

# Post-Pandemic Inflation

Nolan Klouda

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**UAA Business Enterprise Institute/  
Center for Economic Development**  
[www.ua-ced.org](http://www.ua-ced.org)

## One the one hand...

- Employment growing
- Extremely low unemployment
- Consumers are spending
- Wages going up



## On the other hand...

- Consumer pessimism
- Inflation
- Labor shortages
- Housing costs
- Interest rates



# WHAT INFLATION?

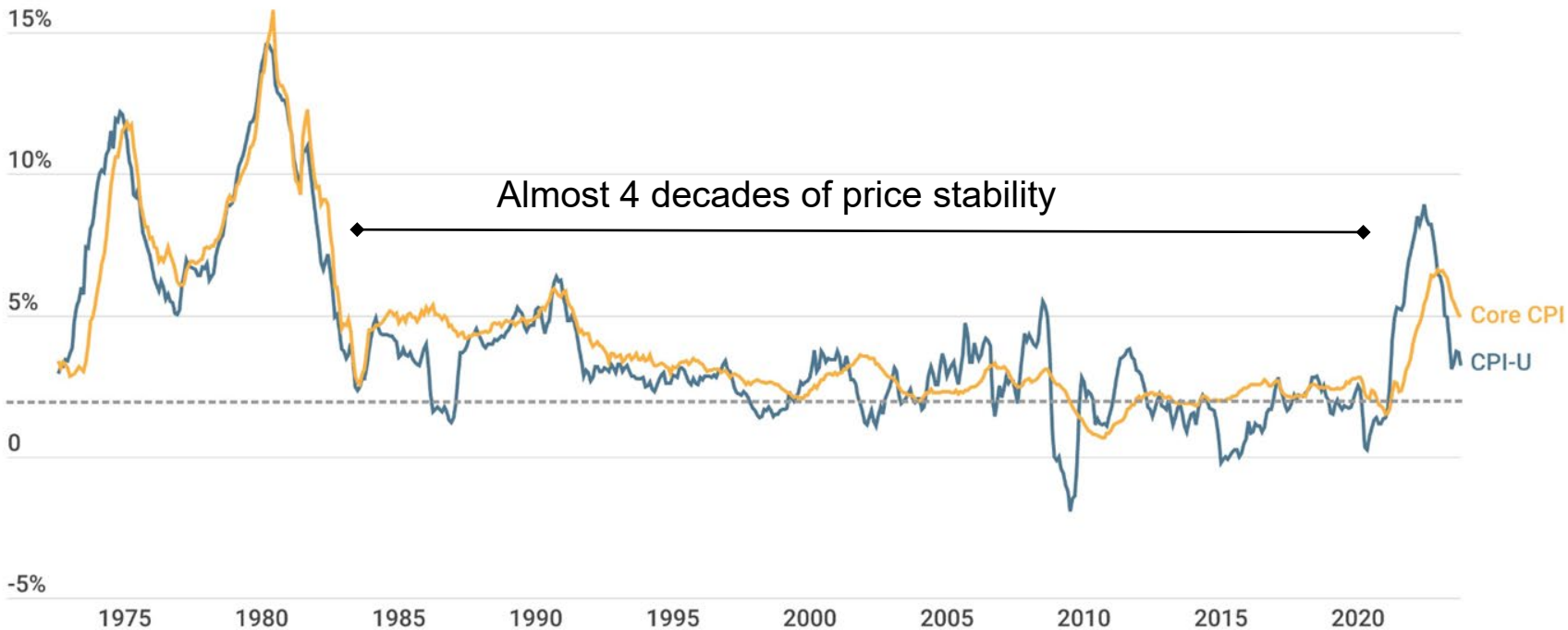


**A PACKAGE OF GROUND BEEF COSTS  
THE SAME AS IT DID LAST MONTH.**

# Inflation strikes back

Consumer price index, percent change from year ago

20%



# Inflation strikes back

Consumer price index, percent change from year ago

20%



0

-5%

