

Macro Roundup Article

Headline: [Where Is Shelter Inflation Headed?](#)

Article Link: <https://www.frbsf.org/economic-research/publications/economic-letter/2023/august/where-is-shelter-inflation-headed/>

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Tweet: A model from the @sfed forecasts “year-over-year shelter inflation will continue to slow through late 2024 and may even turn negative by mid-2024.”

Summary: The dashed line presents our baseline forecast of year-over-year shelter inflation over the next 18 months based on the average of cumulative shelter inflation forecasts at the CBSA level. Blue shading shows the area in which 95% of the model’s out-of-sample forecast errors fall, indicating the range of confidence regarding the accuracy of our model estimates. The solid line plots actual year-over-year shelter inflation. Our baseline forecast suggests that year-over-year shelter inflation will continue to slow through late 2024 and may even turn negative by mid-2024. This would represent a sharp turnaround in shelter inflation, with important implications for the behavior of overall inflation. The deflationary component of this forecast would be the most severe contraction in shelter inflation since the Global Financial Crisis of 2007-09. Related: Rangvid On Housing Inflation and New Tenant Repeat Rent Index

Primary Topic: Housing

Topics: GDP, Government/NGO, Housing, Inflation, Weekly

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