Wages and Inflation

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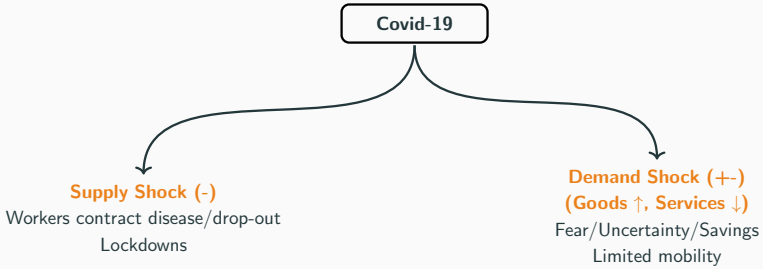
Supply-Demand Imbalances ↑ on a Global Scale During 2020–2022



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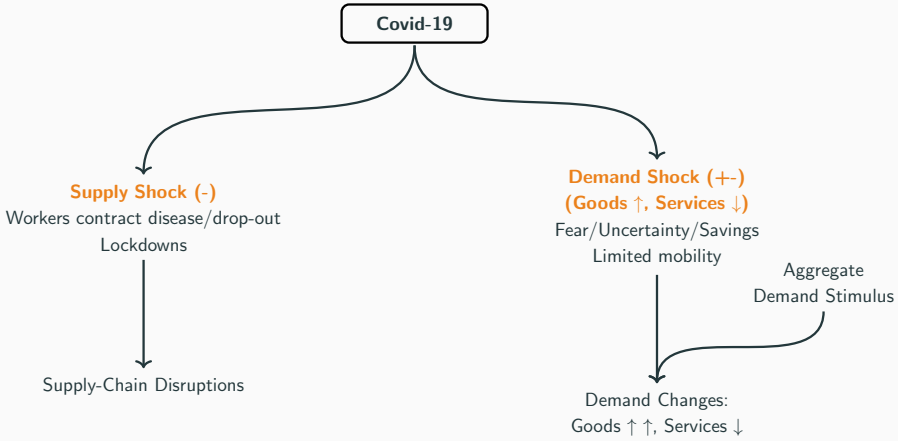
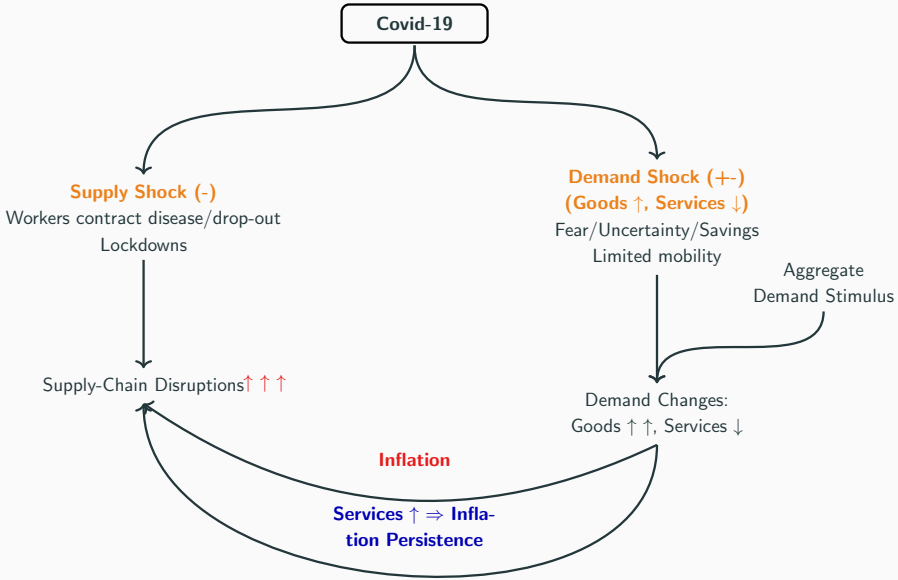
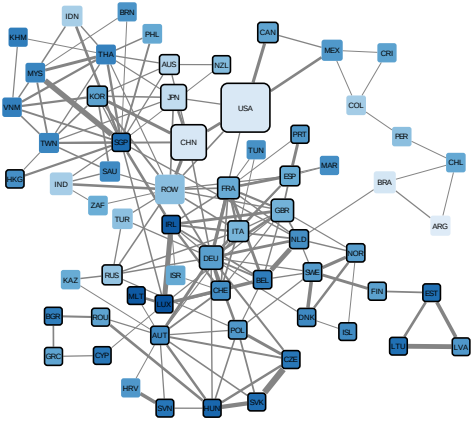


