 1.7 percent.

The full Bureau of Labor Statistics report can be found at:
http://www.bls.gov/news.release/cpi.toc.htm
Next release: the January Consumer Price Index will be released on February 19.

UAW Research Department
January 21, 2010