

Macro Roundup Article

Headline: [Disinflation Milestones](#)

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Summary: Nominal wage increases of 4–5% in the euro area and 3–4% in the United States this year and next year are compatible with bringing inflation within reach of 2% by end-2024, provided that import price growth slows and profit margins stabilise or slightly shrink. From a historical perspective, the 2023–24 disinflation path of domestic prices and nominal wages are within the range of past disinflations in both economies (Graph 1, left-hand and centre panels). However, two observations are in order. First, while US real wages always tend to decline around the time when US inflation peaks, the 2022 decline in euro area real wages was unprecedented (upper right-hand panel).

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