

## Macro Roundup Article

**Headline:** [Peering Through the Fog of Inflation](#)

**Article Link:** <https://www.nytimes.com/2023/03/03/opinion/inflation-us-economy.html>

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Publication	New York Times
Publication Date	March 06, 2023

**Tweet:** [. @paulkrugman weighs the evidence of the direction of inflation in light of recent revisions \(red line on chart\) concluding underlying inflation "probably" has come down since early 2022 but "we don't know how much it has come down."](#)

**Summary:** Underlying inflation probably has come down since early 2022 — you really have to work hard to find measures that don't say that. But we don't know how much it has come down. Inflation is still, however, running significantly above the Fed's 2 percent target. Elevated inflation isn't a mystery: The economy still seems to be running hot, despite a series of interest rate hikes from the Fed. So far there is no evidence that inflation is becoming entrenched, such that we would have to go through an extended period of high unemployment to get it back down. I'm not saying that it can't happen, but as far as I can tell, there is no evidence supporting fears of '70s-style stagflation. Given this picture, I don't see how the Fed can avoid continuing to raise interest rates until it's more or less unmistakable that inflation is coming under control.

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