

Macro Roundup Article

Headline: [Inflation Is Turning the Corner](#)

Article Link: <https://www.wsj.com/articles/inflation-is-turning-the-corner-11673546157>

Author(s)	Greg Ip
Publication	Wall Street Journal
Publication Date	January 13, 2023

Tweet: [.@greg_ip argues yesterday's CPI release is consistent with recent inflation being largely transitory in nature, but with consumer expectations of 4.6% inflation in the coming year, "the Fed can't signal an end to interest rate increases yet."](#)

Summary: Still, even if a lot of wage and price growth does prove transitory, that won't necessarily comfort the Fed. When officials began using the term "transitory" in March 2021, the unemployment rate was 6% and consumers expected about 3% inflation in the coming year. In other words, the main determinants of underlying inflation—aggregate supply and demand and expectations—justified a sanguine outlook. Not anymore. Unemployment is now 3.5% and consumers expect 4.6% inflation in the coming year, according to the University of Michigan. This is why the Fed can't signal an end to interest rate increases yet and the risk of a recession can't be dismissed.

Related Articles: nan

Primary Topic: Inflation

Topics: GDP, Inflation, Monetary Policy, Op-Ed/Blog Post, Sell-by Date

Permalink: https://www.edwardconard.com/macro-roundup/greg_ip-argues-yesterdays-cpi-release-is-consistent-with-recent-inflation-being-largely-transitory-in-nature-but-with-consumer-expectations-of-4-6-inflation-in-the-coming-year-th?view=detail

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/01/1.13.23-lp.png>