Cheaper gas cuts consumer prices

Food edges higher, but not dramatically

By Christopher S. Rugaber
Associated Press

WASHINGTON — A steep fall in gas costs pushed down a measure of U.S. consumer prices last month, keeping inflation mild.

The seasonally adjusted consumer price index dropped 0.3 percent in November from October, the Labor Department said Friday. Gas prices fell 7.4 percent, the biggest drop in nearly four years. That offset a 0.2 percent rise in food prices.

In the past year, consumer prices have risen 1.8 percent, down from October's 12-month increase of 2.2 percent.

Excluding the volatile food and gas categories, prices ticked up 0.1 percent in November. Core prices have risen 1.9 percent in the past year — below the Fed's annual target of 2 percent.

Higher rents, airline fares and new cars pushed up core prices last month. The cost of clothing and used cars fell.

"In simplest terms, inflation is not a problem," Jim Baird, chief investment strategist at Plante Moran Financial Advisors, said. Lower inflation "is a real positive that should provide modest relief for households dealing with limited income growth."

High unemployment and slow wage growth have made businesses reluctant to raise prices. Many worry higher prices could drive away customers. That's helped keep inflation tame.

Modest inflation leaves consumers with more money to spend, which can boost economic growth. Lower inflation also makes it easier for the Fed to

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ce property to developers, but none was willing to reuse the building because of the cost to redevelop it, despite interest from more than 100 people. He noted that the property has been under contract five times and nothing has moved forward.

Mayor Steve Benjamin originally asked for the landmark designation for the building but withdrew it after touring the building and speaking with architects. He said he believes it would be financial and arts center 701 Whaley when it was targeted for demolition, was one of 21 people to speak in opposition to the plans Thursday night. Those opposing the plan included preservation groups, neighborhood associations and even the business-friendly Vista Guild.

No one but the developer spoke in favor of the plans during the two-hour discussion.

Greenville, $50; Joseph Ryan, Greenville, $100; anonymous, $200; St. Francis Bible Study Group of Christ Episcopal Church, $100; James and Aneah Lockaby, Spartanburg, $25; Eileen Sullivan, Greenville, in memory of Henry B. Welker, $50; Paul and Bernice Latimore, Greenville, in memory of Paul T. Latimore Jr., $50; John Dean, Travelers Rest, in memory of Helen Pulsifer, $100.

Also, Ken and Libby Osburn, Taylors, $50; Jannifer West, Greer, $36; Warren and Brenda Hughes, Greenville, in memory of Ches Hughes, $200; Bill and Linda Vaughn, Piedmont, in memory of Neal and Evelyn Anders, $25; Julian and Shirley Howell, Greenville, in memory of Keith Howell, $200; Dana Mitchell III, Greenville, in honor of Sara Frances Wallace, $500; Kathryn Rawlins, Greenville, in memory of Ernest Rawlins, Jr., $25; anonymous, $400; Robert Beaudry, Greenville, $500; Thomas Perkins, Greenville, $20; Advanced Cylinder, Tuffaloy Products and Entron Controls, in memory of Kenneth Belcher, $325.





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continue with its efforts to rekindle the economy. If the Fed were worried that prices are rising too fast, it might have to raise interest rates.

The increase in food prices was smaller than many economists expected. This summer's drought in the Midwest, which scorched corn and soybean crops, has pushed up food prices. But the increase hasn't been dramatic so far. Food costs have risen 1.8 percent in the past 12 months.

Some items have seen big increases. The cost of milk, cheese and other dairy products have risen 0.8 percent in each of the past two months. That could reflect the higher cost of animal feed. Cereals and baked goods rose 0.3 percent last month. But prices for the broad category of meat, chicken, fish and eggs fell in November, after a big gain the previous month.