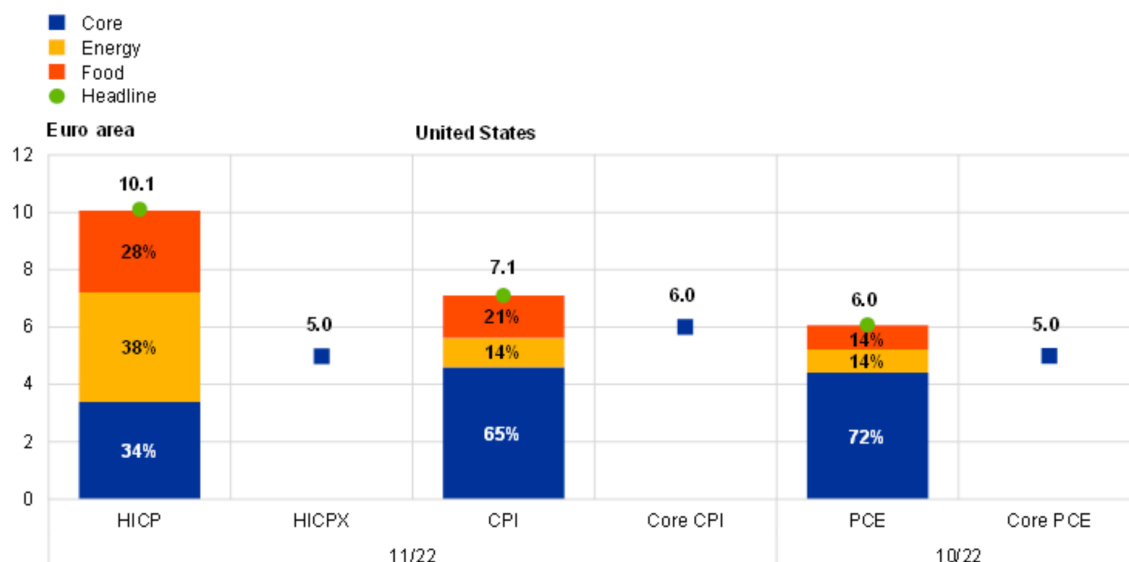


INFLATION EU vs. US 2022

(annual percentage changes and percentage point contributions)



Sources: Eurostat, US Bureau of Labor Statistics and ECB calculations.

Notes: The HICPX is the euro area HICP excluding food and energy (i.e. core inflation). The PCE is the US personal consumption expenditure price index. The latest observations are for November for the HICP and CPI, and October for the PCE.

Predicting inflation is tricky. Many failed to foresee its heights last year, and just as many are surprised by its decline in recent months. The fall has largely been driven by energy prices coming down. On Tuesday new composite PMI numbers will be published for both [America](#) and [Europe](#). The business survey, which covers manufacturing and services, will provide some insights into the other factors driving inflation pressures on both sides of the Atlantic.

Europe was harder hit by supply disruptions in the wake of the covid pandemic, but did not see the same kind of spending boom, financed by government stimulus cheques, as in America. But salaries increased quickly in America's flexible and tight labour market. In Europe, where wages are often decided in collective-bargaining agreements, pay has been increasing more slowly. Europe's inflation race has longer to run.

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