

L'inflation: d'où vient-elle, comment la combattre?

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Plan

- Cadre analytique :
 - « Bottom-up » dite par sous-composantes
 - « Top-down » dite macro
- Un combat à plusieurs niveaux :
 - Politique monétaire (vs politique budgétaire)
 - Régulation sectorielle
- Conclusion: un lent retour à « la normale »

« The good, the bad, the ugly » inflation

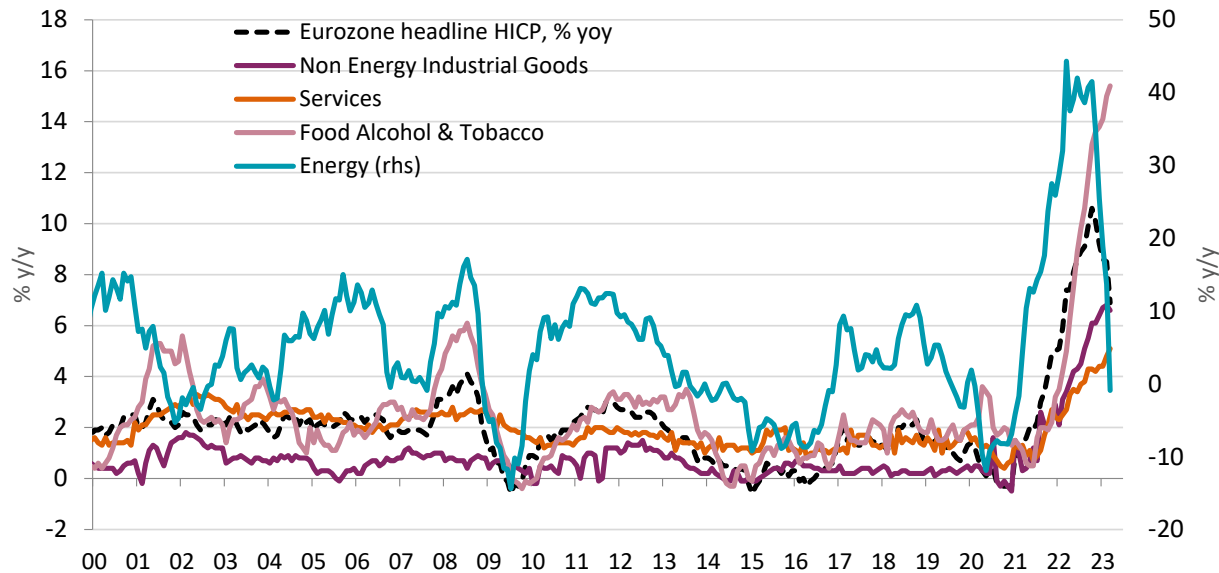
ECB Executive Board Member Fabio Panetta - [Patient monetary policy amid a rocky recovery](#), 21 November 2021

- « Bonne »: demande robuste, marché du travail tendu, anticipation à 2%
- « Malheureuse»: Choc d'offre négatif temporaire
- « Mauvaise »: Désancrage des anticipations d'inflation et devient persistante dans une boucle prix-salaire

Approche bottom-up (1)

L'inflation alimentaire a pris le relai de l'énergie

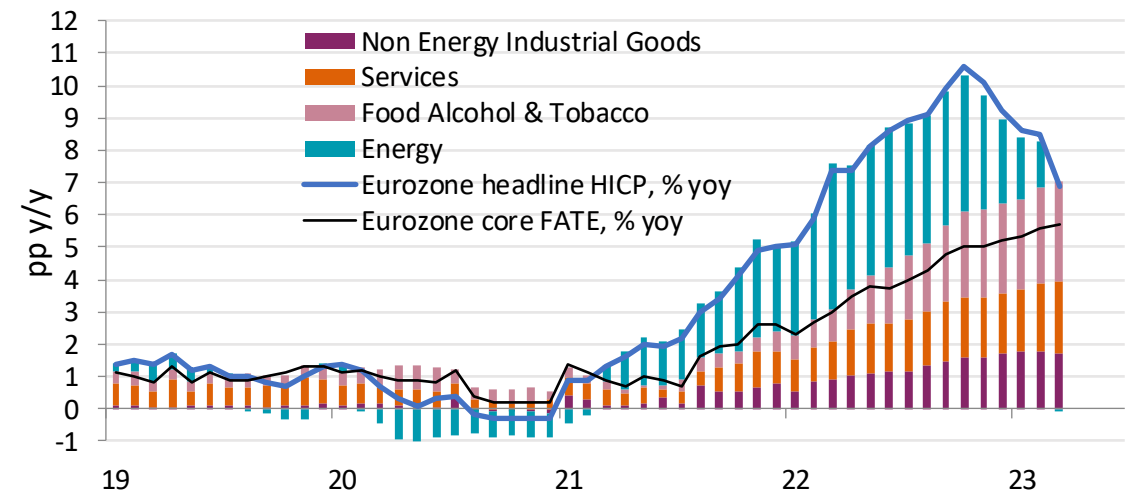
EMU Inflation components



source: Eurostat, AXA IM Macro Research, as of April 2023

Les pressions “volatiles” se propagent à l’inflation “sous-jacente”

Contribution to EA headline inflation



Source: Eurostat, AXA IM Research, April 2023

Approche bottom-up (2)

