

Macro Roundup Article

Headline: [Fiscal Arithmetic and the Global Inflation Outlook](#)

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Summary: In advanced economies, there's a significant positive relationship between core inflation and sovereign debt growth since the start of the pandemic. The fiscal expansions delivered this decade will likely lead to price levels adjusting permanently higher. But this is not the same thing as permanently higher inflation: Our base case is that as temporary pandemic-related deficits gradually normalize, inflation is likely to diminish – and today's restrictive monetary policies aim to accelerate this process. And unlike in the 1970s, monetary policy credibility appears intact, with medium-term inflation expectations still anchored around central bank targets. Related: The Second Great Experiment Update, Inflation and Debt Across Countries and Waning Inflation, Supply and Demand

Primary Topic: Government Spending

Topics: Database, Fiscal Policy, GDP, Government Spending, Inflation, Op-Ed/Blog Post, Weekly

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