



The Daily Dish

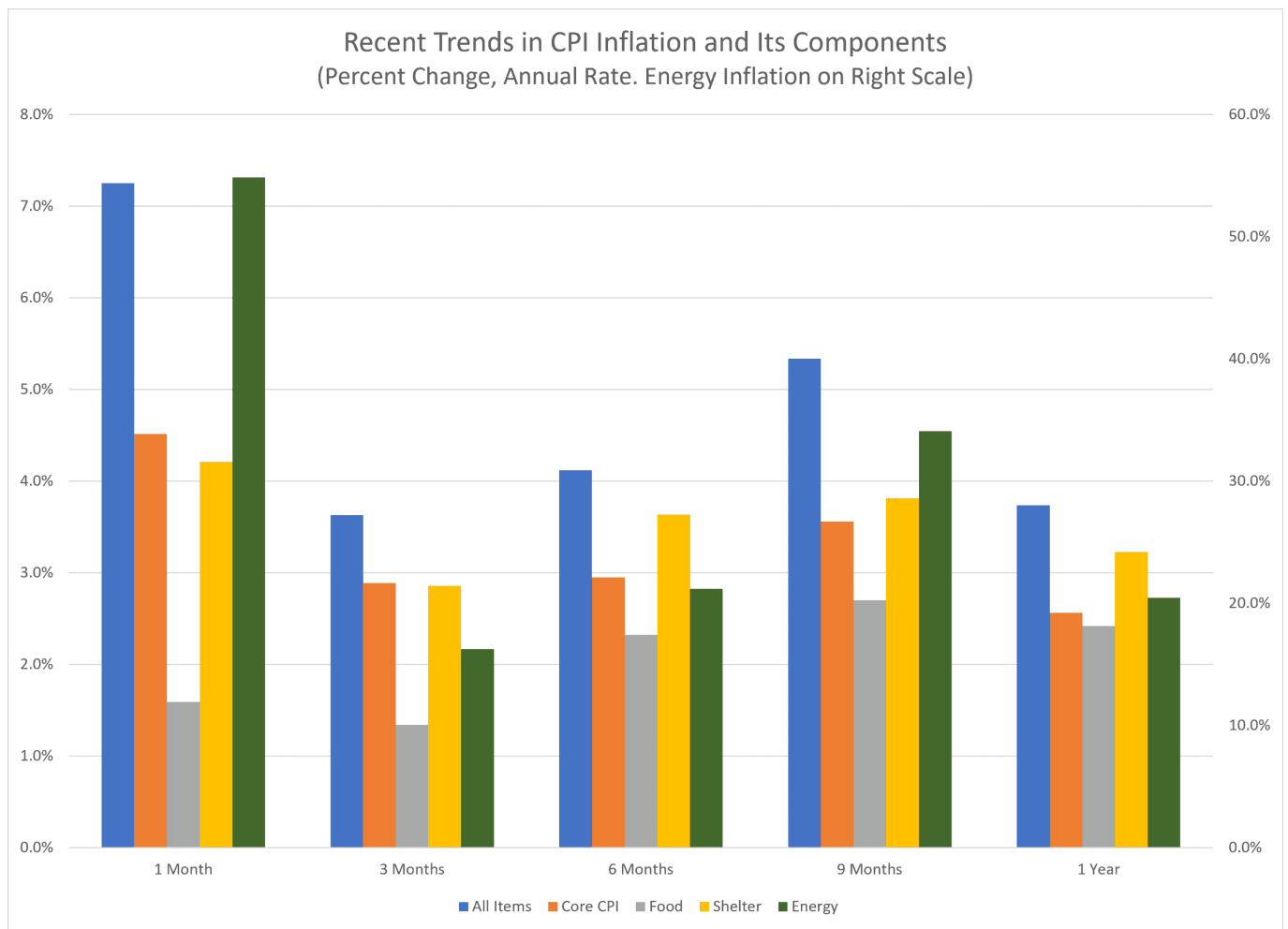
What Now, FOMC?

DOUGLAS HOLTZ-EAKIN | OCTOBER 15, 2026

Yesterday the Bureau of Labor Statistics [released](#) the September report on the consumer price index (CPI). Inflation was hotter than expected across the board. The top-line CPI rose 0.6 percent (an annual rate of 7.3 percent) and is now up 3.7 percent from September last year. In August, year-over-year inflation was 3.4 percent. Core inflation was similar, rising 0.3 percent (an annual rate of 3.7 percent). Year-over-year inflation rose to 2.6 percent from 2.4 percent in August.

The chart shows the rates of inflation for the CPI, the core CPI, food, energy, and shelter over the past 1 month, 3 months, 6 months, 9 months, and 1 year. Energy prices stand (way) out and are measured on the right axis. An important aspect of the chart is that only food inflation is at or below the 2-percent target, and then only for the past 3 months. All of the remainder are above the target, and in some cases rising.

This is part of the recent underperformance by the Federal Reserve. September's CPI report is the 66th consecutive month that CPI inflation has exceeded the 2-percent target. This is something that does [not happen often](#): "Over the last 100 years, this current streak is just the third time that consumer inflation has been above the Fed target for five years or longer."



The Federal Open Market Committee (FOMC) apparently is happy with this record. John Williams – president of the New York Fed and vice chair of the FOMC – [recently said](#) there was “no need for urgency” in raising interest rates. This was [echoed](#) by Fed vice chair Philip Jefferson: “My colleagues and I will need to come to our own judgment, which may take more time.”

Eakinomics would beg to differ. Inflation is a corrosive economic phenomenon. Policymakers in economies suffering from chronic inflation have no good choices. They either live with the inflation, which is incredibly unpopular, or they take the unpleasant steps of higher rates and slower growth in jobs, sales, and income – which is not good news. The quicker the Fed exits this unpleasant situation, the better.