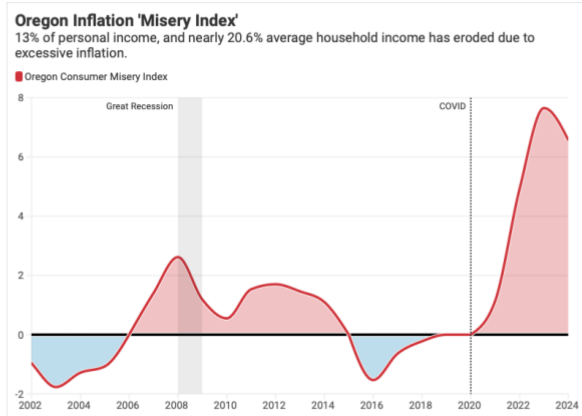
OCTOBER 2024

Inflation Misery Index

How much more are we paying to live today?



The CSI Inflation Misery Index for Oregon calculates the additional monetary expenditure necessitated by inflation rates exceeding the average inflation rate between 2002-2019[1]. This index measures the percentage of a person's total income required to maintain the same level of consumption as in 2019, after adjusting for inflation derived from CPI[2]. The year 2019 was selected as the reference year because it predates the substantial inflationary spikes and the extensive stimulus income that was distributed in response to the COVID-19 pandemic. This ensures that the index accurately reflects the inflationary impact without the distortions caused by these unprecedented factors. Consequently, **the index highlights how much more of their income Oregonians need to spend to uphold their standard of living** under conditions of heightened inflation.

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.

- **$9,143 –** The Average person in Oregon must spend **$9,143** 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 average regional price increases of 2.3% per year, Oregonians still must spend $4,671 more per year, 6.6% of their income.

- **20.6% –** Due to excess inflation since 2019, the average household in Oregon must now spend must spend **$22,034** more per year to consume at 2019 levels. **This means that the average household has effectively lost 20.6% of their income to inflation.**

What does this mean for Oregonians?

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

- **$3,659** more for housing and utilities
- **$4,808** more for food
- **$767** for recreation
- **$817** 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 period.

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[1]The Consumer Price Index (CPI) data used for inflation calculations in this report is sourced from the Bureau of Labor Statistics. Up until 2017, the CPI data covered the Oregon-Washington area. Starting in 2018, the BLS began reporting CPI data for the broader Pacific Region. The year 2017 is used as the base year to update CPI values through 2017. / CPI for New and Used Vehicles is calculated using the average inflation rate from 2002 to 2019 to account for missing data for 2022-24.

[2] While the CSI Inflation Misery Index uses CPI data to update the 2019 benchmark basket of goods and services, it is important to note that the Federal Reserve measures inflation using the Personal Consumption Expenditures (PCE) price index. The PCE index is used by the Fed because it more accurately reflects changes in consumer spending patterns and is measured at the state level, making it more representative of Oregon's inflation. In contrast, the CPI measures changes in the cost of a fixed basket of goods and services and is measured regionally, which may not adjust as quickly to shifts in consumer behavior.