



ECONOMY AT A GLANCE

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A Publication of the University Research Center, Mississippi Institutions of Higher Learning

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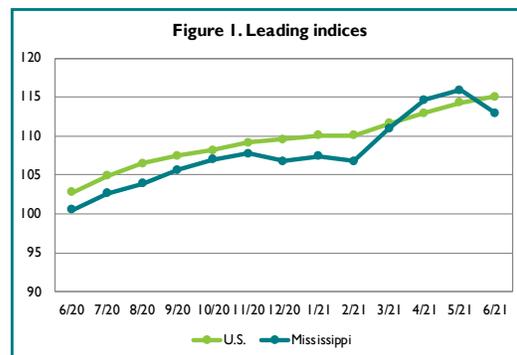
As seen in Figure 1 the value of the Mississippi Leading Index (MLI) fell 2.5 percent in June, its first decrease since February. Compared to one year earlier the value of the MLI for the month was 12.4 percent higher.

Figure 2 indicates the value of the Mississippi Coincident Index (MCI) rose 0.3 percent in June. The value for the month was 5.5 percent higher compared to one year ago.

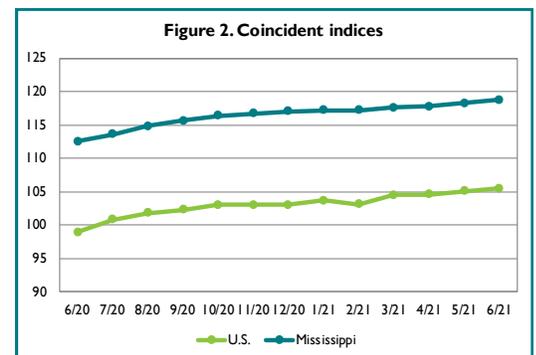
In the agency's first estimate of the change in real GDP in the second quarter of 2021, the U.S. Bureau of Economic Analysis (BEA) reported an increase of 6.5 percent at a seasonally-adjusted, annualized rate. The gain was the result of increases in consumer spending, nonresidential fixed investment, exports, and state and local government spending. These gains were partially offset by decreases in private in-

ventory investment, residential fixed investment, and federal government spending. BEA revised the change in real GDP in the first quarter of 2021 down slightly to an increase of 6.3 percent.

Several negatives socked the Mississippi economy in June as the MLI experienced its largest decrease since April 2020. Most surprising was the surge in initial unemployment claims in June, which fell to a post-recession low the previous month. Concerns about inflation and COVID-19 likely are weighing on the economy, as consumer expectations decreased for the month. On a positive note, the state added 6,300 jobs in June, the largest monthly gain since October. The outlook for the Mississippi economy in 2021 remains decidedly positive, although the recent surge in COVID-19 cases due to the delta variant has the potential to put a dent in this recovery.



Sources: University Research Center and The Conference Board



Sources: Federal Reserve Bank of Philadelphia and The Conference Board

Notes: The Mississippi Coincident Index is constructed by the Federal Reserve Bank of Philadelphia and re-indexed to 2007. The index is based on changes in nonfarm employment, the unemployment rate, average manufacturing work-week length, and wage and salary disbursements. The Mississippi Leading Index is constructed by the Mississippi University Research Center. The U.S. Indices are from The Conference Board. All series are indexed to a base year of 2007.

MISSISSIPPI'S BUSINESS

MISSISSIPPI LEADING INDEX, JUNE 2021

The value of the **Mississippi Leading Index of Economic Indicators (MLI)** sank 2.5 percent in June, the first decrease since February and the largest monthly decline since April 2020. Compared to one year earlier, however, the value of the MLI was 12.4 percent higher, the fourth consecutive month with a year-over-year increase. The value of the MLI rose 5.8 percent over the last six months.

In June six of the seven components of the MLI decreased and initial unemployment claims made the largest negative contribution for the month. The only positive contribution came from U.S. retail sales. Each component is discussed below in order of smallest to largest contribution.

The number of seasonally-adjusted **initial unemployment claims** in Mississippi surged in June from its post-recession low as seen in Figure 4. The value rose 111.9 percent for the month, but was still 68.3 percent lower compared to one year earlier. The number of seasonally-adjusted continued unemployment claims in Mississippi also increased in June as the value climbed 13.8 percent as Figure 16 on page 6 indicates. Nevertheless, compared to one year earlier the number of continued unemployment claims in Mississippi in June was down 69.8 percent. The seasonally-adjusted unemployment rate in Mississippi in June was 6.2 percent as seen in Figure 17 on page 6, an increase of 0.1 percentage point from May. The unemployment rate for the state was down 3.4 percentage points in June compared to one year earlier.

As seen in Figure 5 the value of **Mississippi residential building permits** (three-month moving average) sank 7.1 percent in June, the first decrease since February and the largest monthly decline since April 2019. The value for the month was 0.7 percent higher compared to one year earlier, the smallest year-over-year increase since August 2019. Also in June the number of units in the state fell 7.8 percent, the largest monthly decrease since September 2018. The number of units in the state was 1.3 percent lower in June compared to one year earlier, its first year-over-year decline since August 2019. In June the number of privately-owned housing units authorized by building permits in the U.S. was 5.1 percent lower compared to the revised May rate. The number of units in the U.S. for the month was 23.3 percent higher compared to June 2020.

The value of the **ISM Index of U.S. Manufacturing Activity** fell 1.8 percent in July as seen in Figure 6, its third decrease in the last four months. The value for the

month was 9.8 percent higher compared to one year earlier. The only component of the Index that increased in July was Employment. The value of the Inventories component dropped to 48.9 in July, but was the only component in contractionary territory for the month. Notably, the prices paid index dipped to its lowest level since March as a number of commodity prices declined in July.

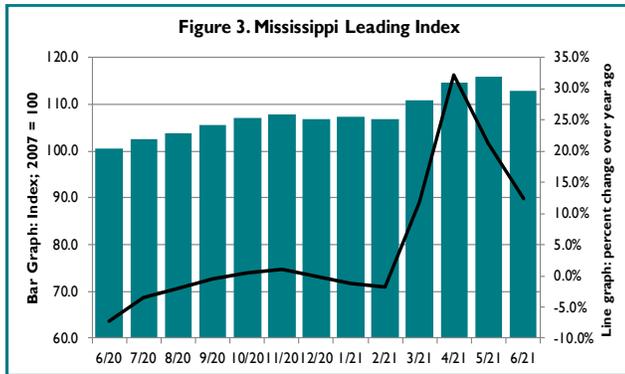
In June the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) fell 1.5 percent as seen in Figure 7, its first decrease since December. The value for the month was up 18.2 percent compared to one year earlier. Concerns about rising prices likely contributed to the decline, as short-term (one-year) inflation expectations jumped in the most recent survey, although long-term (five-year) expectations held steady. New worries about the surge of COVID-19 cases around the country due to the spread of the delta variant likely pushed down expectations as well.

The value of the **Mississippi Manufacturing Employment Intensity Index** slipped 0.9 percent in June as seen in Figure 8, its first decrease since January. Compared to one year earlier the value for the month was up 2.7 percent. Manufacturing employment in the state rose slightly in June but this gain was more than offset by the fall in the average weekly hours of production employees, which led to the decrease for the month.

