

Macro Roundup Article

Headline: "Greedflation" and the Profits Equation

Article Link: <https://theovershoot.co/p/greedflation-and-the-profits-equation>

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Tweet: .@M_C_Klein notes the increase in nominal pretax business income is just 17% of the increase in consumer spending, suggesting that "excess" profits were not a primary driver of inflation post-pandemic.

Summary: Put another way, the increase in nominal pretax business income since 2019 Q4 is equivalent to just 17% of the increase in consumer spending excluding imputed rent since the eve of the pandemic. For perspective, the total amount of nominal pretax business income generated in the U.S. in any given quarter has historically been worth about 21% of PCE ex-imputed rents, which means that the growth in profits has been a little low relative to what one might have naively expected.

Primary Topic: Business Cycle

Topics: Business Cycle, Database, GDP, Inflation, Op-Ed/Blog Post, Weekly

Permalink: https://www.edwardconard.com/macro-roundup/m_c_klein-notes-the-increase-in-nominal-pretax-business-income-is-just-17-of-the-increase-in-consumer-spending-suggesting-that-excess-profits-were-not-a-primary-driver-of-inflation-post-pandemi?view=detail

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