1975

1980

1985

1990

1995

2000

2005

2010

2015

2020

Core CPI

CPI-U

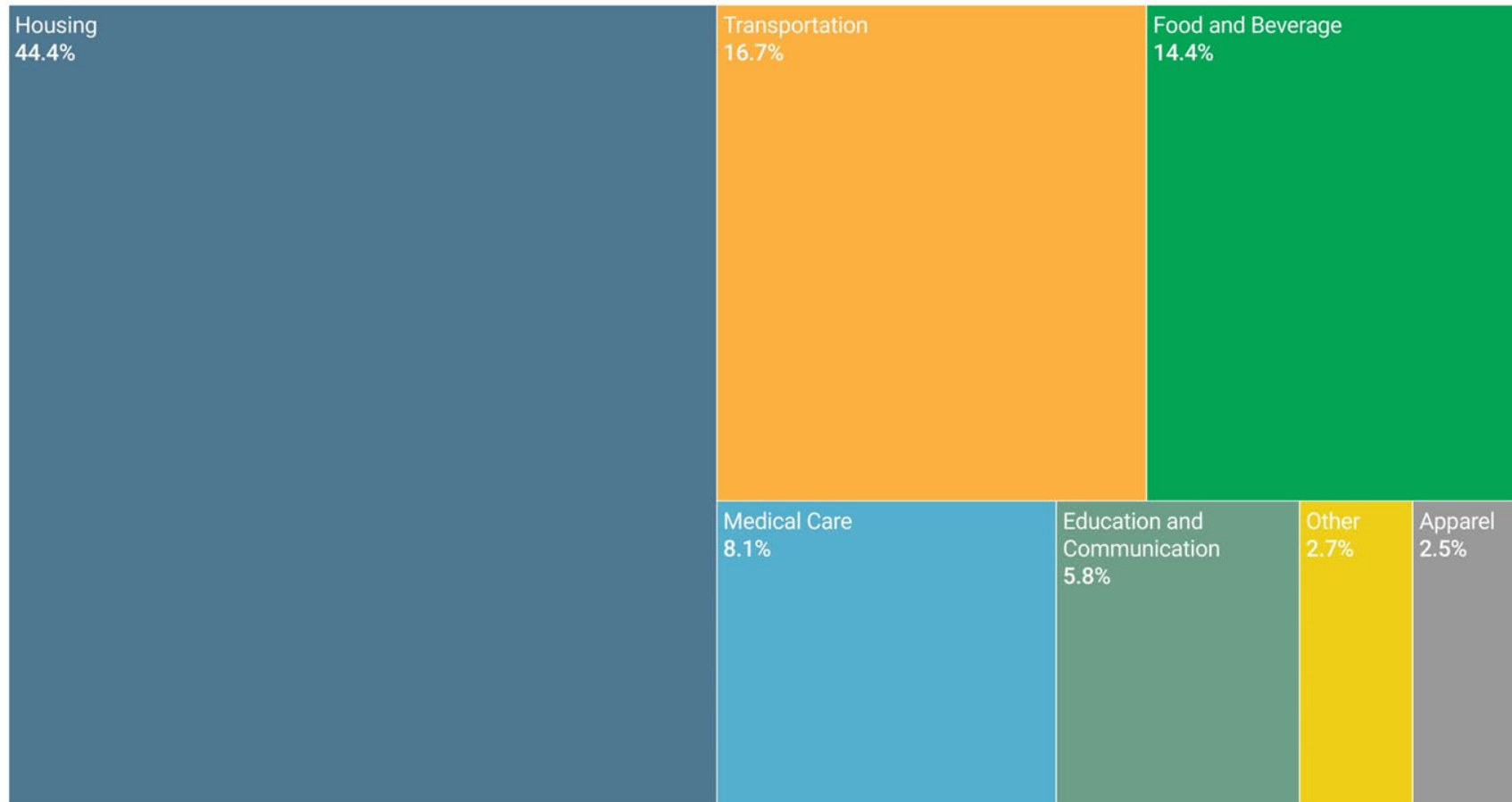
# Inflation strikes back

Consumer price index, percent change from year ago

20%



# Consumer Price Index Components



# Headline inflation peaks and falls

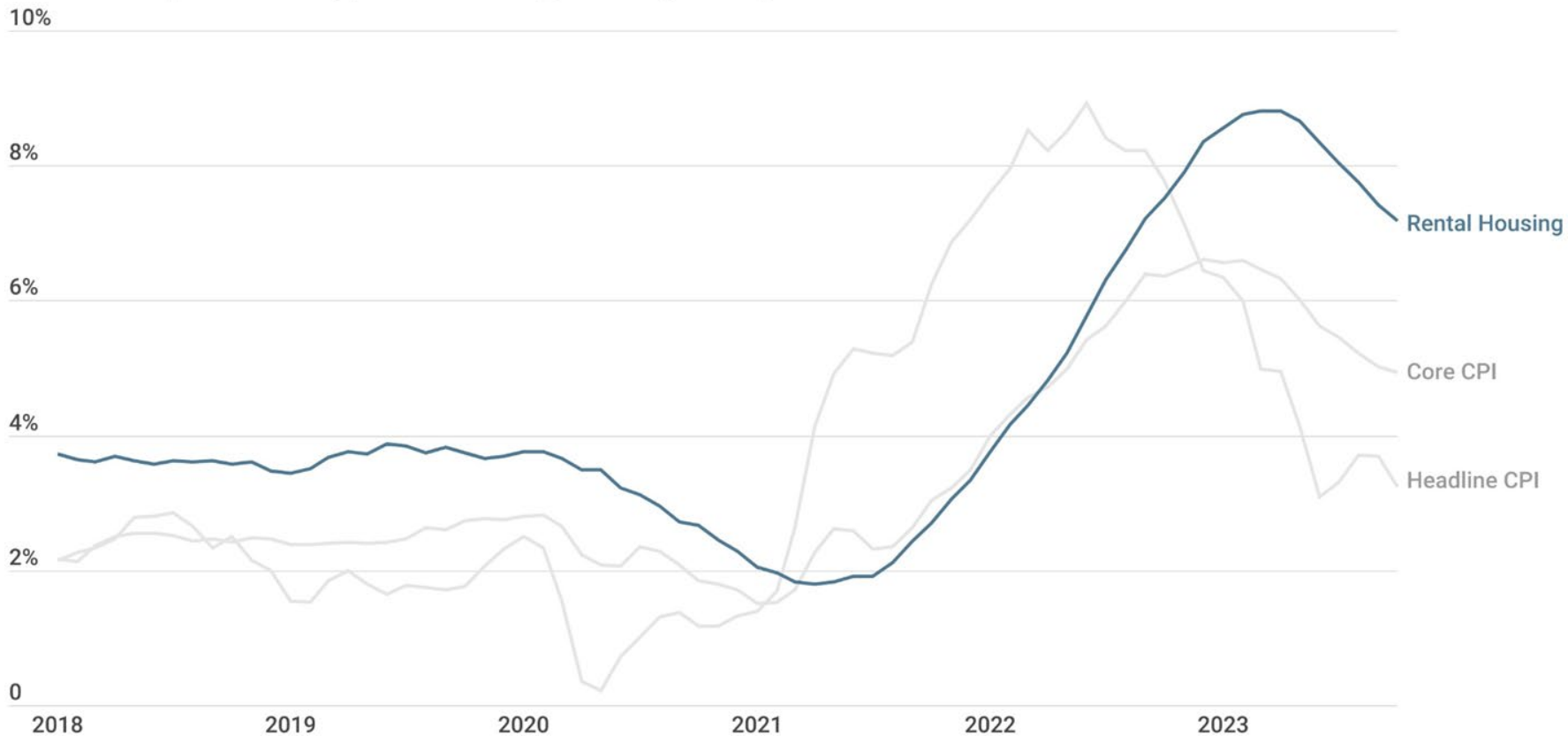
Consumer price index, percent change from year ago





