

European Inflation Tracker

News, Story, Indicators, Explanations, Readings

The Latest on Inflation

News and updates

This page intends to point out and illustrate the latest news on inflation in Europe. It refers to newspapers, magazines, and specific examples.

Successful Swiss National Bank

Switzerland Had Rich World's Most Benign Inflation Shock

Consumer-price growth in global comparison



March 2024:

While the Swiss National Bank (SNB) is in search for a successor to Thomas Jordan, leaving in September this year, its track record regarding inflation stands out positively.

Reading:

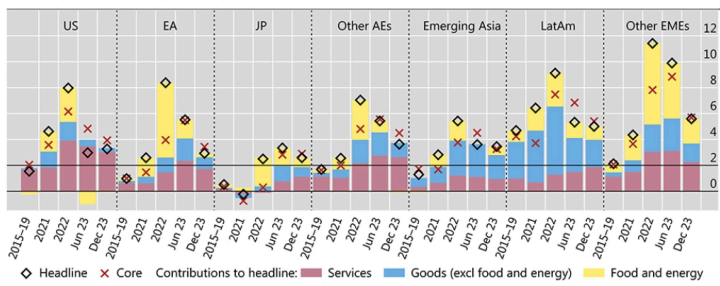
[Bloomberg](#)

(<https://www.bloomberg.com/news/article/s/2024-03-16/switzerland-shows-no-signs-of-changing-the-snb-after-jordan-s-long-reign>)

Service Sector Inflation

Goods price growth has retreated, but services price growth has not retreated as much¹

Year-on-year changes, in per cent



¹ See technical annex for details.

Sources: OECD; Datastream; national data; authors' calculations.

© Bank for International Settlements

March 2024:

The latest report by the Bank for International Settlements (BIS) highlights that the rising prices of (labor-intensive) services could imply that inflation is sticky – if nations enter a price-wage spiral.

Reading:

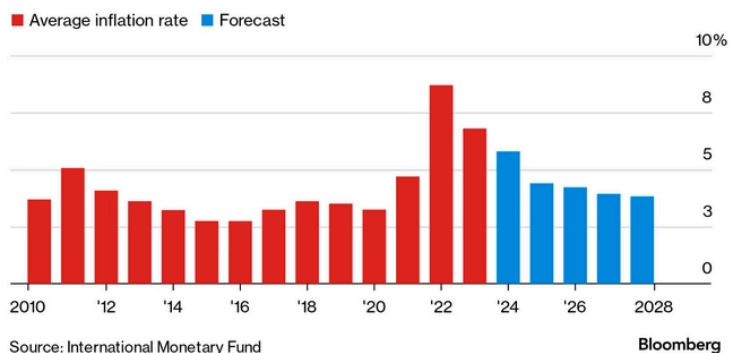
[BIS](#)

(https://www.bis.org/publ/qtrpdf/r_qt2403d.htm)

htm)

Falling Global Inflation

World Inflation Retreats From Post-Covid Highs

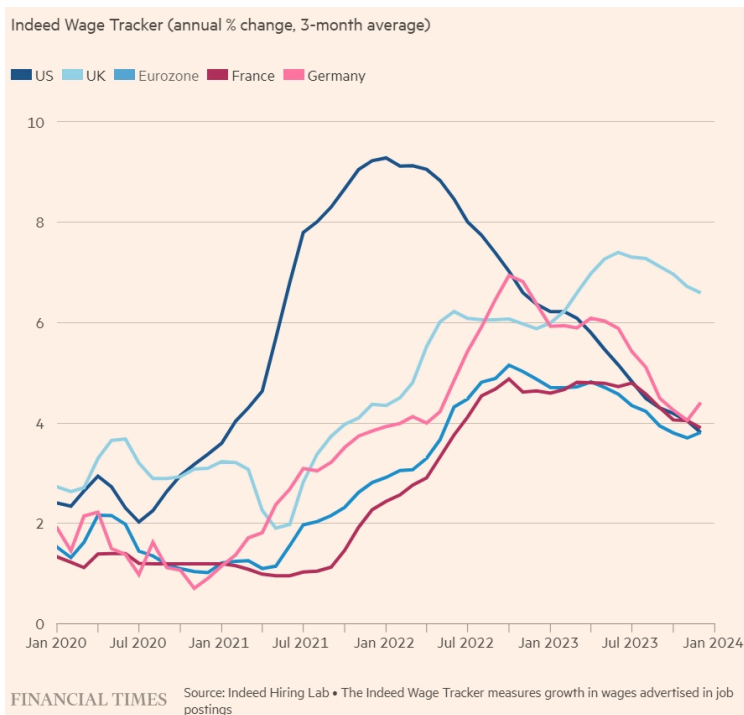


February 2024

Looking at the average global rate of inflation we continue to see a downward trend - although it appears to stabilize at a level higher than before the recent wave of high inflation.

Reading:
Bloomberg

High Wage Growth



February 2024

Central banks are reluctant to declare victory over inflation partly because wage growth remains high. If labor costs are passed on to consumers, economists ware of a wage-price spiral.

Reading:
Financial Times
(<https://www.ft.com/content/c178324b-ee20-4256-9f6c-6c605f0d5b44>)

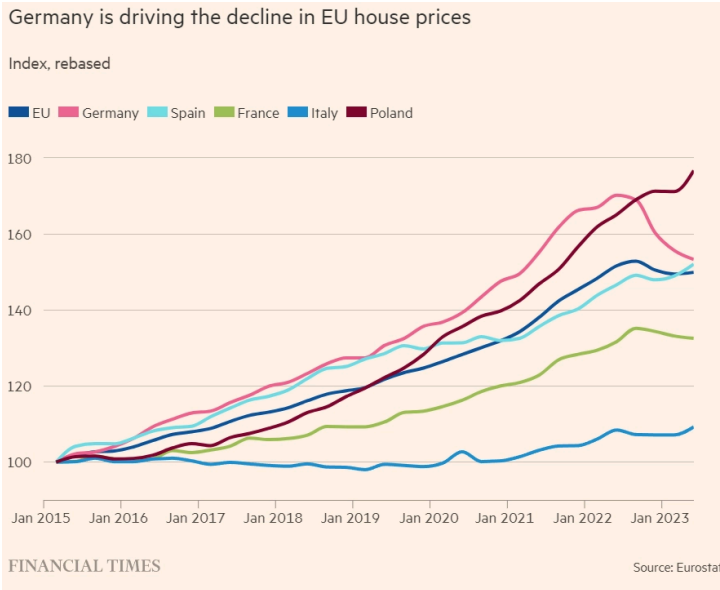
(Mis-) Measuring Inflation

February 2024:

It is notoriously difficult to measure inflation. What fraction of their income people spend on various goods & services changes (partly in response to changing prices) and also the goods & services themselves change. A recent article by Allysia Finley from the WSJ points out the implications of 'shrinkflation'.

Reading:
WSJ (<https://www.wsj.com/articles/shrinkflation-is-in-the-air-online-and-everywhere-else-streaming-health-insurance-2ba40aa9>)

Falling House Prices in Germany



November 2023:

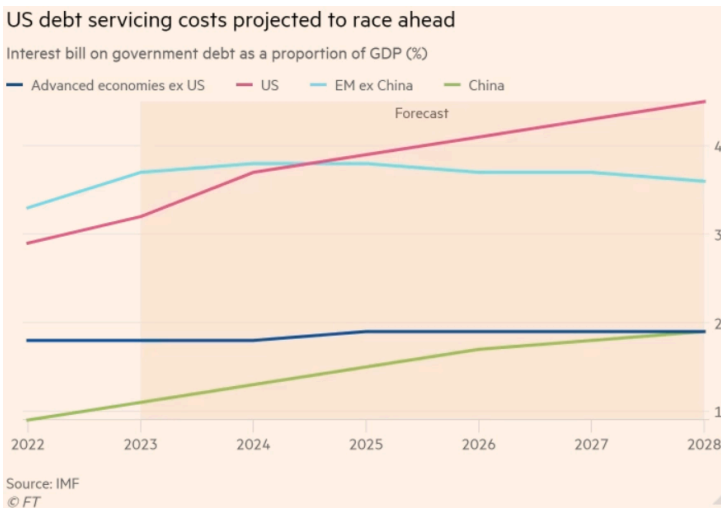
House prices in Germany are falling sharply while the number of new building permits is lower than at any time in the last decade.

Reading:

[Financial Times](#)

(<https://www.ft.com/content/b60fa38a-9cca-4170-a9f7-a0826b9ca74b?shareType=nongift>)

Governments brace for fiscal reckoning



November 2023:

If interest rates are indeed higher for longer to fight inflation, governments will find it harder to finance large public deficits. In the words of Jim Leaviss, CIO of public fixed income at M&G Investments, "Deficits are why people talk about bond vigilantes coming back — the idea that bond markets will act as a constraint on fiscal spending"

Reading:

[Financial Times](#)

(<https://www.ft.com/content/foc2246d-37e5-4bf9-91c7-31f46135a1cf>)

Inflation lower but plateauing

October 2023:

The most recent inflation numbers in G7 countries show a definite slowdown from six months earlier. But there are regional particularities, and recent months have seen an inflation

Inflation accelerometer

Inflation as a proportion of rolling 5-year high

| Region: | Latest (%) | -1m (%) | -2m (%) | -3m (%) | -4m (%) | -5m (%) | -6m (%) |
|---------------------------------|------------|---------|---------|---------|---------|---------|---------|
| Canada: 3.7% 8.1% | 46.0 | 48.6 | 41.3 | 35.7 | 40.0 | 52.8 | 55.6 |
| France: 4.9% 6.3% | 78.0 | 77.4 | 68.3 | 72.2 | 81.5 | 93.7 | 90.8 |
| Germany: 4.5% 8.9% | 50.7 | 68.9 | 68.2 | 71.6 | 67.5 | 79.4 | 82.9 |
| Italy: 5.3% 11.8% | 45.1 | 46.0 | 50.1 | 54.1 | 64.6 | 68.9 | 64.3 |
| Japan: 3.0% 4.3% | 70.7 | 73.5 | 76.0 | 76.7 | 75.4 | 80.1 | 74.8 |
| United Kingdom: 6.6% 11.1% | 59.7 | 60.1 | 61.8 | 71.8 | 78.4 | 78.1 | 90.9 |
| United States: 3.7% 8.9% | 41.3 | 41.5 | 36.9 | 34.6 | 46.2 | 55.5 | 55.8 |

Source: StatCan, INSEE, BUBA, Istat, SBI, ONS, BLS

MACROBOND

"plateau," or even moderate acceleration.

