



MARKETS

More Problems With “Inflation” – Coping With Volatility

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Trying to manage monetary policy with gauges that fluctuate wildly would be like driving a car where the speedometer was constantly fluttering between 30 mph and 60 mph. Taking a long-term average may reduce the effect — but only for looking at the past history. Policy-makers are forward-focused. They need guidance on where the inflation trend is headed. High volatility obscures that trend.