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Inflation eases for the first time in three months

Consumer prices in April were up 3.4% from a year earlier, and down from March

May 15, 2024, 9:34 am *By Sarah Marx*

The most anticipated economic report of the month showed that inflation cooled down a little in April, bringing relief to investors and housing industry professionals.

Consumer prices in April were up 3.4% from a year earlier, down from 3.5% in March, according to

data released by the **Bureau of Labor Statistics** on Wednesday. The reading, which came on the heels of the past three stronger-than-expected CPI releases, aligned with economists' forecasts.

Core inflation, the Fed's preferred inflation measure, fell to 3.6% annually in April, down from 3.8% in March. The Fed's target for core inflation remains 2%. On a monthly basis, the index increased by 0.3% in April, down from 0.4% in March.

Meanwhile, the indexes for shelter and gasoline rose in April. Combined, they contributed to over 70% of the monthly increase in the index for all items. The shelter component of the CPI came in at 5.5% in April.

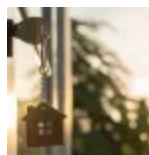
"Although market asking rents have slowed and are even declining in some markets according to data like the Realtor.com March Rental Report, it takes some time for this to be reflected in overall shelter cost trends," **Realtor.com** Chief Economist Danielle Hale, said in a statement.

Unfortunately, there is evidence that rents are going to be on the rise in the second half of 2024, according to **Bright MLS** chief economist Lisa Sturtevant.

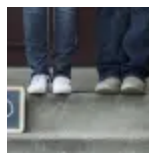
"Record levels of new apartment construction in some markets in 2023 started bringing rents down," Sturtevant said. "However, the number of permits issued for the construction of new multifamily buildings has declined and deliveries of new apartments will slow in 2024. That slowdown in new supply will increase pressure on rents."

Overall, April posted a more moderate labor market reading, and interest rates have eased, with the 10-year hovering near 4.5%. Mortgage rates have similarly stopped climbing, but continue to exceed 7%. During the last **Federal Open Markets Committee** meeting, Chair Powell continued to emphasize the Fed's 2% target. He maintained uncertainty regarding the Federal Reserve's future actions on interest rates, the

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rate-setting body will continue to rely on incoming data to make decisions.

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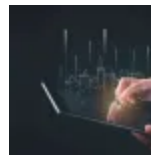
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