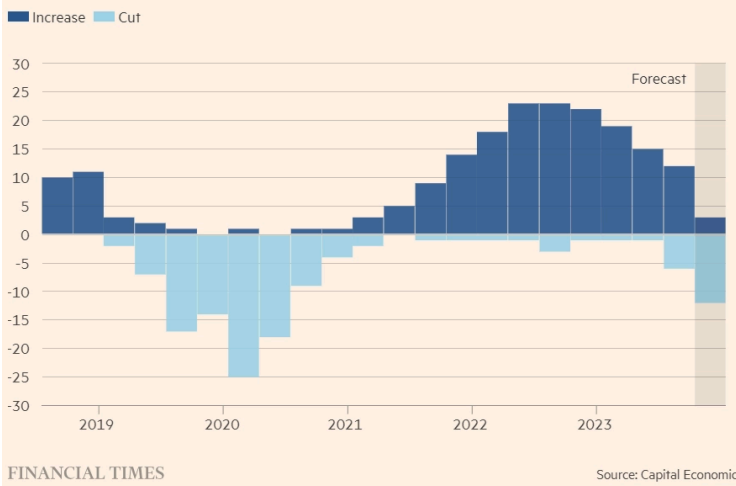
Reading:

Macrobond

(<https://www.macrobond.com/charts-of-the-week/global-inflation-air-freight-trade-trends-and-the-shekel>)

Global tightening cycle might be over

Cuts in interest rates are set to outnumber increases among the world's 30 largest central banks



FINANCIAL TIMES

Source: Capital Economics

September 2023:

policymakers in the US, UK, Japan, and Switzerland all decided to keep rates on hold. Does this imply that the global cycle of rate rises is over? The *Financial Times* discusses this today.

Reading:

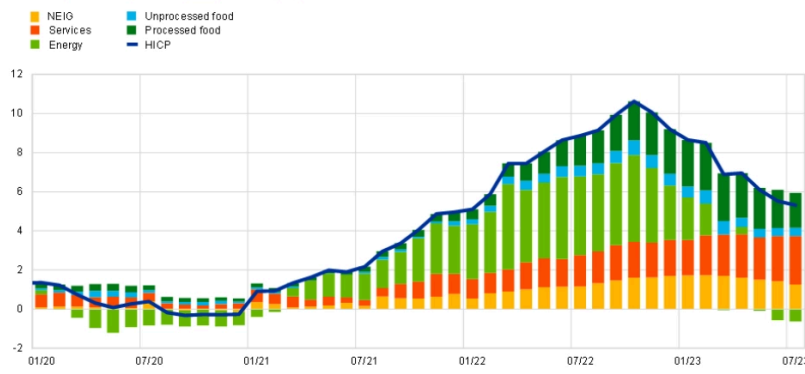
Financial Times

(<https://www.ft.com/content/18ccb74f-52c1-4d94-a7f1-5541b134d5c0>)

What drives Euro area inflation?

Contribution of components to euro area headline HICP inflation

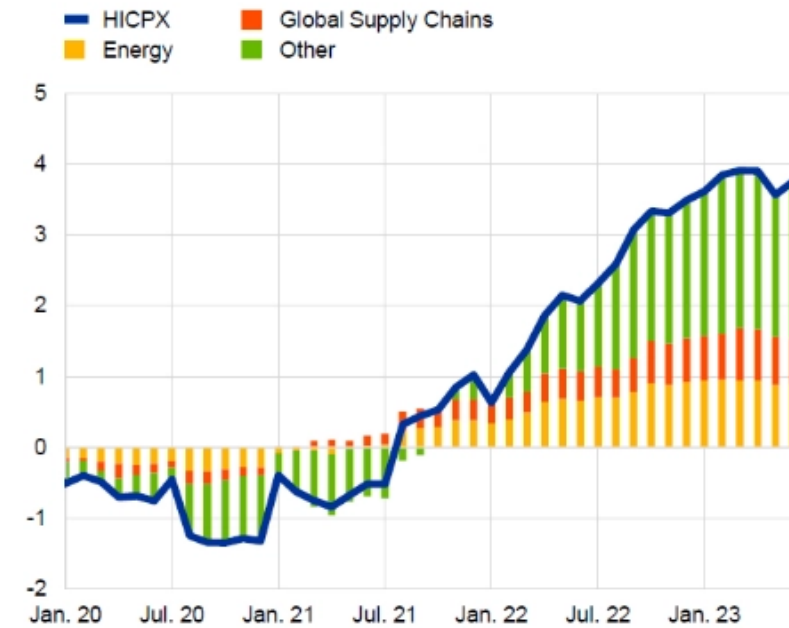
(annual percentage changes; percentage points contributions)



August 2023:

The ECB released charts showing what contributes to the Euro area's rate of inflation. Since energy prices no longer contribute, headline inflation has fallen from above ten to about six percent.

Contribution of components to euro area core HICP inflation



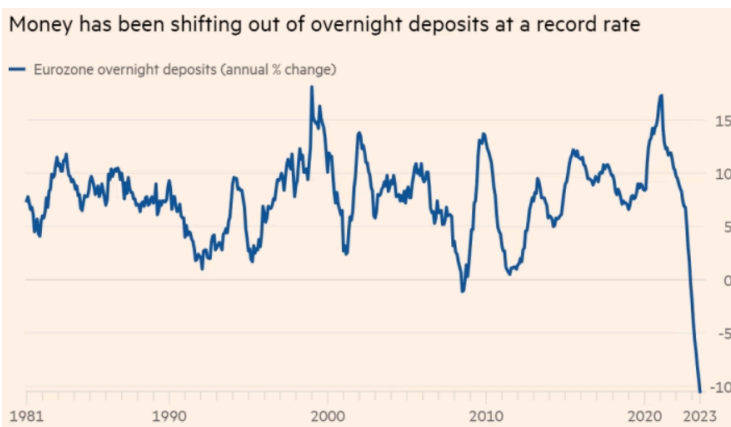
In contrast, core inflation remains at a high level of four percent.

Reading:

[ECB](#)

(<https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230803~30bdb2c935.en.html>)

Eurozone money supply shrinks



August 2023:

Eurozone money supply has shrunk for the first time since 2010 as private sector lending stalls and deposits decline. More data on this in the [Money Supply](#) section.

Reading:

[Financial Times](#)

([https://www.ft.com/content/36e06257-713b-4395-a181-2fc515a08947?](https://www.ft.com/content/36e06257-713b-4395-a181-2fc515a08947?shareType=nongift)

shareType=nongift)

Rising German Wages

August 2023:

German wages rose at a record annual rate of 6.6 percent in the second quarter of 2023, up from 5.6 percent in the previous quarter. This could be a sign that a wage-price spiral has taken off.

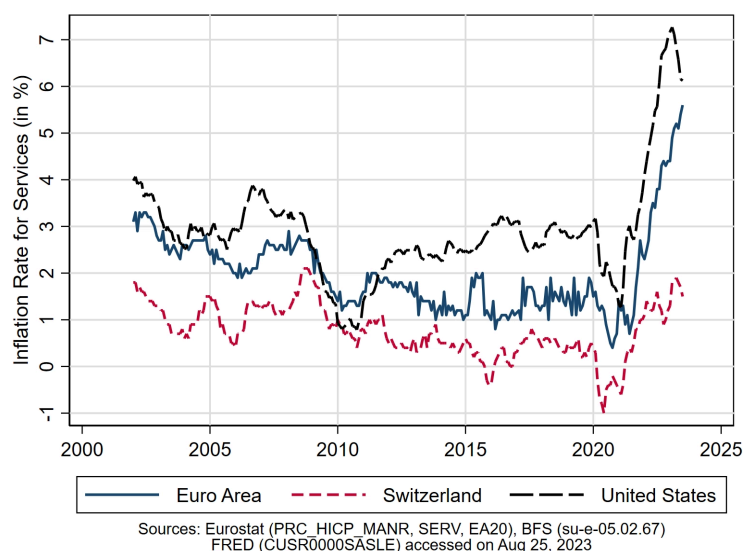


Reading:

Financial Times

(<https://www.ft.com/content/7a235c3f-272c-4eec-9785-778a43abeb2f?shareType=nongift>)

Service Sector Inflation



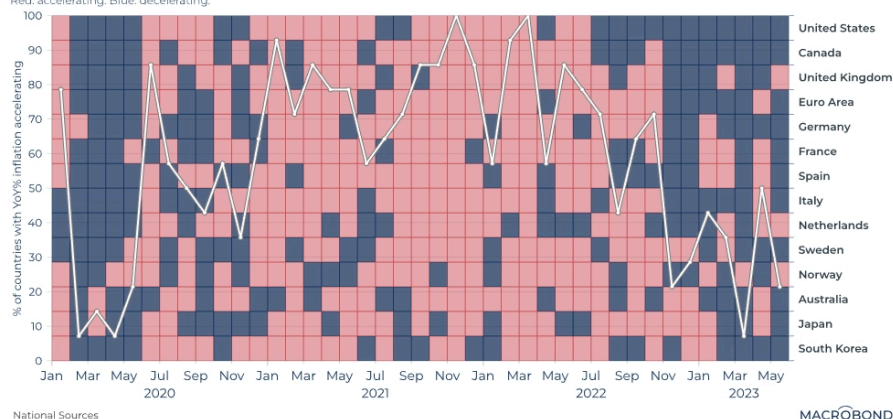
August 2023:

There are intense debates about whether or not additional monetary tightening is necessary to bring inflation down. Looking at prices in the service sector, especially in the Euro area we still observe high rates of inflation.