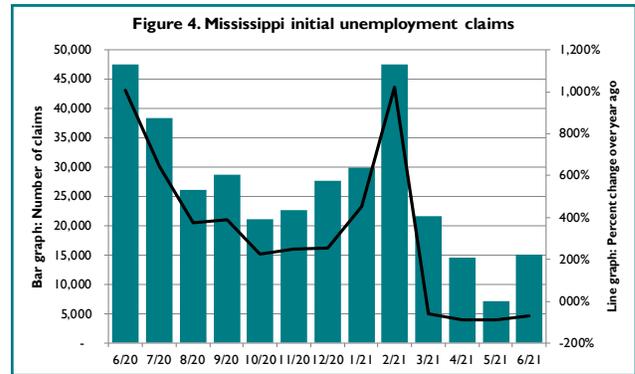
As seen in Figure 9 the value of **Mississippi income tax withholdings** (three-month moving average) slipped 0.1 percent in June. The decline was the fourth in the last five months. Compared to one year earlier the value of June withholdings was up 5.0 percent. The value of income tax withholdings in Mississippi decreased 4.8 percent over the last six months.

Figure 10 indicates the value of **U.S. retail sales** unexpectedly increased 0.6 percent in June. Sales for May were revised down 0.4 percent, however. Compared to one year earlier the value of sales for the month was up 18.0 percent. Notably, sales of vehicles weighed on overall retail sales again in June as sales excluding automobiles were 1.3 percent higher. Most segments experienced an increase in sales in June as the largest gain occurred in Electronics and Appliances. Sales in some segments were hampered by supply constraints again in June, vehicle sales in particular. While overall retail sales experienced a relatively strong month in June, sales remain uneven across a number of segments.

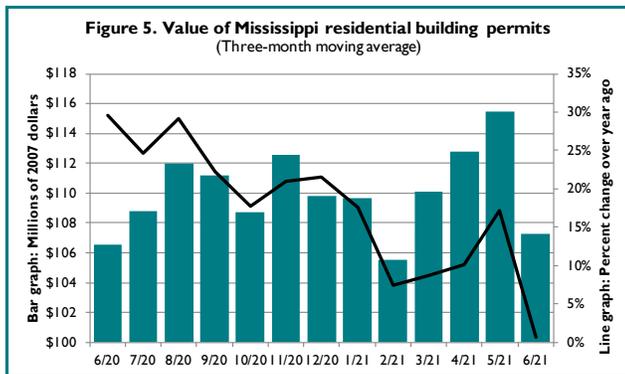
MISSISSIPPI LEADING INDEX AND COMPONENTS, IN FIGURES



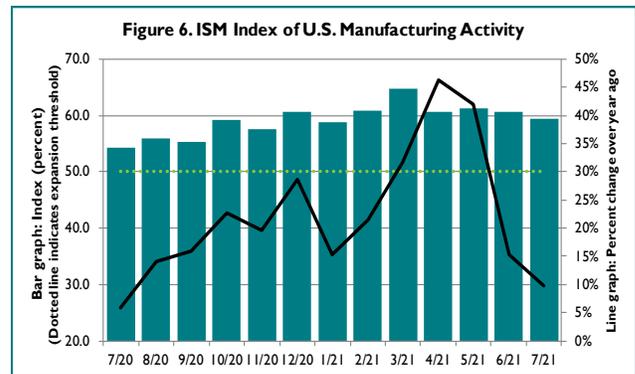
Source: University Research Center



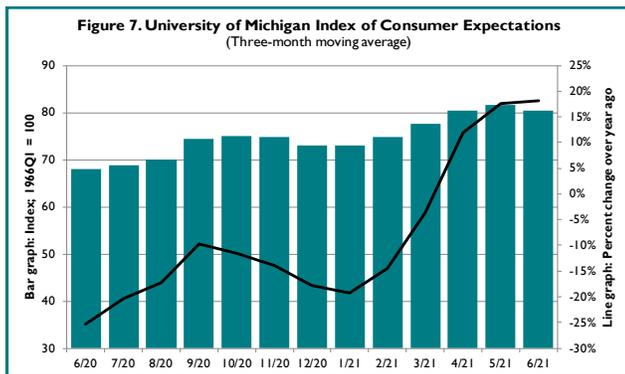
Source: U.S. Department of Labor; seasonally adjusted



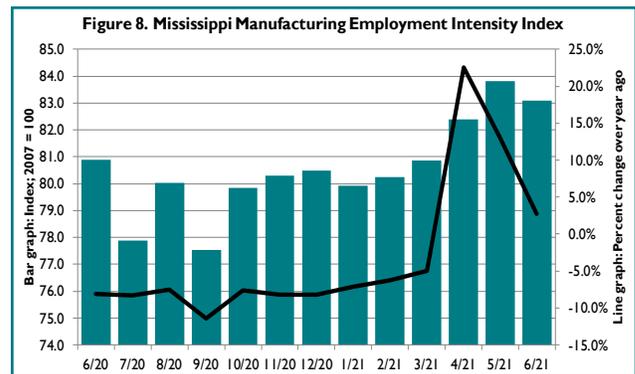
Source: U.S. Bureau of the Census; seasonally adjusted



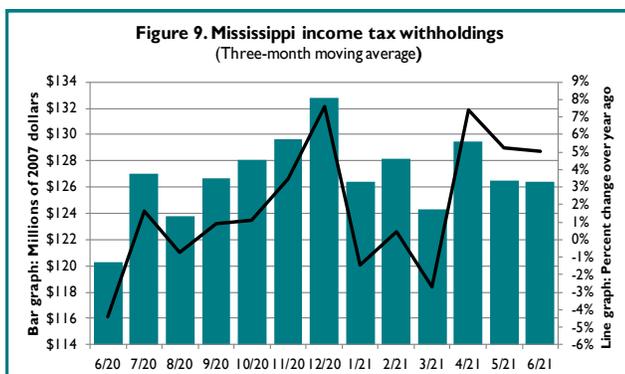
Source: Institute for Supply Management



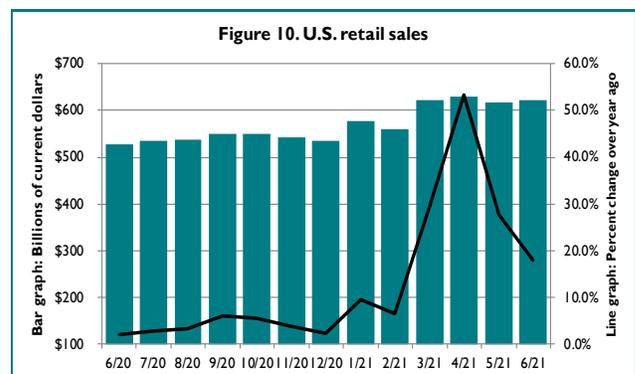
Source: Thomson Reuters/University of Michigan Surveys of Consumers



