

Macro Roundup Article

Headline: [Is This Disinflation "Immaculate" or "Transitory"?](#)

Article Link: <https://theovershoot.co/p/is-this-disinflation-immaculate-or>

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Tweet: [.@M_C_Klein notes that robust nominal wage growth is not consistent with inflation returning to target.](#)

Summary: The main reason to worry is that nominal wages have consistently been rising about 5%-6% a year since last summer. The drop in the share of workers quitting their jobs for better opportunities elsewhere and the declining wage premium for workers switching jobs do not seem to be having an impact (yet). Regardless of what I want to happen, the experience of the past three years makes me reluctant to conclude that something fundamental has changed after only a few months of somewhat encouraging data. Broad price inflation cannot remain disconnected from nominal income growth by very much over any meaningful time horizon. At this point, the hope is that the current bout of disinflation buys time for wage growth to (somehow) slow down on its own without the need for any active measures to hurt the economy. The alternative does not seem to be priced in.

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Primary Topic: Inflation

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

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