

# Food Helps Push Consumer Prices to 10-Month High



In this Thursday, March 27, 2014 photo, Christopher Quinones re-stocks cream cheese on a shelf at the Whole Foods Market in Woodmere Village, Ohio. The Labor Department releases Consumer Price Index for April on Thursday, May 15, 2014. (AP Photo/Tony Dejak)

WASHINGTON (AP) — Higher food and gas costs pushed up U.S. consumer prices in April by the most in 10 months, evidence that inflation is ticking up from very low levels.

The consumer price index rose 0.3 percent last month after a 0.2 percent gain in March, the Labor Department said Thursday. Over the past 12 months, prices have increased 2 percent, the largest gain since July and matching the Federal Reserve's inflation target.

Excluding the volatile food and energy categories, core prices rose 0.2 percent in April and have risen 1.8 percent in the past 12 months.

Food prices jumped 0.4 percent for the third straight month, driven by the largest increase in the cost of meat in 10 years. Gas prices rose 2.3 percent, the first increase in four months.

The cost of fruits, vegetables and dairy products also rose. A drought in California and an excessively cold winter in the Midwest have pushed up food prices this year.

Prices in other sectors also rose. Rents increased 0.3 percent last month, and the prices of new and used cars rose. Air fares jumped 2.6 percent in April, the most in more than four years. The cost of clothes, furniture and haircuts were unchanged.

The mild increases follow two years of very low inflation. Consumer prices rose just 1.5 percent in 2013, down from 1.8 percent in 2012.

## **Food Helps Push Consumer Prices to 10-Month High**

Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

---

And on Wednesday, the government said the producer price index jumped in April by the most in 19 months. That index measures price changes before they reach consumers.

But small gains in inflation could be a sign of economic health. Higher inflation generally occurs when consumers and businesses spend more.

Inflation has been low partly because of sluggish growth and a tough job market, which makes it harder for retailers and other businesses to raise prices.

Super-low inflation can stall economic growth. Lower prices encourage consumers to delay purchases and they can also make inflation-adjusted interest rates higher, potentially discouraging borrowing.

Still, low inflation has enabled the Fed to pursue extraordinary stimulus programs in an effort to boost economic growth. It has begun to unwind some of its stimulus, cutting its monthly bond purchases to \$45 billion from \$85 billion last year. The bond purchases are intended to lower long-term interest rates.

But the Fed has kept the short-term interest rate it controls at nearly zero since December 2008. Higher inflation could raise pressure on the Fed to increase that rate earlier than it had planned.

**Source URL (retrieved on 03/29/2015 - 9:05pm):**

<http://www.foodmanufacturing.com/news/2014/05/food-helps-push-consumer-prices-10-month-high>