Weekly Economic Briefing — November 13, 2026

1. Snapshot

At a glance

Metric	Latest	YTD	As of
Real GDP	3.4% ar.		Q3 2026
GDP nowcast	3.0% ar.		Q4 2026
Payrolls	+165k		Oct 2026
Unemployment	4.1%		Oct 2026
PCE 12-mo	3.6%		Sep 2026
Core PCE 12-mo	3.1%		Sep 2026
Core CPI 12-mo	2.8%		Oct 2026 (Econvitals estimate)
Fed funds target	3.75–4.00%		Nov 13 2026
10-year	5.15%	+97 bp	Nov 13 2026
2s10s	+27 bp	-44 bp	Nov 13 2026
S&P 500	7,562	+10.5%	Nov 13 2026
Brent	$96	+57.9%	Nov 13 2026

Levels as of the dates shown; nowcast = Econvitals Composite of 3.

Labor

	Latest	1-mo	1-yr
Unemployment	4.1%	4.2%	4.5%
Participation	61.9%	61.8%	62.5%
Prime-age EPOP	80.7%	80.7%	80.6%
U-6	7.9%	7.6%	8.4%
Avg weekly hours	34.4	34.4	34.2

Inflation — annual rate

	1-mo	3-mo	12-mo
CPI	4.3%	5.7%	4.0%
Core CPI	3.6%	3.7%	2.8%
PCE	6.1%	3.6%	3.6%
Core PCE	3.9%	2.9%	3.1%

Fed & rates

	Latest	1-week
Move at Dec 9 mtg	100%	+21 pp
Year-end implied	4.15%	+8 bp
30-yr mortgage	7.11%	-7 bp

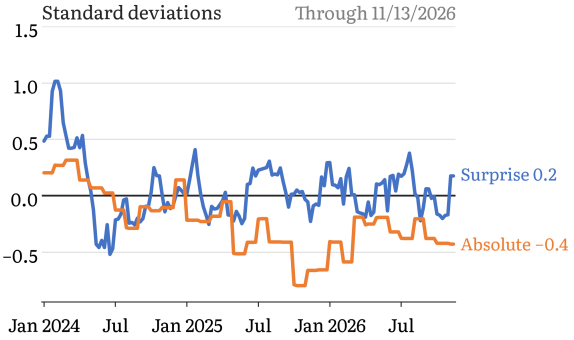
Red: new this week.

No new activity data this week

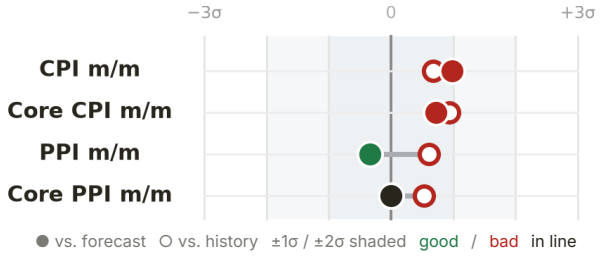
SURPRISE (SMOOTHED) **+0.2σ**

LEVEL (SMOOTHED) **−0.4σ**

Composite Activity Indicators: Surprise and Absolute



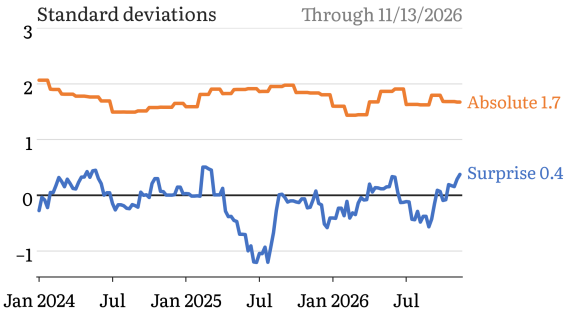
New inflation data this week



SURPRISE (SMOOTHED) **+0.4σ**

LEVEL (SMOOTHED) **+1.7σ**

Composite Inflation Indicators: Surprise and Absolute



2. Week in Review

Data Recap

CPI (October) ran hot. Core prices rose 0.30% in the month against a 0.22% consensus, the same pace as in August and September, with the strength in services outside housing. Headline prices rose 0.35% against 0.25%, slower than in September because gasoline cooled. Over 12 months, Econvitals estimates headline inflation at 4.0% and core at 2.8%; BLS published no 12-month change because October 2025 prices were never collected. Markets moved further toward a December rate increase, and the 2-year yield closed 17 basis points higher.

