The Unstable Phillips Curve

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The views expressed here are my own and do not reflect those of the Board of Governors or the Federal Open Market Committee.
Figure 1

Phillips Curve, 2000–19

Note: Inflation is the 12-month percent change in the personal consumption expenditures index. Source: Bureau of Economic Analysis; Bureau of Labor Statistics; both via Haver Analytics.
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Figure 3

Phillips Curve, 2022–Present

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Source: Bureau of Economic Analysis; Bureau of Labor Statistics; both via Haver Analytics.
Figure 4 – Unanchored Inflation Expectations

\[ \pi_e = 2\% \]
\[ \pi_e = 3\% \]
\[ \pi_e = 4\% \]
Figure 5 – Frequency of Price Changes

Inflation Rate (%) vs. Unemployment Rate (%)

\( \pi^e = 2\% \)

infrequent price changes
frequent price changes

\( \pi_e = 2\% \)
Figure 6 – Inflation Expectations

Figure 7 – Frequency of Price Changes

Note. CPI is consumer price index.
Source: Montag and Villar Vallenas (2023)