

When will the Fed run out of patience?

They have extended their “patience horizon” until next year.

From [Bill Dudley](#):

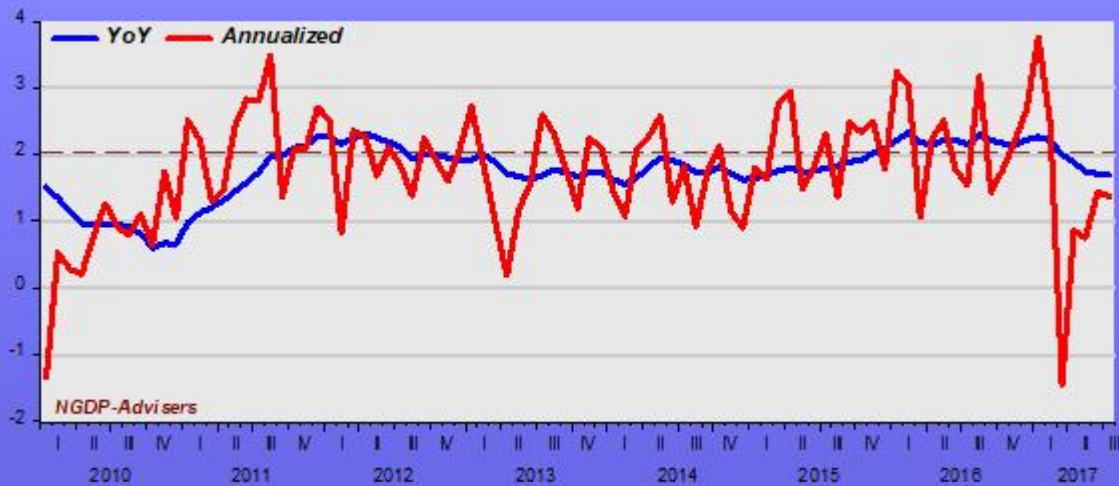
“People think about inflation typically on a year-over-year basis, and those year-over-year measures are going to be ***depressed for a while***,” Dudley said. “But thinking about it sequentially, we ***would expect the inflation data to show a little bit more upward pressure*** than what we’ve seen over the last four months or so.”

“Thinking about it sequentially”, means on a monthly-annualized basis. If you do that, however, all you get is a big headache from looking at numbers jumping up and down and most of the time showing no discernible trend.

Headline CPI Inflation - %



CPI Core Inflation



A "[Price Pressure Measure](#)" from the St Louis Fed shows that after rising to 20% following the election (and the "Trump Bounce"), the probability that Headline PCE inflation over the next 12 months will exceed the target has dropped to close to 5%.

Price Pressure Measure
(Prob. PCE Headline Inflation will exceed 2.5% over next 12 mos)



The Fed, at least some of the FOMC participants, to everyone's chagrin, does not give up on the unemployment inflation link.