



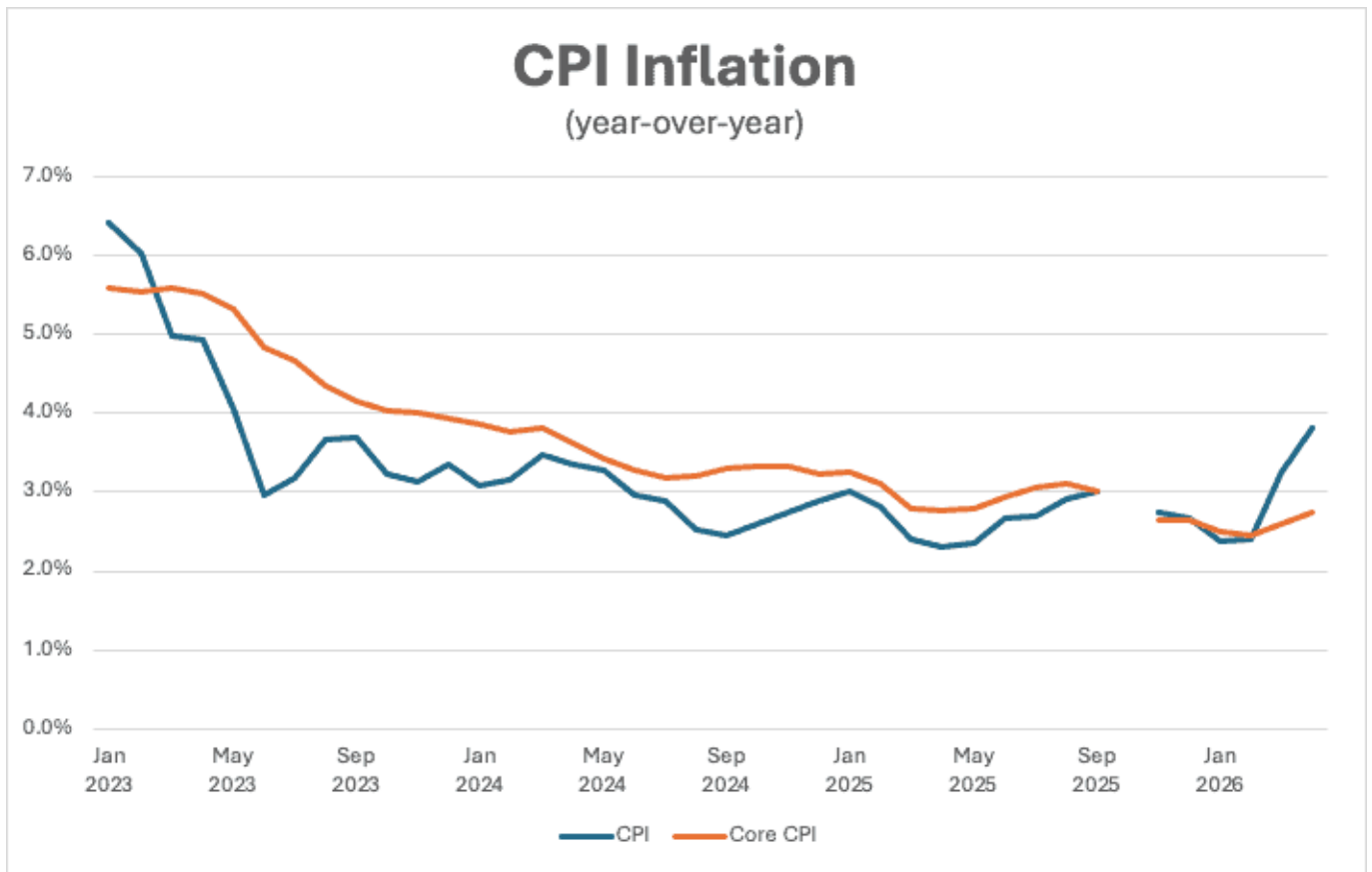
## The Daily Dish

# It's CPI Wednesday!

**DOUGLAS HOLTZ-EAKIN | JUNE 10, 2026**

Today the Bureau of Labor Statistics (BLS) releases the May report on the Consumer Price Index (CPI) and the atmosphere is more charged than Madison Square Garden. (Well, sort of.) As the chart below reminds us, the Federal Reserve's progress toward getting inflation to the 2-percent target rate had stalled in 2025 and has taken a sharp turn for the worse with the onset of hostilities with Iran.

The first thing to look for in this report is the pace of core inflation. It is understandable that CPI (blue line) inflation spiked along with global energy prices. The response of core inflation has been much more muted. But high diesel fuel costs translate into higher shipping costs. Higher fertilizer costs translate into higher food costs. And, more generally, the energy costs feed a broader rise in prices. The only question is how fast and how large. Keep an eye on that today.

