



The Unstable Phillips Curve

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Member

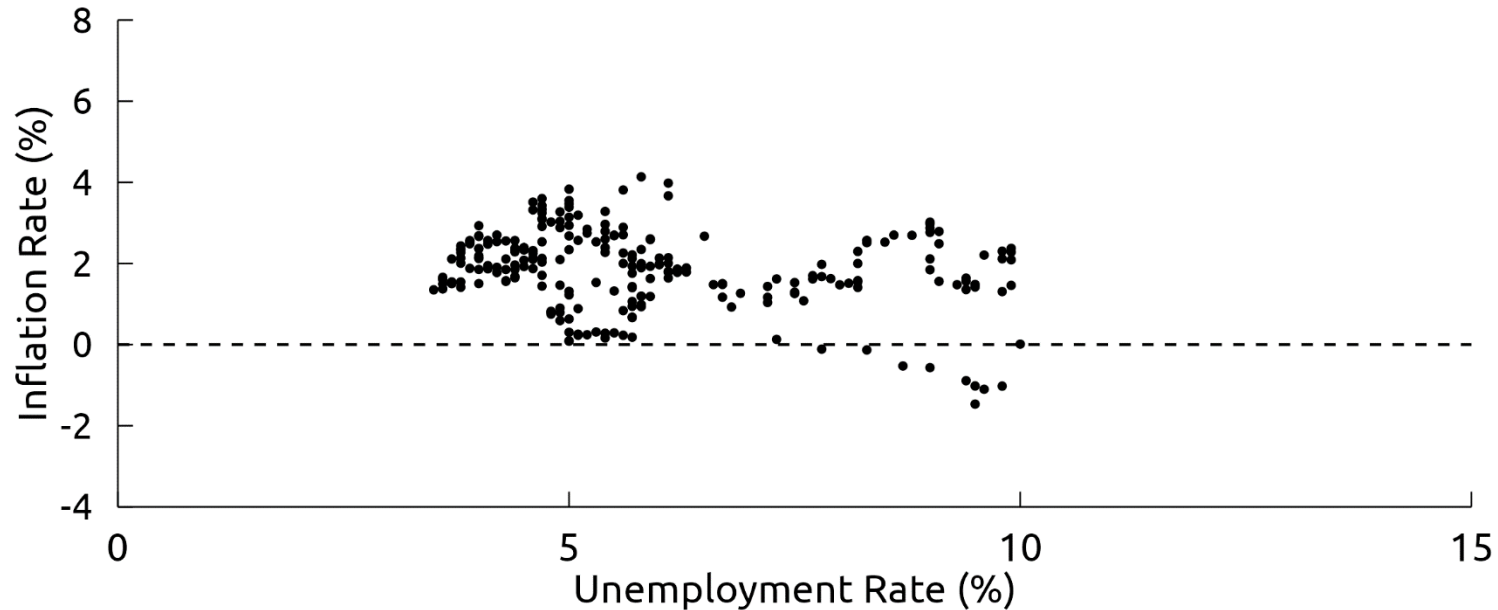
Board of Governors of the Federal Reserve System

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Macroeconomics and Monetary Policy
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the Federal Reserve Bank of San Francisco
March 31, 2023