Falling Headline Inflation Rates

Inflation tracker for developed markets

Inflation momentum, measured as the monthly change of the YoY % change
Red: accelerating. Blue: decelerating.



June 2023:

A rising number of countries experience dis-inflation, that is to say: rates of consumer price inflation are still positive but falling.

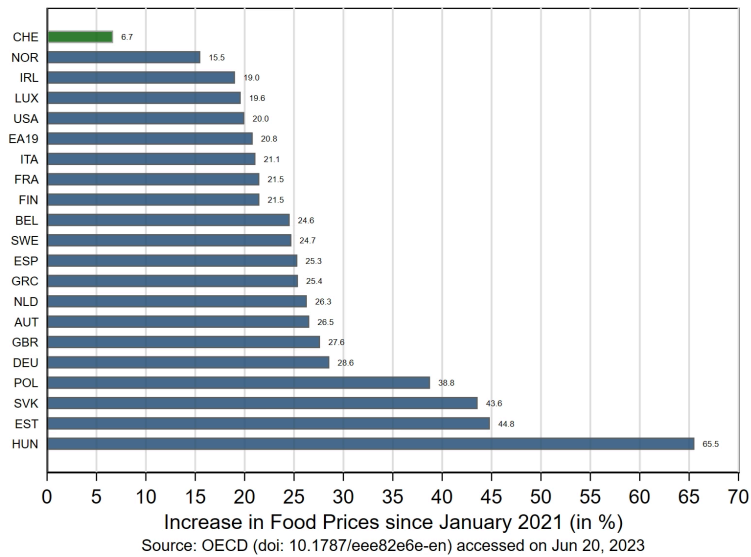
Reading:

Macrobond

(<https://www.macrobond.com/charts-of-the-week/foreign-workers-in-japan-equities-waning-appeal-and-disinflation>)

workers-in-japan-equities-waning-appeal-and-disinflation)

High Food Prices



June 2023:

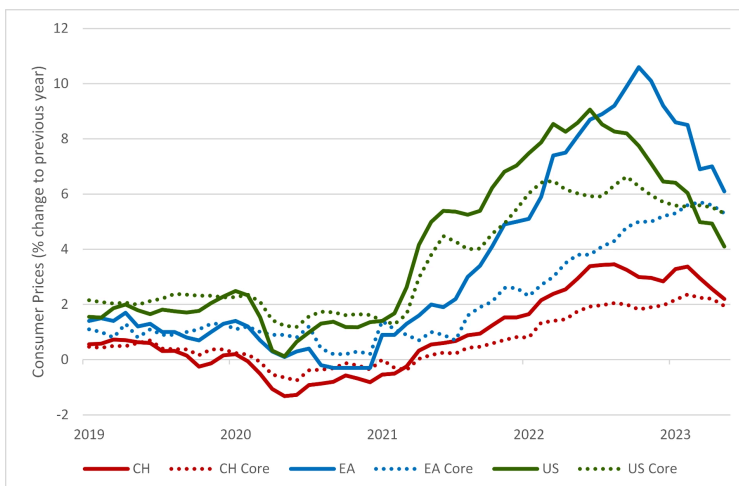
Consumers in many countries are upset about high food prices. Data from the OECD indicates that only Switzerland enjoys a modest increase while most nations see food prices 20-30 percent above January 2021 levels.

Reading:

[OECD](https://data.oecd.org/price/inflation-cpi.htm)

(<https://data.oecd.org/price/inflation-cpi.htm>)

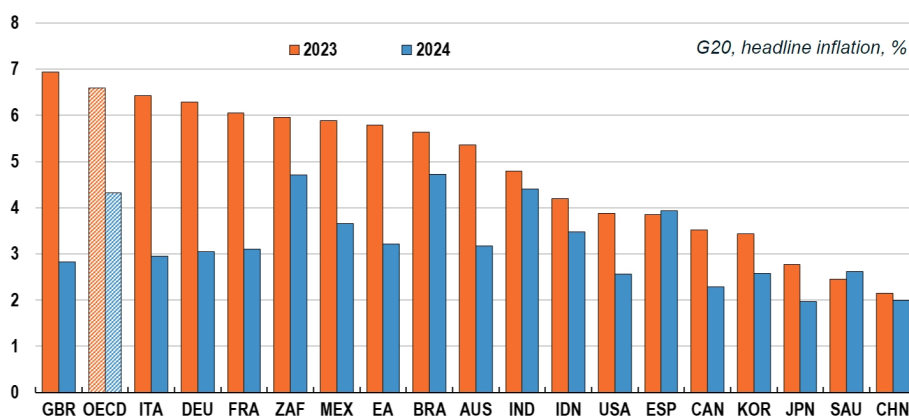
Comparison EA, CH, US



June 2023:

Headline CPI rates of inflation are falling the Euro area, Switzerland, and the US. However, core inflation has plateaued at 5 percent in the Euro area and the US, as well as at 2 percent in Switzerland.

Inflation forecast to stay elevated



June 2023:

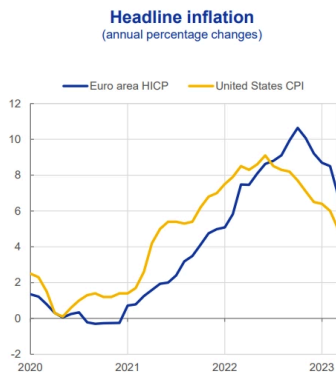
In its latest economic outlook, the OECD does not see inflation falling below 2% in either 2023 or 2024.

Reading:

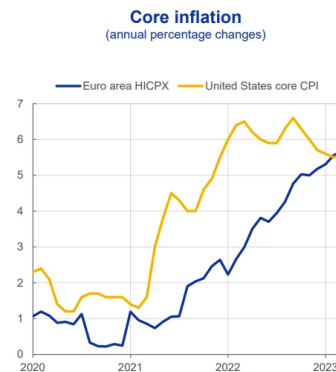
[OECD](https://www.oecd.org/economic-outlook/june-2023/)

(<https://www.oecd.org/economic-outlook/june-2023/>)

Falling Headline Inflation, Rising Core Inflation



Sources: Eurostat, US Bureau of Labor Statistics and ECB calculations.
Latest observation: March 2023.



Sources: Eurostat, US Bureau of Labor Statistics and ECB calculations.
Latest observation: March 2023.

June 2023:

While headline inflation rates fall in both the Euro area and the US (partly due to the base effect), core inflation remains high (US) or is even increasing (EA).

Reading:

ECB

(<https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230420~661bd5928c>

[en.pdf](#))

Falling House Prices in Europe



Source: OECD (doi: 10.1787/eee82e6e-en) accessed on May 16, 2023

May 2023:

House prices are falling in several European nations. The latest data from Q4 of 2022 indicate a 6–7% fall in Denmark, Germany, and Sweden as well as a 10–12% reduction in Italy and Greece.

Reading:

OECD (<https://data.oecd.org/price/housing-prices.htm#indicator-chart>)

Falling Producer Prices still high

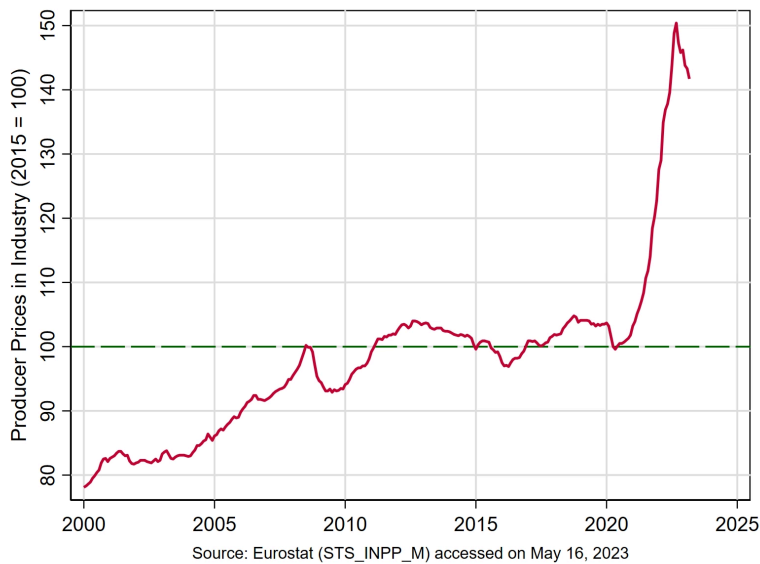
May 2023:

After climbing 50% in a short period of time, producer prices in the Euro area's industry are now falling. Yet, they are still 42% above the April 2020 level.

Reading:

Eurostat

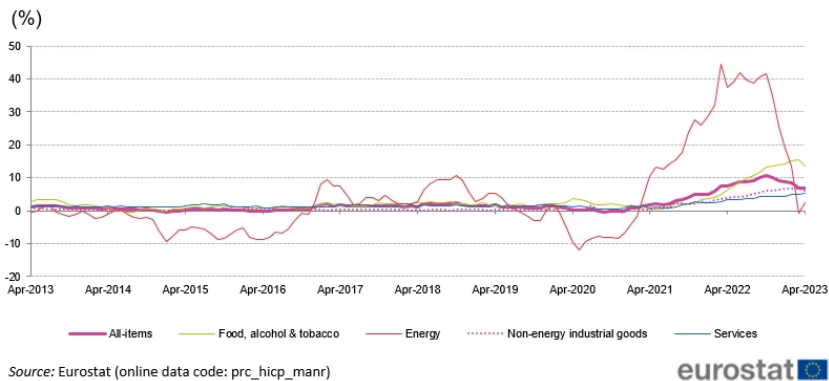
(<https://ec.europa.eu/eurostat/databrow>



[ser/view/sts_inpp_m/default/table? lang=en\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1&code=sts_inpp_m)

Inflation increases again in the Euro area

Euro area annual inflation and its main components, April 2013 - April 2023 (estimated)



May 2023:

The latest data from Eurostat indicate that inflation increases slightly from 6.9 to 7.0 percent. The contributions are shifting from energy to services.

