

Inflation Misery Index

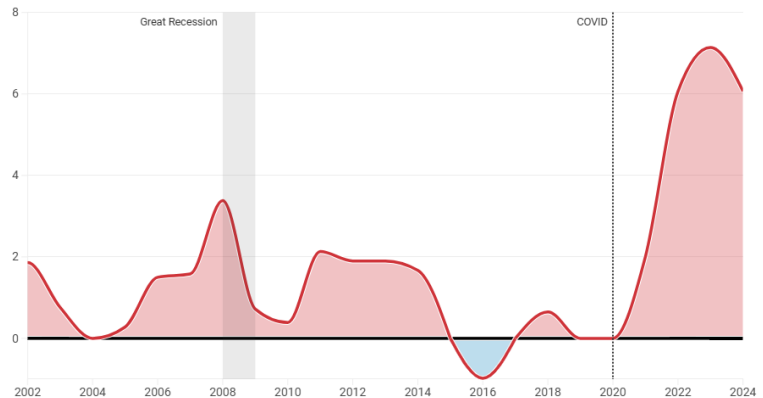
How much more are we paying to live today?

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The CSI Inflation Misery Index illustrates how expensive it is to live in Colorado today thanks to 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, taking into account changes in income as well. People are relatively richer in times when the index is below 0. 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.

Colorado Inflation 'Misery Index'

Inflation is costing Coloradans a larger share of their income, in 2023 inflation cost the average Coloradan over 7% of their income.



Key Insights

- The Inflation Misery Index reached its highest level in 2023 – more than double the prior peak at the beginning of the great recession.
- **\$10,451** – The average person in Colorado must spend **\$10,451** more per year – nearly 13% 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 2.19% per year, Coloradans still must spend \$5,060 more per year, or 6% of their income.
- **21%** – Excess inflation over the last 43 months means the average household in Colorado must spend \$26,129 more per year to consume at 2019 levels. **This means that the average household has effectively lost 21% of their income to inflation.**

What does this mean for Coloradans?

Because of high inflation, the average household in Colorado must spend...

- **\$5,134** more for housing and utilities
- **\$5,582** more for food
- **\$2,104** more for recreation
- **\$515** more for gasoline

... just to consume the same amount they did in 2019. It will take a prolonged period of normal or less than normal inflation coupled with strong income growth to recover the purchasing power lost by the post-covid inflationary crisis.