Source: URC using data from U.S. Bureau of Labor Statistics



Source: Mississippi Department of Revenue; seasonally adjusted



Source: U.S. Bureau of the Census

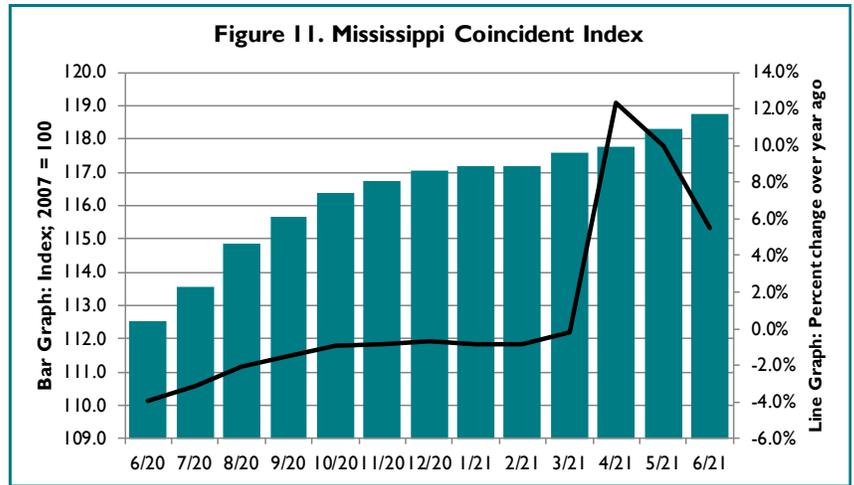
MISSISSIPPI'S BUSINESS

MISSISSIPPI COINCIDENT INDEX, JUNE 2021

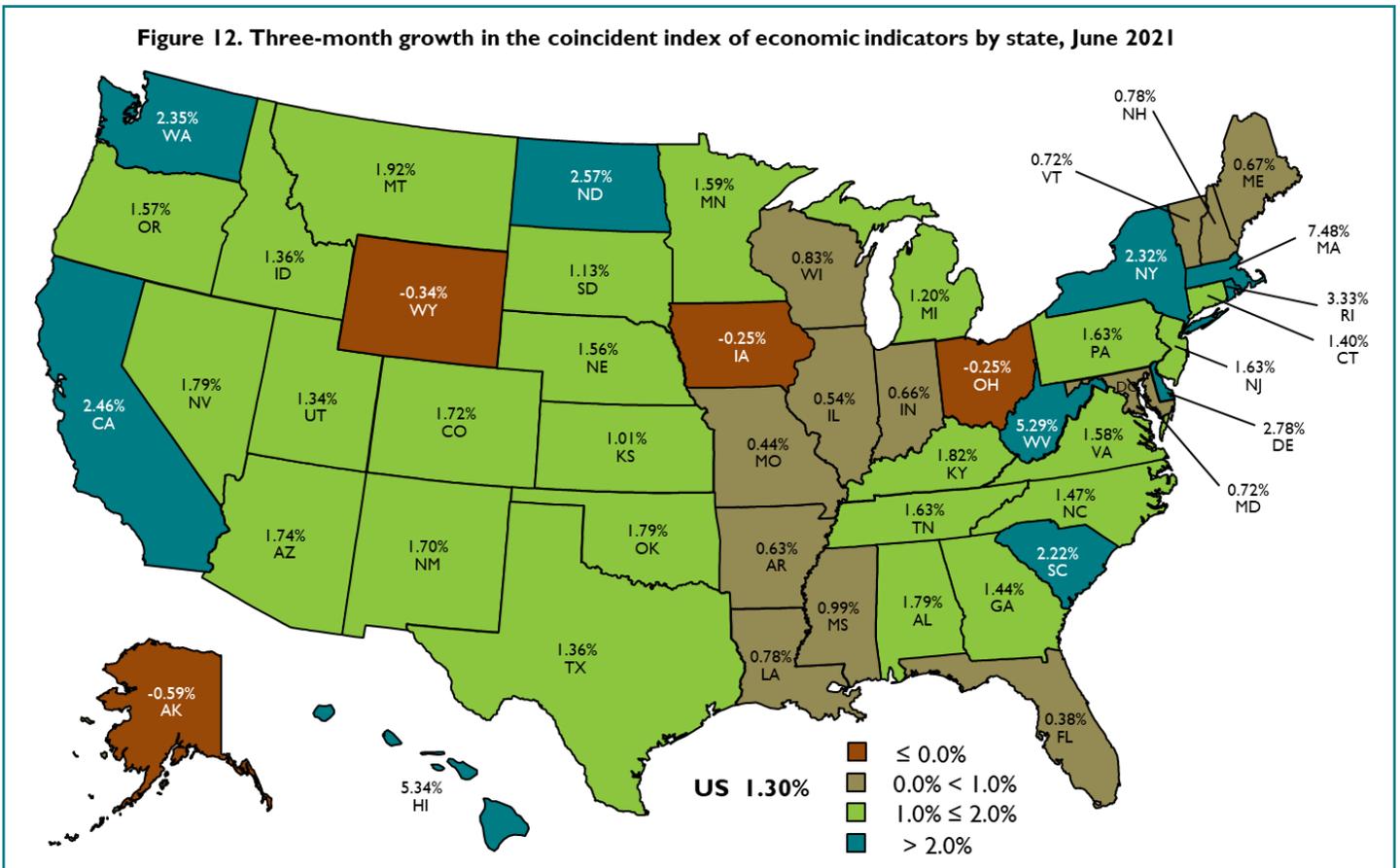
According to the Federal Reserve Bank of Philadelphia the value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.3 percent in June as seen in Figure 11, the fourth consecutive monthly gain. The value of the MCI for the month was 5.5 percent higher compared to one year earlier.

In June the values of the coincident indices increased in forty-six states compared to March as seen in Figure 12. The values of the coincident indices gained more than 2.0 percent in eight states over the last three months. In Massachusetts the value of the coincident index increased 7.48 percent in June compared to three months earlier, the most among all states. In twenty-four states the values of coincident indices increased between 1.0 percent and 2.0 percent in June compared to March.

Mississippi was one of twelve states where the values of the coincident index rose less than 1.0 percent over the last three months. In four states—Alaska, Iowa, Ohio, and Wyoming—the values of the coincident index decreased between March and June.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

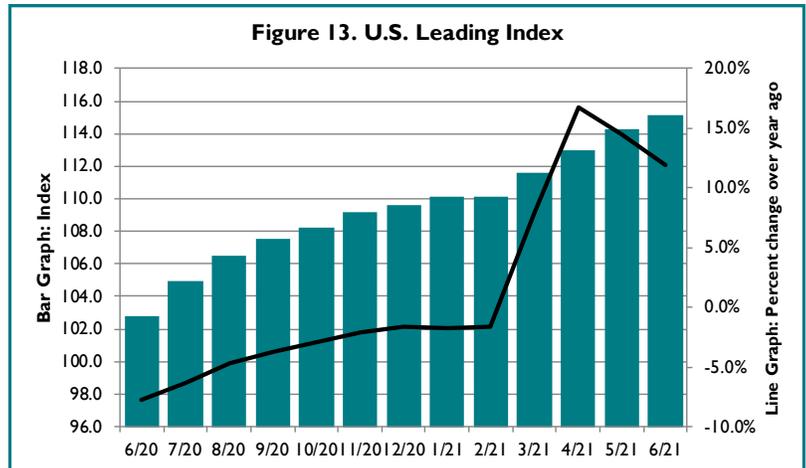
NATIONAL TRENDS

Figure 13 indicates the value of the U.S. Leading Economic Index (LEI) rose 0.7 percent in June according to The Conference Board. Compared to one year earlier the value of the LEI for the month was up 12.0 percent. Eight of the ten components of the LEI increased in June and the largest contribution came from average weekly initial claims for unemployment insurance. The value of the LEI rose 5.0 percent over the last six months.

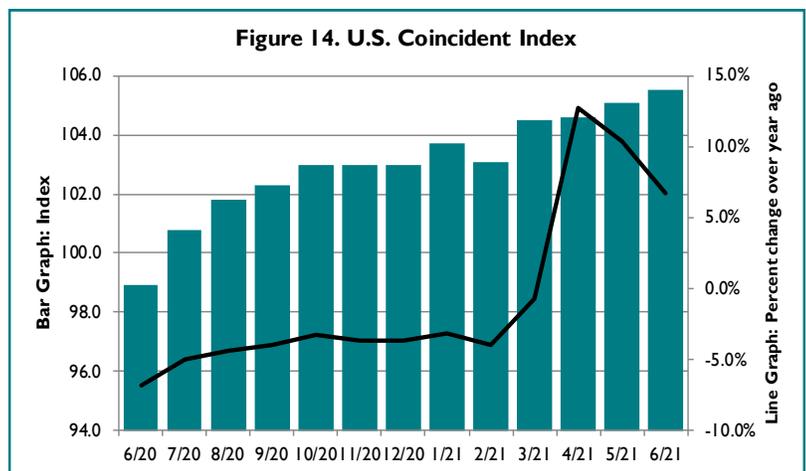
The Conference Board reported the value of the U.S. Coincident Economic Index (CEI) increased 0.4 percent in June as seen in Figure 14. Over the last twelve months the value of the CEI rose 6.7 percent. As in the previous month all four components of the CEI made positive contributions in June. The largest contribution came from employees on nonagricultural payrolls. Over the last six months the value of the CEI increased 2.4 percent.

