

## Macro Roundup Article

**Headline:** [Lessons From The Great Reflation](#)

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Publication	Financial Times
Publication Date	February 07, 2023

**Tweet:** [. @martinwolf](#) notes that M2 is now 2.5% under its March 2022 peak which suggests inflation could soon fall - but notes by most measures core inflation remains “sticky” and suggests a “monetary overhang.”

**Summary:** Measures of US broad money are now actually falling. In December 2022, for example, US M2 was 2.5 per cent below its peak in March. Data on broader measures provided by the Center for Financial Stability show the same picture. This suggests that inflation might fall faster than expected. It is even possible that if the aim is only to stabilize inflation rather than make the price level fall back, policy is too tight. Yet there still seems to be a monetary overhang. Inflation might also prove stickier downwards than hoped. Whatever happens, do not repeat what happened in the 1970s: get inflation down and then keep it down.

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