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

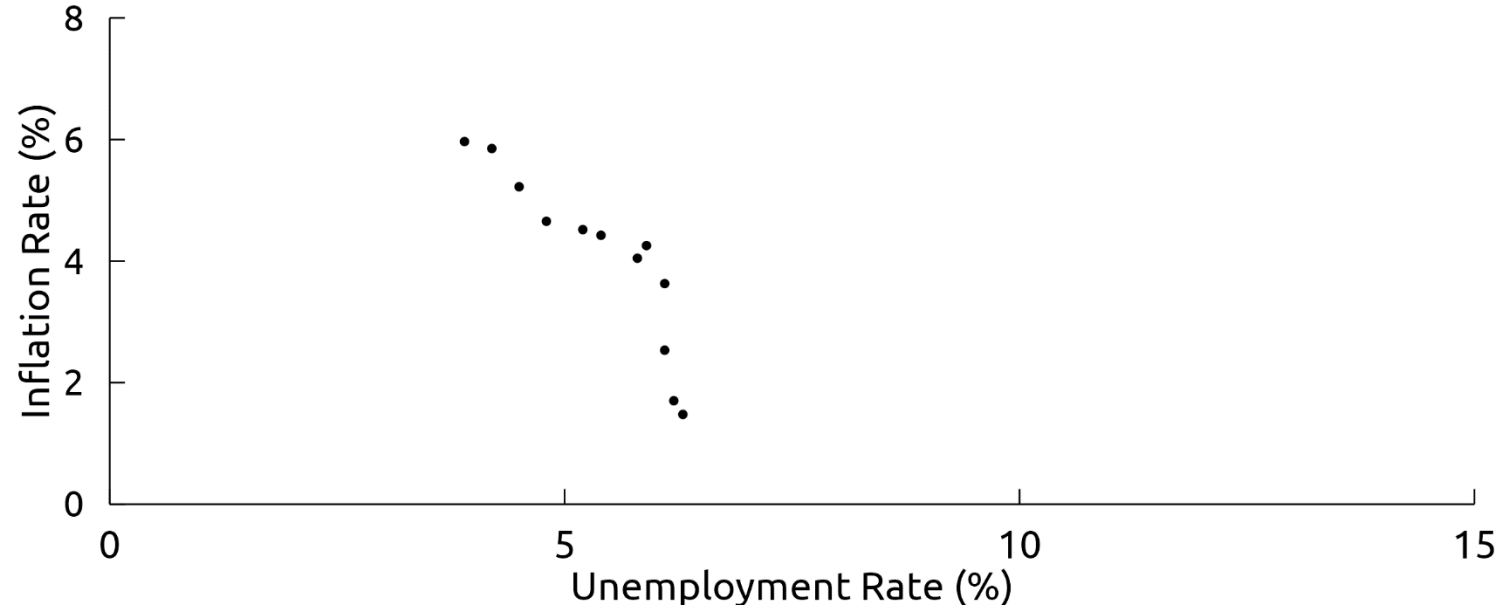


Note: Inflation is the 12-month percent change in the personal consumption expenditures index.

Source: Bureau of Economic Analysis; Bureau of Labor Statistics; both via Haver Analytics.

