

## Macro Roundup Article

**Headline:** [Global Supply Chains and U.S. Import Price Inflation](#)

**Article Link:** <https://libertystreeteconomics.newyorkfed.org/2024/03/global-supply-chains-and-u-s-import-price-inflation/>

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**Tweet:** Imported goods have become a deflationary force: from Q2 2021 to the middle of 2023, world trade prices have dropped by more than 5pp. @NewYorkFed

**Summary:** After reaching a peak of 11% in the second quarter of 2021, world trade prices dropped by more than 5pp by the middle of 2023. U.S. import prices followed a similar pattern, albeit with a lower peak and a deeper trough. We investigate what drove these price movements by using information on the prices charged for products shipped from fifty-two exporters to fifty-two importers, comprising more than twenty-five million trade flows. We uncover several patterns in the data: (i) From 2021:Q1 to 2022:Q2, almost all of the growth in U.S. import prices can be attributed to global factors, that is, trends present in most countries; (ii) at the end of 2022, U.S. import price inflation started to be driven by U.S. demand factors; (iii) in 2023, foreign suppliers to the U.S. market caught up with demand and account for the decline in import price inflation, with a significant role played by China. Related: What Caused the U.S. Pandemic-Era Inflation? and Inflation Is Still Hot, But Could Incomes Be Slowing? and How Fast Can the Fed Ease? The Private Sector Response to Easier Conditions Will Be a Key Factor

**Primary Topic:** Business Cycle

**Topics:** Business Cycle, GDP, Inflation, Op-Ed/Blog Post, Trade (not deficits)

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