In 2020, the US had a debt-to-GDP ratio of 124.73%.[10] In 2022, the Fed raised their fed funds rate by 4.25% in the course of the year. This was the largest rate hike in a year since 1980.[11] After such a steep increase, one might expect inflation to slow down, but because of the level of debt-to-GDP that the US was starting with, raising rates could not have that impact. Instead, by Q2 of 2024, with rates still at their peaks, the US debt-to-GDP ratio had only dropped to 120%. The M2 money supply, which reached $19.11 trillion by the end of 2020, had still increased further to $21.31 trillion by 2024.[12] The unprecedented rate hike that took down five banks, including Silicon Valley and Credit Suisse (two of the biggest banks in the world, both getting bailouts), did nothing to quell the two primary metrics that would indicate the direction of inflation expectations.

[10] Macrotrends. (2025). *United States Debt to GDP Ratio.* https://www.macrotrends.net/global-metrics/countries/USA/united-states/debt-to-gdp-ratio

[11] *Ibid*.

[12] BGEOMETRICS. (n.d.). *M2 Money Stock*.https://charts.bgeometrics.com/m2.html