

Core PCE

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Base Effects refer to the impact of comparing current price levels in a given month against price levels in the same month a year ago.

A lower the base 12-months ago equals a higher inflation rate present day.

For example: If my salary was \$10,000 in 2019 and increased to \$15,000 in 2020 (the YoY increase would be 50%). However, if I received a \$5,000 increase in 2021 (from \$15,000 to \$20,000), the YoY increase would be less (33%) because the base was higher.

Base Effects will start impacting inflation in March 2022

