

Macro Roundup Article

Headline: [The Inflation Outlook Is Getting Better, But Also Worse?](#)

Article Link: <https://theovershoot.co/p/the-inflation-outlook-is-getting>

Author(s)	Matt Klein
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Tweet: [.@M_C_Klein notes an uptick in the price of multiple manufacturing inputs and suggests that goods inflation may reaccelerate if wage growth reverts from slow year-to-date growth. Domestic US manufacturing production has been flat since 2013.](#)

Summary: The PPI measures of input costs for manufactured goods have turned positive again, and in some cases are rising at the fastest rate in more than a year. This is already filtering through to core final demand, and while that measure is different from the CPI in several important respects, the direction of travel is significant. If wage growth remains slow, as it has so far this year, then indicators such as retail sales may be more indicative of the change in underlying economic conditions, and may flow through to interest rates. If wage growth reverts, then the recent inflation data are probably more representative of overall trends. Lurking in the background is the depressing fact that domestic American manufacturing production has been either flat or down slightly since 2013, with no growth over the past few years. That is a remarkably poor performance considering the tremendous growth in domestic demand for manufactured goods over that period, even if some of the trouble can be attributed to the specific product and industry mix of what is made in the U.S.

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Primary Topic: Business Cycle

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

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