Les pressions inflationnistes se propagent

Weights	EMU Inflation Momentum (m/3m annualised in %)	Mar-23	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11	Mar-10	Mar-09
	Headline	6.9	[Heatmap]														
69.8%	Core	5.7	[Heatmap]														
43.5%	Services excluding Goods	5.1	[Heatmap]														
26.3%	Non-Energy Industrial Goods	6.6	[Heatmap]														
10.2%	Energy	-0.9	[Heatmap]														
20.0%	Food, Alcohol and Tobacco	15.5	[Heatmap]														
	<i>Last</i>																
	Mar-23		[Heatmap]														
14.7%	Food	17.9	[Heatmap]														
1.5%	Non-Alcoholic Beverages	13.7	[Heatmap]														
1.7%	Alcoholic Beverages	9.4	[Heatmap]														
2.1%	Tobacco	5.9	[Heatmap]														
4.3%	Clothing *	4.7	[Heatmap]														
1.0%	Footwear *	4.5	[Heatmap]														
5.6%	Actual Rentals for Housing	2.7	[Heatmap]														
1.1%	Maintenance and Repair of the Dwelling	9.7	[Heatmap]														
2.3%	Water Supply & Miscellaneous Services (Dwelling)	3.8	[Heatmap]														
6.1%	Electricity, Gas and Other Fuels	4.9	[Heatmap]														
6.8%	Furnishing, Hholds Equipment & Maintenance	8.5	[Heatmap]														
4.9%	Health	2.6	[Heatmap]														
3.7%	Purchases of Vehicles	7.4	[Heatmap]														
8.9%	Operation of Personal Transport Equipment	-3.2	[Heatmap]														
2.4%	Transport Services (train, airplanes, boat)	7.2	[Heatmap]														
2.7%	Communications	0.3	[Heatmap]														
8.9%	Recreation and Culture*	6.3	[Heatmap]														
1.0%	Education	4.4	[Heatmap]														
10.5%	Restaurants & Hotels	8.5	[Heatmap]														
9.9%	Miscellaneous Goods & Services	5.3	[Heatmap]														

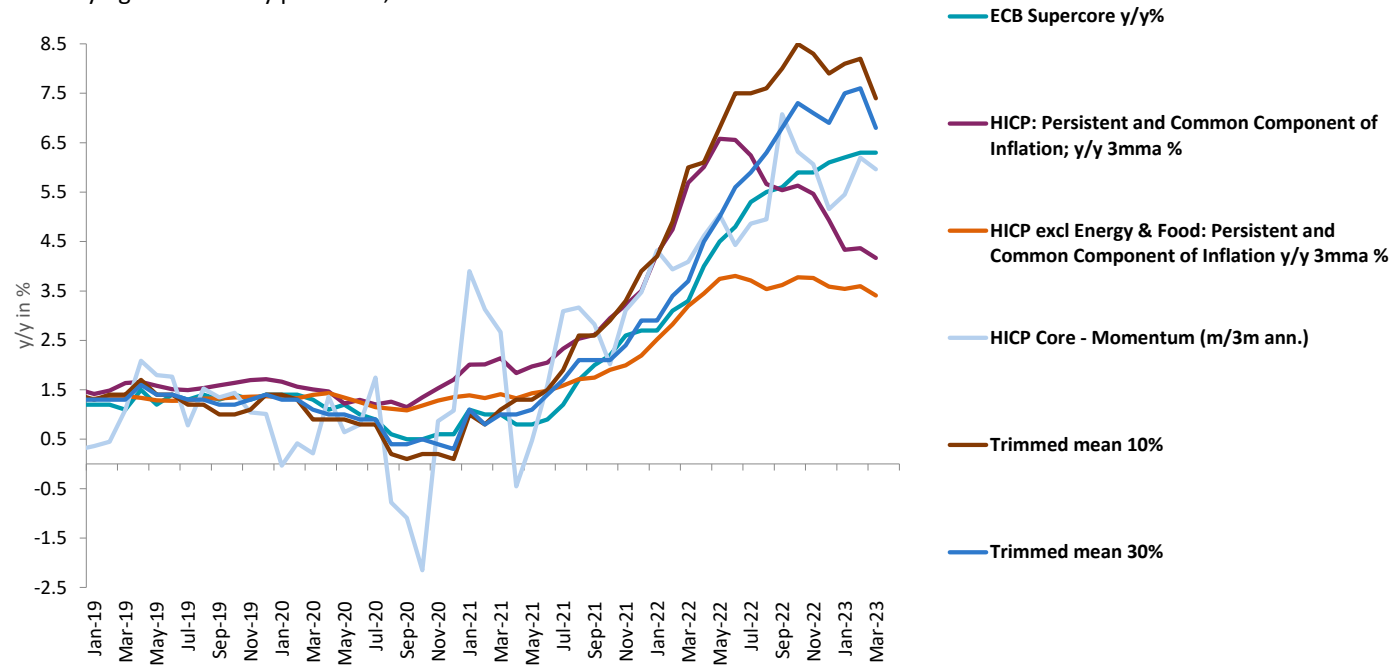
Source : Eurostat, AXA IM Macro Research, as of March 2023

* highly seasonal item : sales period, package holidays

Approche bottom-up (3)