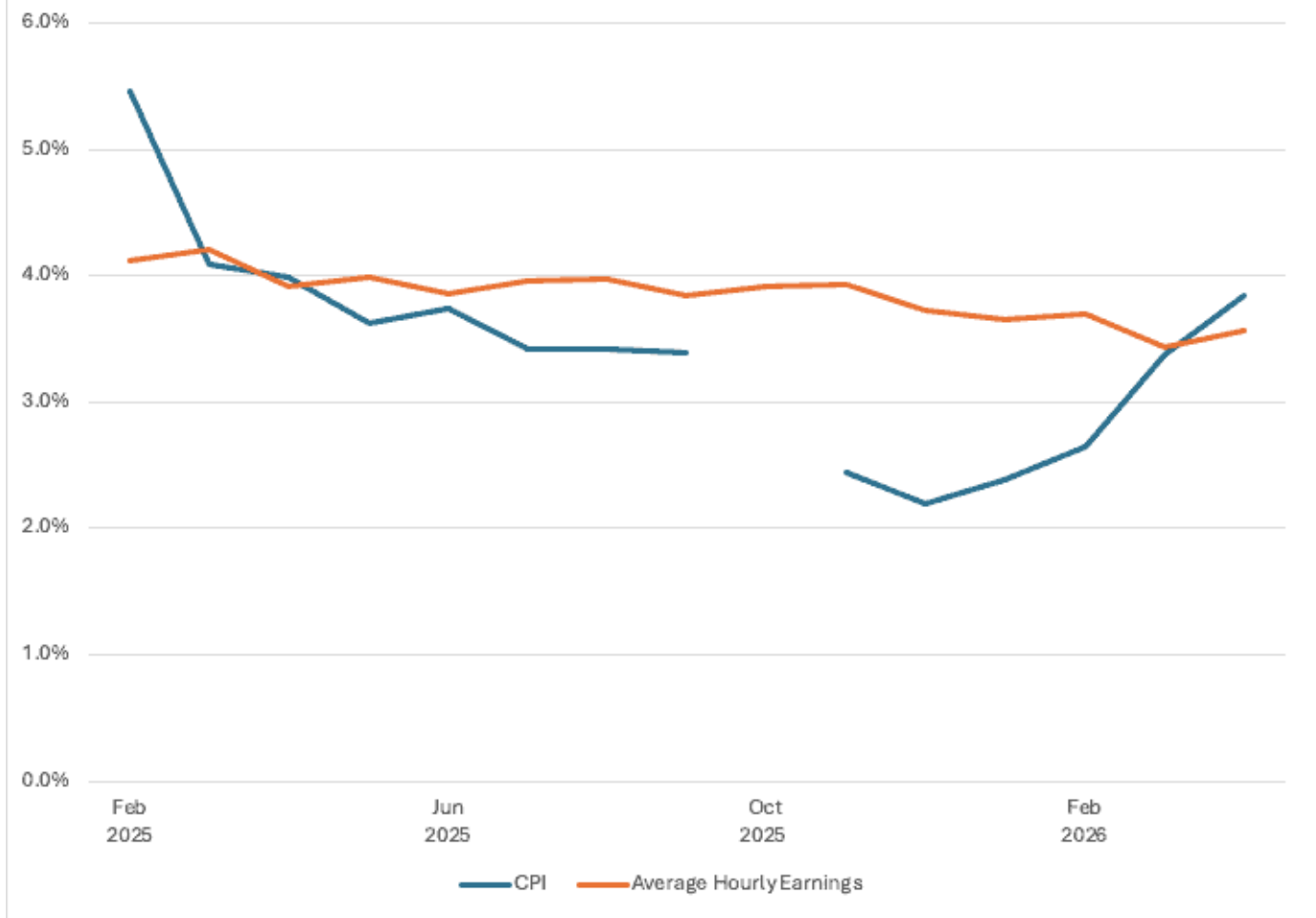


(Gap in data due to a lapse in appropriations)

The second big issue is the impact on the horse race between growth in wages and growth in prices; that is on the growth of real wages. The second chart (below) looks at the cumulative rise in wages (average hourly earnings) versus prices (the CPI) during President Trump’s tenure (expressed as an annual average). The president entered 2026 on solid footing, with the growth of wages at a 3.7-percent rate and the inflation at only a 2.4-percent rate.

Since then, things have gone awry and now cumulative inflation exceeds cumulative growth in wages. That is, real wages have fallen on Mr. Trump’s watch.

## Trump: Inflation vs. Wages (annualized cumulative growth)



(Gap in data due to a lapse in appropriations)

This is the heart and soul of the affordability issue, and a reminder of former president Biden's fate. In 2021 and 2022, he presided over an economy that had very low unemployment. Unfortunately, although people went to work every day, real wages fell continuously and for two years their hard work earned them a lower standard of living. Workers were angry and Mr. Biden never recovered. Mr. Trump would be wise to do everything - including a hands-off approach to the Fed - to fight inflation.