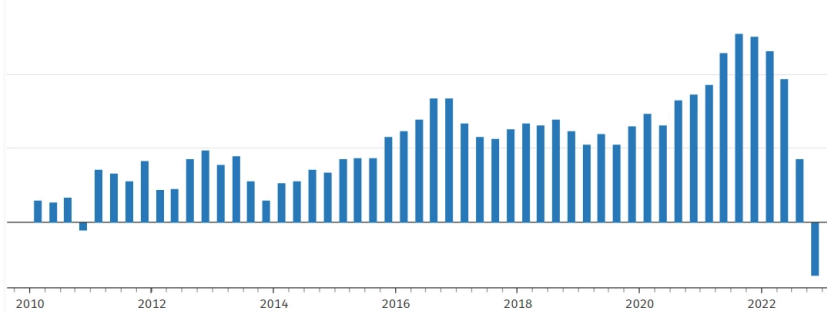
Reading:

[Eurostat](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area)

(https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area)

Falling House Prices

House price index (2015 = 100)
Change rate on the same quarter a year earlier, %



March 2023:

The German statistical office released data on housing prices in Q4 2022, confirming that the decade of increases is over (see Indicators).

Reading:

[DeStatis](https://www.destatis.de/EN/Press/2023/03/PE23_116_61262.html)

(https://www.destatis.de/EN/Press/2023/03/PE23_116_61262.html)

Food Price Inflation in Germany

March 2023:

The latest inflation data from Germany indicate that within twelve months, food prices increased by 21.8 percent. This is by far the highest value since the introduction of the Euro.

Reading:

Deutsche Welle (<https://www.dw.com/en/germany-february-year-on-year-inflation-still-at-87/a-64941409>) , Eurostat

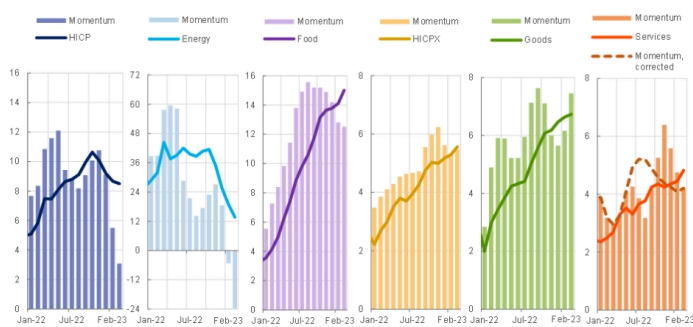
(https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR_custom_5392739/default/table?lang=en)

Inflation Momentum

Chart 2

Inflation momentum

(annual percentage changes; annualised percentage changes)



[23/html/ecb.sp230306~57f17143da.en.html](https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230306~57f17143da.en.html)

March 2023:

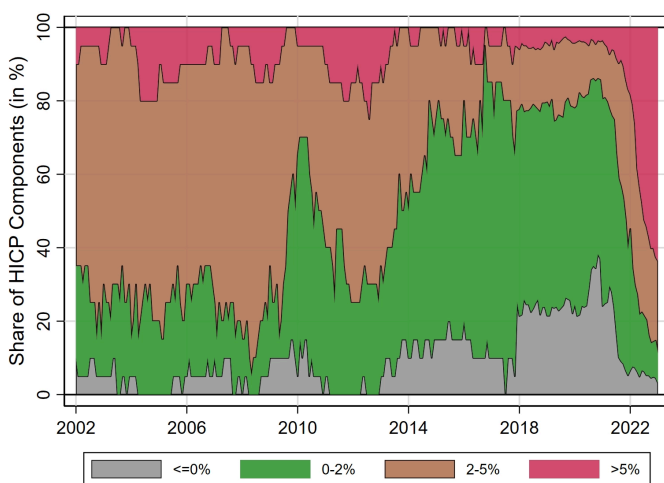
In a new presentation, the ECB provides a detailed account of what they call "underlying inflation". The charts indicate that while there is "a clear turnaround in energy inflation, momentum for core inflation has not declined".

Reading:

ECB

(<https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230306~57f17143da.en.html>)

Euro Area core inflation continues to rise



Source: Eurostat (PRC_HICP_MANR) accessed on Mar 3, 2023

March 2023:

Core inflation - which excludes food and energy prices - in the Euro area rose to 5.6 percent, up from 5.3 percent in the previous month. The latest data indicate that almost 9 in 10 goods and services face a rate of inflation in excess of the 2 percent target (see indicators).

Reading:

Financial Times

(<https://www.ft.com/content/bfc32042-6193-48f6-aa5a-481c8e6e2790>)

BIS Warning on Inflation

February 2023:

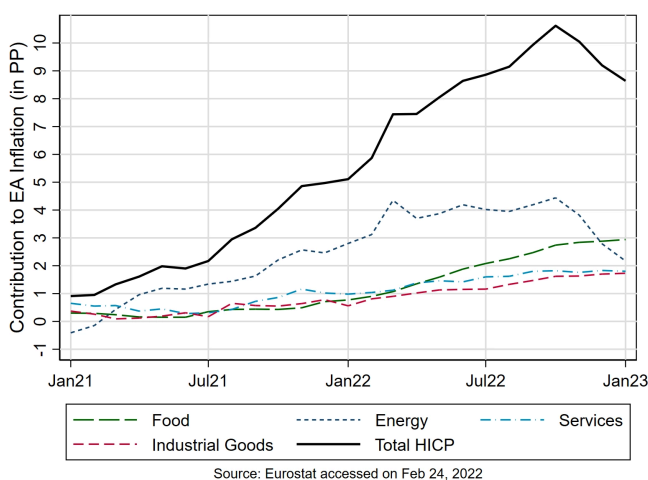
The Bank for International Settlements (BIS) emphasized the difficulty of bringing inflation down. Claudio Borio, head of the monetary and economic department, said it is "much easier to get inflation from 8 per cent to 4 per cent when the work is done by [falling] commodities prices, than it is to get it from 4 per cent to 2 per cent, which is the part that central banks will have to do".

Hyun Song Shin, the BIS's head of research, added that the "reason central banks have been emphasizing [the importance of] going the last mile on bringing inflation down is that, if you are not fully back to target and relax too early, you will undo all the work you have done before".

Reading:

Financial Times (<https://www.ft.com/content/99c4e868-c2f4-46e0-91ef-6f6e7da57e1c>)

Food Price Inflation



February 2023:

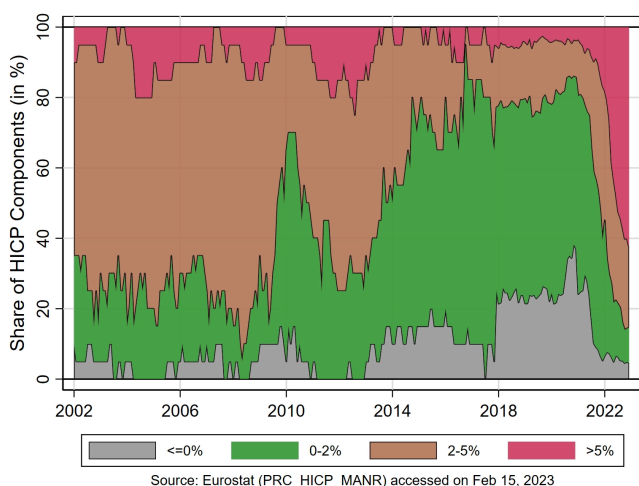
Inflation in the Euro area is now mainly driven by food prices. Of the 8.6% inflation in January 2023, almost 3 percentage points came from food alone, followed by energy (2.2 percentage points), services (1.8), and industrial goods (1.7).

Reading:

The Economist

(<https://www.economist.com/briefing/2023/02/16/lots-of-investors-think-inflation-is-under-control-not-so-fast>)

Inflation continues broadening



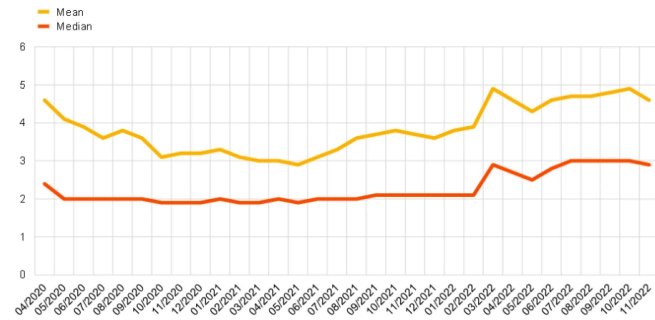
February 2023:

Inflation in both the Euro area and Switzerland is broadening in the sense that a larger share of the basket of goods & services used to calculate inflation sees substantial price increases. For the Euro area, more than 85% of goods & services face inflation above 2%, about 63% more than 5%. In Switzerland, 56% of items have increased by 2% or more within a year and 33% increased by 5% or more.