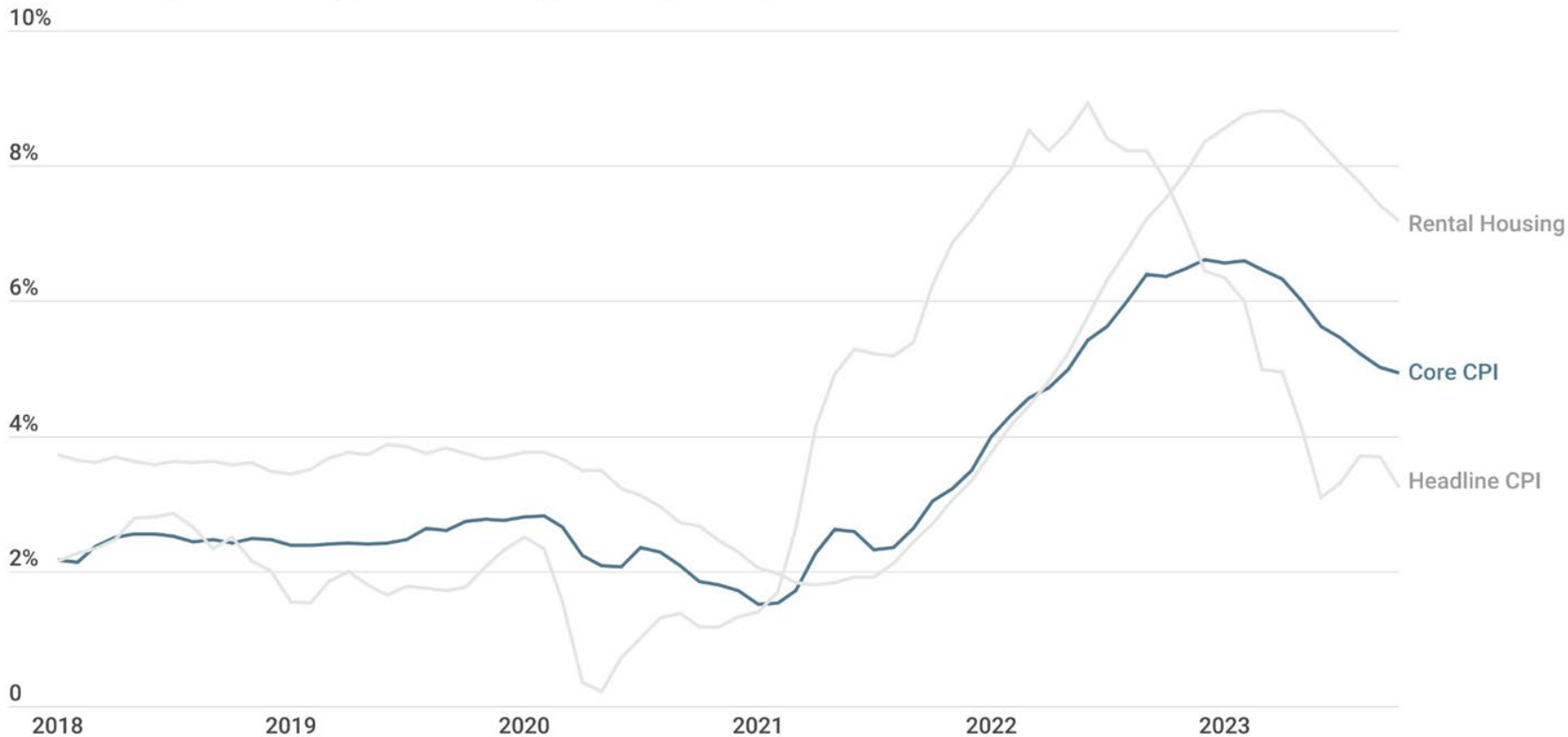
# Rental housing cost increases lag

Consumer price index, percent change from year ago

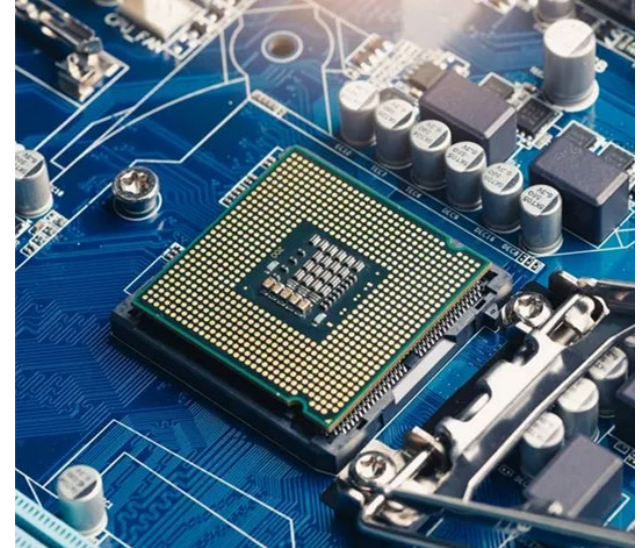


# Core CPI: slow rollin'

Consumer price index, percent change from year ago