In June the value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index climbed 2.9 percent to its highest level since October, as seen in Figure 15. The value of the Index was up 1.9 percent in June compared to one year earlier. Seven of the ten components increased for the month. The largest gain occurred in the “expect economy to improve” component, but the net percentage of responses remained negative for the seventh month in a row. Also in June the “plans to raise prices” measure edged up while the “plans to raise compensation” measure increased for the third consecutive month.

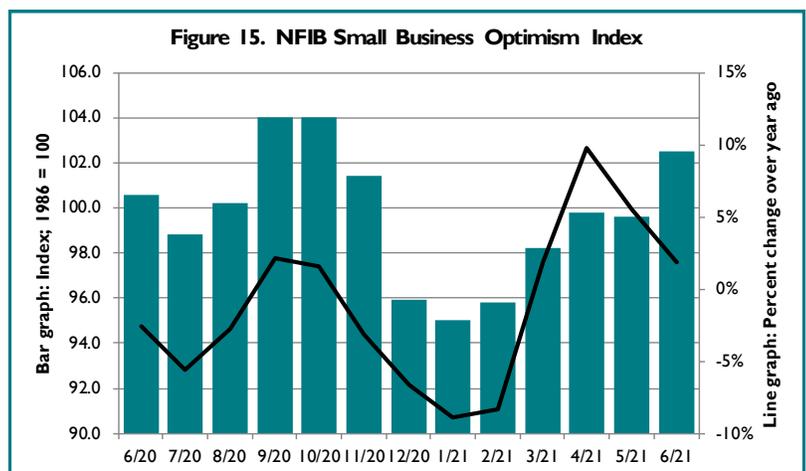
In July the Federal Open Market Committee (FOMC) unanimously kept the current federal funds rate target at its near-zero level, which was widely expected. The FOMC also did not alter its guidance for inflation, as its statement continued to describe the recent surge in the U.S. price level as “transitory.” Most notable in the statement was the comment that “the economy has made progress” toward the Fed’s twin goals of low unemployment and an average rate of 2.0 percent annual inflation. This language indicates the central bank may soon reveal its plans for reducing its current purchases of \$120 billion a month in Treasuries and mortgage-backed securities.



Source: The Conference Board



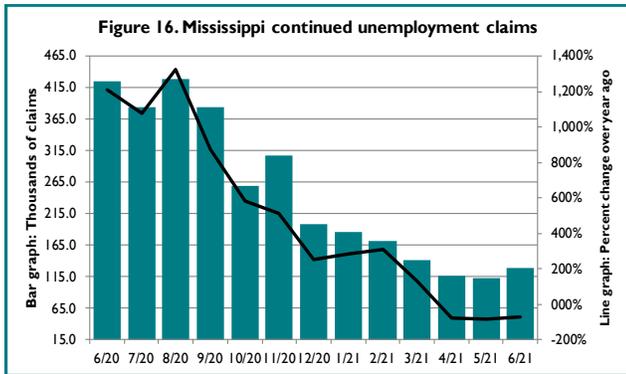
Source: The Conference Board



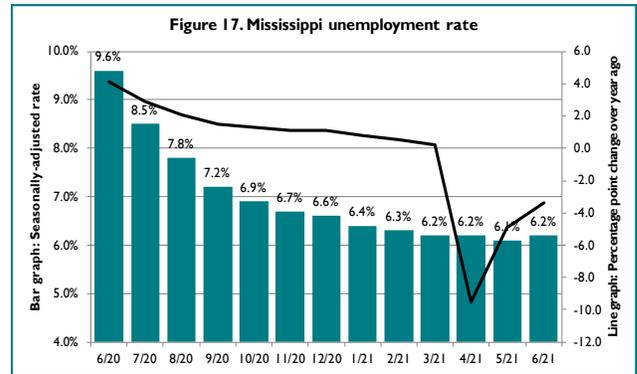
Source: National Federation of Independent Businesses

MISSISSIPPI'S BUSINESS

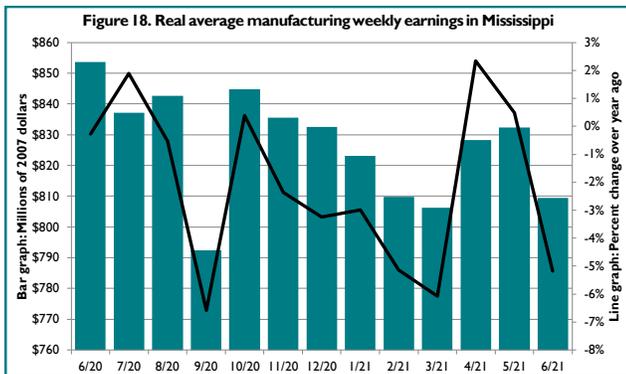
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



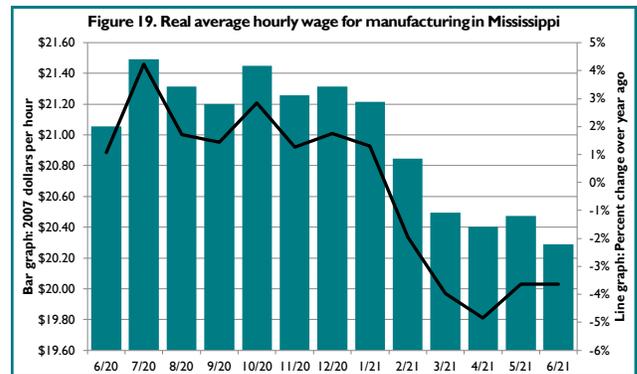
Source: U.S. Department of Labor; seasonally adjusted



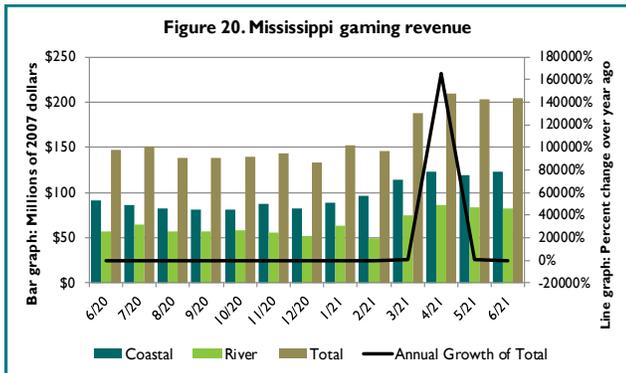
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



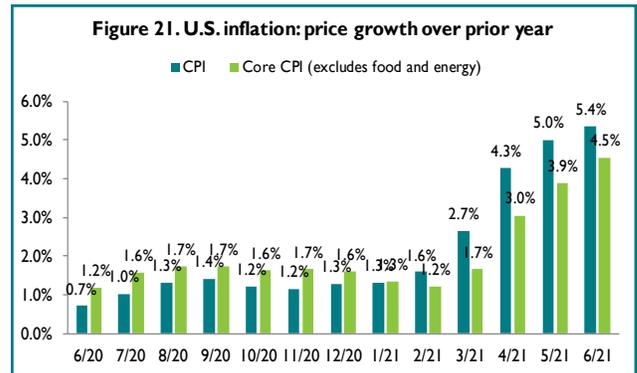
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



