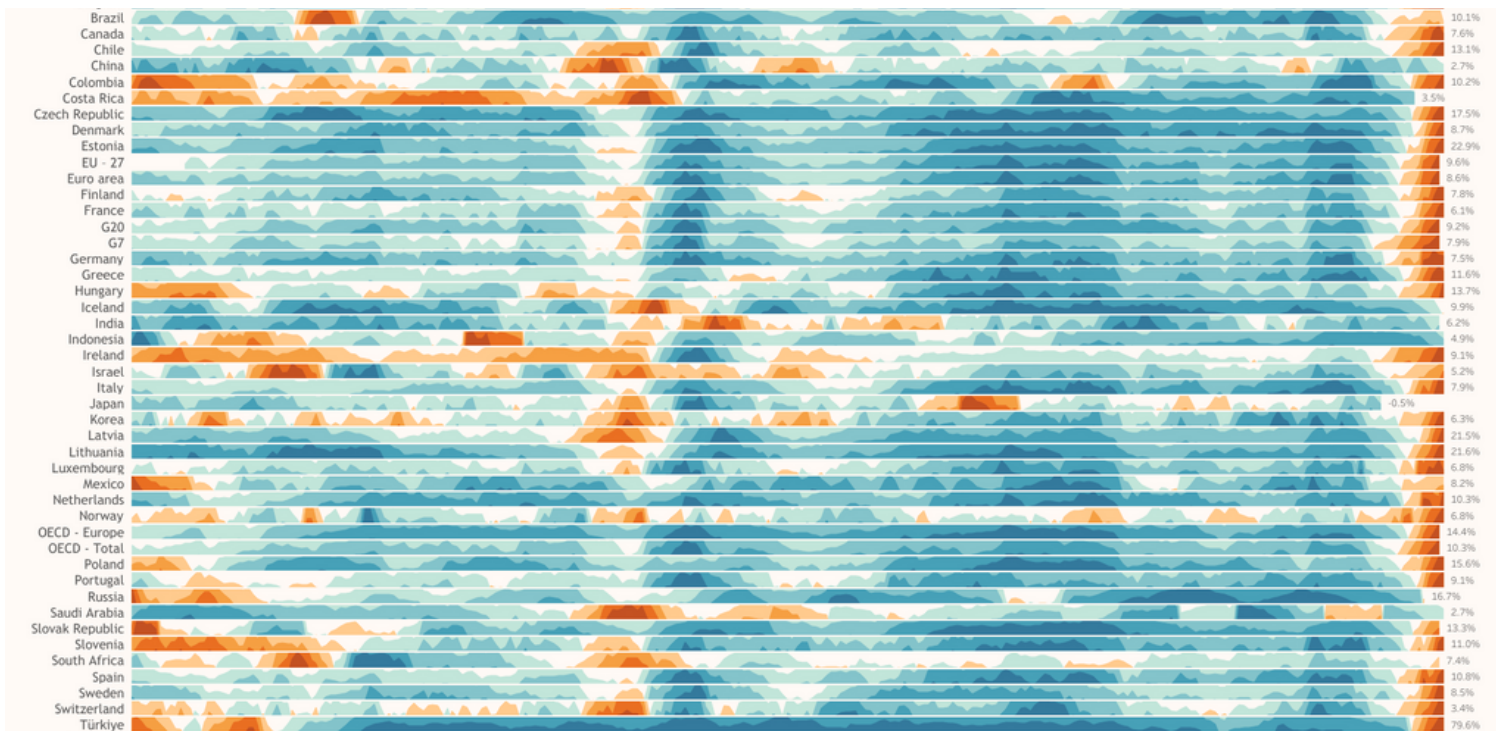


# ATMOSPHERICS

09.29.23

## INFLATION



### Bottom Line Up Front:

Source: OECD data; dataviz.blog

- Inflation is the rise in the general level of prices for goods and services in an economy, diminishing the purchasing power of money. Domestically, it influences individual purchasing power, savings, and investment decisions, while globally, it can impact a country's competitive position in trade, affecting the dynamics and stability of both local and international economies.
- Since the onset of the COVID pandemic, the US experienced a notable rise in inflation driven by supply chain disruptions, increased demand for certain goods and services, and an unprecedented amount of government stimulus.
- In the US, the annual inflation rate was 3.7% for the 12 months ending in August 2023, following a rise of 3.2% in the previous period. The trend over the course of 2023 shows a decrease in inflation from 6.4% in January to 3.7% in August; and though the Federal Reserve's approach has helped bring numbers down by raising rates has been helpful, it's yet to meet its target of 2%.
- Considering the significant and persistent rise in inflation during the recent cycle, there's growing debate about the feasibility of the Fed reverting to its traditional 2% year-over-year inflation target in the current global economic and geopolitical environment.