PPI came in a tenth below expectations at 0.3% in October, with core in line at 0.3%. The headline annual rate rose to 6.5%, against 6.6% expected, and core held at 5.0%. A 0.3% monthly core pace is still well above anything consistent with target, so the miss on the headline offers little comfort.

Initial & Continuing Jobless Claims. Initial claims came in at 200,000, a touch above the 194,000 expected but still low by any historical standard. Continuing claims fell short of expectations at 1.697 million against 1.71 million. Layoffs remain scarce, and the people already on the rolls are not piling up. The labor market looks steady.

Existing home sales fell short at a 3.75 million annual rate in October, below the 3.89 million expected. That leaves resales at their lowest since 2010, below the range that has defined the market for the past few years.

Markets

	Latest close	1-week	YTD
RATES			
2-year	4.88%	+42 bp	+141 bp
5-year	4.98%	+39 bp	+125 bp
10-year	5.15%	+31 bp	+97 bp
30-year	5.47%	+22 bp	+63 bp
2s10s slope	+27 bp	-11 bp	-44 bp
30-yr mortgage	7.11%	-7 bp	+96 bp
INFLATION-PRICED			
Real 10y	2.91%	+31 bp	+98 bp
10y breakeven	2.24%	0 bp	-1 bp

	Latest close	1-week	YTD
5y5y fwd breakeven	2.18%	-4 bp	-6 bp
CREDIT & RISK			
VIX	19.30	-6.34	+4.79
FX			
U.S. dollar (DXY)	103.41	+1.1%	+5.2%
EUR/USD	1.1028	+1.2%	+6.2%
USD/JPY	159.7	+0.9%	+1.8%
USD/CNY	6.67	-0.1%	-4.6%
COMMODITIES			
WTI	88.92	-2.1%	+54.9%
Brent	95.84	-2.5%	+56.8%
Gold	3,886	-4.6%	-11.4%
EQUITIES			
S&P 500	7,561	+2.5%	+10.2%
Nasdaq Composite	25,139	+2.3%	+8.2%
Russell 2000	2,790	+1.3%	+11.3%
FED (IMPLIED)			
Move at next mtg (Dec 9)	100%	+21 pp	—
Year-end	4.15%	+8 bp	—

Other

AI chip controls — Nvidia's board ousted CEO Jensen Huang on November 12 after reports of affairs, including one with a Megaspeed executive the United States reportedly suspects is a Chinese spy. The Singapore data-center firm is under U.S. investigation for diverting export-controlled chips to China. The case has built momentum in Washington for tighter controls. Speaker Johnson cited a 'developing consensus in Congress' on limiting chip exports to China, and bipartisan chip bills are being eyed for the December defense bill. Commerce is reportedly finalizing a rule that would extend licensing to remote overseas access to advanced chips. Nvidia shares fell as much as 14% intraday on the ouster before closing down 4.3%, erasing more than $180 billion in market value.

Iran war — Trump struck a conciliatory tone early in the week, calling extensive strikes 'highly unlikely' and saying the military element of the war had just about ended. Brent

fell below $90 for the first time since August. Later in the week he said the United States does not need a deal with Iran, and Rubio called Iran's demands absurd. Washington continues to rely on a blockade and sanctions, and there were unverified reports of a tanker mine strike in Hormuz. Brent rebounded to about $96, only about $2 lower on the week and well below its $118 peak before the midterms.

Permitting reform — The Senate voted 73-25 to begin formal consideration of the Bipartisan American Affordability and Jobs Act. The bill would streamline federal permitting for energy infrastructure, ease grid constraints on AI data centers and shield other electricity customers from data-center costs. Its passage in the House remains uncertain. Separately, a housing law that streamlines environmental reviews and eases prefab building became law without the President's signature.

U.S.-China truce — The United States and China extended their trade truce through January 10, 2027. Commerce kept its Affiliates Rule suspended, and China kept its harshest rare-earth export controls suspended. Both sides voiced frustration ahead of next week's Trump-Xi meeting at the APEC summit in Shenzhen, with Washington pressing China to 'immediately' meet its commitments on critical minerals and agriculture.

