

REASSESSING THE EFFECTIVENESS AND

TRANSMISSION OF MONETARY POLICY



Jackson Hole Economic Policy Symposium
Federal Reserve Bank of Kansas City
August 22-24, 2024

Discussion of “Insights from the 2020s Inflation Surge” by Benigno & Eggertsson

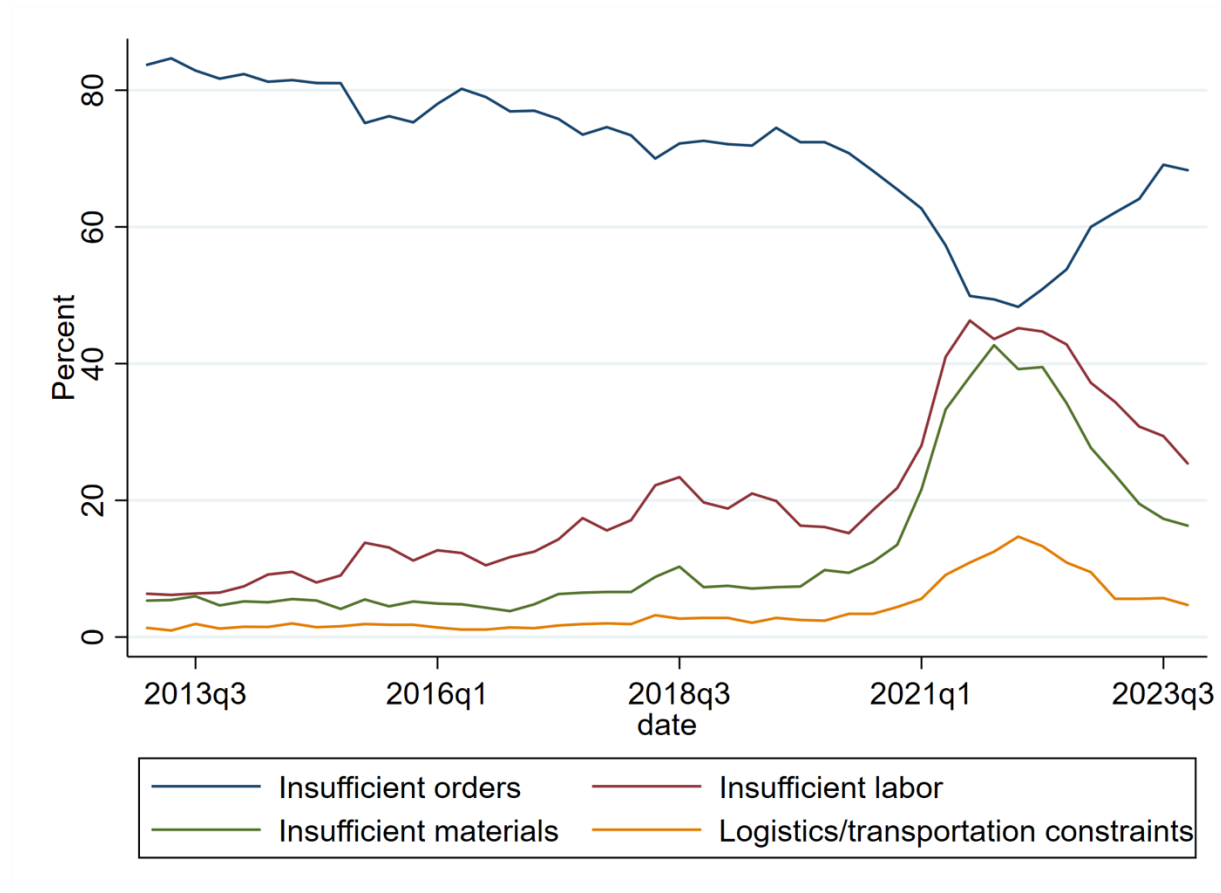
Guido Lorenzoni & Iván Werning

2024 Jackson Hole Economic Policy Symposium



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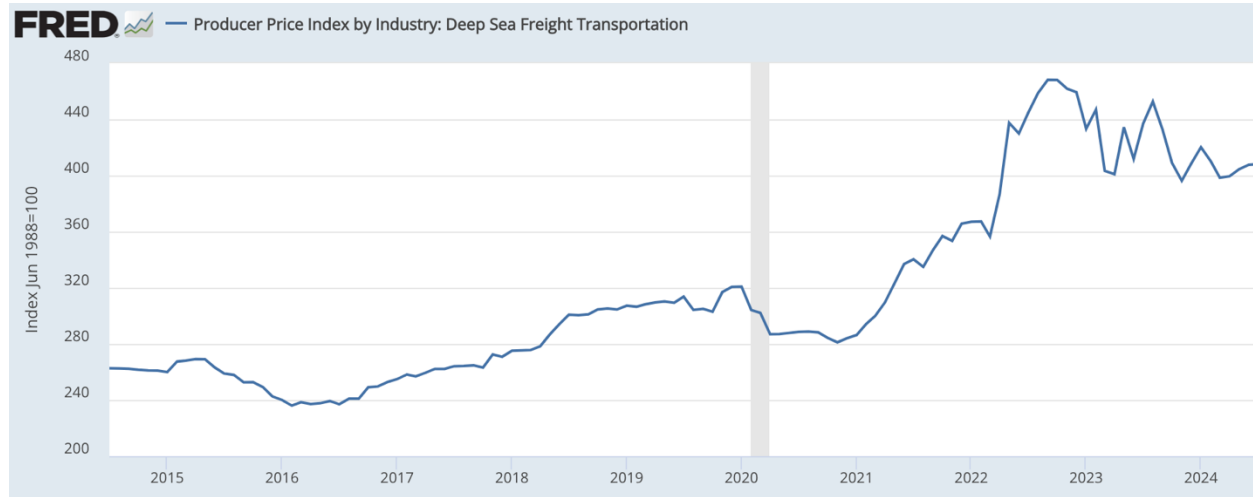
Shortage of labor and/or other inputs?