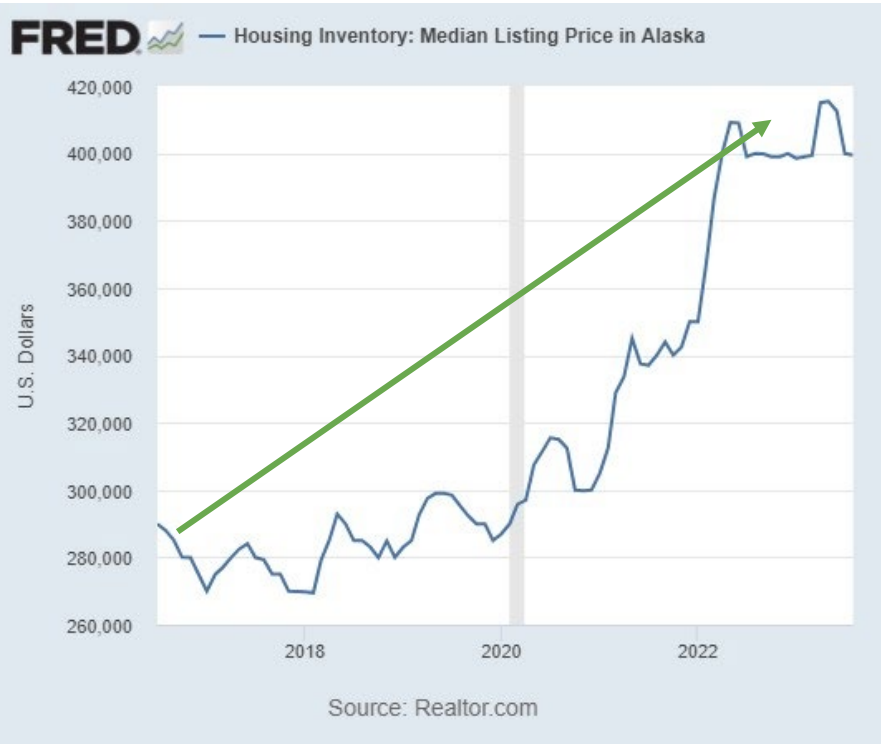


- High household savings rates
  - Federal spending
  - Changing spending patterns
- Accommodating monetary policy
- Supply chain disruptions
- Oil prices and geopolitics



