

Chart on the Go

Latest Insights | Inflation

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▶ Throughout 2021, inflation numbers have exceeded expectations, but there's more to the story.

Some of the elements pushing inflation measures higher have been transitory, driven by temporary shortages or spikes in demand. A good example of this is used car prices, which rose sharply, but are now moderating.



Other elements of inflation tend to be stickier. These include housing costs and wage inflation. More recently we have seen both of these elements going higher.



The stickier elements are more likely to cause the Fed to act to contain inflation by raising interest rates.

The Federal Reserve pays attention to all drivers of inflation. But the stickier elements are more likely to cause the Fed to act to contain inflation by raising interest rates.

For investors, **it's important to understand that the inflation story is more than one number.**

In this complicated and fast-moving environment, making portfolio changes because of one inflation number may be imprudent. If you have questions about inflation, talk with your advisor. They can help you understand how to interpret the inflation data.

Source: Columbia Threadneedle Investments.

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