De multiples tentatives pour extraire le signal d'une inflation persistante

Underlying inflationary pressures, ECB measures

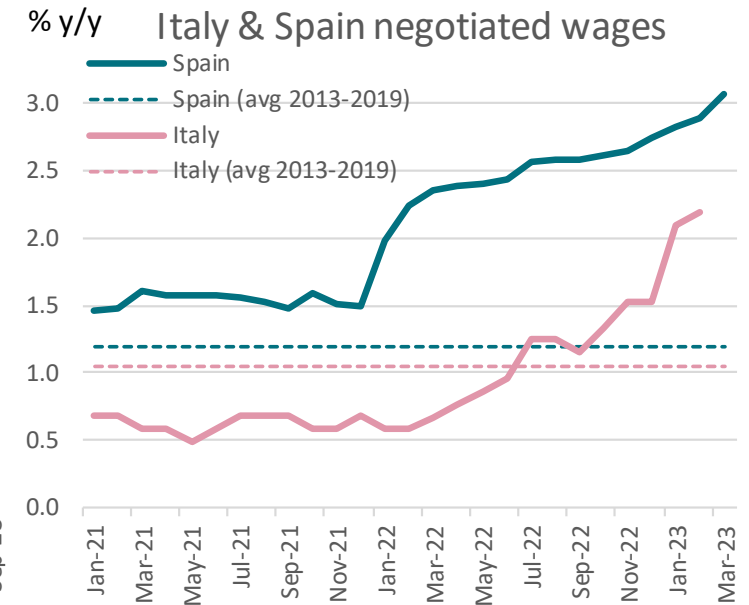
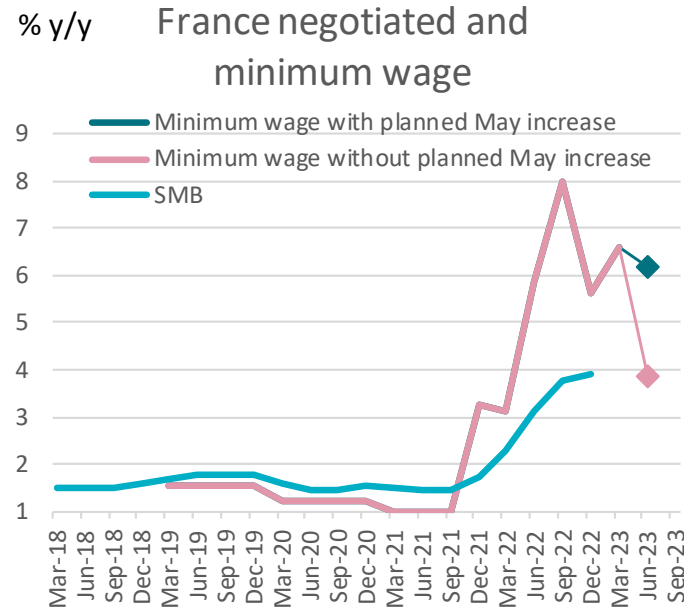


Source: Eurostat, ECB, AXA IM Macro Research, as of April 2023

- **Supercore index** is based only on those items of HICP inflation excluding energy and food (HICPX) that are deemed sensitive to slack, as measured by the output gap
- **The Persistent and Common Component of Inflation** is a frequency exclusion measure of underlying inflation that uses time-series smoothing and exploits cross-sectional information across items
- **Trimmed means indices** abstract from large one-off price changes (i.e trimmed mean 10% exclude the most 10% volatile)

Approche top-down (1)

Les salaires en première ligne



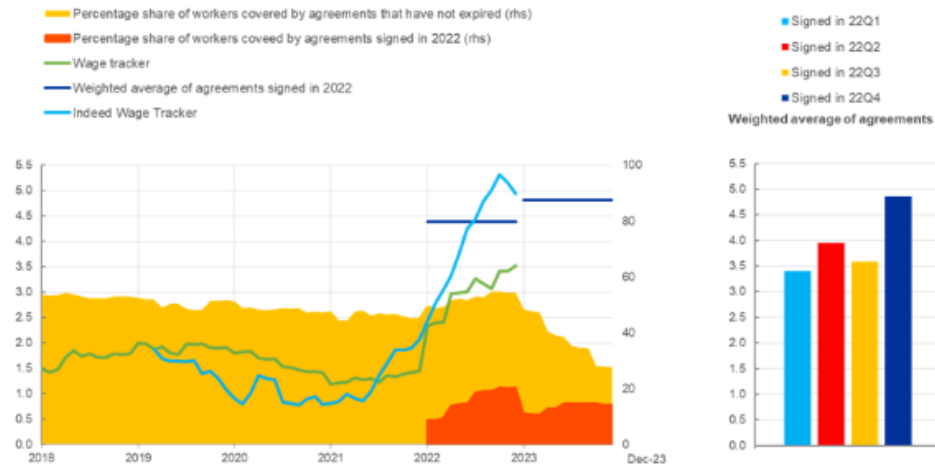
Source: Refinitiv, Barclays Research, AXA IM Research, April 2023

Approche top-down (2)

Au coeur des tensions sur le marché de l'emploi (1)