Figure 2

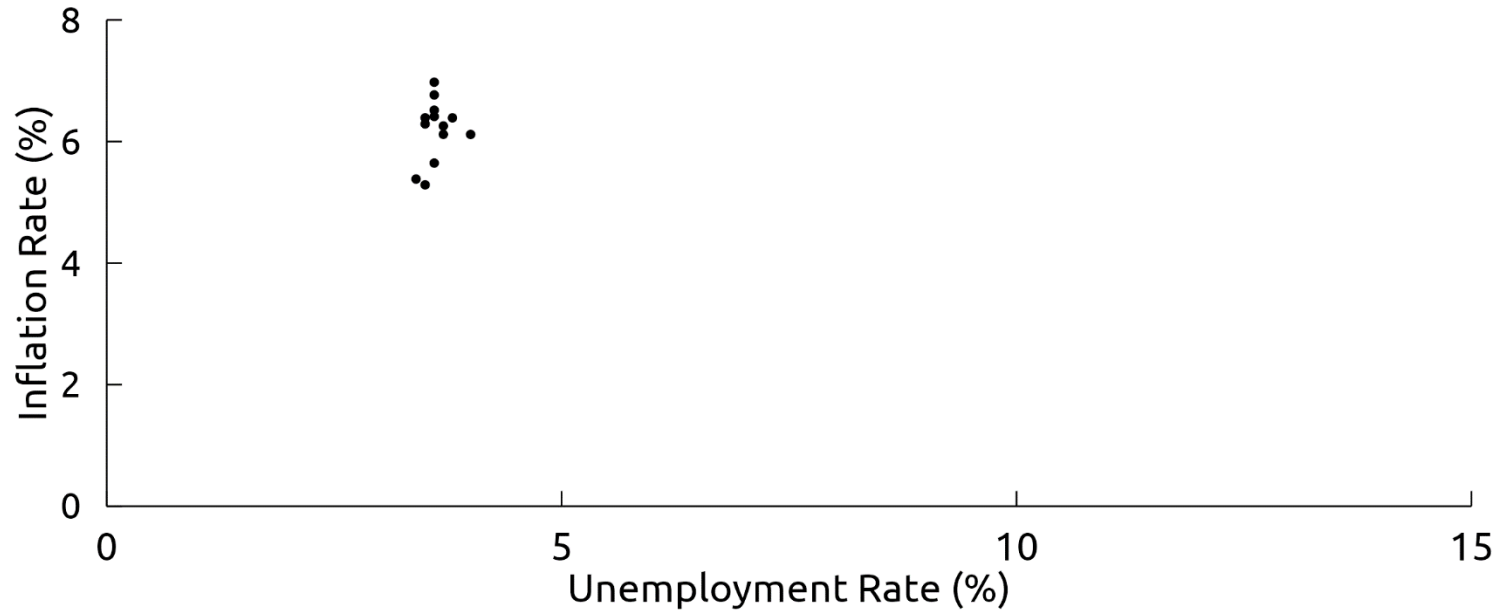
Phillips Curve, 2021



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.

Figure 3

Phillips Curve, 2022–Present



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.

