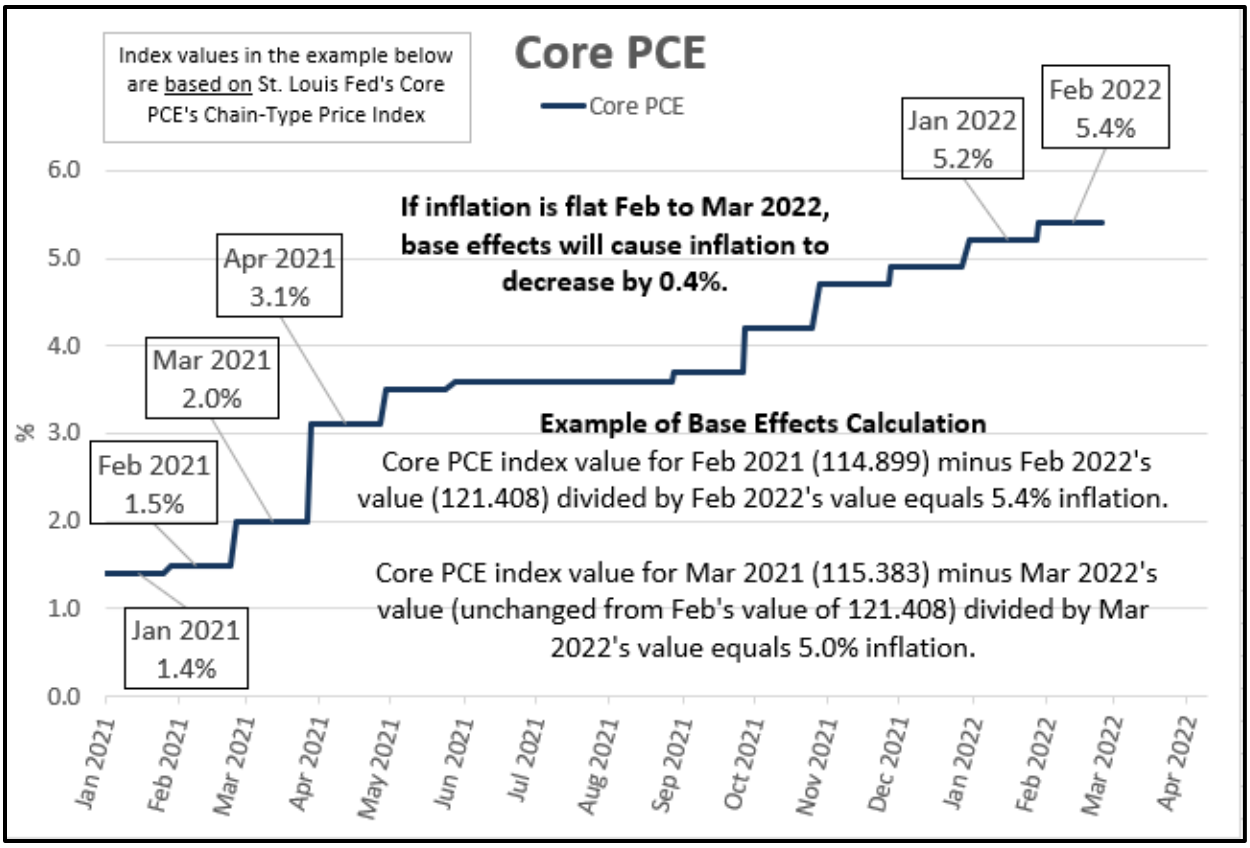
Index values in the example below are based on St. Louis Fed's Core PCE's Chain-Type Price Index
Core PCE
Core PCE
Jan 2021 1.4%
Feb 2021 1.5%
Mar 2021 2.0%
Apr 2021 3.1%
Jan 2022 5.2%
Feb 2022 5.4%
If inflation is flat Feb to Mar 2022, base effects will cause inflation to decrease by 0.4%.
Example of Base Effects Calculation
Core PCE index value for Feb 2021 (114.899) minus Feb 2022's value (121.408) divided by Feb 2022's value equals 5.4% inflation.
Core PCE index value for Mar 2021 (115.383) minus Mar 2022's value (unchanged from Feb's value of 121.408) divided by Mar 2022's value equals 5.0% inflation.
%
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Jan 2021
Feb 2021
Mar 2021
Apr 2021
May 2021
Jun 2021
Jul 2021
Aug 2021
Sep 2021
Oct 2021
Nov 2021
Dec 2021
Jan 2022
Feb 2022
Mar 2022
Apr 2022