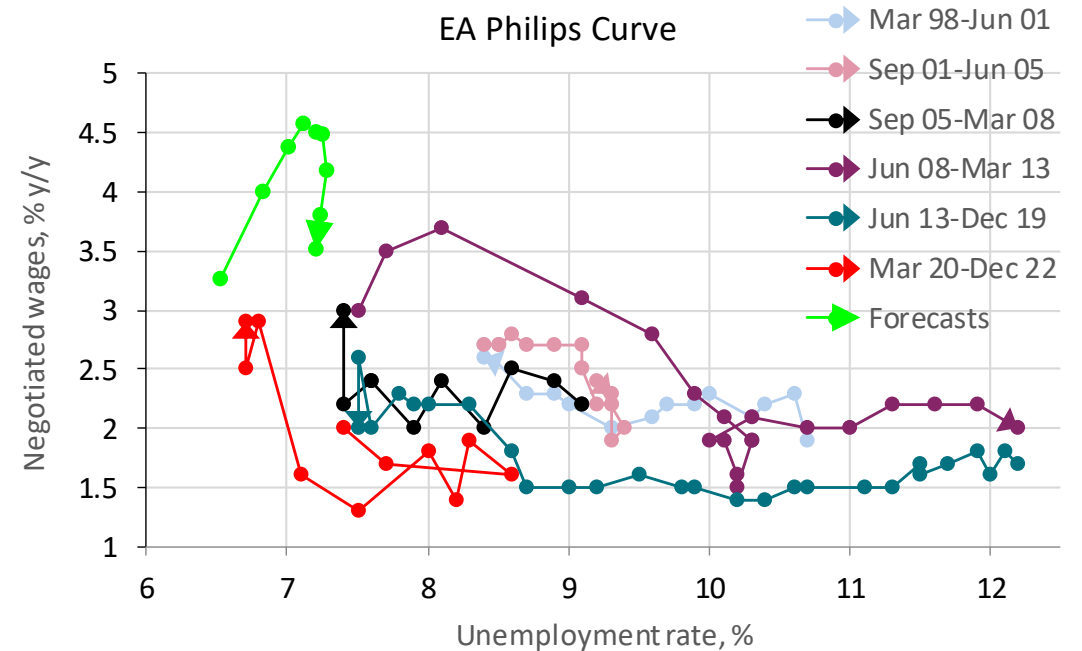
Experimental forward-looking tracker of negotiated wage growth in the euro area

(annual percentage changes)



Sources: ECB calculations based on micro-data on wage agreements provided by Bundesbank, Banco de España, the Dutch employer association AWWN, Banca d'Italia, Banque de France, Bank of Greece and Oesterreichische Nationalbank. Note: The euro area aggregate is based on data from Germany, France, Italy, Spain, the Netherlands, Austria and Greece. Indeed wage tracker: Data on nominal wage growth in job postings covers six euro area countries (DE, ES, FR, IE, IT and NL) and is based on "Wage growth in euro area countries: evidence from job ads" – P. Adrjan & R. Lydon, Economic Letter, Central Bank of Ireland, Vol 2022, No. 7.

