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Latest on US Inflation


US Treasuries have best week in a year The bond market says 'meh' Inflation rises but worries fade, global taxation deal US consumption pace slows

Opinion **The Long View**

Undertones of The Clash in great inflation debate in markets

Investors face tricky bet on sustainability of spike in prices as economy recovers

MICHAEL MACKENZIE [+ Add to myFT](#)



Michael Mackenzie YESTERDAY 14

Investors are debating whether the surge in prices at both a producer and consumer level will prove transitory, as the US Federal Reserve believes, or become entrenched.

Much of the angst over medium term inflation pressure becoming hotter is fuelled by the backdrop of aggressive fiscal and monetary policy. This potentially combustible mix has a policy additive from a Fed prepared to tolerate a higher pace of inflation beyond its target of 2 per cent for an unspecified period.

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Again there is an argument that higher wage growth will prove short lived, with expectations that more people will seek work after September once government assistance ends. But a cause for concern is that rising consumer prices may encourage workers to seek higher wages and in turn companies will pay up and then raise prices. A wage and price spiral typified economies during the 1970s.