

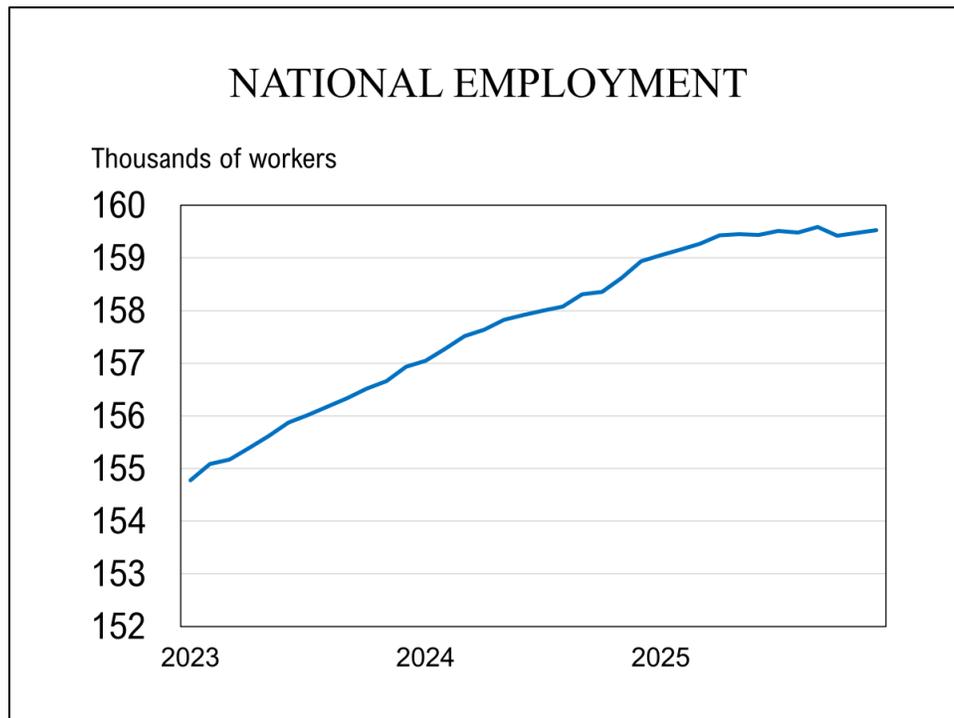
## Current Economic News

# Digging Deeper into CPI

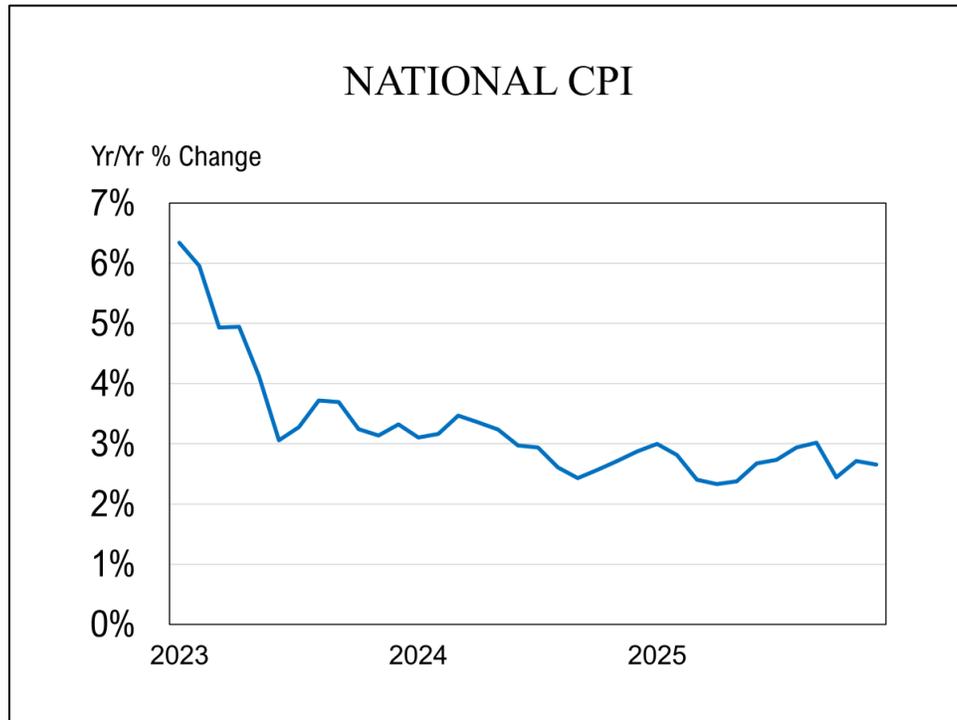
February 4, 2026, by Laura Neis

On January 28<sup>th</sup>, the [Federal Open Market Committee](#) met and chose to maintain the Federal Funds Rate (FFR) in the range 3.5% to 3.75%. The press release emphasized the importance of the dual mandate of maintaining high employment and low inflation. The committee raises the FFR to decrease inflation, and decreases the FFR to stimulate economic activity and increase employment. However, the FOMC is currently caught in a bind – even if employment and inflation both appear to be steady.