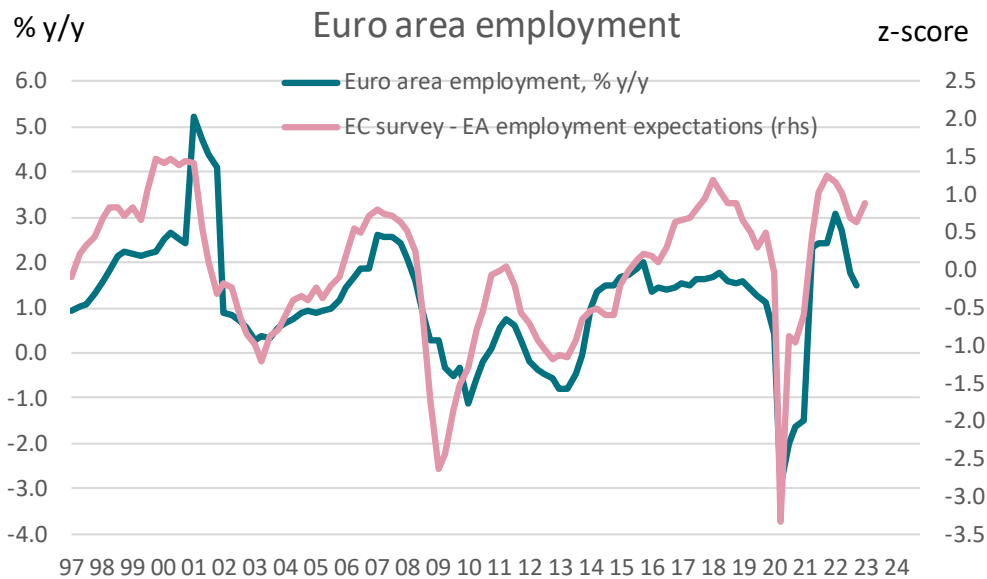
EA Philips Curve



Source: ECB, Eurostat, AXA IM Research, April 2023

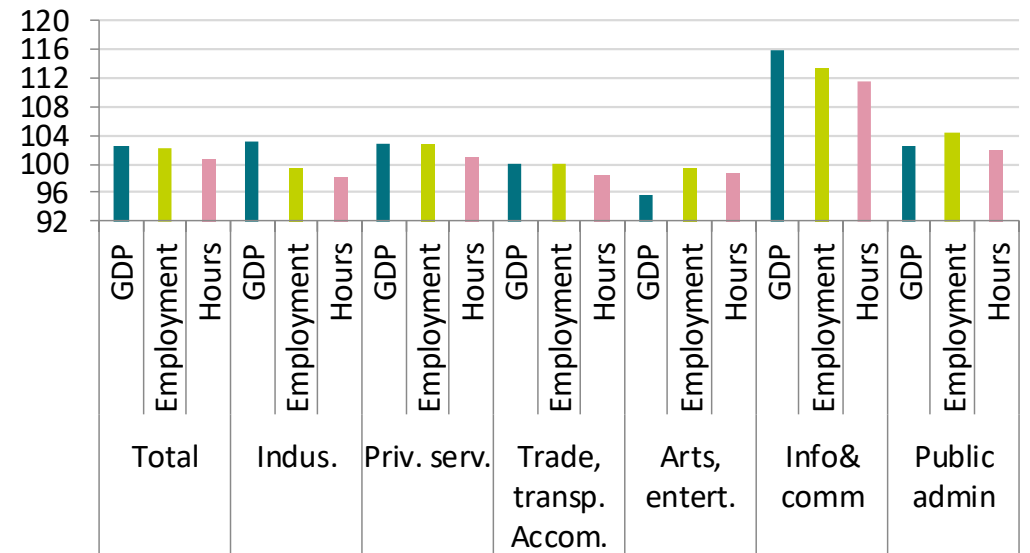
Approche top-down (3)

Au coeur des tensions sur le marché de l'emploi (2)



Source: Refinitiv, AXA IM Research, April 2023

Q4 19 = 100 EA employment and hours by sector



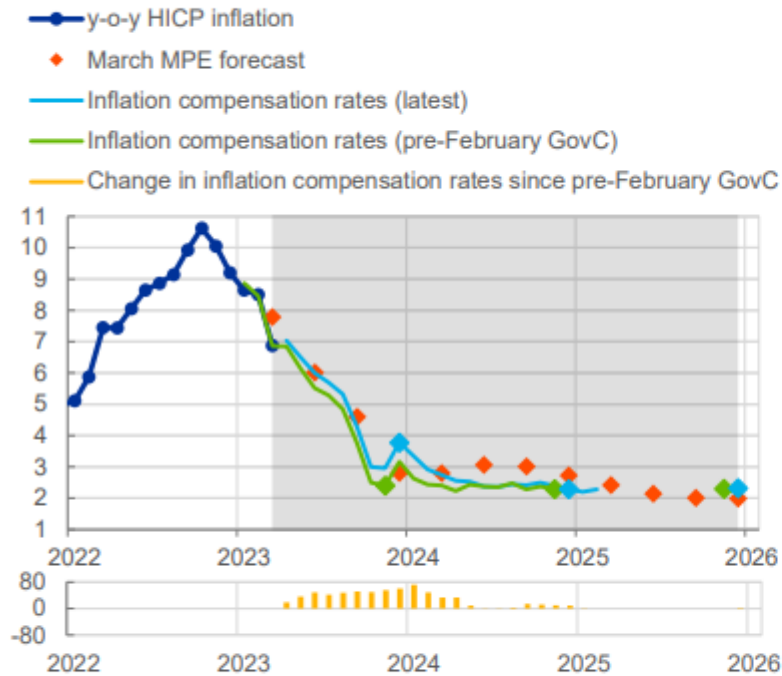
Source: Eurostat, AXA IM Research, April 2023

Approche top-down (4)

Une accalmie en cours du côté des anticipations d'inflation

Inflation path implied by market-based inflation compensation and staff projections

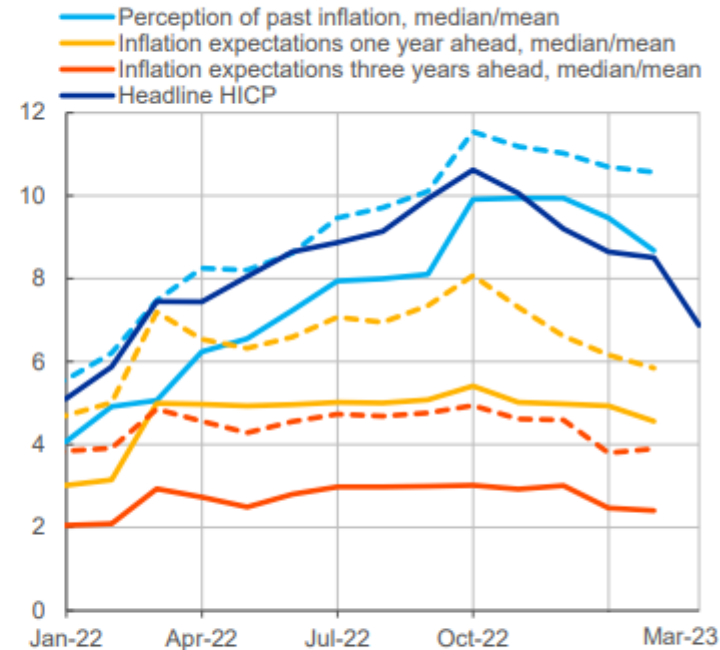
(percentages per annum)



Sources: Bloomberg, Refinitiv and ECB calculations.
 Notes: The coloured diamonds refer to forward inflation-linked swap (ILS) rates that extend the equally coloured line of inflation fixings. Premia-adjusted forward ILS rates are average estimates from two affine term structure models as in Joslin, Singleton and Zhu (2011) applied to ILS rates adjusted for the indexation lag, with the long-run mean calibrated to 1.9% until the end of April 2021 and to 2% thereafter; see Burban et al. (2021), Economic Bulletin, Issue 8, ECB, Box 4. The grey area refers to the projection horizon ending in December 2025.
 The latest observations are for 31 March 2023 for inflation compensation rates and 15 February 2023 for March MPE.