# TECHNOLOGY

*"In confronting the challenges of inflation, technology stands as our guiding beacon, allowing us to decode its intricacies and craft strategic responses. With modern analytics, we anticipate its implications and transform adversity into opportunity, charting a stable course for our economic future."*

*- ChatGPT 2023*



The intricate relationship between inflation and the global economic landscape is becoming more pronounced, with technology increasingly acting as a crucial mediator. While e-commerce platforms powered by AI introduce dynamic pricing mechanisms that could inadvertently contribute to inflationary trends, they also bring forth adaptive solutions. Predictive analytics and AI-driven tools across sectors like energy, real estate, and finance enable businesses and individuals to preempt and navigate the turbulent waters of inflation. This shift towards a proactive technological approach not only aids in understanding the intricacies of inflation but also offers strategies to counteract its ripple effects.

In the commercial world, consumers find assistance in AI-enhanced financial apps and e-commerce platforms. These tools offer insights that influence budgeting and purchasing decisions, especially pertinent in inflationary climates. The manufacturing sector reflects another dimension of this interplay. The push towards automation, though efficient, raises concerns about potential job losses, marking a significant trade-off. In essence, technology-driven solutions, born out of economic pressures, are rapidly shaping industrial strategies.

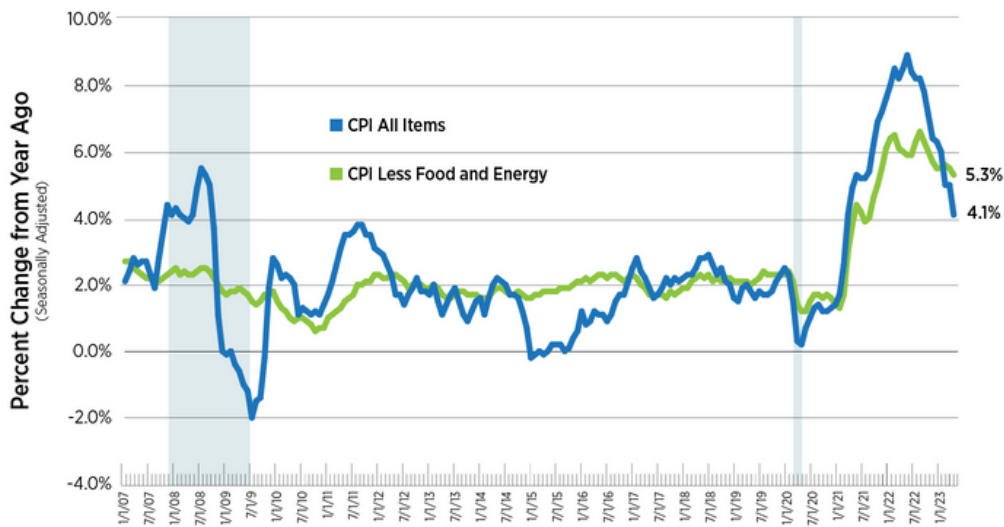
Internationally, political climates provide further testament to technology's pivotal role in addressing inflation. Advanced data analysis tools, capturing real-time public sentiment, provide valuable insights to governments and policymakers, enabling them to adapt to the ever-evolving opinions of their constituents. From the automotive sector's unrest in Detroit to Argentina's inflation-induced electoral dynamics, data remains an essential component in strategic decision-making.

Furthermore, sectors beyond finance and e-commerce are ripe for technological integration. The energy industry, a dominant player in inflation trends, is on the brink of a tech-led transformation. As oil prices fluctuate, a strategic pivot towards alternative energy solutions is not only innovative but economically prudent. Similarly, the real estate market, a foundational segment, is gearing up for a tech-driven overhaul, ensuring housing remains accessible in inflationary environments.

# SENTIMENT

## Consumer Price Index

(As of May 2023)



Source: U.S. Bureau of Labor Statistics

Sentiment surrounding inflation is a very spread. Looking at age, income level, education level and geographic location gives the best understanding of the sentiment across different demographics.

**Age:** Younger people have different perceptions of inflation compared to older generations, for instance due to having experienced periods of higher inflation such as the 1970s firsthand and being more sensitive to its impacts than others. By contrast, younger generations rely more on economic education or news sources for understanding about inflation than being personally exposed to it first-hand.

**Income Level:** Individuals with lower incomes are more sensitive to price increases due to a larger portion of their budget going towards basic needs; higher-income individuals may have greater flexibility to absorb price hikes.

**Education Level:** Individuals with higher levels of education possess a deeper knowledge of economic principles, including inflation, and are better equipped to interpret economic data and forecasts.

**Geographic Location:** Economic conditions vary across regions, which influences how individuals perceive and experience inflation differently in different parts of the country.

**Occupation and Industry:** People working in consumer goods and retail suggested that they are more directly impacted by inflation than others, other industries included housing and real estate and hospitality and travel.

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