

# The Best, the Brightest, and Inflation

*The Fed may be ready to alter course.*

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If you are feeling a bit confused about the direction of inflation, you're in good company. Some of the best and brightest economists in the country are having a tough time getting their arms around the current inflation trends.

The most recent Producer Price Index reading came in above economists' estimates at a record level of 8.3% compared with a year earlier. Producer prices can be an indicator of future price changes at the consumer level.<sup>1</sup>

One way to gauge inflation is to watch the people responsible for managing inflation – the Federal Reserve's Board of Governors. In recent weeks, several governors have indicated they are comfortable with how the economy is recovering. So comfortable that they appear ready to slightly change course with monetary policy in the next few months.<sup>2</sup>

Does that mean inflation will be lower in six to nine months? Time will tell, but keeping an eye on the Fed's actions may be one of the best ways to see what's next for prices.

Remember, inflation is just one factor to consider when making adjustments to a portfolio. But if you're getting uncomfortable, please reach out. We welcome the chance to speak with you if you see higher prices.

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## Citations

1. BLS.gov, September 10, 2021

2. FederalReserve.gov, August 18, 2021