Figure 4 – Unanchored Inflation Expectations

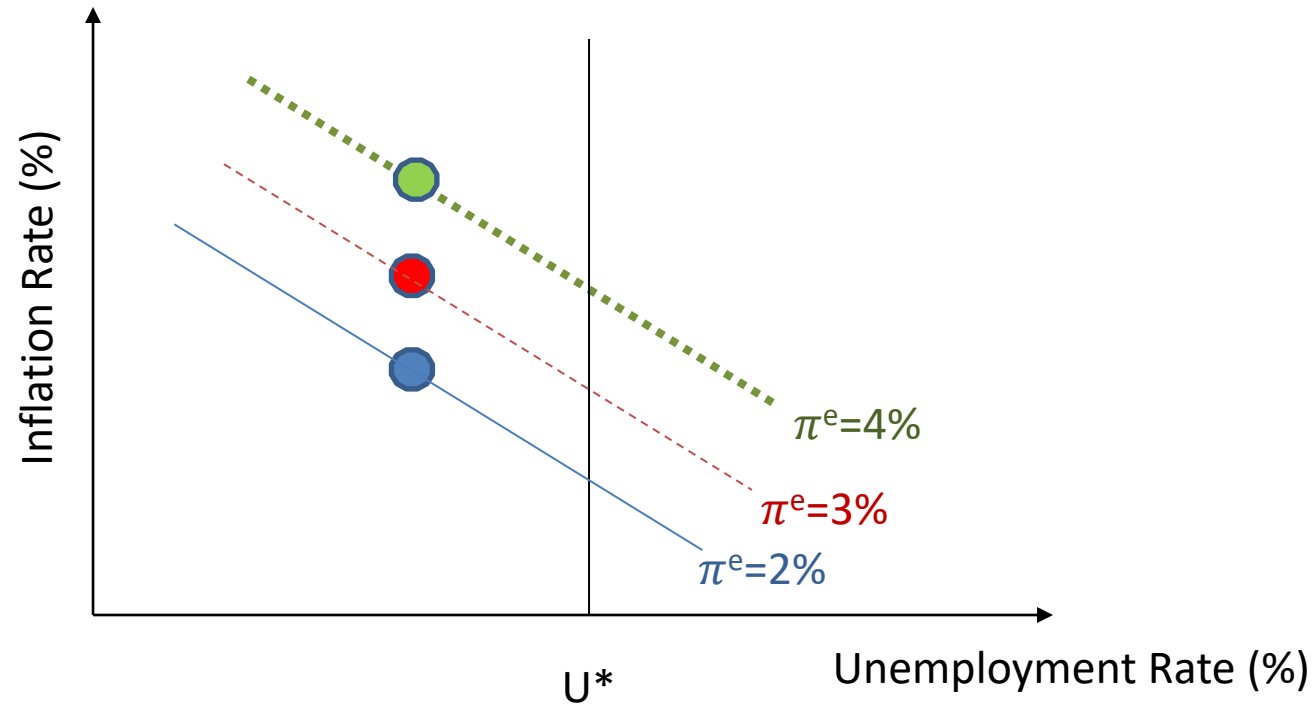


Figure 5 – Frequency of Price Changes

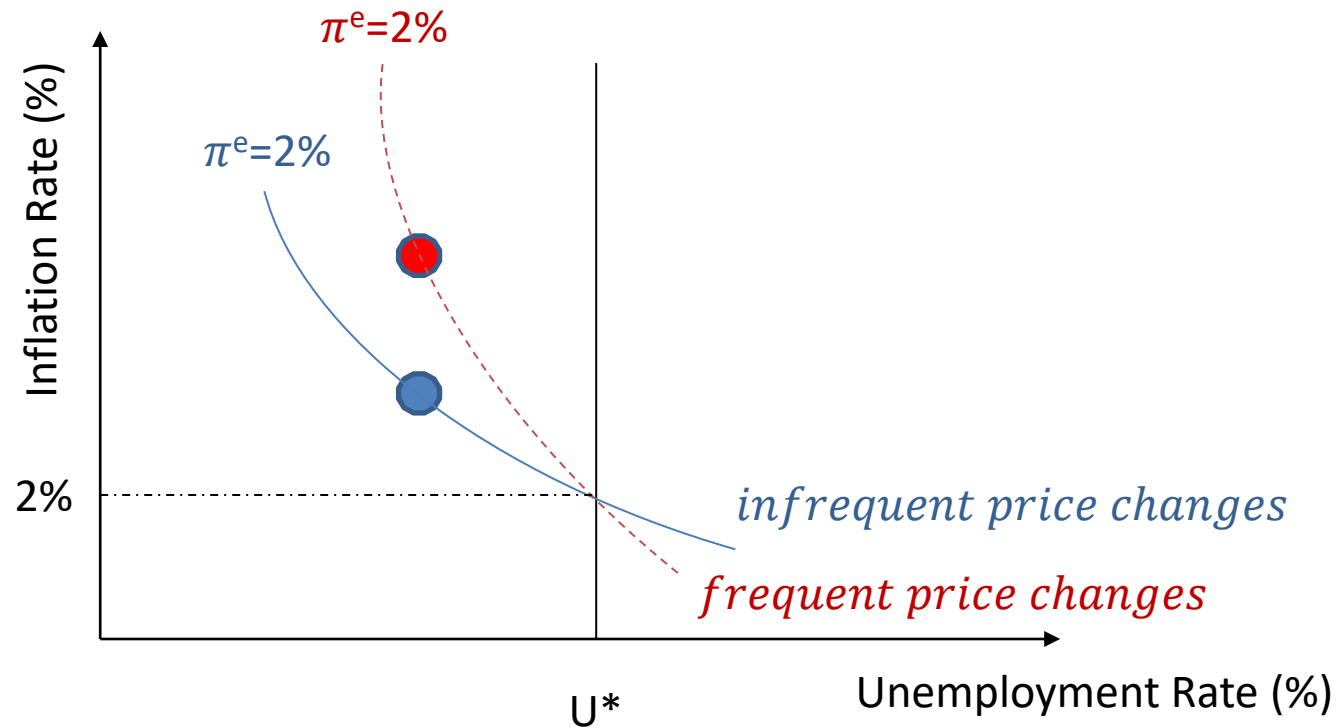
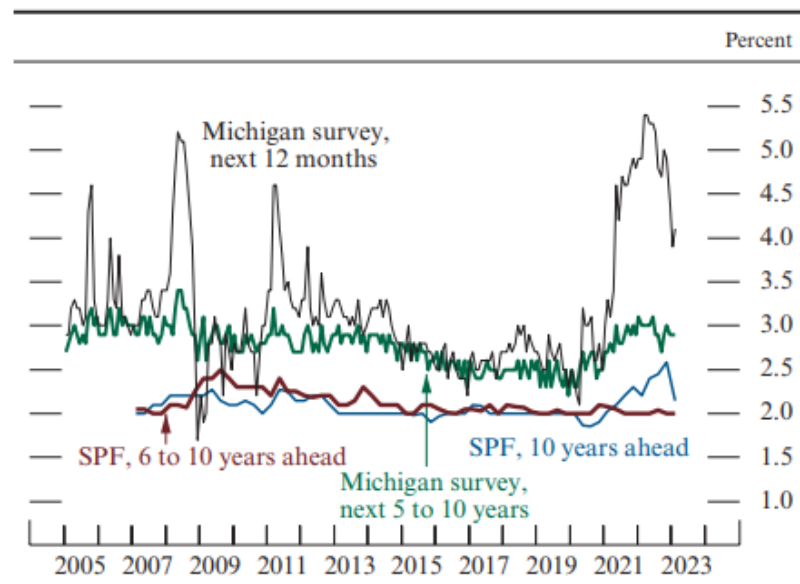