Source: Quarterly Survey of Plant Capacity



Non-labor costs

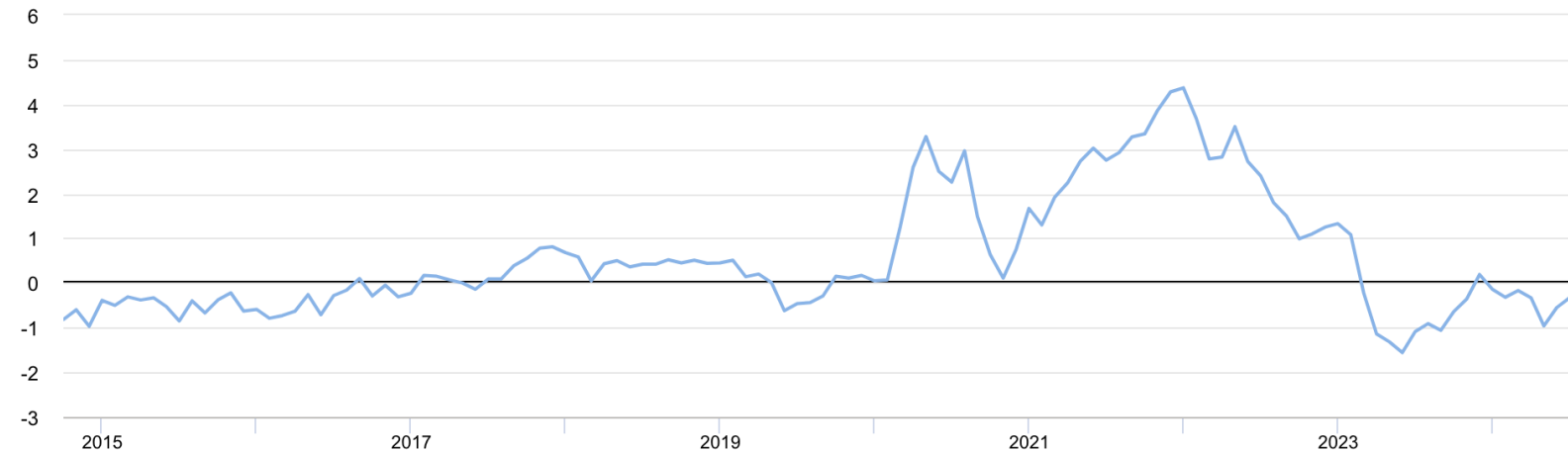


Shipping costs

Global Supply Chain
Pressure Index
Source: NY Fed

Standard deviations from average value