Inflation Expectations

Inflation expectations three years ahead - pooled

Quantitative measures of inflation expectations (forward-looking)
(percentage changes)



January 2023:

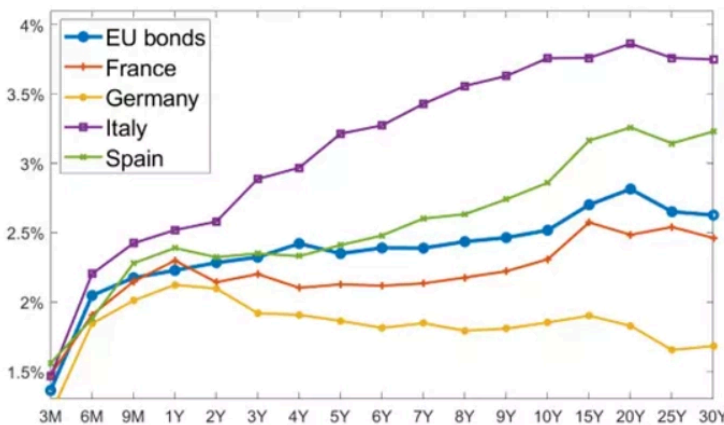
New data from the European Central Bank indicates that consumers expect inflation in the coming years to be 2.9 and 4.6 percent (mean to median range) - substantially above the ECB's target of 2.0 percent. The small drop in the latest survey is seen as a positive sign.

Reading:
ECB

(https://www.ecb.europa.eu/stats/ecb_surveys/consumer_exp_survey/results/html/ecb.ces_results_january_2023_inflation.en.html)

Risky European Debt

Figure 3: Yield curves for selected euro issuers, 2 December 2022



December 2022:

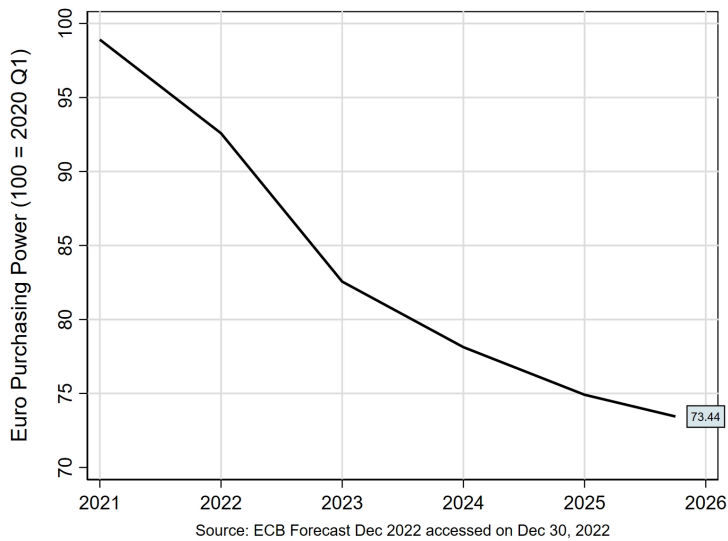
New research published by *Bruegel* shows (i) the Next Generation EU plan substantially increases EU debt and (ii) EU debt is considered far more risky than that of Germany.

Reading:
Bruegel (<https://www.bruegel.org/blog-post/do-financial-markets-consider-european-common-debt-safe-asset>)

ECB Inflation Forecast

December 2022:

According to the latest ECB forecast, inflation in the Euro area will only come down to 2% in Q3 of 2025 (see indicators). This implies that from Q1 2020 to Q1 2025,



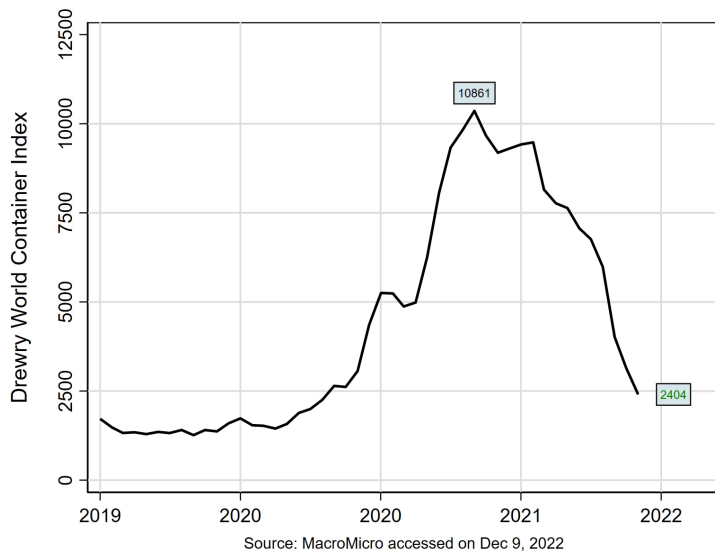
in just five years, the Euro loses a quarter of its purchasing power.

Reading:

ECB

(https://www.ecb.europa.eu/pub/projections/html/ecb.projections202212_eurosystem_staff~6c1855c75b.en.html#toc7)

Falling Container Freight Rates



December 2022:

Prices for international container shipping peaked in summer 2021 and have fallen sharply ever since. The composite index today is about a quarter of its peak value.

Reading:

MacroMicro

(<https://en.macromicro.me/charts/44756/drewry-world-container-index>)

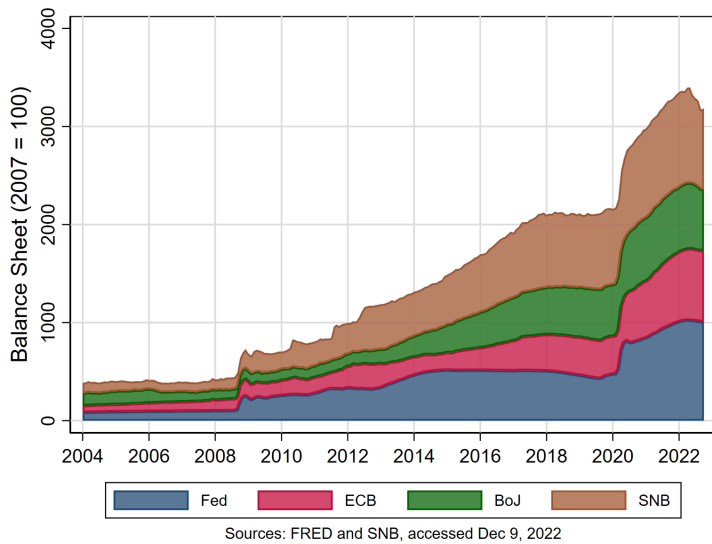
Shrinking CB Balance Sheets

December 2022:

There are first signs that central banks are reducing their balance sheets. The latest data from the Federal Reserve, the European Central Bank, the Bank of Japan, and the Swiss National Bank are all below peak.

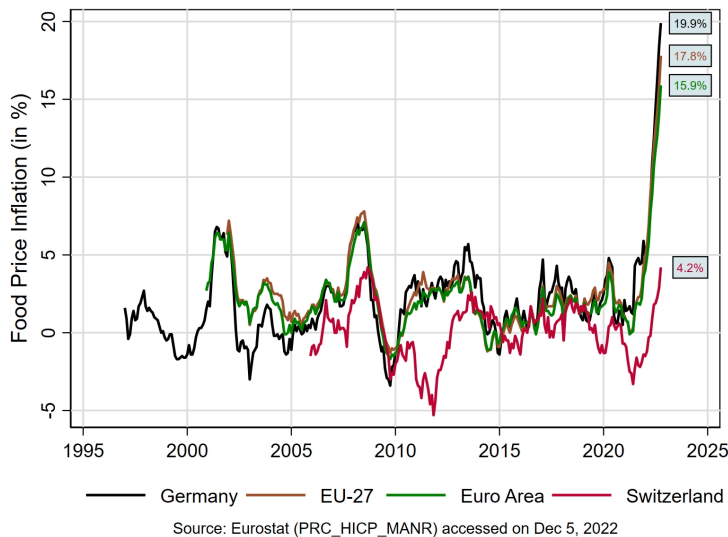
Reading:

Financial Times



(<https://www.ft.com/content/7f651e23-d545-404f-a137-4f92b6486870>)

Rising Food Prices



December 2022:

Food price inflation continues to grow. The latest Eurostat data from October indicate that food in Germany got almost 20% more expensive within a year.

Reading:

[Eurostat](https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR_custom_4042343/default/table?lang=en)

(https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR_custom_4042343/default/table?lang=en)

Falling Oil Price

November 2022:

One reason why rates of inflation could possibly decrease somewhat in the near future is that energy prices have not continued to increase. The oil price, for instance, is down around a third from its peak earlier in 2022.

Other commodity prices are also easing (see [Indicators](#)), leading to reduced PPI.



Eurozone Wage Growth Accelerating



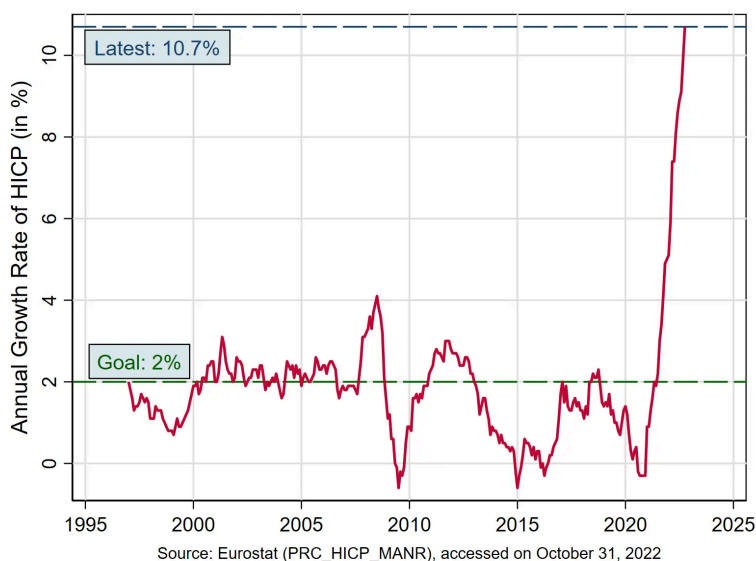
November 2022:

New data from job ads indicate increased wage growth in the Euro area. Median pay is 7 percent higher than a year ago in Germany. This could signal the beginning of a wage-price spiral.