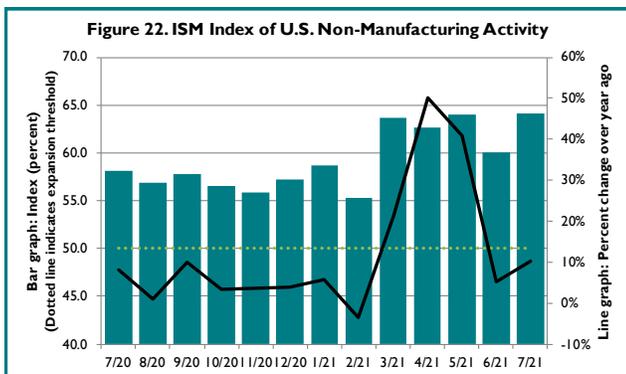
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



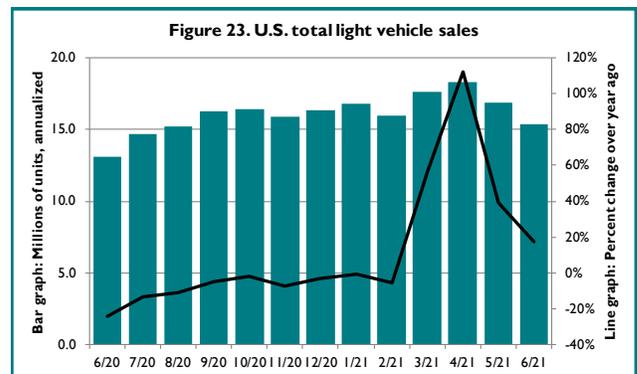
Source: Mississippi Department of Revenue; seasonally adjusted



Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: Bureau of Economic Analysis; seasonally adjusted at annual rates

TABLE I. SELECTED ECONOMIC INDICATORS

Indicator	June 2021	May 2021	June 2020	Percent change from May 2021 June 2020	
U.S. Leading Economic Index 2007 = 100. Source: The Conference Board	115.1	114.3	102.8	▲0.7%	▲12.0%
U.S. Coincident Economic Index 2007 = 100. Source: The Conference Board	105.5	105.1	98.9	▲0.4%	▲6.7%
Mississippi Leading Index 2007 = 100. Source: University Research Center	113.0	115.9	100.5	▼2.5%	▲12.4%
Mississippi Coincident Index 2007 =100. Source: Federal Reserve Bank of Philadelphia	118.7	118.3	112.5	▲0.3%	▲5.5%
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	15,075	7,114	47,505	▲111.9%	▼68.3%
Value of Mississippi residential building permits Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Bureau of the Census	107.2	115.4	106.5	▼7.1%	▲0.7%
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Mississippi Department of Revenue	126.4	126.5	120.3	▼0.1%	▲5.0%
Mississippi Manufacturing Employment Intensity Index 2007 =100. Source: URC using data from U.S. Bureau of Labor Statistics	83.1	83.8	80.9	▼0.9%	▲2.7%
University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	80.4	81.7	68.0	▼1.5%	▲18.2%
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	59.5	60.6	54.2	▼1.8%	▲9.8%
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	621.3	617.9	526.7	▲0.6%	▲18.0%
U.S. Consumer Price Index (CPI)	130.7	129.5	124.1	▲0.9%	▲5.4%
U.S. Core CPI (excludes food and energy) 2007 = 100. Source: URC using data from Bureau of Labor Statistics	132.0	130.8	126.3	▲0.9%	▲4.5%
Mississippi unemployment rate Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	6.2%	6.1%	9.6%	▲0.1	▼3.4
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	128,479	112,935	425,343	▲13.8%	▼69.8%
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	64.1	60.1	58.1	▲6.7%	▲10.3%
U.S. mortgage rates Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	3.02%	2.95%	3.20%	▲0.07	▼0.18
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2007 dollars. Source: U.S. Bureau of Labor Statistics	20.29	20.47	21.06	▼0.9%	▼3.6%
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2007 dollars. Source: U.S. Bureau of Labor Statistics	809.45	832.38	853.68	▼2.8%	▼5.2%
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	102.5	99.6	100.6	▲2.9%	▲1.9%
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	14.75	15.39	14.71	▼4.1%	▲0.3%
Gaming revenue	205.06	203.07	147.6	▲1.0%	▲39.0%
Coastal counties	122.84	119.43	91.3	▲2.9%	▲34.6%
River counties Seasonally adjusted; millions of 2007 dollars. Source: Mississippi Department of Revenue	82.21	83.64	56.3	▼1.7%	▲46.0%

Economic Indices

Components of the Mississippi Leading Index

Miscellaneous Indicators

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

June total nonfarm employment in Mississippi added 6,300 jobs from the previous month according to the U.S. Bureau of Labor Statistics (BLS). As seen in Table 2, the increase was a gain of 0.6 percent. Moreover, employment in the state for May was revised up by 2,800 jobs. Compared to June 2020, total nonfarm employment in Mississippi for the month was higher by 51,800 jobs, an increase of 4.8 percent.

BLS reported total nonfarm employment increased in twenty-five states, decreased in one state, and was unchanged in twenty-four states and the District of Columbia in June. Florida added 81,300 jobs for the month, the most among all states, followed by California, which added 73,500 jobs. The largest percentage increase in employment among all states occurred in Arizona, where the gain was 1.3 percent, closely followed by the 1.2 percent increase in Nevada. The only state where employment fell in June was Alaska, which lost 2,700 jobs, a 0.9 percent decrease.

Nonfarm employment was higher in all fifty states and the District of Columbia in June compared to one year earlier. The largest increase in employment among all states occurred in California, which added 804,900 jobs, followed by New York, which added 672,400 jobs, and Tex-

as, where employment rose by 654,200 jobs. The largest percentage gain among all states occurred in Nevada, where employment rose 11.6 percent over the last twelve months.

Most sectors in Mississippi added jobs in June. Government added 2,600 jobs, the most among all sectors, followed by Accommodation and Food Services, which added 2,300 jobs for the month. Employment in Educational Services rose 5.2 percent in June, the largest percentage increase among all sectors. Professional and Business Services lost 800 jobs for the month, the most among all sectors in the state. The largest percentage decrease in employment was the 3.4 percent decline in Arts and Entertainment, a loss of 300 jobs. Employment in Mining and Logging was unchanged for the month.