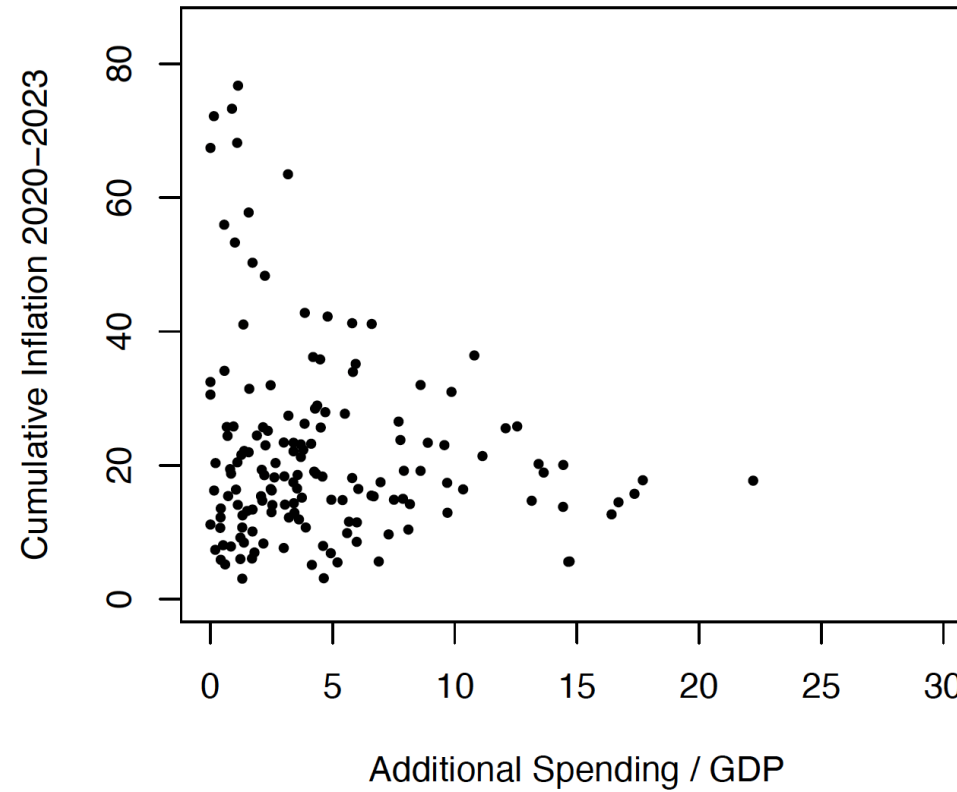
From Sep 30, 2014 To Jul 31, 2024



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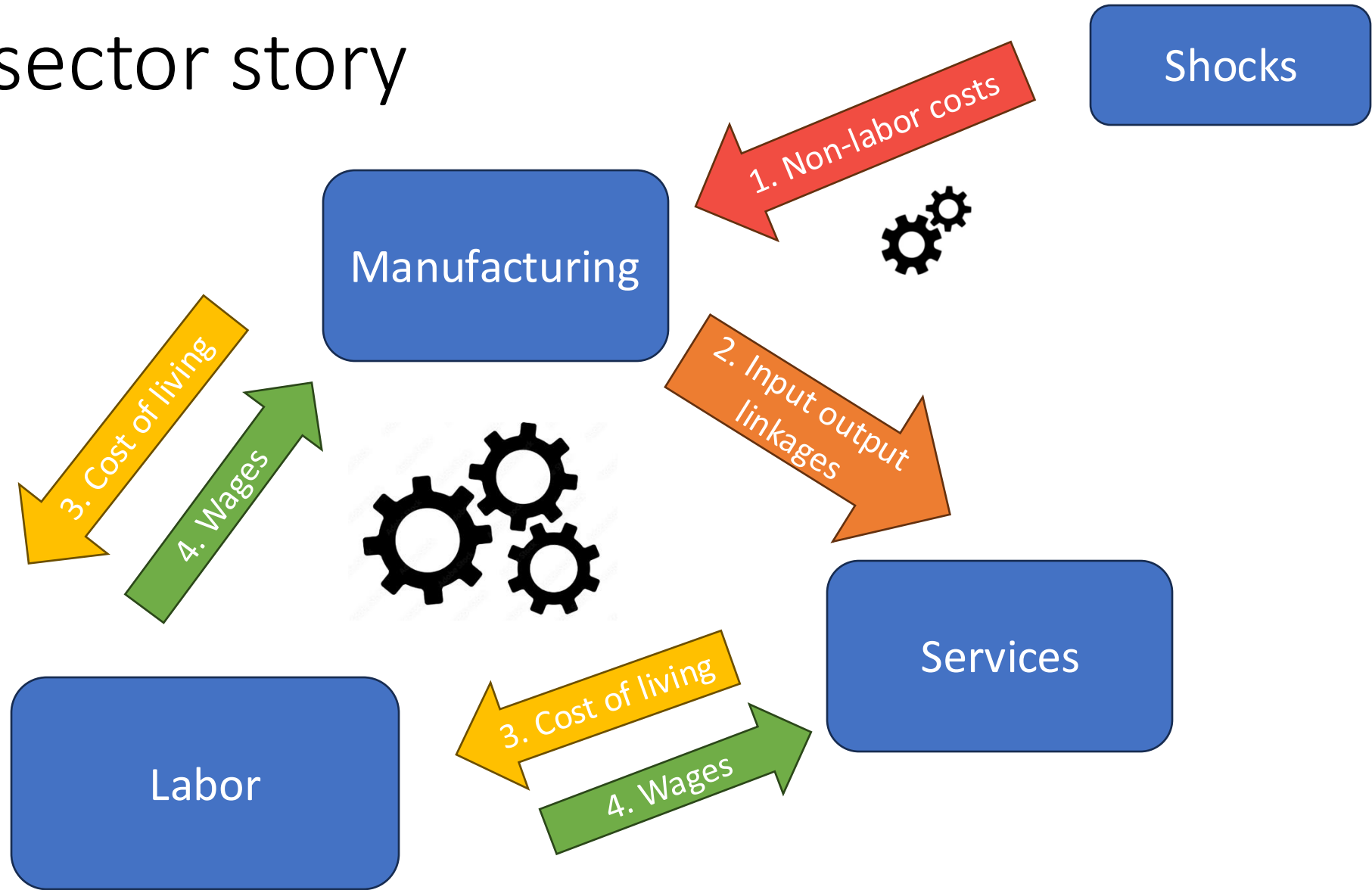
Across countries