Figure 6 – Inflation Expectations

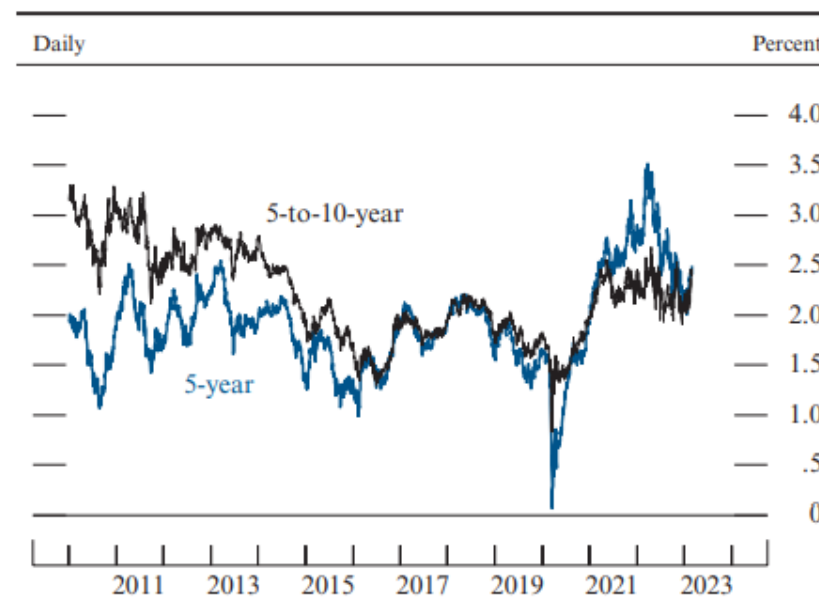
8. Measures of inflation expectations



NOTE: The Survey of Professional Forecasters (SPF) data are quarterly, begin in 2007:Q1, and extend through 2023:Q1. The data for the Michigan survey are monthly and extend through February 2023.

SOURCE: University of Michigan Surveys of Consumers; Federal Reserve Bank of Philadelphia, SPF.

