

Macro Roundup Article

Headline: [Is Consumer Spending Slowing?](#)

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Tweet: Core consumer goods inflation has been accelerating over the past few months, reversing a long-term pre-pandemic trend of goods prices falling about 1% each year. @M_C_Klein

Summary: The dollar value of U.S. consumer spending has been rising steadily at a yearly rate of about 6% since mid-2022. That has helped keep prices growing somewhat faster than the 2% yearly goal favored by Federal Reserve officials. But the composition of this spending has been shifting over the past year or so, with an increasingly large growth contribution coming from categories where spending is “imputed”, instead of based on actual transactions and observed prices. Strip that out, and nominal spending seems to have been slowing. Yet this does not seem to be translating into slower inflation, with core consumer goods prices accelerating notably over the past few months. Core goods inflation seems to have returned with a vengeance. Excluding energy, groceries, and motor vehicles and parts, PCE goods inflation is now running at 2% a year. In the years before the pandemic, ultra-core goods prices fell about 1% each year.

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Primary Topic: Inflation

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

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