ECB CES: inflation perceptions and expectations

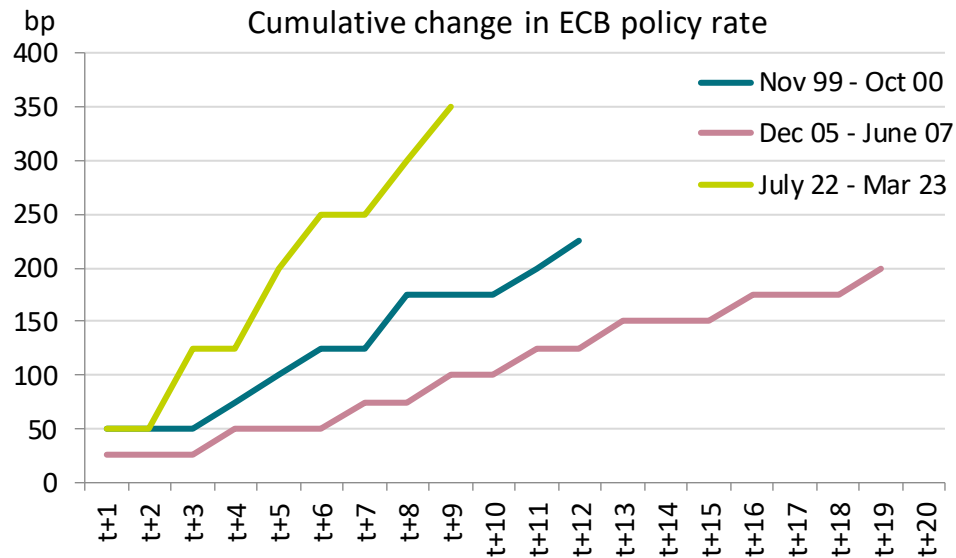
(annual percentage changes)



Sources: ECB Consumer Expectations Survey (CES) and Eurostat
 Note: Solid/dashed lines represent the median/mean.
 The latest observation is for March 2023 (flash) for headline HICP, February 2023 for the ECB CES.

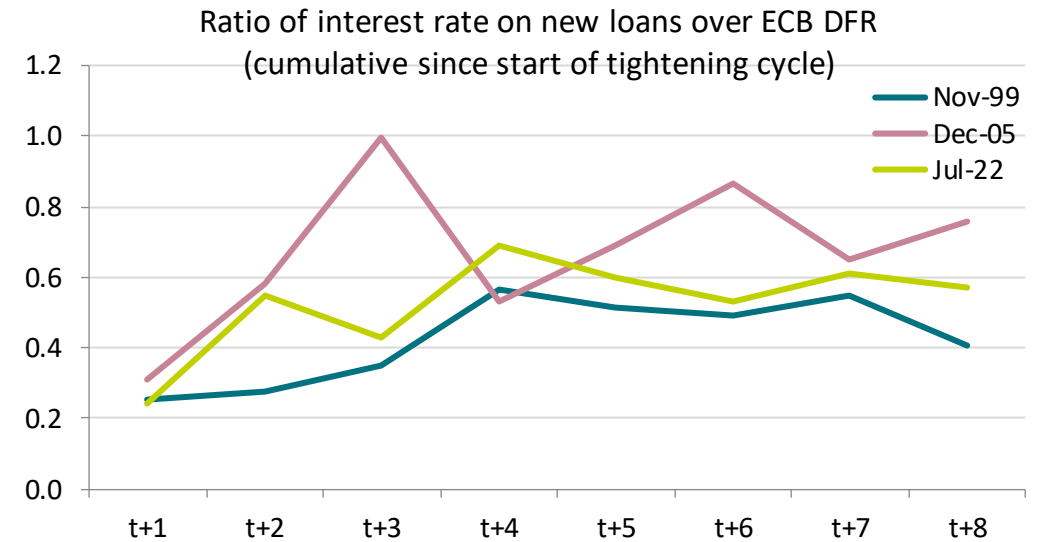
Le combat (1)

Une remontée historique des taux d'intérêt...



Source: ECB, AXA IM Research, April 2023

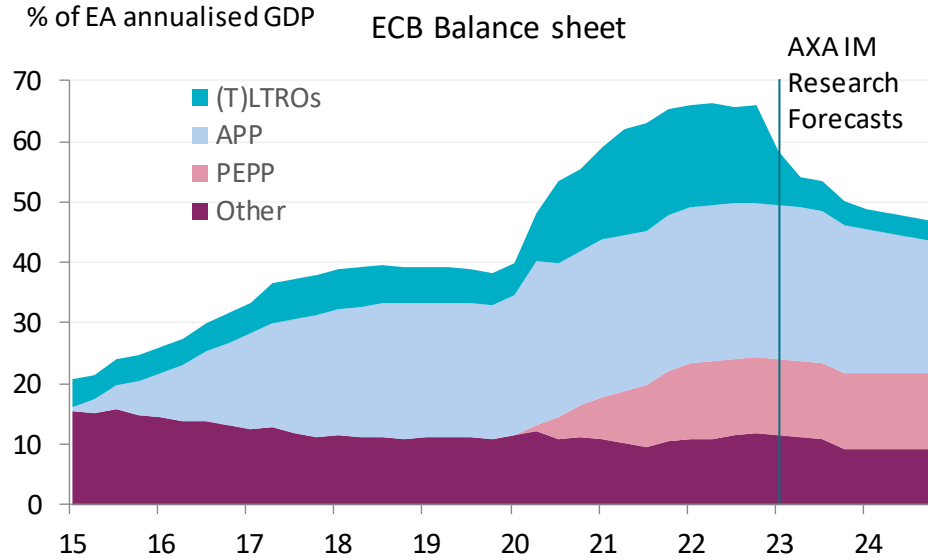
...qui se transmet « doucement » à l'économie



