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## Roping inflation

Federal Reserve Chair Jerome Powell could have donned a cowboy hat and a lasso last Friday. Speaking at the Fed's annual Jackson Hole, Wyo., symposium of global central banks, he reiterated policymakers commitment to restrain inflation: "With inflation running far above 2% and the labor market extremely tight, estimates of longer-run neutral [rate] are not a place to stop or pause."

He is referring to the guesstimate game the markets and Fed are playing as to the when the current hiking regime will pause after inflation seems to have been roped. Essentially, Powell is saying this is not the time to predict when inflation might reverse, but rather to stay on task: "We must keep at it until the job is done."

In particular, he dismissed any of the recent signs that price pressures might be easing, including Friday's release of the July Personal Consumption Expenditures (PCE) Index, which slipped to 6.3% annualized from 6.8% in June. Core PCE, which does not factor in energy and food prices, declined to 4.6% from 4.8%: "While the lower inflation readings for July are welcome, a single month's improvement falls far short of what the committee [FOMC] will need to see before we are confident that inflation is moving down."

If inflation were cattle, the Fed's work would be easier.