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Inflation Misery Index

How much more are we paying to live today?

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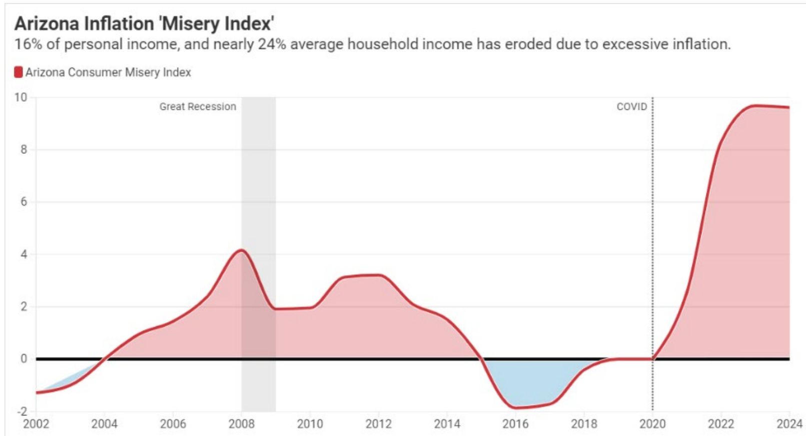

The CSI Inflation Misery Index illustrates how expensive it is to live in Arizona today because of above-average inflation. This index holds constant consumption preferences through time, and accounts for both "normal" levels of inflation and growth in personal income. In periods where the line is above zero the average person is poorer in terms of their purchasing power relative to 2019, even after considering changes in income. People are relatively richer in times when the index is below zero. 2019 serves as the reference year because it precedes both the recent inflationary surge and the stimulus income received from the government in response to the pandemic in 2020.

Key Insights

- The Inflation Misery Index reached its highest level during the first half of 2024 – more than double the prior peak at the beginning of the great recession.
- **$9,996 –** The Average person in Arizona must spend **$9,996** more per year – nearly 16% of their annual income – to consume the same quantity of goods and services they did in 2019. Even after factoring out normal price increases of 2% per year, Arizonans still must spend $6,276 more per year, or 10% of their income.
- **24% –** Excess inflation over the last 43 months means the average household in Arizona must spend $24,972 more per year to consume at 2019 levels. **This means that the average household has effectively lost 24% of their income to inflation.**

What does this mean for Arizonans?

Because of high inflation, the average household in Arizona must spend…

- **$6,900** more for housing and utilities
- **$4,371** more for food
- **$1,189** more for recreation
- **$772** more for gasoline

… just to consume the same amount they did in 2019. It will take a prolonged period of normal or below-average (sub 2%) inflation coupled with strong income growth to recover the purchasing power lost by the post-covid inflationary crisis. **The slowing rate of inflation alone is insufficient to undo the damage caused by the rapid rise in the price level.**