

THE SEPTEMBER 2026 INFLATION SPIKE

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TOPLINE: American families are losing ground and inflation is re-accelerating. Since April, year-over-year prices have risen faster than paychecks, and the war-driven energy squeeze only adds to the existing inflation problem.

BACKGROUND: The [Consumer Price Index \(CPI\)](#) jumped 0.6% in September, an annualized rate of 7.4%. Year-over-year, prices rose 3.7% (nearly double the Federal Reserve's "target"). Core inflation (excluding food and energy) rose 0.3% in September (2.6% year-over-year).

Energy drove the price surge, but inflation is across the board:

- The war with Iran and disruption of the Strait of Hormuz continue to push energy costs higher.
- Gasoline, up 9.1% in just a single month and 34.2% this past year, **accounted for more than half of September's inflation.**
- Year-over-year, the pain extends well beyond energy.

Energy Heating and travel costs	Gasoline ▲ 34.2%	Fuel oil ▲ 74.2%	Airfare ▲ 22.4%	Energy overall ▲ 20.4%
Groceries Food at home is up just 1.8%, but staples rise faster	Coffee ▲ 7.1%	Ground beef ▲ 5.4%	Carbonated drinks ▲ 4.7%	Fruits/vegetables ▲ 3.7%
Import-heavy goods Tariff pressure in household goods	Laundry equipment ▲ 6.7%	Toys ▲ 6.6%	Sporting goods ▲ 4.7%	Apparel ▲ 3.4%
Services Prices climbing here too	Car rentals ▲ 9.1%	Auto servicing ▲ 7.8%	Water/sewer/trash ▲ 4.8%	Lodging away ▲ 4.4%

Borrowing costs are missing from the headline. The CPI does not capture the rising cost of borrowed capital.

- On a \$400,000 30-year mortgage, the monthly payment has risen nearly 12% in a year, **from \$2,476 to \$2,770**, as rates climbed from 6.3% to 7.4%.

Real (adjusted for inflation) wages are shrinking. Real average hourly earnings declined by 0.5% in September.

- Over the past year, earnings declined by 0.7%.
 - **For a typical family, this represents nearly \$800 in lost purchasing power.**
- Year-over-year inflation has outpaced wage growth every month since April.

AFFORDABILITY 101: A plan to bring prices down.

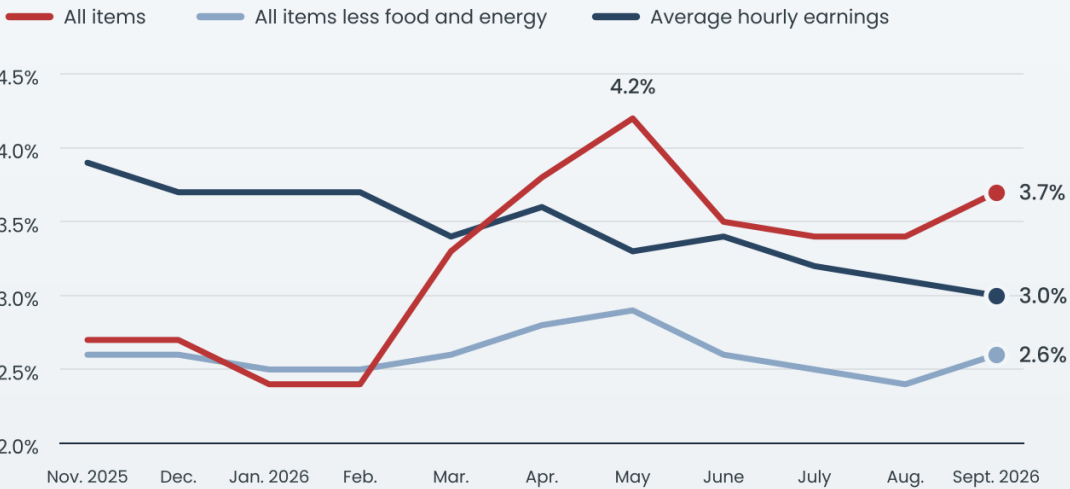
- **Eliminate tariffs.** Pursue free trade with free peoples.
- **Win the war in Iran.** End the threat of Iranian terror, and reopen the Strait of Hormuz.
- **Get the fiscal house in order.** Government spending bids up the cost of capital.
- **Cut regulations.** Let the supply of goods and services expand naturally.
- **End the central bank's ability to finance large federal deficits.**

CONCLUSION: The conflict with Iran explains much of September's spike, but is not the underlying problem. Overall inflation averaged 2.8% annualized from January 2025 through February, before Operation Epic Fury commenced. Core inflation averaged an even higher 2.9% annualized. Tariffs have also added to the cost of goods. But the primary longer-term driver of inflation remains monetary policy.



Inflation outpacing wage growth since April

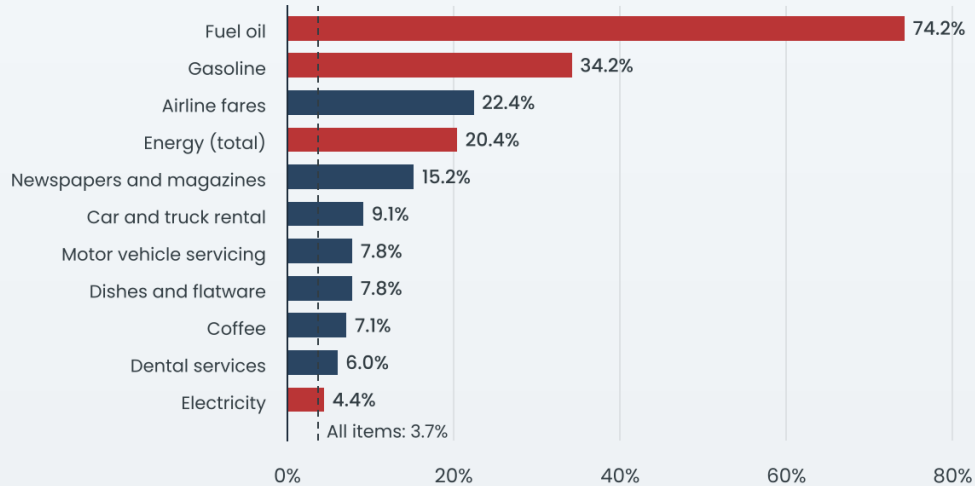
12-month percentage change



Source: U.S. Bureau of Labor Statistics (CPI-U; average hourly earnings of private-sector employees, via FRED CES0500000003).

Selected price increases

12-month percentage change, September 2026 (energy in red)



Source: U.S. Bureau of Labor Statistics.

