

Macro Roundup Article

Headline: [Great News on Inflation! Will It Last?](#)

Article Link: <https://theovershoot.co/p/great-news-on-inflation-will-it-last>

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Tweet: .@M_C_Klein notes a broad-based slowdown in wage growth. He highlights that "12-month median wage change is now back to where it was in the second half of the 1990s" He thinks a soft landing is "increasingly likely."

Summary: The 12-month median wage change is now back to where it was in the second half of the 1990s—not exactly a period of excessive price increases outside of Beanie Babies and stocks. That could soon be corroborated by the Employment Cost Index (ECI), which Fed officials and others regularly view as the single best indicator of wages. The ECI only comes out once a quarter, and the latest data right now are from 2022Q3. If the Q4 number were to move in line with the most recent hourly earnings numbers and the Atlanta Fed’s median wage change tracker, then the job market would no longer a worrying source of inflationary pressure. This could be noise, but it is looking increasingly likely that inflation may in fact normalize without policymakers having to push the economy into a downturn.

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Primary Topic: Inflation

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

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