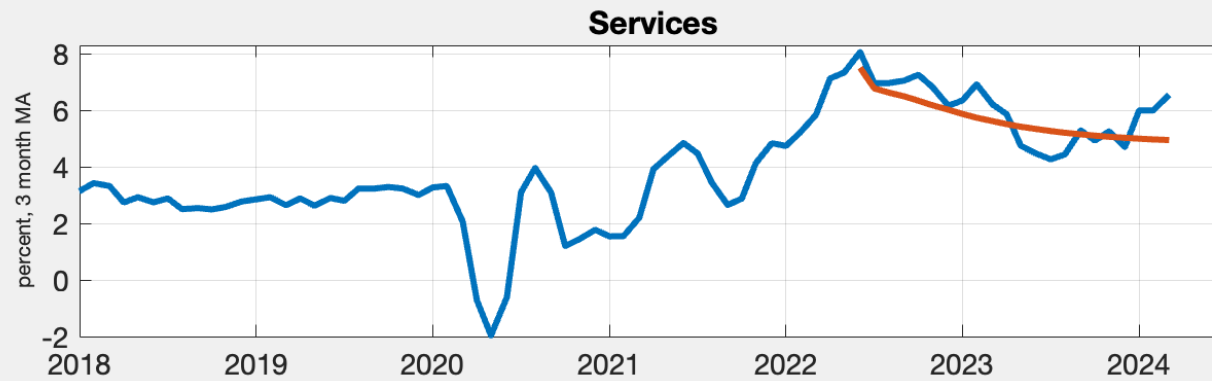
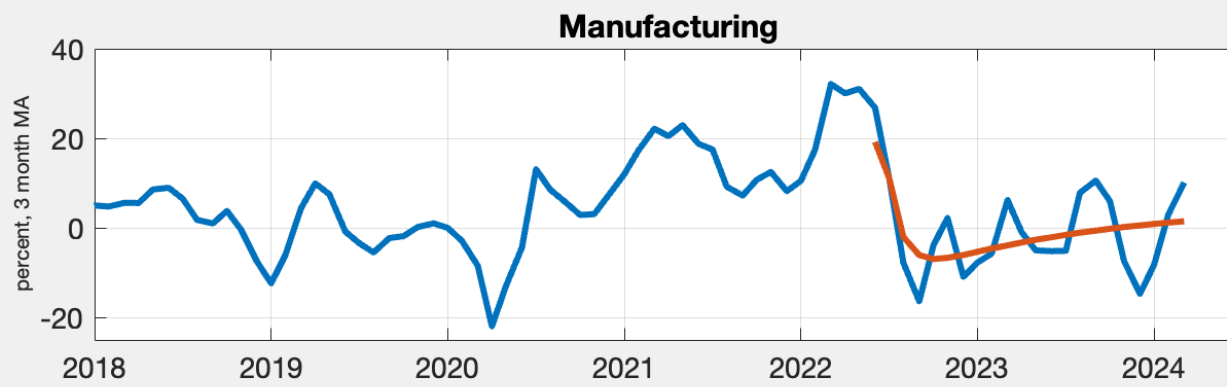
Cumulative Inflation vs non-health Stimulus



Source: IMF WEO and Fiscal Monitor
Database of post-Covid spending

A multi sector story



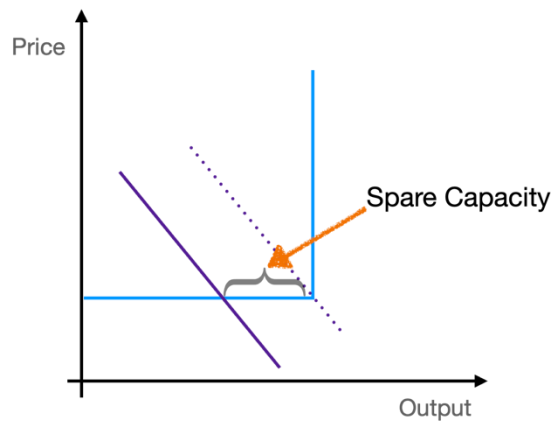


Pure transmission

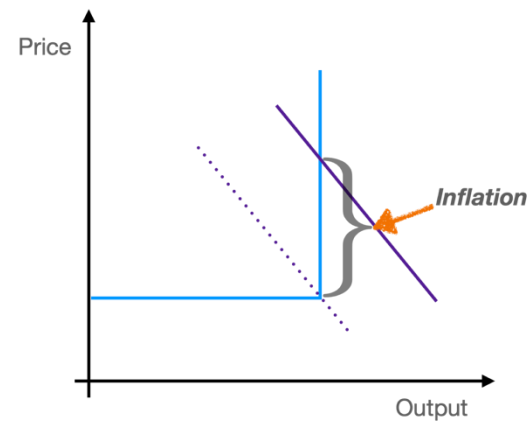
Red line: end supply shocks in 2022:6
Source: our calculations



Non-linear PC + multi-sector



Sector A



Sector B