# Housing demand is high, supply is low

Prices ↑

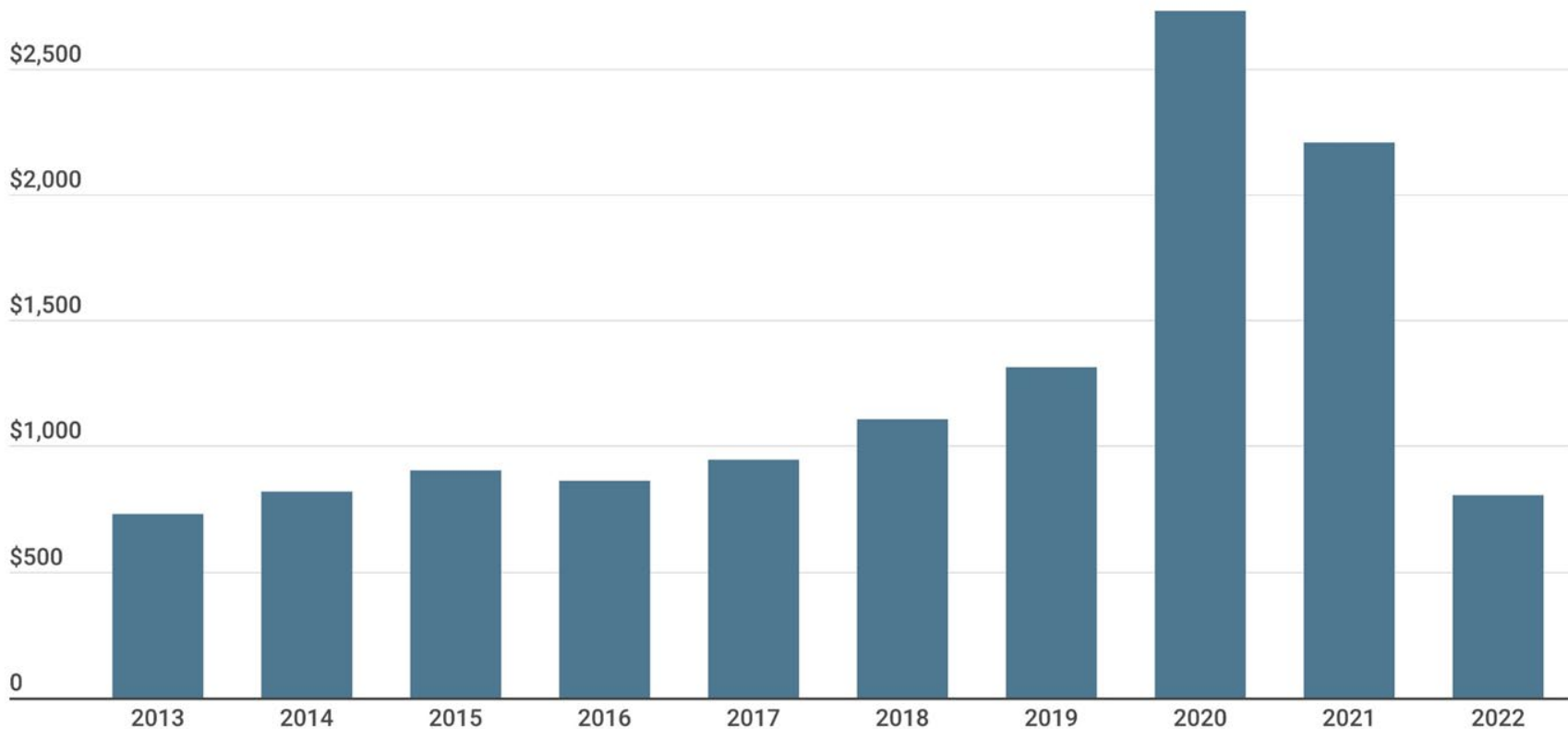


Supply ↓



# Households socked away money during the Pandemic

Annual household saving, billions of dollars



# A spending surge on consumer goods

Real Personal Consumption Expenditures: Goods



# Earnings exceed inflation for nonsupervisory workers

Real average hourly wages (adjusted for inflation)

