

Consumer Prices Flat in September

Consumer prices were flat in September, while "core" prices rose a modest 0.1 percent on the month. The cost of energy fell for the second straight month—down 1.9 percent. Core prices were held down the second straight decline in housing costs, which represents more than 40 percent of the index.

Core Prices Should Moderate With Weak Economy

- Core prices rose a modest 0.1 percent, the weakest gain since April; housing costs fell 0.1 percent.
- With the U.S. economy in the biggest slowdown in years, core prices should steadily moderate in coming months providing room for the Fed to continue easing as economic conditions warrant.

Energy Costs Should Provide Headline Relief

- Headline prices spiked as high as 5.6 percent this summer, but have moderated as energy costs fell into the fall.
- Gasoline prices have fallen sharply in the wholesale market in recent weeks, and while Hurricane Ike caused a temporary stall in falling retail prices, gasoline should trend lower at the pump in next month's release.

