

Macro Roundup Article

Headline: [It's a Lagged, Lagged, Lagged, Lagged World](#)

Article Link: <https://www.nytimes.com/2022/10/28/opinion/fed-inflation-interest-rates.html>

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Tweet: Citing a slowdown in the Employment Cost Wage index, @paulkrugman argues there is a “strong case to be made there’s considerable disinflation in the pipeline” and admits, “Over the past year, optimists like me were wrong, while pessimists were right.”

Summary: Wages are still rising too fast to be consistent with the Fed’s inflation target, but if the economy is really set to weaken, wage growth will probably weaken too. Furthermore, you can argue that past wage growth, like surging rents, partly reflected a one-time adjustment to pandemic-related shocks, which will go away over time. I’d argue, a strong case to be made that there’s considerable future disinflation already in the pipeline. Over the past year, optimists like me were wrong, while pessimists were right. But past results are no guarantee of future performance.

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