

Macro Roundup Article

Headline: [The Eurozone's Unique Inflation Crisis](#)

Article Link: <https://www.apricitas.io/p/the-eurozones-unique-inflation-crisis>

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Tweet: [@JosephPolitano](#) notes differences in wage growth in the US and EU, and argues that Eurozone inflation is largely being driven by shocks related to the Russo-Ukrainian War, while inflation in the US is broader.

Summary: American inflation is now largely driven by cyclical or demand-sensitive components like housing and labor-intensive services. Eurozone inflation is still driven mainly by rapid price increases in components like food, energy, and manufactured goods that are more representative of supply shocks than excess demand. Fundamentally, the biggest difference between Europe's and America's inflation situation comes from wage growth. Measured through negotiated wage growth or the labor cost index, Euro area wage growth has remained tempered, below 4%, and in line with pre-COVID levels as American wage growth set new records. Growth in listed wages on job postings in the Euro Area was 5.1% over the last year and less than 2% the year before. The comparable number in the US has grown by over 6%/yr for the past two years.

Primary Topic: Inflation

Topics: Factoid, GDP, Inflation, Monetary Policy, Op-Ed/Blog Post, Sell-by Date

Permalink: <https://www.edwardconard.com/macro-roundup/josephpolitano-notes-differences-in-wage-growth-in-the-us-and-eu-and-argues-that-eurozone-inflation-is-largely-being-driven-by-shocks-related-to-the-russo-ukrainian-war-while-inflation-in-the-us?view=detail>

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