For the 12 months ending in August, the core index surged 2 percent, the biggest year-over-year increase in nearly three years. That's at the top end of the Federal Reserve's informal **inflation** target. It could limit the central bank's ability to take further steps to try to revive the economy.

Food prices rose 0.5 percent, the biggest increase since March. That was due to higher prices for cereals and dairy products. Energy costs increased 1.2 percent.