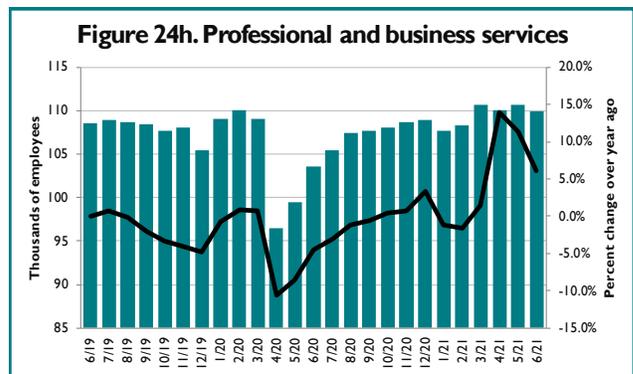
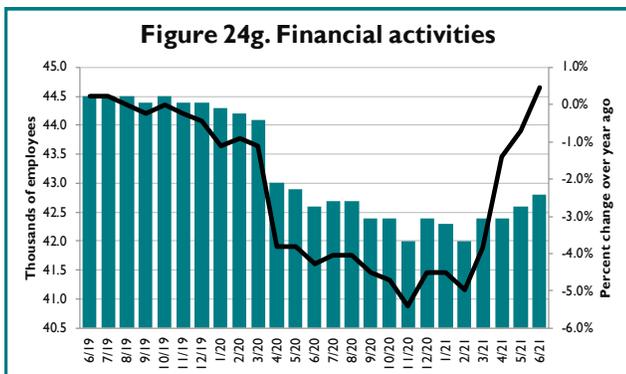
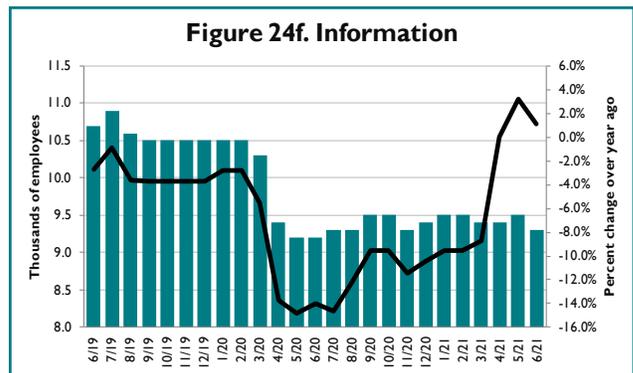
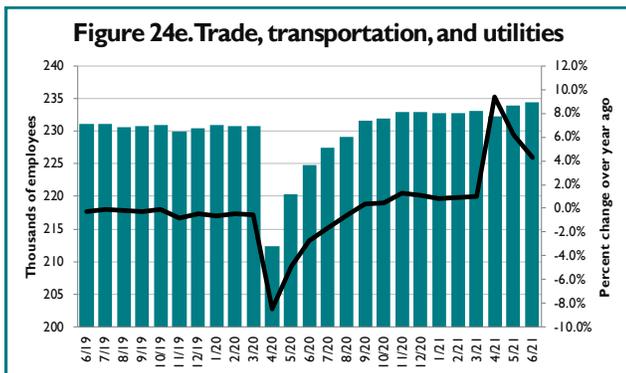
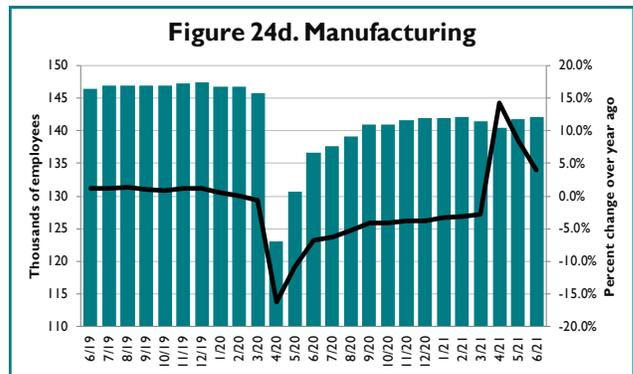
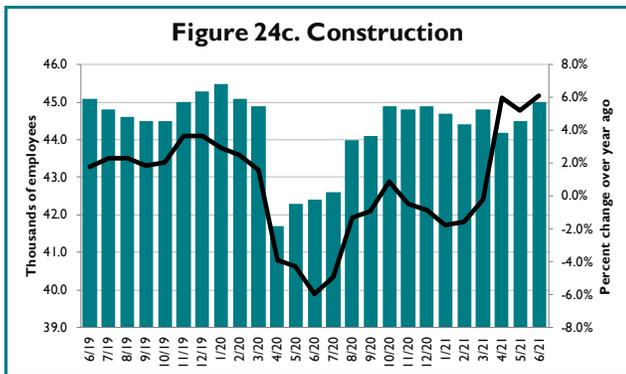
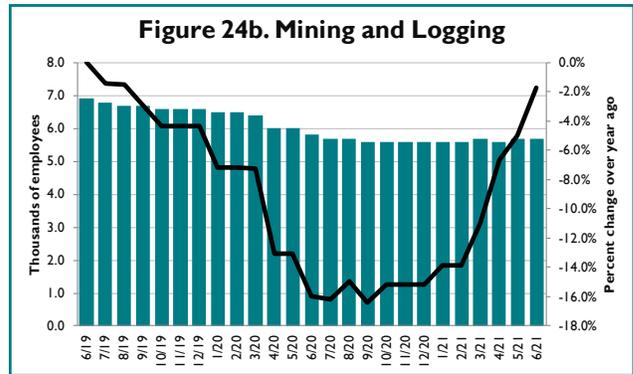
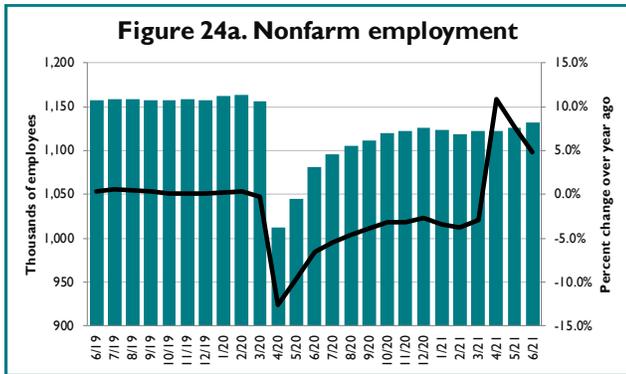
All sectors in the state with the exception of Mining and Logging added jobs over the last twelve months as of June. The largest year-over-year increase in employment among all sectors again occurred in Accommodation and Food Services, which added 17,700 jobs since June 2020. The sector also had the largest percentage gain in employment in June compared to one year ago of 17.4 percent. Employment in Mining and Logging lost 100 jobs over the last twelve months, a decrease of 1.7 percent.

Table 2. Change in Mississippi employment by industry, June 2021

	Relative share of total ^a	June 2021	May 2021	June 2020	Change from May 2021		Change from June 2020	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,132,600	1,126,300	1,080,800	▲6,300	▲0.6%	▲51,800	▲4.8%
Mining and Logging	0.5%	5,700	5,700	5,800	◀▶0	◀▶0.0%	▼100	▼1.7%
Construction	4.0%	45,000	44,500	42,400	▲500	▲1.1%	▲2,600	▲6.1%
Manufacturing	12.6%	142,100	141,800	136,600	▲300	▲0.2%	▲5,500	▲4.0%
Trade, Transportation & Utilities	20.7%	234,400	234,000	224,800	▲400	▲0.2%	▲9,600	▲4.3%
Retail Trade	12.0%	133,500	133,200	131,400	▲300	▲0.2%	▲2,100	▲1.6%
Information	0.8%	9,300	9,500	9,200	▼200	▼2.1%	▲100	▲1.1%
Financial Activities	3.8%	42,800	42,600	42,600	▲200	▲0.5%	▲200	▲0.5%
Services	36.5%	418,700	416,200	386,900	▲2,500	▲0.6%	▲31,800	▲8.2%
Professional & Business Services	9.7%	109,900	110,700	103,600	▼800	▼0.7%	▲6,300	▲6.1%
Educational Services	1.0%	12,100	11,500	10,700	▲600	▲5.2%	▲1,400	▲13.1%
Health Care and Social Assistance	11.4%	129,200	128,300	126,000	▲900	▲0.7%	▲3,200	▲2.5%
Arts and Entertainment	0.8%	8,400	8,700	7,500	▼300	▼3.4%	▲900	▲12.0%
Accommodation and Food Services	10.1%	119,300	117,000	101,600	▲2,300	▲2.0%	▲17,700	▲17.4%
Other Services	3.6%	39,800	40,000	37,500	▼200	▼0.5%	▲2,300	▲6.1%
Government	21.0%	234,600	232,000	232,500	▲2,600	▲1.1%	▲2,100	▲0.9%

^aRelative shares are for the most recent twelve-month average. Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