9. Inflation compensation implied by Treasury Inflation-Protected Securities



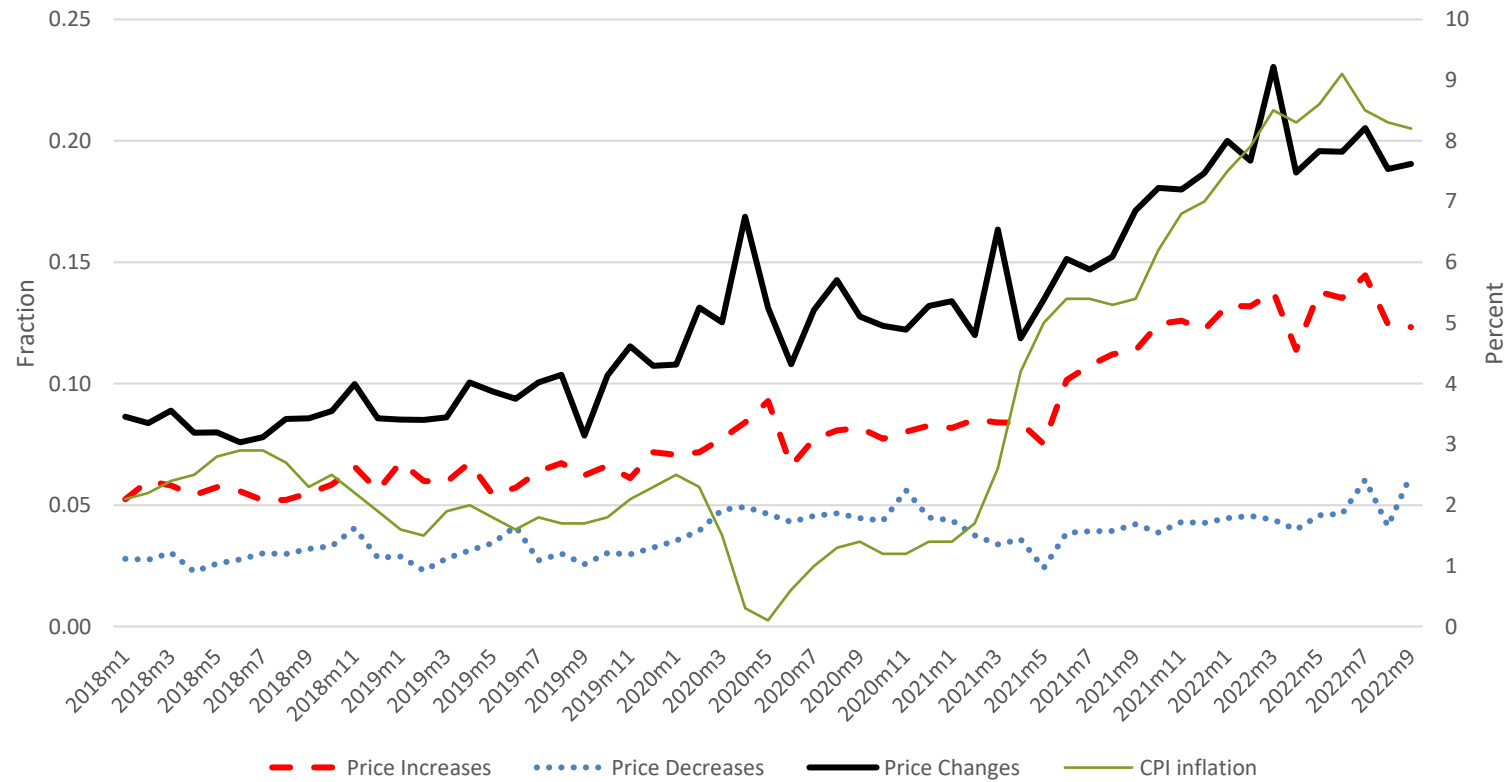
NOTE: The data are at a business-day frequency and are estimated from smoothed nominal and inflation-indexed Treasury yield curves.

SOURCE: Federal Reserve Bank of New York; Federal Reserve Board staff calculations.

Source: Board of Governors of the Federal Reserve System, *Monetary Policy Report*, March 3, 2023.

https://www.federalreserve.gov/monetarypolicy/files/20230303_mprfullreport.pdf

Figure 7 – Frequency of Price Changes



Note. CPI is consumer price index.

Source: Montag and Villar Vallenias (2023)