

Macro Roundup Article

Headline: [What if Inflation Suddenly Dropped and No One Noticed?](#)

Article Link: <https://www.wsj.com/articles/inflation-sudden-drop-12-5-month-cpi-pce-energy-food-new-year-price-federal-reserve-11672914903>

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Tweet: Alan Blinder notes that November's 12-month CPI was 7.1%, however, between June-November 2022 CPI inflation ran at only a 2.5% annualized rate. Blinder concludes, "the inflation future does indeed look brighter than the inflation past."

Summary: The CPI inflation rate over the past 12 months has been an alarming 7.1%. But the U.S. economy got there by averaging an appalling 10.6% annualized inflation rate over the first seven months and a mere 2.5% over the last five. The PCE price index tells a similar story, though a somewhat less dramatic one. The 5.5% inflation rate over the past 12 months came from a 7.8% rate over the first seven months followed by a 2.4% rate over the last five. If you concentrate instead on "core" inflation, which excludes food and energy prices, annual inflation over the past five months has run higher: a 4.7% annual rate for the CPI and 3.7% for the PCE. So the Fed's fight against inflation isn't over.

Primary Topic: Inflation

Topics: Factoid, GDP, Inflation, Monetary Policy, Op-Ed/Blog Post, Sell-by Date

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