

# U.S. Inflation Dynamics since the Great Recession

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Discussion by Jonathan Wright

September 30, 2016

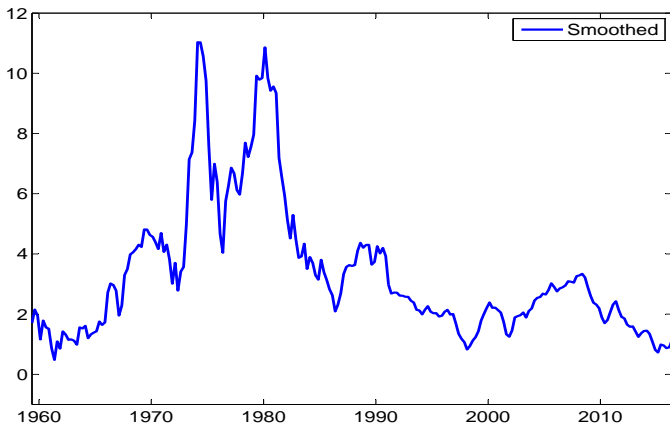
## Many Inflation Measures

- PCE/CPI
- Core PCE/CPI
- Cleveland Fed Median CPI
- Dallas Fed Trimmed Mean PCE
- Atlanta Fed Sticky Price CPI
- Stock-Watson Trend Inflation
- Cyclically Sensitive Inflation

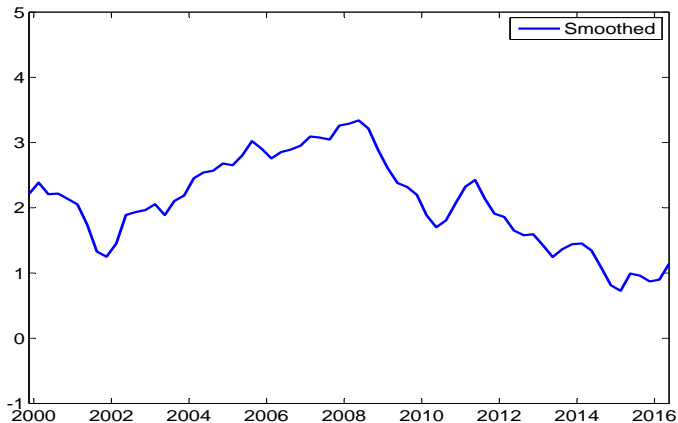
# Trend Inflation

- Alternative time-series and cross-sectional weighting, that can both vary over time
- More time series smoothing optimal today than in the past
- Cross-sectional weighting today roughly amounts to discarding energy but not food.

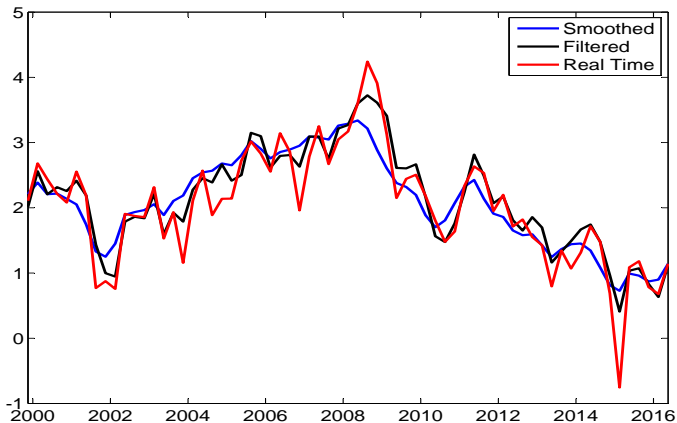
# Trend Inflation (univariate UCSVO)



