BROADHURST
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Inflation Erosion

October 7, 2025

The inflation rate is creeping up again, from just above 2% earlier in the year to 2.9% in the latest (August) report. This isn't alarming news, but it might complicate the efforts by the U.S. Fed to balance its goal for inflation (2%) with its goal to support the weakening U.S. labor market. Keeping the Fed rate the same would fight inflation; while lowering the Fed rate would stimulate the economy and help it create more jobs.

For investors, the trend suggests that it is increasingly risky to keep too much money in cash, as that part of the portfolio is guaranteed to lose value—and probably more in the future as the inflation rate continues to rise.

This may be especially true in states that are experiencing higher costs of living. The high-inflation list includes Colorado, Utah, California, Alaska, Florida, Maryland, Minnesota and Hawai'i. Inflation has been lowest in Arkansas, Oklahoma, Louisiana, West Virginia, Maine and Mississippi. Los Angeles, Philadelphia, New York and Chicago are among the cities where inflation has pushed above 3.0%, while in Detroit (0.7% on average) and Houston (1.1%), price increases have generally been more moderate.

Sources:

https://wallethub.com/edu/cities-inflation/107537

https://www.jec.senate.gov/public/index.cfm/republicans/state-inflation-tracker

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number (215) 325-1595 or you can click here to schedule a meeting.

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.

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