

Macro Roundup Article

Headline: [What Has Policy Tightening Accomplished So Far?](#)

Article Link: <https://theovershoot.co/p/what-has-policy-tightening-accomplished>

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Tweet: [.@M_C_Klein](#) notes the credit contraction hasn't slowed down the real economy as it's been offset by strong nominal income growth.

Summary: At the end of 2021 and the beginning of 2022, nominal consumer spending was rising about 7% annualized. So far this year, nominal PCE is rising about 6% annualized. The change in spending has been negligible compared to the slowdown in inflation, which suggests that improvements in the match between real production and demand have been more important than any shift in monetary policy. None of this is to suggest that interest rates should have stayed at zero, but it does suggest that the bulk of the disinflation that we have experienced so far can be attributed to benign developments in businesses' ability to produce the real goods and services that consumers want.

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Primary Topic: Business Cycle

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

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