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October 16, 2009

# Consumer Prices Edged Up Last Month

By [JACK HEALY](#)

Consumer prices edged higher last month after a summertime spike in gasoline and energy prices leveled off, the government reported on Thursday.

[The report demonstrated](#) that inflation was still a remote concern for the American economy, even as the dollar tumbles against other global currencies and jittery investors clamor to buy oil and gold. The figures backed up the [Federal Reserve's](#) view that inflation will remain low as the economy grapples with high unemployment and low consumer demand.

The Labor Department's [consumer price index](#) rose 0.2 percent in September, its smallest increase since July, when prices were flat. Consumers paid less for food, but slightly more for energy, gasoline and clothing.

New-car prices bounced back from declines a month earlier, when they fell amid a flurry of discounted buying as car buyers flocked to dealerships to take advantage of the government's "[cash for clunkers](#)" rebate program. Prices for new automobiles rose 0.4 percent, and used-car prices climbed for a second month.

The so-called core rate of inflation, which excludes volatile food and energy prices, also rose 0.2 percent.

Over all, prices in September were 1.3 percent lower than a year earlier, when gasoline and oil prices plummeted during the [financial crisis](#), dragging down the costs of food, transportation and other costs of living.

Housing costs, which make up a substantial portion of the overall consumer price index, fell 0.3 percent in September, reflecting rising residential vacancies and cheaper hotel rates across the country.

The changes in consumer prices lined up with economists' expectations, and reflected the view of Fed bankers, who believe that excess slack in the economy and its long path toward recovery will keep inflation low.

Minutes from the Fed's latest meeting in September highlighted that view: "Most participants anticipated that slack in both labor and product markets would be substantial over the next few years, leading to subdued and potentially declining wage and price inflation."

In another report on Friday, the Labor Department said that [first-time claims](#) for jobless benefits fell to a seasonally adjusted 514,000, from an upwardly revised 524,000 the previous week. The fifth decline in six weeks was below forecasts of 525,000, according to [Thomson Reuters](#).

The four-week average, which smoothes fluctuations, fell for a sixth week to 531,500.

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