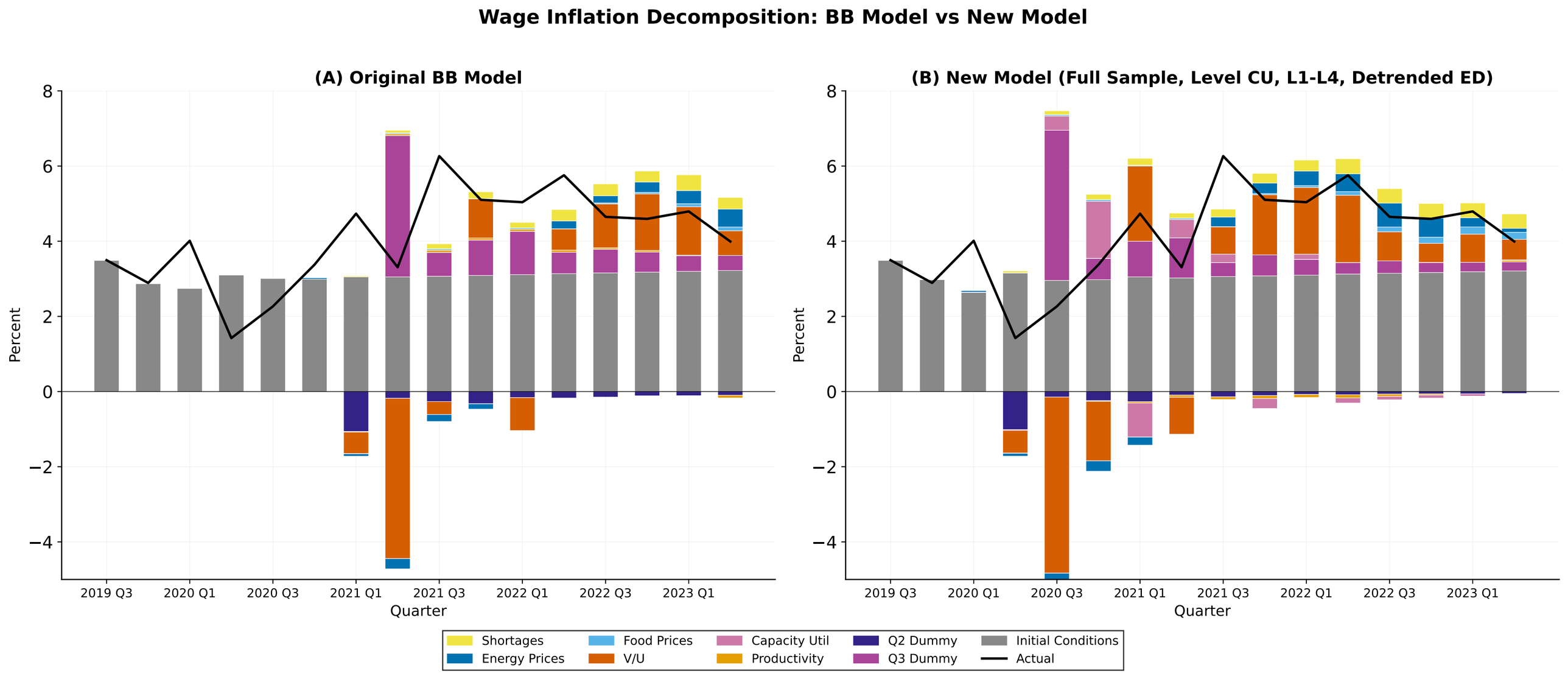
Wage Inflation Decomposition: BB Model vs New Model
(A) Original BB Model
(B) New Model (Full Sample, Level CU, L1-L4, Detrended ED)
Percent
Quarter
8
6
4
2
0
−2
−4
2019 Q3
2020 Q1
2020 Q3
2021 Q1
2021 Q3
2022 Q1
2022 Q3
2023 Q1
Shortages
Energy Prices
Food Prices
V/U
Capacity Util
Productivity
Q2 Dummy
Q3 Dummy
Initial Conditions
Actual