\$31

\$30

\$29

\$28

\$27

2018

2019

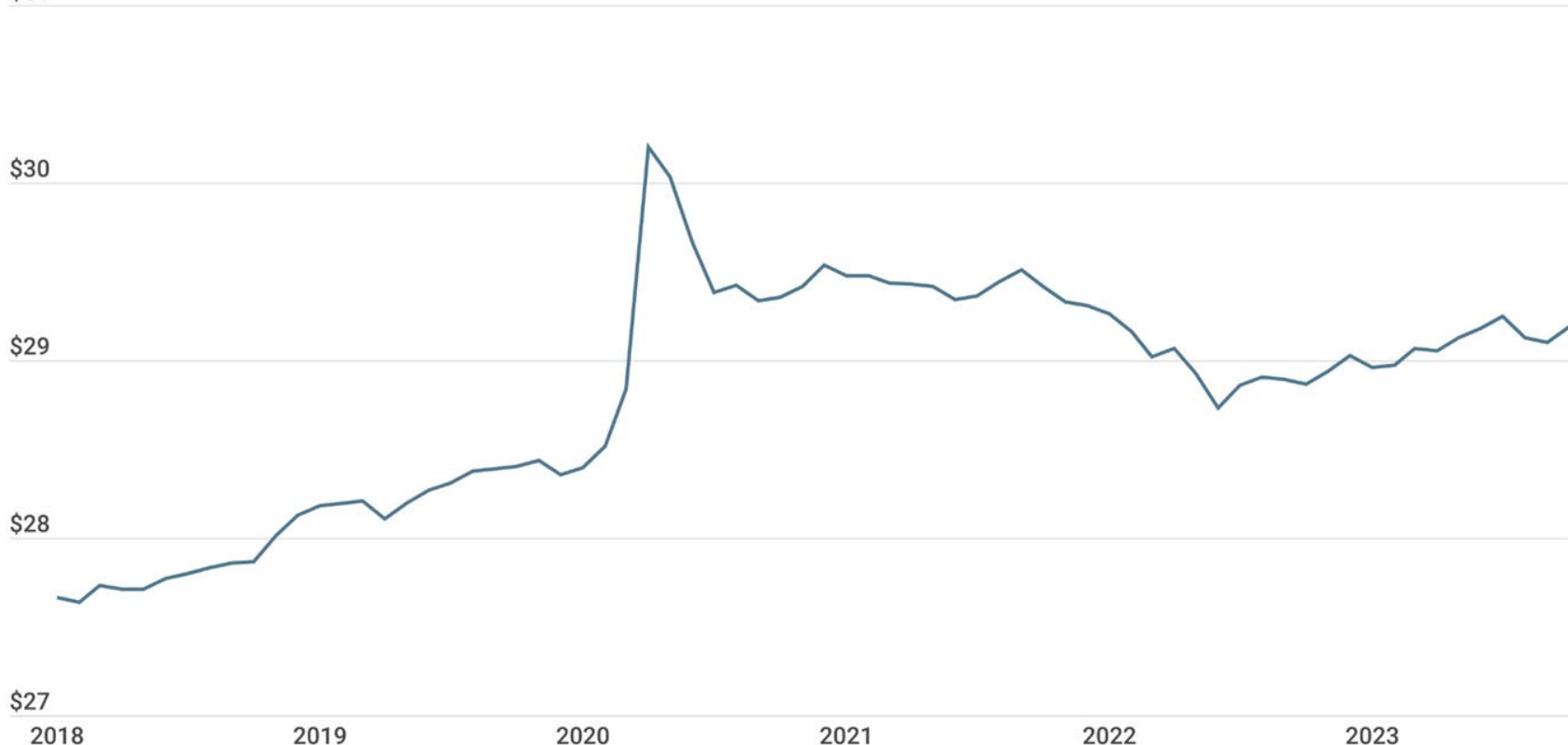
2020

2021

2022

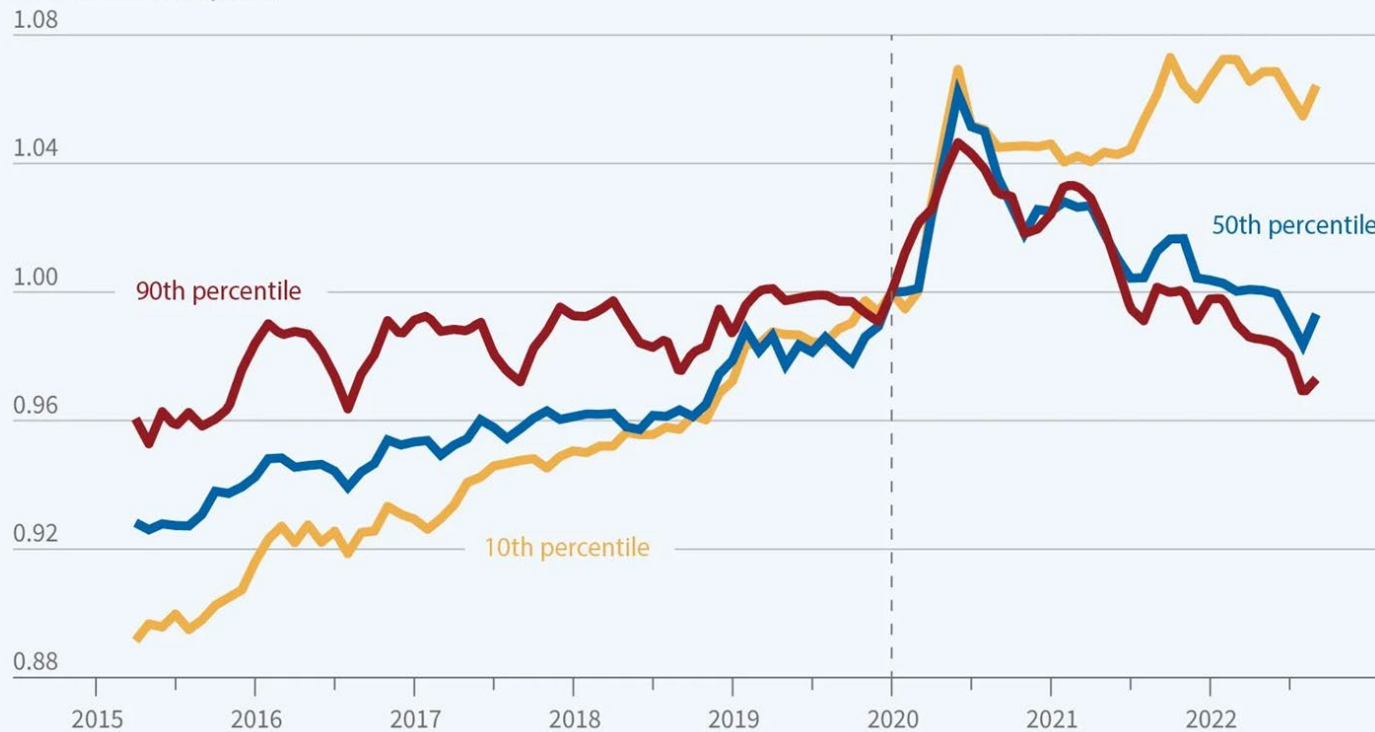
2023

Source: BEA



# Real Hourly Wages by Income Percentile

Relative to January 2020



Source: Researchers' calculations using data from the Current Population Survey



- Labor costs are a component of almost everything that we buy
- Price increases cause wage increases, and vice versa
- Recent inflation not initially caused by labor costs, but later pass through
- Labor shortages might make inflation “sticky”





# Thank You!



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