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Inflation Falls to Below 3% for First Time Since 2021

By [Megan Leonhardt](#)

The Federal Reserve's decision to keep interest rates higher for longer seems to be paying off. The overall inflation rate fell to just 2.9% in July from the nearly 9% pace set in June 2022.

It was the first time that the annual pace of inflation was below 3% since spring of 2021. Even though June's inflation reading was slightly better, the pricing data from last month will likely help convince Fed officials to cut interest rates by at least a quarter of a percentage point at their next policy meeting in September.