

Macro Roundup Article

Headline: [Striking Similarities \(and Differences\) Between Inflation Today and In the 1970s](#)

Article Link: <https://blog.rangvid.com/2023/01/15/striking-similarities-and-differences-between-inflation-today-and-in-the-1970s/>

Author(s)	Jesper Rangvid
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Tweet: Jesper Rangvid from Copenhagen Business School argues that inflation is on track to normalize over the next 18 months, but the Fed should keep rates elevated while inflation comes down given persistent core inflation. @CBSoph

Summary: The behavior of US inflation during the past 5-10 years has been strikingly similar to the behavior of inflation during the early 1970s. If this continues, inflation should be back on target in mid-2024. Core inflation followed headline inflation during the early 1970s, both when inflation rose and when it fell. Today, headline inflation has been falling for the past six months, while core inflation has not. This is worrying. It indicates that underlying inflationary pressures are more pronounced today than in the early 1970s. If correct, which I think it is, it will be more difficult to get inflation under control than in the early 1970s. Consequently, I believe the Fed should keep interest rates elevated for at least one more year.

Primary Topic: Inflation

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

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