

Macro Roundup Article

Headline: [Disinflation Noise vs. Persistent Signal](#)

Article Link: <https://theovershoot.co/p/disinflation-noise-vs-persistent>

Author(s)	Matt Klein
Publication	The Overshoot
Publication Date	May 17, 2023

Tweet: Using his favored inflation barometer, restaurant prices, @M_C_Klein argues inflation has settled at a new baseline of 4-5%; he notes this was the pace coming out of the Volcker inflation victory.

Summary: Perhaps the clearest way to synthesize this is to look at changes in the price of eating at sit-down restaurants. This incorporates domestic wages, rents, groceries, equipment, and consumers' willingness (and ability) to splurge. The good news is that price of dining out—which had been a harbinger of the durability of the 2021-2022 inflation spike, which I confess I did not fully appreciate at the time—is rising far more slowly now than then. The bad news is that annualized price increases are still 2-3 percentage points faster than before the pandemic. It is not obvious to me that this is a serious problem for policymakers. Inflation is not continuing to accelerate, but instead seems to be settling into the 4-5% range.

Related Articles: nan

Primary Topic: Inflation

Topics: GDP, Inflation, Monetary Policy, Op-Ed/Blog Post

Permalink: https://www.edwardconard.com/macro-roundup/using-his-favored-inflation-barometer-restaurant-prices-m_c_klein-argues-inflation-has-settled-at-a-new-baseline-of-4-5-he-notes-was-the-pace-coming-out-of-the-volcker-inflation-victory?view=detail

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/05/Menu-Costs.png>