Supply-Demand Imbalances ↑ on a Global Scale During 2020–2022

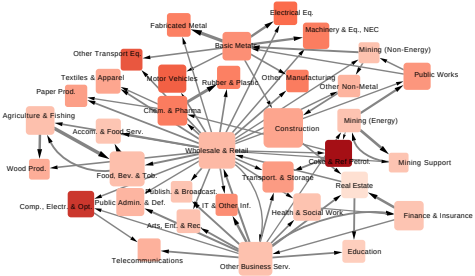


Global Production Network Connects Imbalances to Wages and Inflation

(a) Countries



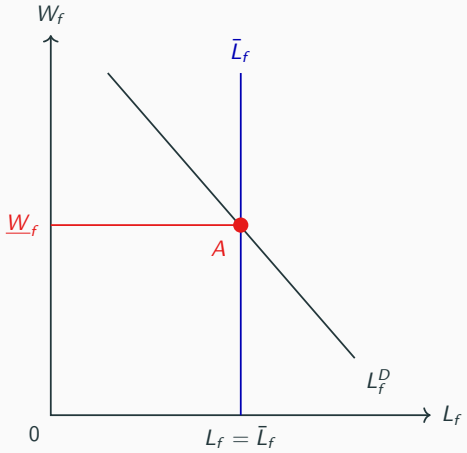
(b) Industries



35 industries in 65 countries, giving us a matrix of 2275 $\times$ 2275 entries

From Segmented Labor Markets to Aggregate Inflation: Macro-Network Model

Inflation $\approx$ Aggregate Demand $-$ Network weighted Labor Changes



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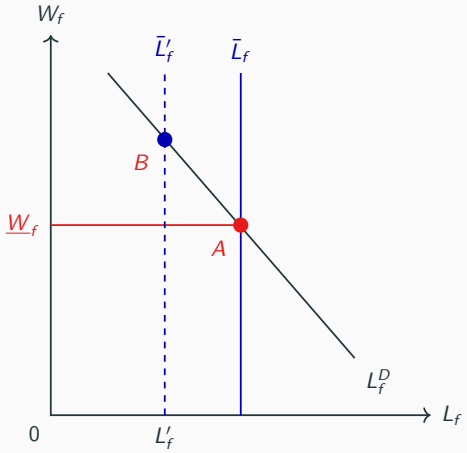

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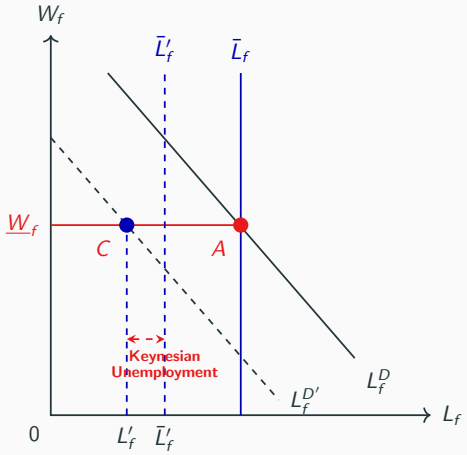

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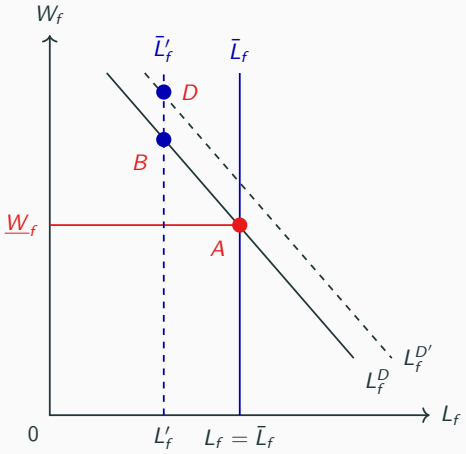
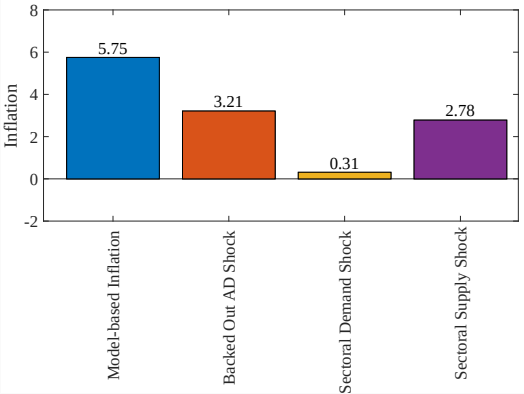
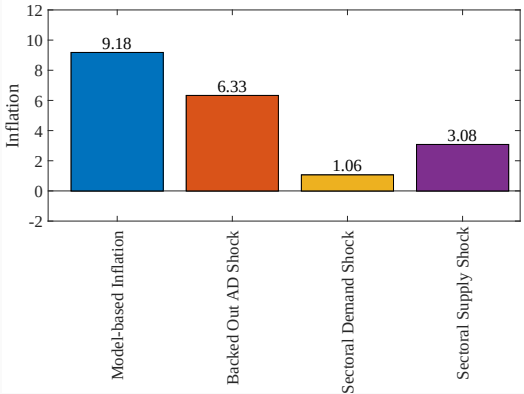


EA—Observed headline inflation: 4.69: US—Observed headline inflation: 8.47

Sectoral supply shocks explain 1/2 of EA, 1/3 of US observed inflation



(a) Euro Area: 45 Sectors



(b) U.S. 66 Sectors