

Inflation Outlook for 2021

Is the Fed ahead or behind in its monetary policy regarding inflation?

Provided by DSA Financial Group

As our nation continues to recover from the effects of COVID-19, one economic trend has been capturing news attention as of late. Consumer prices are rising amidst economic recovery. In fact, the Consumer Price Index (CPI) rose 0.8% in April 2021, jumping by a greater-than-expected 4.2% year-over-year.¹

With upward trending prices, an important question arises - Is the Federal Reserve ahead or behind in its monetary policy regarding inflation? Federal Reserve Chair Jerome Powell has said it could be a mistake to see inflation as a guest long overstaying its welcome.

“One-time increases in prices are likely to only have transitory effects on inflation,” Powell said. He added, “It will take some time before we see substantial further progress.”²

With reports of rising prices and talks on inflation, it can be difficult to know how concerned one should be. In regards to your portfolio, this is another case in which focusing on your personal economy will likely be more beneficial than listening to the media buzz. If you have any questions or concerns, I’m here to help you and your financial well-being stay the course. Call or email us with any questions or concerns you may have.

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Citations

1. CNBC, May 12, 2021
2. CNBC.com, April 28, 2021