

Macro Roundup Article

Headline: [The "Easy Disinflation" Is \(Mostly\) Over. The Fed Grapples With What Comes Next](#)

Article Link: <https://theovershoot.co/p/the-easy-disinflation-is-mostly-over>

Author(s)	Matt Klein
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Tweet: There has been no disinflation since mid-2021 as idiosyncratic supply shocks have faded. The current inflation is being driven by strong nominal wage growth without productivity gains. @M_C_Klein

Summary: The underlying issue is that most consumers' nominal incomes continue to rise faster than they did before, without any commensurate increases in output or offsetting changes in saving. Strip out the volatile wage changes for managerial workers and the lower-paid workers in industries hit hardest by the pandemic, and the result (red lines below) is that hourly pay has been rising at a 5% yearly rate almost every month for nearly a year.

Primary Topic: Inflation

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

Permalink: https://www.edwardconard.com/macro-roundup/there-has-been-no-disinflation-since-mid-2021-as-idiosyncratic-supply-shocks-have-faded-the-current-inflation-is-being-driven-by-strong-nominal-wage-growth-without-productivity-gains-m_c_klein?view=detail

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