Reading:

Financial Times (<https://www.ft.com/content/e65d339b-c44f-438e-a747-e2d20b7497ae?shareType=nongift>)

Euro Area Inflation jumps to 10.7 percent



October 2022:

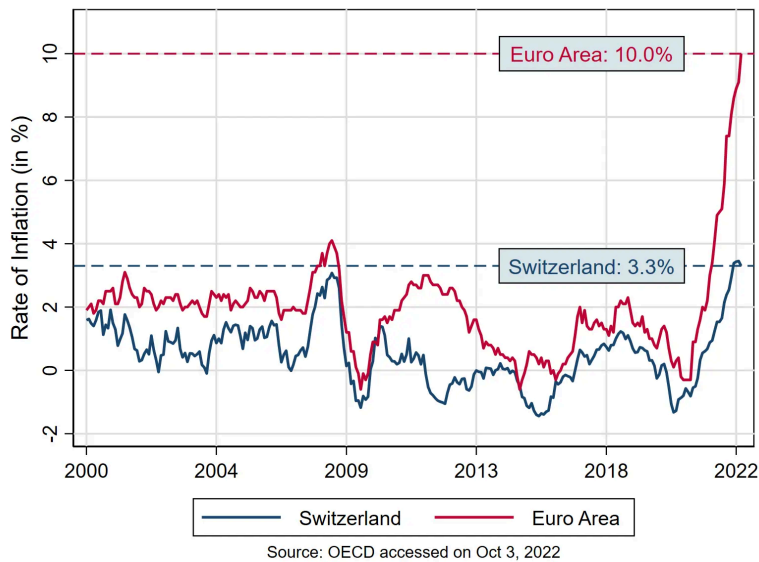
The latest data from Eurostat documents another record for the rate of consumer price inflation in the Euro area. All three major economies - France (7.1), Germany (11.6), and Italy (12.8) - are far above the 2% target.

Reading:

[Eurostat](https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR_custom_118059/bookmark/table?)

(https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR_custom_118059/bookmark/table?)

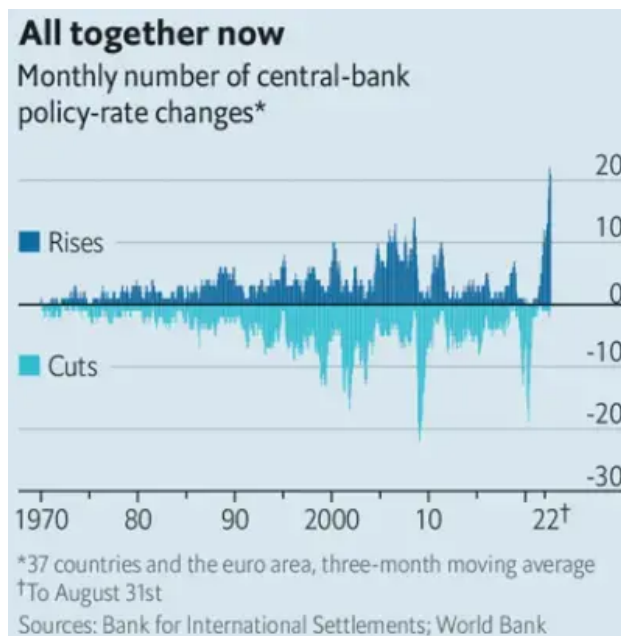
Inflation 10% in Euro Area, 3.3% in Switzerland



October 2022:

The inflation developments in the Euro area and Switzerland diverge further: While the EA sees a jump to 10.0%, Switzerland observed a reduction to 3.3% in September.

The Great Tightening



September 2022:

The renowned weekly magazine *The Economist* discusses the "great tightening" - central banks raising interest rates. Moreover, the author points out the lack of international coordination.

Reading:

[The Economist](https://www.economist.com/finance-and-economics/2022/09/29/global-rate-rises-are-happening-on-an-unprecedented-scale)

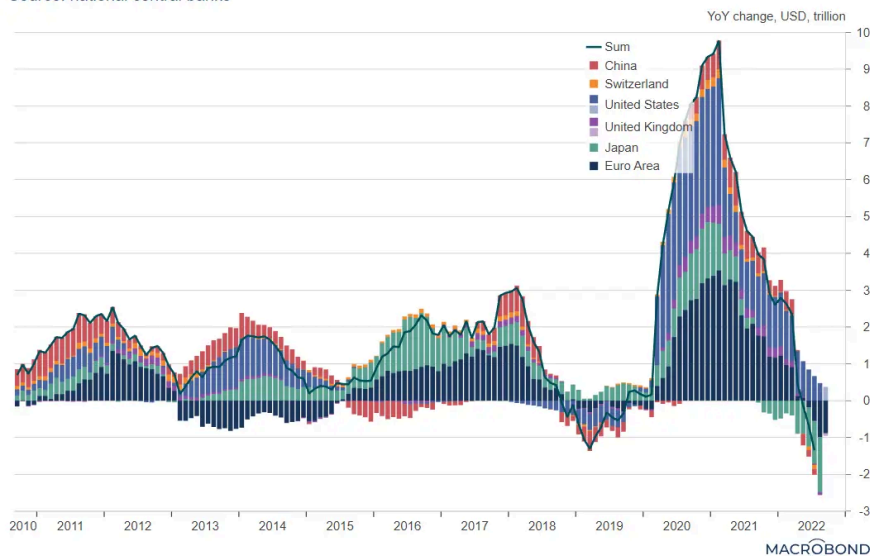
(<https://www.economist.com/finance-and-economics/2022/09/29/global-rate-rises-are-happening-on-an-unprecedented-scale>)

Shrinking Central Bank Balance Sheets

September 2022:

Central banks' combined balance sheets

Source: national central banks



Data compiled by Macrobond illustrates that major central banks have started to shrink their balance sheets to combat soaring inflation.

Reading:

Macrobond

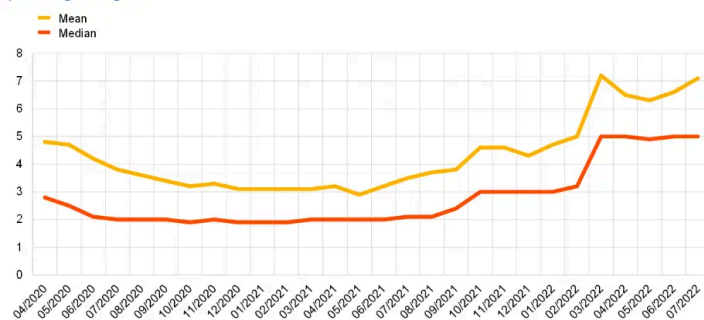
(<https://www.macrobond.com/charts-of-the-week/central-banks-and-asset-markets-assess-inflation>)

Rising Inflation Expectations

Inflation expectations over the next 12 months - pooled

Quantitative measures of inflation expectations (forward-looking)

(percentage changes)



September 2022:

The ECB's Consumer Expectations Survey reveals that for the next 12 months, people expect on average seven percent inflation (median: five percent).

Reading:

ECB

(https://www.ecb.europa.eu/stats/ecb_survey/s/consumer_exp_survey/results/html/ecb.ces_results_september_2022_inflation.en.html#_Inflation_expectations_over)

Drivers of Global Inflation

September 2022:

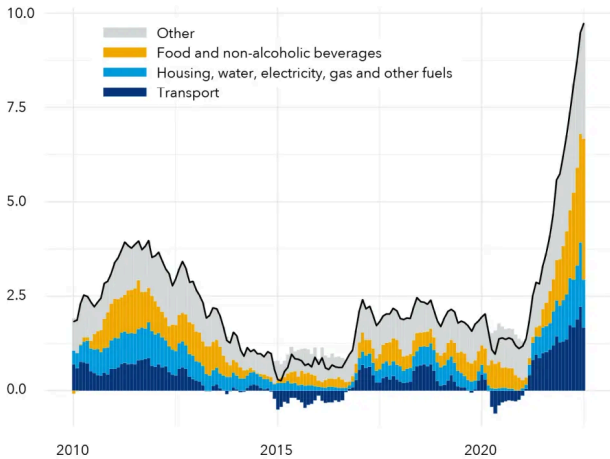
The International Monetary Fund analyzed the drivers of inflation for 88 countries. As the chart indicates food and energy are the main factors.

Reading:

IMF (https://blogs.imf.org/2022/09/09/how-food-and-energy-are-driving-the-global-inflation-surge/?utm_source=substack&utm_medium=email)

Inflation drivers

Food and energy prices continue to drive the global inflation surge.
(percent, median inflation rate)



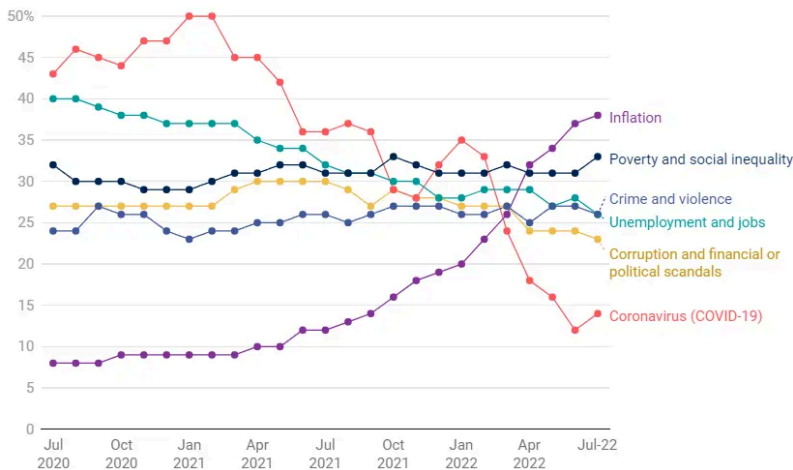
Source: IMF CPI database and IMF staff calculations.
Note: Chart shows median total inflation and in select categories across 88 countries, including 28 advanced economies and 60 emerging and developing economies.



