

Macro Roundup Article

Headline: [Why the Fed Is Still Raising Rates](#)

Article Link: <https://theovershoot.co/p/why-the-fed-is-still-raising-rates>

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Tweet: [@M_C_Klein](#) notes that PCE is running at ~4.5% a year vs. 2% before the pandemic, and suggests that the Fed needs to do more if it is to reach its 2% target. There has been a reversal of temporary factors," but services PCE inflation remains stubborn.

Summary: If excessive price increases were “transitory” on the way up, then they are also “transitory” on the way down. Monthly data suggest that the price impact of normalization in the production, distribution, and demand for manufactured goods may already have peaked. Fed officials have repeatedly said that they are now focusing on PCE services prices excluding energy and housing. This is a relatively broad swathe of the economy that should be relatively—although not completely—shielded from idiosyncratic forces and should therefore represent underlying inflationary conditions.

Primary Topic: Inflation

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

Permalink: https://www.edwardconard.com/macro-roundup/m_c_klein-notes-that-pce-is-running-at-4-5-a-year-vs-2-before-the-pandemic-and-suggests-that-the-fed-needs-to-do-more-if-it-is-to-reach-its-2-target-there-has-been-a-reversal-of-temporary-factor?view=detail

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