U.S. Inflation Dynamics since the Great Recession

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Discussion by Jonathan Wright

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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)
Trend Inflation (univariate UCSVO)

-1
0
1
2
3
4
5


Smoothed

Discussion

Trend Inflation
Real Time Considerations

- Smoothed
- Filtered
- Real Time
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 Tenant’s Rent

![Graph showing the Phillips Curve for Tenant’s Rent.](image-url)
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
Cyclically Sensitive Inflation

- 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