Inflation Top Public Concern

Top global concerns over the past two years

July 2020 - July 2022 (Global country average)



August 2022:

Inflation is the number one global concern according to Ipsos. In July, 38% said it is one of the top issues facing their country today. The market research firm conducted surveys across 27 countries between June 24 and July 8, 2022.

Reading:

[Ipsos \(https://www.ipsos.com/en/what-worries-world-july-2022\)](https://www.ipsos.com/en/what-worries-world-july-2022)

Anti-Fragmentation in Action

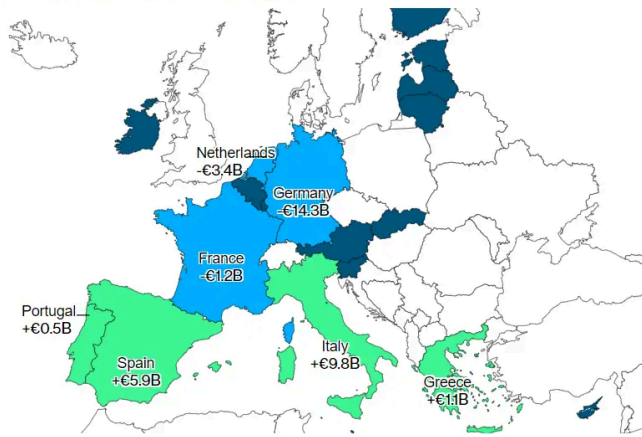
August 2022:

Newly released data by the ECB indicate that the central bank has used funds freed up by maturing debt to purchase Southern European debt, pushing their yields down. "Net holdings in German, French and Dutch bonds dropped by 18.9 billion euros (\$19.3 billion) through July. Net purchases of debt from Italy, Spain, Portugal and Greece totaled 17.3 billion euros."

Supporting the South

ECB is focusing asset purchases on periphery as bonds in core mature

■ Recipients ■ Other euro-area countries ■ Donors



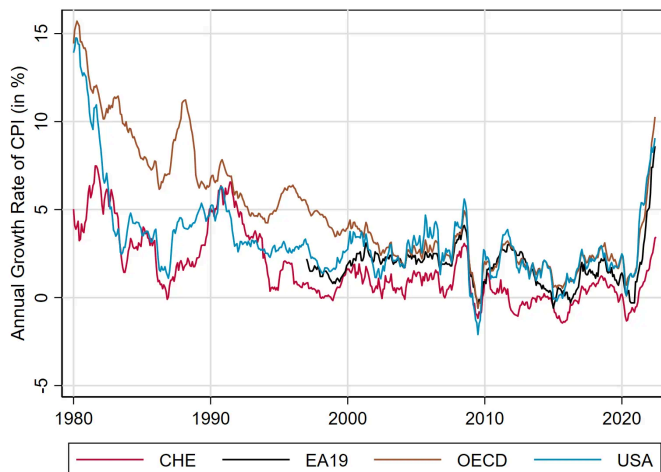
Source: Bloomberg, ECB
Note: Mapped data show June-July 2022 net buying under Pandemic Emergency Purchase Program

Source of image and reading:

[Bloomberg](https://www.bloomberg.com/news/articles/2022-08-02/ecb-spent-billions-to-shield-italy-using-first-line-of-defense)

(<https://www.bloomberg.com/news/articles/2022-08-02/ecb-spent-billions-to-shield-italy-using-first-line-of-defense>)

OECD Inflation above 10%



Source: OECD (doi: 10.1787/eee82e6e-en) accessed on August 5, 2022

August 2022:

Consumer prices in OECD countries, a club of 38 rich countries, rose above ten percent. This is the first time since the late 1980s.

Reading:

[OECD](https://www.oecd.org/newsroom/consumer-prices-oecd-updated-3-august-2022.htm)

(<https://www.oecd.org/newsroom/consumer-prices-oecd-updated-3-august-2022.htm>)

Record-High Inflation in the Euro Area



Source: Eurostat accessed on July 3, 2022

July 2022:

The latest update from Eurostat shows 8.6% inflation in June, far above the 2% goal stated by the European Central Bank.

Reading:

[Eurostat](https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR_custom_1835121/default/table)

(https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR_custom_1835121/default/table)

Surging Producer Prices



June 2022:

Producer prices in Europe's largest economy continue to surge. The latest update shows an increase by 33.6% year-on-year. A new all-time record.

Reading:

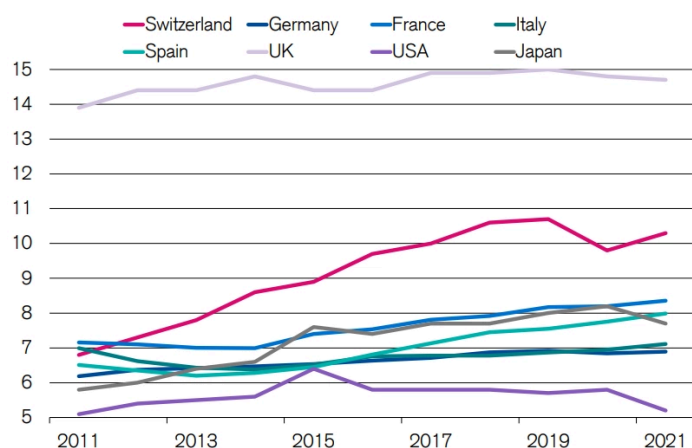
DeStatis

(https://www.destatis.de/EN/Press/2022/06/P_E22_252_61241.html)

New Public Debt Crisis?

Fig. 3: Governments have increased the residual maturity of their debt in order to benefit from low interest rates for longer

Average residual maturity of outstanding bonds and bills, in years



June 2022:

As bond yields climb everywhere, Credit Suisse analyzed the risk of a new public debt crisis. The data shows how governments have exploited the record-low interest rates of recent years to extend the average maturity of their debt portfolios and lock in the benefit of low interest rates for a longer period.

Reading:

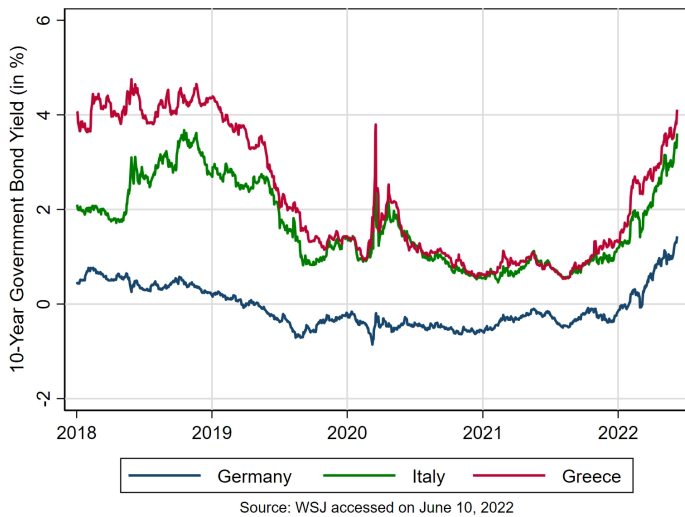
Credit Suisse (<https://www.credit-suisse.com/ch/en/business-banking/news/interest-rates-are-about-to->

[turn-positive.html](https://www.credit-suisse.com/ch/en/business-banking/news/interest-rates-are-about-to-turn-positive.html))

Rising Bond Yields

June 2022:

A saying in London pubs has it that there is no number between two and six. The same might hold for Italian bond yields. At 3.65 percent, they are now higher than during the short



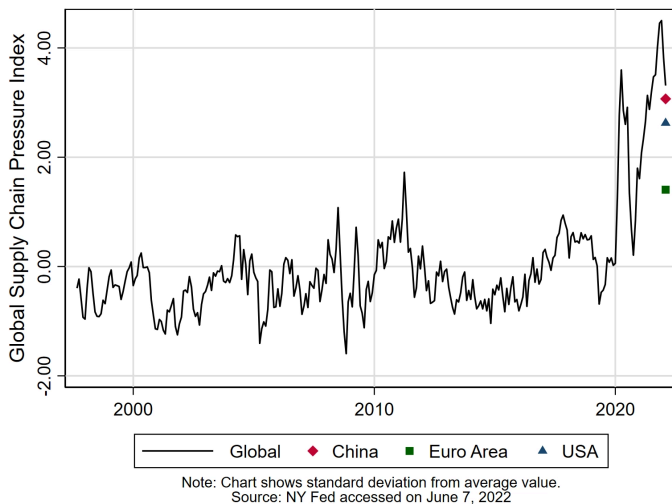
peak following ECB President Lagarde's comments in spring 2020.

Reading:

MarketWatch

(<https://www.marketwatch.com/story/german-italian-bond-yields-surge-after-ecb-signals-july-rate-hike-2022-06-09>)

Supply Chain Pressure



June 2022:

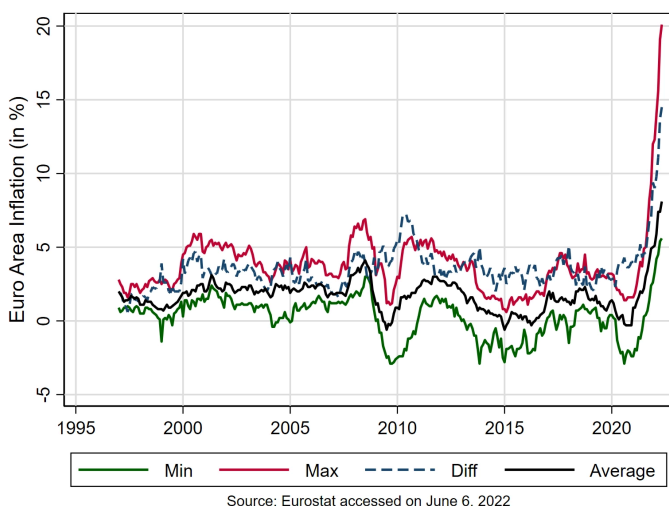
The latest update on the supply chain pressure index shows a modest decrease but is still at a very high level compared to previous years.