Source: ECB, AXA IM Research, April 2023. NB. Lines represents the ratio of composite interest rate on new loans (weighted average of mortgage and NFC) over ECB deposit rate

Le combat (2)

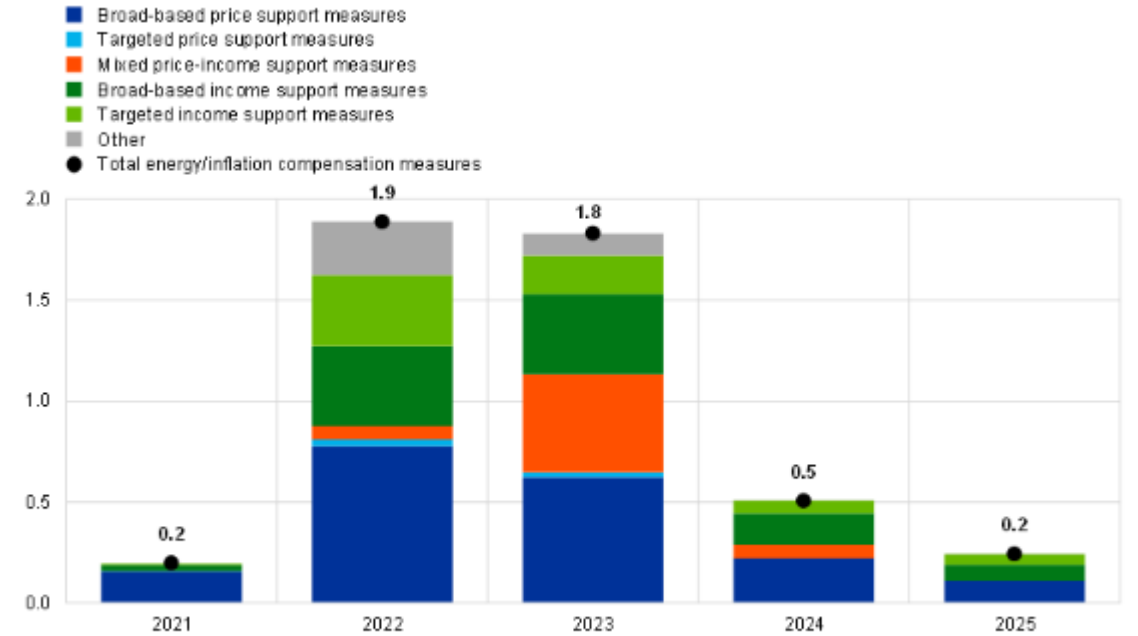
...encore du travail pour réduire le bilan de la BCE



Source: ECB, AXA IM Research, April 2023

Une politique budgétaire à contre-courant

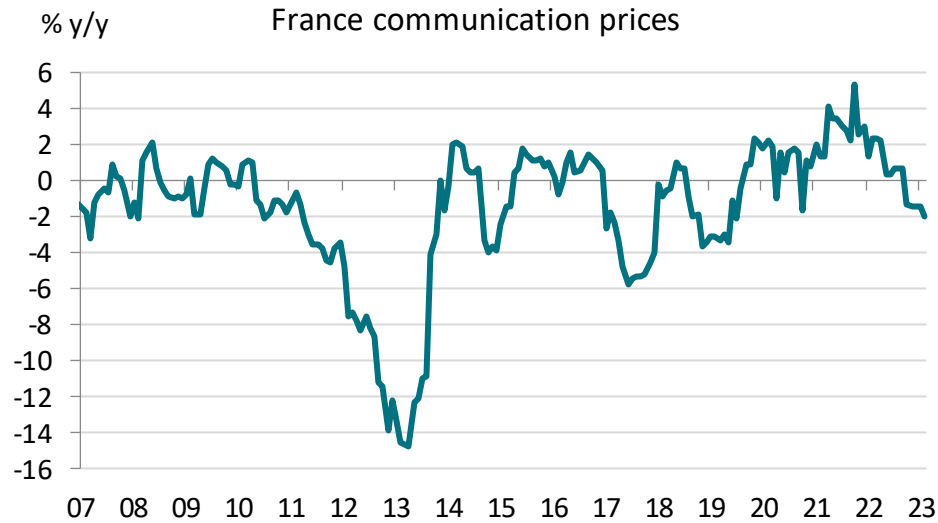
(percentages of GDP)



Sources: ECB staff calculations based on the March 2023 ECB staff macroeconomic projections and updates to the fiscal questionnaires provided by the ESCB Working Group on Public Finance (WGPF).

