

Macro Roundup Article

Headline: [Rangvid On Housing Inflation](#)

Article

Link: <https://johnhcochrane.blogspot.com/2023/08/rangvid-on-housing-inflation.html#more>

Author(s)	John Cochrane
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Tweet: [.@JohnHCochrane](#) notes that excluding the cost of housing, US inflation is already back at target, consistent with the fiscal theory of the price level.

Summary: CPI and PCE core inflation (orange and gray) are how the US calculates inflation less food and energy, but including housing. We do an economically sophisticated measure that tries to measure the "cost of housing" by rents for those who rent, plus how much a homeowner pays by "renting" the house to him or herself. You can quickly come up with the plus and minus of that approach, especially for looking at month to month trends in inflation. Europe in the "HICP core" line doesn't even try and leaves owner occupied housing out altogether. Jesper's point: if you measure inflation Europe's way, US inflation is already back to 2%. The Fed can hang out a "mission accomplished" banner. (Or, in my view, an "it went away before we really had to do anything serious about it" banner.) And, since he writes to a European audience, Europe has a long way to go.

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Primary Topic: Inflation

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

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