

Macro Roundup Article

Headline: [Inflection Point](#)

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Tweet: Last week's CPI report reinforces Jan Hatzius' @GoldmanSachs view that inflation will return to the Fed's 2% target in 2025. Jan forecasts two cuts this year, the first in September followed by a cut in December.

Summary: Last week's US inflation data reinforced our view that the Q1 spike was an aberration. With CPI, PPI, and import prices in hand, we estimate that core PCE rose just 0.13% in May. In the remainder of 2024, we expect prints averaging 0.17%, with flat core goods prices and ongoing gradual deceleration in both shelter and non-housing core service inflation. This implies that core PCE will end 2024 at 2.7% year-on-year, a slight increase from May's estimated 2.6% because of adverse base effects but slightly below the latest median FOMC projection of 2.8%. We still expect both headline and core inflation to fall to 2% in 2025.

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Primary Topic: Inflation

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

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