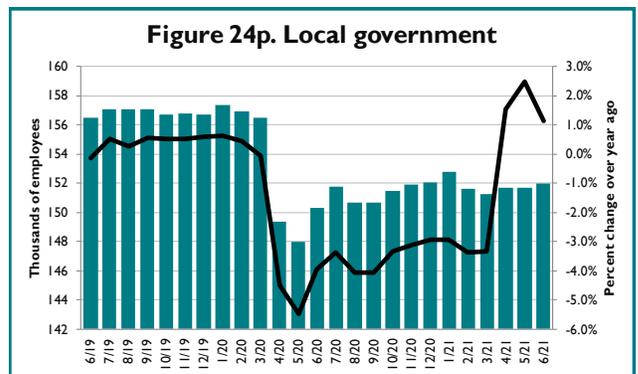
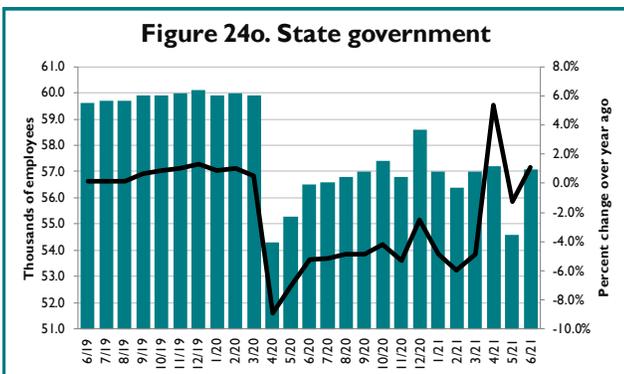
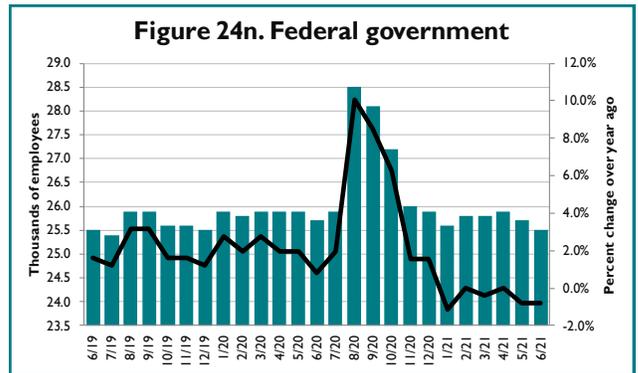
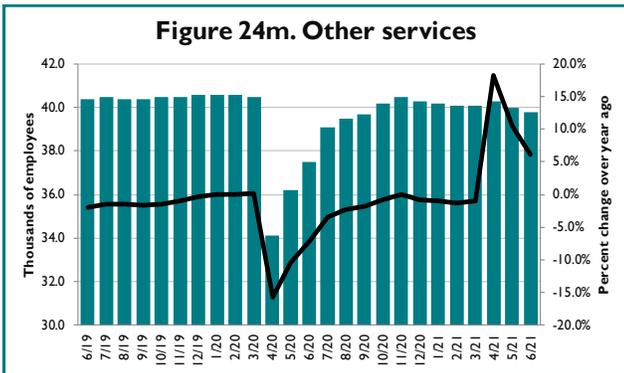
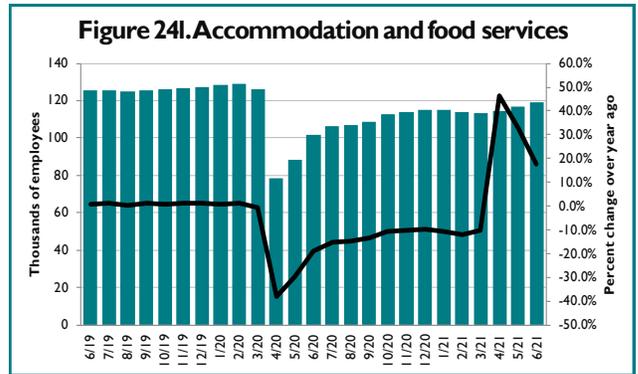
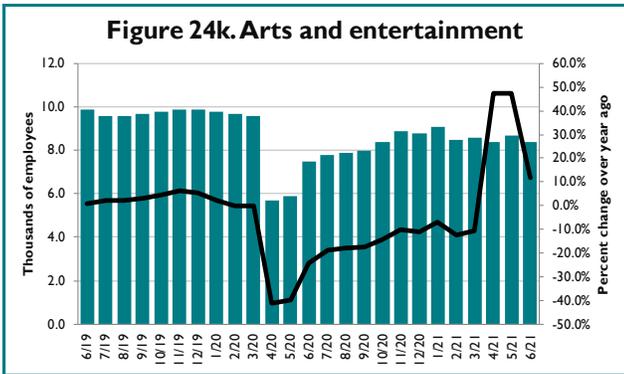
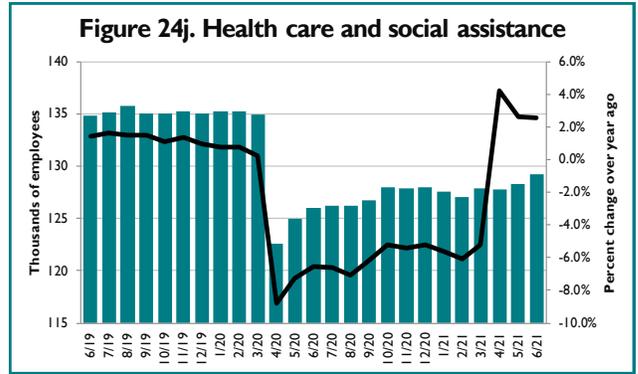
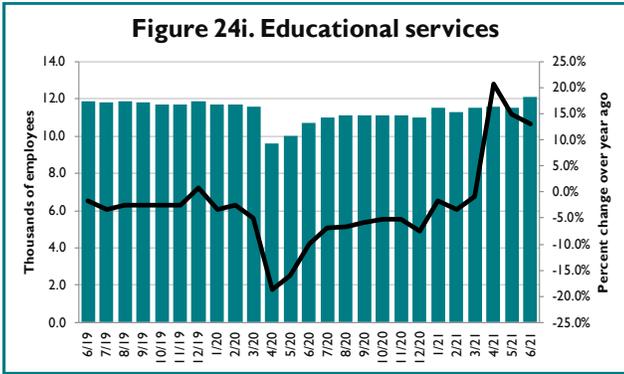
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)



Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

THE RECENT RISE IN U.S. INFLATION AND ITS CAUSES

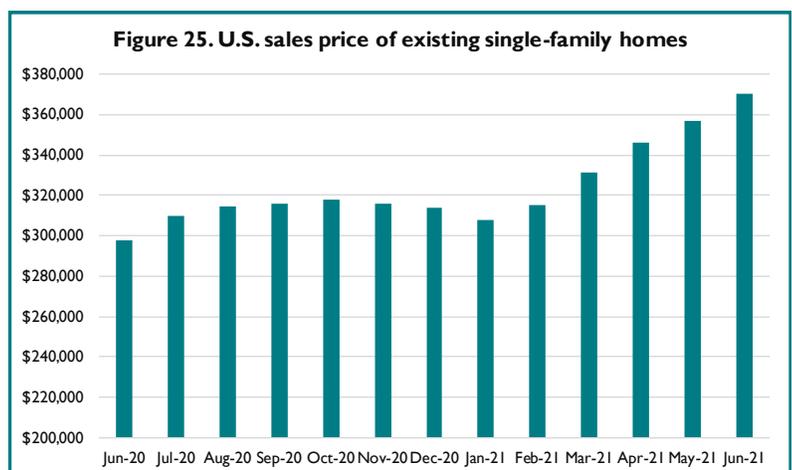
As indicated by Figure 21 on page 6—and likely felt first-hand—inflation in the United States as measured by the Consumer Price Index (CPI) increased markedly over the last three months. In June the CPI was 5.4 percent above its level of June 2020, the largest year-over-year increase in the Index since July 2008. Moreover, the core CPI—which excludes the most volatile components of food and energy—was 4.5 percent higher in June compared to one year earlier, its largest year-over-year increase since September 1991. This article discusses the recent increases in the price level, the reasons for the increases in inflation according to most economists, and how long economists expect higher inflation to persist.

