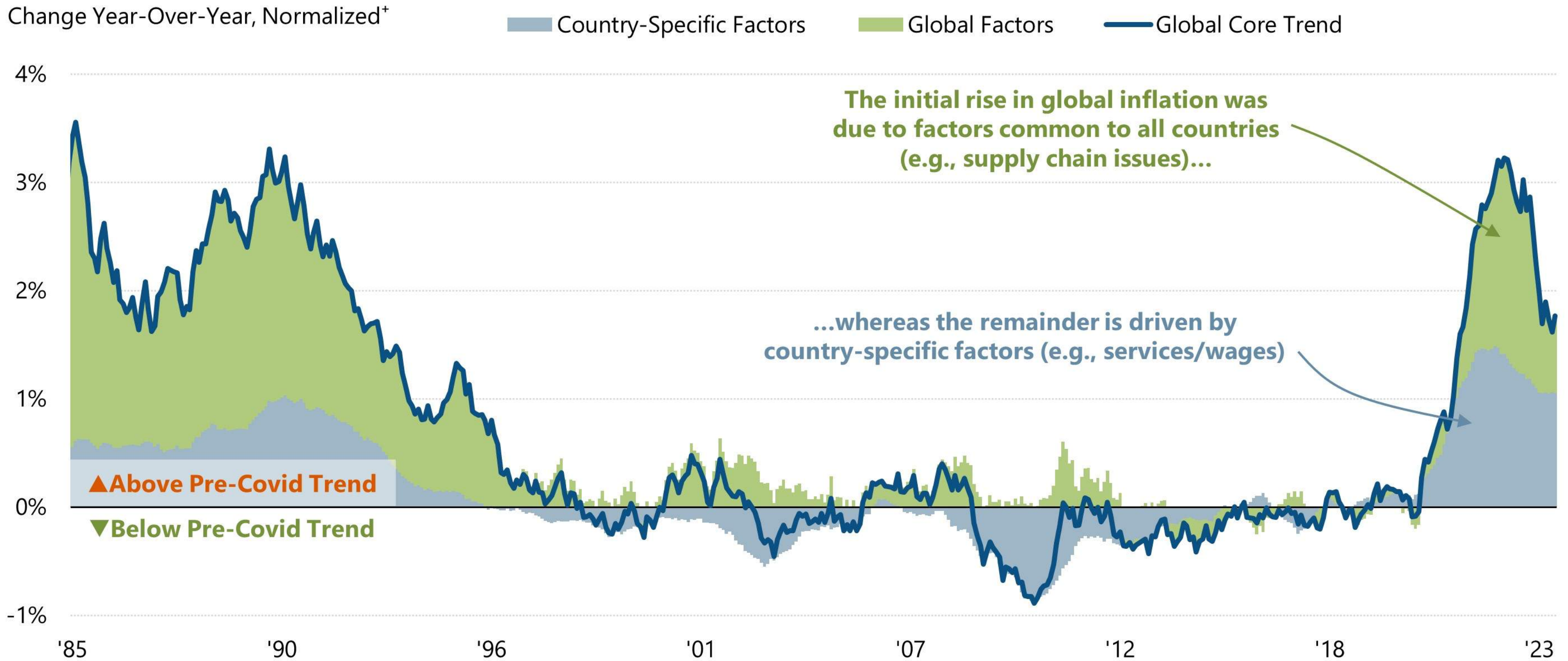


## Getting Ahead

### Global Core Inflation Trend\* Breakdown By Type Of Factors

For The Week Ending 06/07/2024



\*Core inflation trend calculated as the average of core inflation in 16 OECD countries, weighted by PPP-adjusted GDP

Source: Federal Reserve Bank of New York

<sup>†</sup>Normalized by subtracting the average level from 2017 - 2019

June 2024 kicked off with three global central banks reducing policy rates: the Bank of Canada, the ECB, and the Central Bank of Denmark, as policymakers in all three areas saw core inflation moving sustainably toward their respective inflation targets. Although the rate cuts were widely expected ahead of the meeting, most investors wondered if the move signaled the start of a global "cutting cycle," with the Fed following soon. We're not so sure—and neither are policymakers. First, the Fed need not follow. As BoC Senior Deputy Governor Carolyn Rogers reflected, "What is remaining for most [policymakers] is more about what's in [their] domestic economics, so it's logical that we are going to diverge a bit." Second, it might be too soon to start expecting a string of rate cuts globally. In ECB Governor Lagarde's words, policymakers "are not pre-committing to a particular rate path." Based on the picture above, while global inflation pressures have cooled, core inflation remains well above its pre-Covid trend, driven more by domestic factors affecting each country.