Reading:

Liberty Street Economics

(<https://libertystreeteconomics.newyorkfed.org/2022/03/global-supply-chain-pressure-index-march-2022-update/>)

Euro Area Inflation



June 2022:

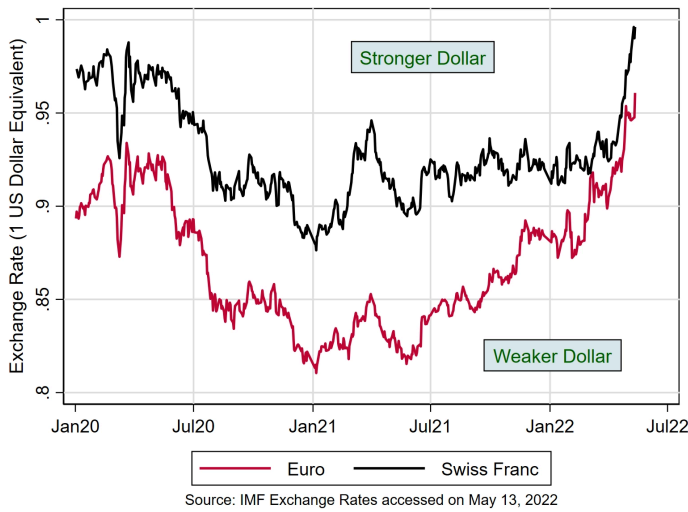
Currently, we see four record numbers for inflation in the Euro area. The maximum, the minimum, and the average rate of CPI inflation are at a record high. On top, the difference between the lowest and highest rate was never that large.

Reading:

Cash.ch

(<https://www.cash.ch/news/politik/konjunktur>)

Stronger US Dollar



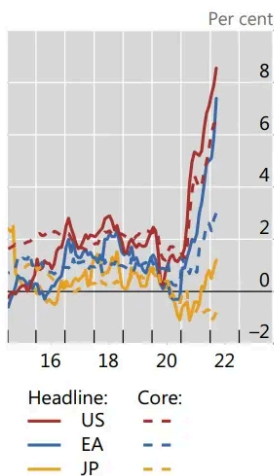
May 2022:

The US Dollar has recently started to surge in value. Both the Euro and the Swiss Franc depreciated strongly. This will raise energy prices in Europe.

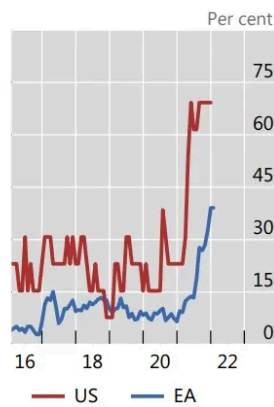
Reading:
Indicators

Wage-Price Spiral?

Inflation



Broadening inflation



May 2022:

The Bank for International Settlements (BIS) examines whether major advanced economies are on the verge of a wage-price spiral.

If inflation remains high, households may ask for higher wages and firms may raise prices. And stubbornly high inflation may lead to institutional changes such as automatic indexation and cost-of-living adjustment clauses.

Reading:

BIS (<https://www.bis.org/publ/bisbull53.pdf>), May 4,

2022

Industrial Producer Prices in the Euro Area

May 2022:

Eurostat just announced that industrial producer prices in the Euro area are up 36.8% compared with a year ago.

Reading:
Eurostat



(<https://ec.europa.eu/eurostat/documents/2995521/14613687/4-03052022-BP-EN.pdf/3c7d85b8-2893-f4af-0535-cde75b19129b?t=1651561474088>), May 3, 2022

Surging Food Prices



April 2022:

The Food and Agriculture Organization of the United Nations Food Price Index surged in March to a new highest level since its inception in 1990.

Reading:

FAO

(<https://www.fao.org/worldfoodsituation/foodpricesindex/en/>), March 10, 2022

German Inflation at 7.6%



March 2022:

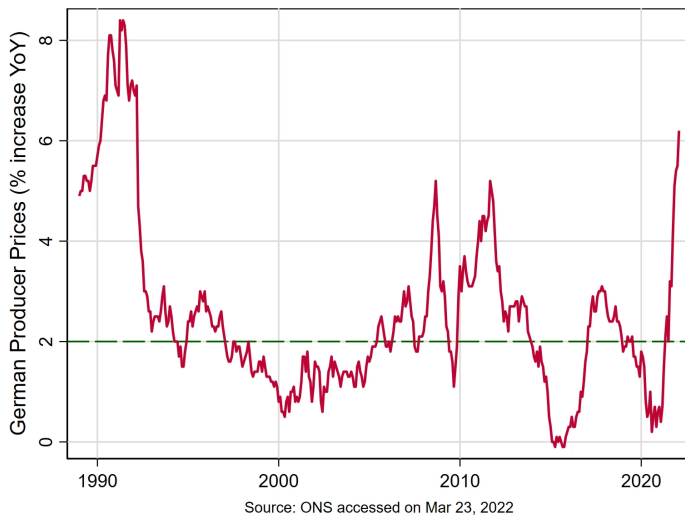
The Federal Statistical Office in the largest Euro economy expects 7.6% inflation for March 2022, a 40-year high for Germany.

Reading:

DeStatis

(https://www.destatis.de/EN/Press/2022/03/PE22_137_611.html), March 31, 2022

30-Year High Inflation in the UK



March 2022:

The government has set the Bank of England a target of keeping inflation at two percent. Yet, the latest reading shows 6.2%, a 30-year high.

Reading:

ONS

(<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>), March 23, 2022

Global Commodity Prices rally



March 2022:

The latest data indicate that global commodity prices are on track for the biggest weekly rally in more than fifty years. Prices have doubled since April 2020.

Reading:

Financial Times (<https://on.ft.com/3C83gBo>), March 3, 2022

Producer Prices in Germany surge

February 2022:

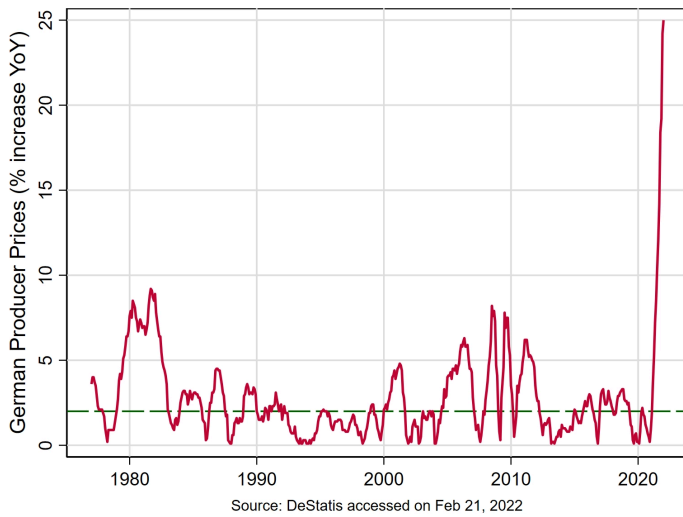
Producer prices in Germany in January 2022 were 25% higher than in January 2021. This was by far the largest increase in ever recorded. The dashed line shows 2%.

Reading:

DeStatis

(<https://www.destatis.de/EN/Press/2022/02/>

PE22_069_61241.html;jsessionid=DB59AED35FED3256715CF33AD0B1F830.live721), Feb 21, 2022



ECB discusses House Price Inflation

“ECB ‘cannot ignore’ house price surge in inflation assessment, says executive”

February 2022:

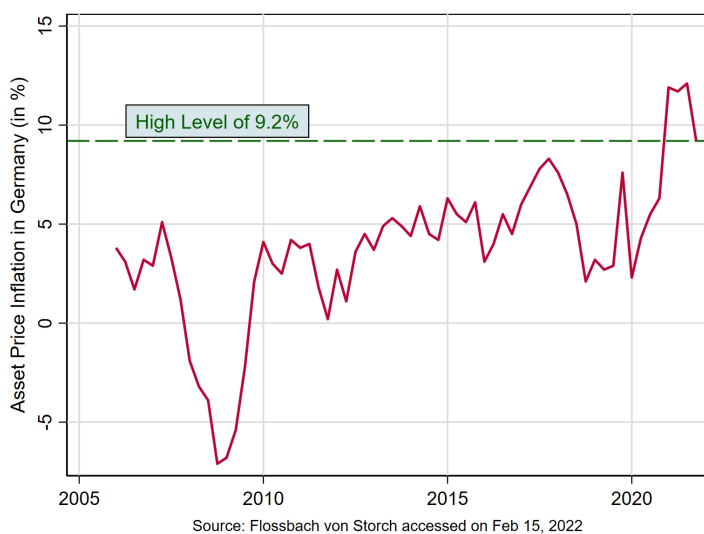
ECB executive board member Isabel Schnabel tells the *FT* that the house price surge 'cannot be ignored'. However, the

key ECB measure for inflation does so – and will continue to do so.

Reading:

Financial Times (<https://on.ft.com/3JzAqfB>), Feb 16, 2022

Asset Price Inflation in Germany



February 2022:

Flossbach von Storch reports asset price inflation in Germany at 9.2% in the year of 2021. There is a decline in Q4, yet inflation remains exceptionally high.

Reading:

FvS (<https://www.flossbachvonstorch-researchinstitute.com/de/fvs-vermoegenspreisindex-deutschland/>), Feb 15, 2022

House Price Inflation feeds CPI Inflation