One of the factors resulting in the relatively higher annual levels of inflation as measured by the CPI is known as the “base effect.” In April, May, and June of 2020, when many parts of the U.S. economy were effectively closed due to mandated lockdowns, the change in the CPI on an annual basis was less than 1.0 percent. Therefore, when comparing the twelve-month change in the CPI in April, May, and June of 2021, the smaller values for the same period in 2020 contribute to larger percentage changes this year. However, because the U.S. economy gradually reopened in the fall and winter of 2020, as the twelve-month change in the CPI is measured in the latter months of 2021 the base effects should diminish.

Another factor contributing to rising inflation is the surge in demand for some products and services as the U.S. economy fully reopened earlier this year. Consumers have sought out goods and particularly those services they did not or could not utilize during the height of the pandemic. These include travel-related items such as cars, airline tickets, and hotel rooms. Gasoline represents another travel-related item that has risen in price in 2021 as more people resumed their daily drives to work, taking road trips, and businesses increased their employee travel. Historically, higher energy prices, such as in the mid-1970s and the early 1990s, often trigger U.S. recessions and stints of inflation. However, while gasoline prices are a factor in the recent upturn in inflation in 2021, they are not the primary factor but one of a number of causes leading to higher overall prices.

Related to the increase in demand is the amount of money the federal government has transferred to consumers through COVID-19 assistance and stimulus checks over the past year. These funds allowed consumers to continue much of their pre-pandemic spending, albeit in a different mix of consumption. During the lockdowns consumers spent less of their incomes on services and more on goods. Consumers also saved some of their incomes in 2020, and now that the economy has reopened they are spending these funds and resuming their pre-pandemic spending patterns, contributing to the increase in prices.

In economics the other side of demand is supply, and the limited supply of select goods is likely the biggest contributor to the rise in inflation. Housing prices have undergone a surge since the height of the pandemic as the construction of new homes has not kept pace with demand. Supplies of materials needed in construction, such as lumber, have varied greatly and builders have experienced difficulties in hiring workers as well. Additionally, *The Wall Street Journal* recently reported the median home price in



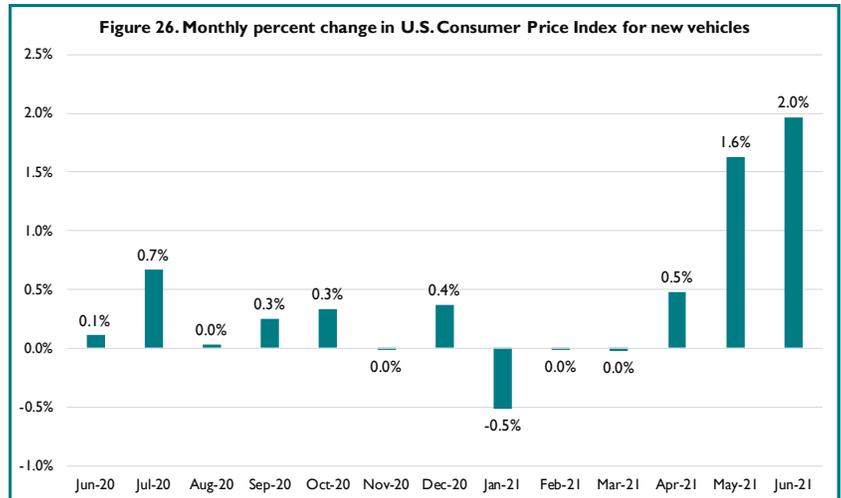
Not seasonally adjusted. Source: National Association of Realtors.

MISSISSIPPI'S BUSINESS

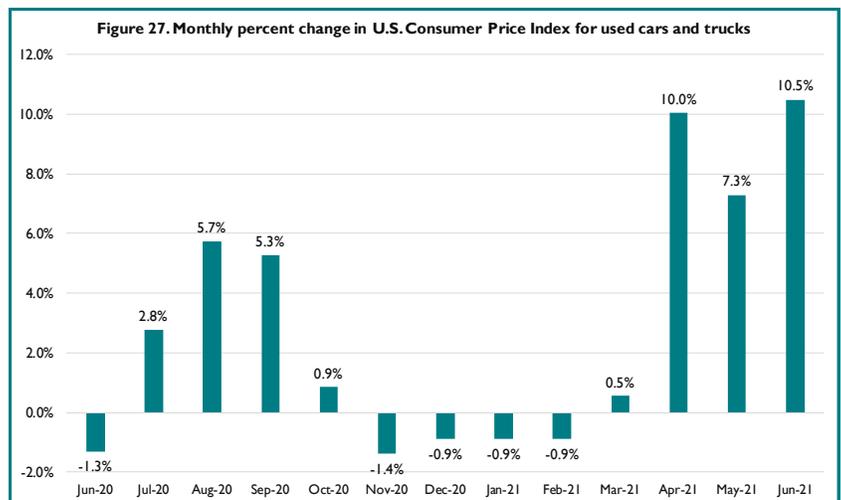
THE RECENT RISE IN U.S. INFLATION AND ITS CAUSES, CONTINUED

the U.S. rose 15.0 percent between January and May of this year. Figure 25 depicts the sales prices of existing single-family homes in the U.S. according to the National Association of Realtors. The price in June 2021 of \$370,600—a record—was 24.4 percent higher compared to one year earlier.

Similarly, the inventories of many supplies and materials stagnated as factories around the world were shutdown due to mandated lockdowns. A prominent example has been microchips, as the shortage of this critical component has limited the production of new vehicles. Automobile manufacturers have idled some factories due to unavailable materials. As a result, the number of new vehicles on the market has fallen and the prices of new vehicles have climbed. Figure 26 depicts the monthly changes in the CPI for new vehicles over the last twelve months. After relatively small changes in 2020, the CPI for new vehicles rose 1.6 percent and 2.0 percent in May and June, respectively. The lack of available new vehicles for sale has in turn led to greater demand for used vehicles, driving up their prices as well. Figure 27 indicates the change in the CPI for used cars and trucks has been even more pronounced, as the increases reached double digits in April and June.



Seasonally adjusted. Source: U.S. Bureau of Labor Statistics.



Seasonally adjusted. Source: U.S. Bureau of Labor Statistics.

How long will inflation continue to rise at its current pace? In its statements, the Federal Reserve continues to describe the increase in the price level experienced in recent months as “transitory.” Federal Reserve Chair Jerome Powell attributes much of the inflation to the factors described above, namely “bottlenecks” and other limits to supply. As a result, the Federal Open Market Committee has not moved from its accommodative monetary policy by increasing the federal funds rate target or by reducing the monthly asset purchases that began during the pandemic. Many economists believe inflation likely will continue to move higher until the end of 2021, but that once most of the supply issues are resolved, base effects fade, and consumer demand stabilizes, the rate of inflation will ease. However, the annual rate of inflation will likely settle somewhat above where it was prior to the pandemic, likely around 2.0 percent or slightly higher. The latest URC forecasts project an increase in the CPI of 3.7 percent in 2021, followed by a 2.4 percent annual increase in 2022 and 2.1 percent annual growth in inflation in 2023.