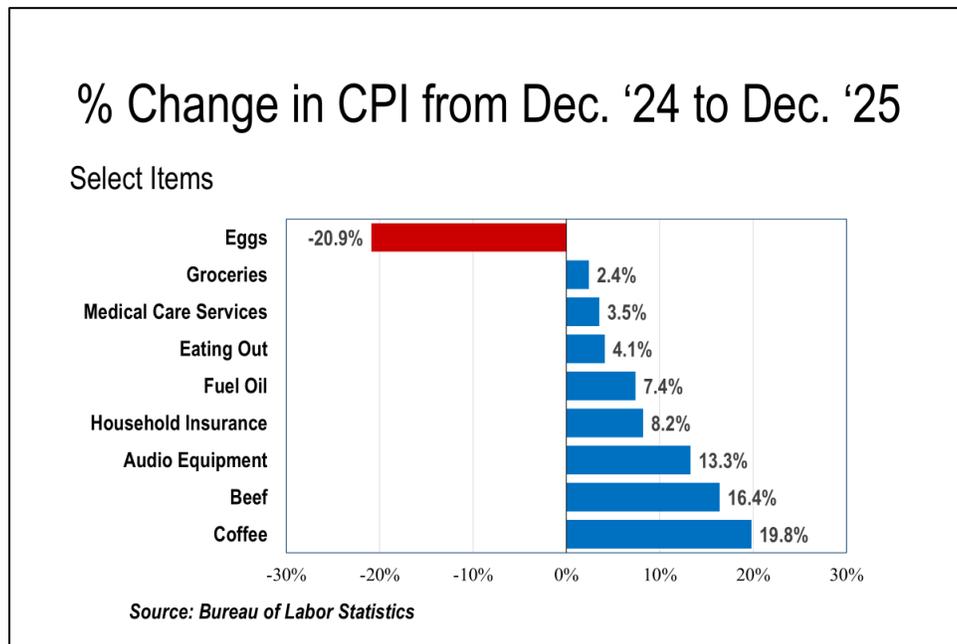
Employment has not grown much in the last two years – by the end of 2025, the year over year change of employment was basically flat, with a growth of only 0.4% in total payroll jobs.



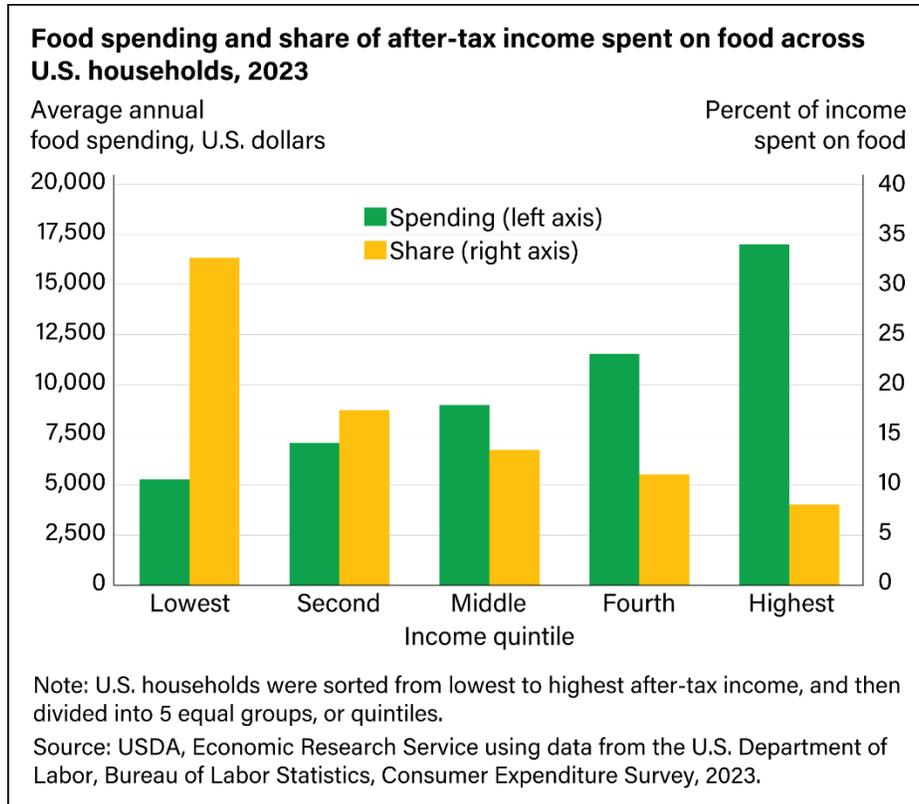
Meanwhile, inflation for all items has stopped the rapid growth that characterized 2022 and 2023. CPI's year over year change appeared to settle into between 2% and 3% throughout 2025.



But the overall CPI does not tell the whole story; individual prices have fluctuated wildly. While eggs have finally returned to baseline after the memorable rise in price in 2024, both groceries and eating out have increased in price overall. Furthermore, other groceries like beef and coffee have increased far more than CPI's overall 2.7% growth.



These increases in food prices have an outsize impact on the budgets of poor Americans, according to a study by the US Department of Agriculture. The [USDA found](#) that in 2023, the poorest Americans spend almost 35% of their income on food, while the richest Americans spend less than 10%.



Graph Source: USDA

Americans are still feeling the impact of inflation from the last several years, especially the poorest Americans. Thus, even with employment stagnating, the FOMC is stuck in a difficult trap. On Friday, the BLS will release their updated employment numbers, which might have a substantial downward revision, as the [BLS predicted in September](#). When the FOMC meets in March, these revised numbers might play a role in their decision.