# “Inflation is falling” does not mean *prices* are

*One mechanism of official statistics — the difference between a slowing rate of increase and an actual fall in the level, and why the two get swapped.*

BEFORE YOU BEGIN

## *How This Guide Works*

This is part of **Incognati Civics**, applying the field-guide format to the official statistics the government publishes — jobs, prices, crime, output, deaths — the numbers themselves and the way they are read, examined the same way regardless of which party the figure happens to help or hurt. Each specimen goes deep on one mechanism, with agency methodology, official records, and nonpartisan scholarship listed in full on the references page.

INCOGNATI CIVICS — OFFICIAL DATA REPORTING

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CIVICS SPECIMEN · NO. 05

PLATE V

# *Disinflation vs. Deflation*

*Lentius, Non Retro*

**Governing precedent / case** CPI level vs. rate of change **Status** Recurring whenever inflation cools

OBSERVED SPECIMEN — MONTHLY CONSUMER PRICE INDEX RELEASE

*When the inflation rate drops from, say, nine percent to three, prices are still rising — just more slowly. That is* **disinflation**. *Prices actually falling would be* **deflation**, *a rare and usually alarming condition. "Inflation is down" is read by many as "prices are back down," and the gap between the two fuels a durable complaint that the official numbers must be wrong — because groceries did not get cheaper. The index measures the level; the headline usually reports the rate of change of that level.*

THE HOOK

A falling rate of change is heard as a falling level, so 'inflation is down' clashes with lived prices.

THE MECHANISM

The CPI tracks a price level; the 'inflation rate' is the percent change in that level over a year. A smaller positive change still raises the level; only a negative change lowers it.

***Field mark***: when inflation is reported as 'falling,' ask whether the price *level* fell or only the *rate* — disinflation still means things cost more than last year, just not as much more.

See the full references page for complete citations.

# References

every source checkable at the link provided; DOIs given where the source has one

AGENCY REFERENCE · BLS

U.S. Bureau of Labor Statistics, “Consumer Price Index: Overview” and CPI news release.

https://www.bls.gov/cpi/

*BLS documents the index level and the 12-month change reported as the inflation rate.*

REFERENCE · FEDERAL RESERVE

Federal Reserve, glossary entries for “disinflation” and “deflation.”

https://www.federalreserve.gov/faqs/economy_14419.htm

*Central-bank definitions distinguishing a slowing rate from a falling level.*

Closing Plate · Field Method

## *Reading an Inflation Headline: A Gut Check*

*four questions before 'inflation is falling' makes you expect cheaper groceries*

1. **Level or rate?**
   'Inflation' usually means the rate of change, not the price level itself.
2. **Disinflation ≠ deflation**
   Slower increases are not decreases; prices are still higher than a year ago.
3. **Expect the mismatch**
   Cooling inflation and still-high prices are consistent, not contradictory.
4. **Check the sign**
   Only a negative change lowers the level; a smaller positive one still raises it.

INCOGNATI CIVICS

## *The Series Continues*

This is Specimen No. 5 of the Official Data Reporting section within Incognati Civics. The full queue of twelve specimens is listed on the cover. This section joins Elections and Federal Laws within Civics, with local government and institutional communications planned beyond it. The Incognati Atlas catalogs the underlying patterns across all of it.



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