Improvements in Supply Chains Earlier This Year May Lead to Further Declines in Core Goods Inflation in Coming Months

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Supply chain disruptions, as measured by the Global Supply Chain Pressure Index (GSCPI), increased dramatically during the pandemic, reaching unprecedented levels (blue line). These supply shortages led to significant pressure on prices for goods, with core goods prices rising more than 7.5 percent from February 2021 to February 2022. However, since the start of 2022, supply chains have been improving steadily, helping cool core goods inflation (green line). Because core goods inflation has been following the GSCPI with a lag of several months, the most recent declines in the GSCPI suggest potential further declines in goods inflation in coming months.

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After I graduated from Carleton College in 2016 with a BA in mathematics and economics, I was excited to join the research team at the Federal Reserve Bank of Kansas City. During my time as an RA, I supported José Mustre-del-Río, Andy Glover, Brent Bundick, and Lee Smith. Currently, my main role is to help support the monetary policy briefing process. I also run the Kansas City Fed’s Labor Market Conditions Indicators (LMCI) model and collaborate with economists on Bank publications. I really appreciate the variety of work I’ve gotten to do at the bank and the flexibility given to RAs to explore their interests.

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Note: Shaded areas denote National Bureau of Economic Research (NBER)-defined recessions. Sources: U.S. Bureau of Economic Analysis, Federal Reserve Bank of New York, NBER, and authors’ calculations. All data sources accessed through Haver Analytics.