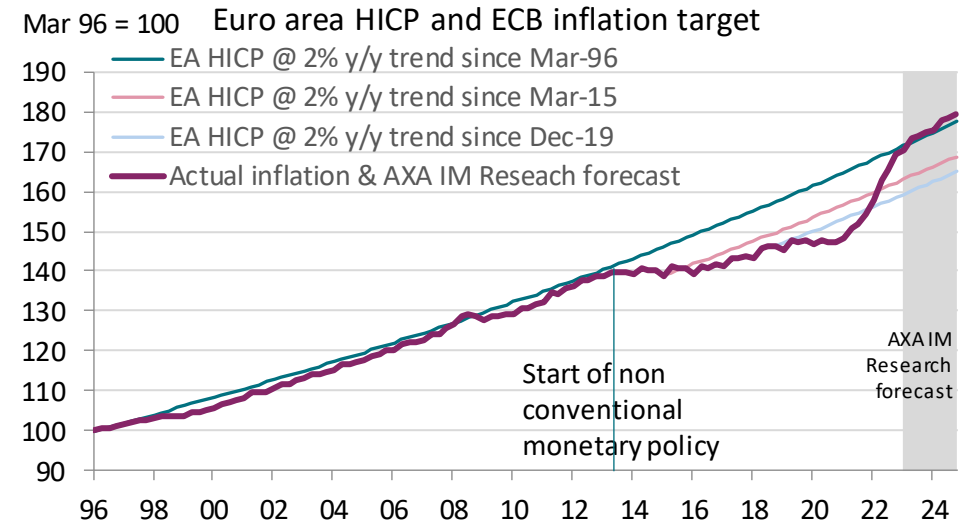
Le combat (3)

Le rôle clé du régulateur sectoriel



Source: Refinitiv, AXA IM Research, April 2023

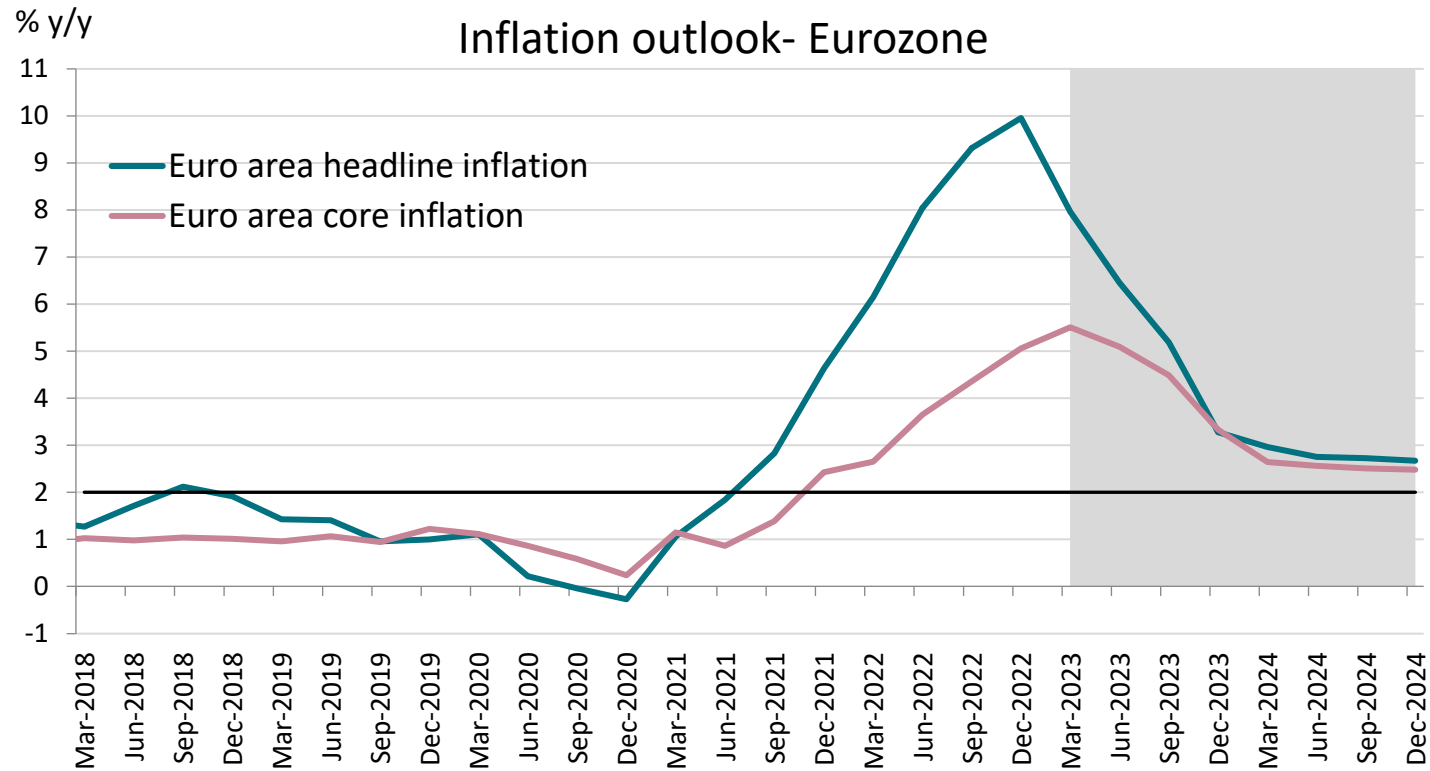
Un seul objectif: l'inflation à 2% a moyen-terme



Source: Eurostat, AXA IM Research, April 2023

Conclusion

Le retour à « la normale » va prendre du temps



Source: Eurostat, AXA IM Research, March 2023