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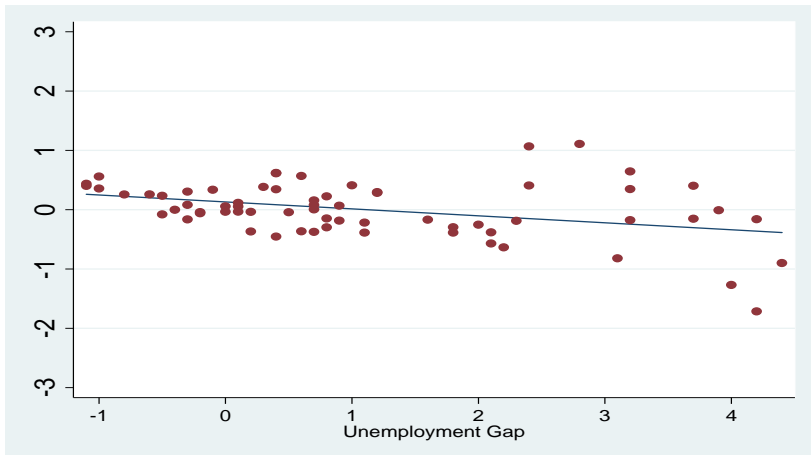
# Real Time Considerations



## Measuring Trend Inflation

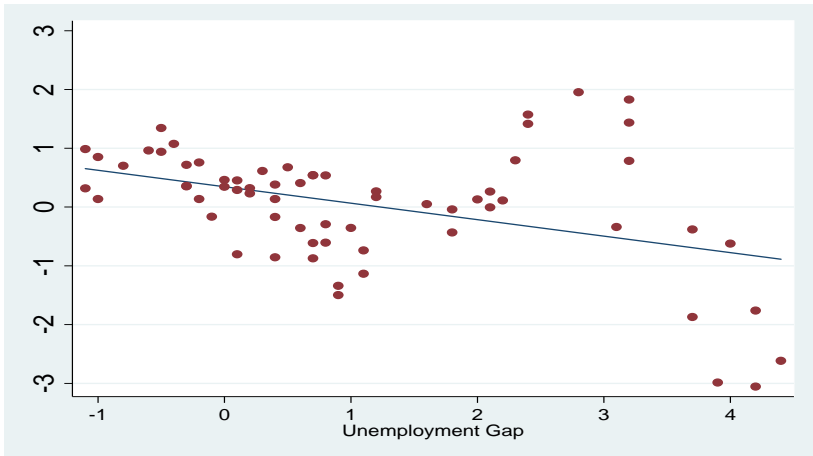
- An alternative is to use long run surveys
- Appropriate to measure trend inflation directly from price series
- For some purposes, could incorporate survey information too
- Posterior standard deviation of trend inflation at the end of the sample is 0.5 percentage points

## Phillips Curve for PCEXE: 2000-2016

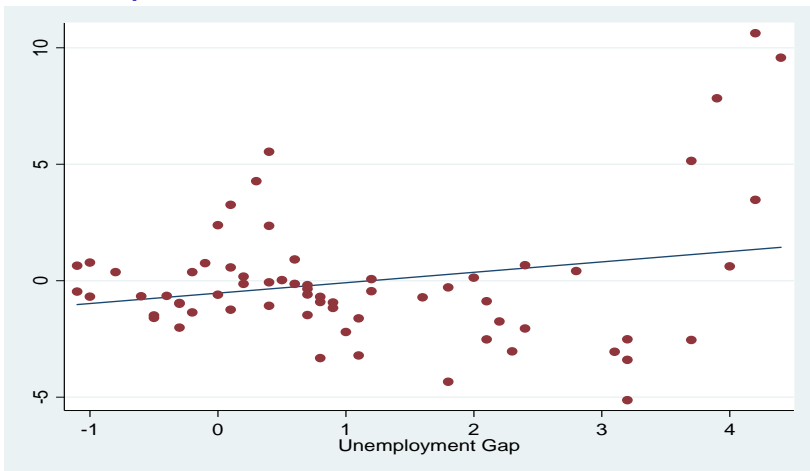




## Phillips Curve for Tenant's Rent



# Phillips Curve for Motor Vehicles and Parts



# Cyclically Sensitive Inflation

- CSI is index explicitly designed to maximize Phillips curve relation
- Reassuring that the Phillips curve exists

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- CSI is index explicitly designed to maximize Phillips curve relation
- Reassuring that the Phillips curve exists
- Question about how CSI index is to be used