3. Week Ahead

Scheduled releases

Day	Release	Date	Time	Last	Consensus
Tue	Retail Sales (Oct 2026)	Nov 17	8:30 AM	m/m 0.8%	m/m 0.0%
Tue	Industrial Production (Oct 2026)	Nov 17	9:15 AM	Industrial production m/m 0.7%	Industrial production m/m 0.1%
Wed	Residential Construction (Oct 2026)	Nov 18	8:30 AM	Housing starts (saar, M) 1.221M	Housing starts (saar, M) 1.230M
Thu	Initial & Continuing Jobless Claims (Weeks ending Nov 14 / Nov 7)	Nov 19	8:30 AM	Initial claims 200k, Continuing claims 1,697k	—
Fri	U. Michigan Consumer Sentiment (Nov 2026)	Nov 20	10:00 AM	Sentiment index 48.0	Sentiment index 51.0

Events

- **Chair Warsh** — Opening Remarks — Nov 16 (12:00 PM ET)

4. U.S. Macro: The Cycle

The October data were supposed to settle whether core inflation's late-summer firming was noise or a new pace. They settled it in favor of a new pace. Core CPI rose 0.30% against a 0.22% consensus, its third straight 0.3% month. That happened in a month when gasoline's push faded, which is the detail that matters. The overshoot came from services outside housing, not from energy, so the post-midterm retreat in oil offers less relief than the headline suggests. Friday's PPI trimmed the implied PCE figure a little and changed nothing about the story. With no new activity data, the composite picture moved on prices alone. Inflation came in modestly above expectations: CPI was +1.0σ and core CPI +0.7σ, while PPI was slightly soft at -0.3σ and core PPI landed on consensus. That leaves the smoothed inflation index at +1.67σ, well above its post-2013 norm, with a surprise reading of +0.37σ. The smoothed activity index sits at -0.43σ, near trend, with a surprise reading of +0.18σ.

Fed officials, more than the data, moved the market. Governor Waller said in London, hours before the CPI release, that a core print of 0.3% or more would put a half-point December hike on the table. Dallas Fed President Logan said afterward that at least two more quarter-point hikes are needed. Tuesday's 20 basis-point jump in the 2-year yield to 4.75% was its largest in 19 months, and the 10-year briefly crossed 5% on the same Fed remarks and data. By Friday the 10-year was at 5.15%, up 29 basis points on the week, and futures priced December fully along with a January follow-up. Equities did not break, even though Nvidia's board ousted its chief executive. The S&P 500 rose 2.5% and the VIX fell 6.3 points to 19.3. Financial conditions therefore tightened through rates and a 1.1% rise in the dollar rather than through stocks or credit, and the Fed's path is clear because of it. Housing is taking the first hit. Existing home sales fell 5.5% in October to 3.75 million, the lowest since 2010, as 30-year mortgage rates averaged 7.33%.

Growth is harder to read than inflation. Fourth-quarter nowcasts run from 1.0% at Moody's Analytics to 3.5% for the Atlanta Fed's GDPNow, with the New York Fed at 2.9%, Goldman Sachs at 1.8%, and the Econvitals Composite at 3.0%. That range is mostly a disagreement about whether the third quarter's momentum carries into the fourth. The household signals point to a nominal economy running well ahead of real income. The New York Fed's survey shows the expected probability of higher unemployment a year ahead at 45.3%, the highest since April 2020. Layoffs, meanwhile, remain scarce: initial claims were 200,000

and continuing claims fell to 1.697 million. October retail sales next week are the first hard test of whether consumers have downshifted.

Services carry October as gasoline steps back

Food and energy contributed about a third as much to the monthly CPI increase as they did in September. Gasoline rose 1.0% only because of seasonal adjustment, since unadjusted pump prices fell. The firmness was in services outside housing, which rose at close to a 5% annual rate, with the fastest three-month pace of the past year. The gains were broad. Recreation and hospital services each rose 0.8%, and motor vehicle insurance turned up after a long run of declines. Shelter was steady rather than hot. Goods would have looked firmer without used cars, which fell 1.2% and reversed September's jump. Core inflation's three-month annualized rate is now 3.7%, roughly double its July low and the highest in a year. The 12-month rates, about 4.0% for the headline and 2.8% for core, are estimates, because October 2025 prices were never collected during the shutdown.

The PPI was calmer on the surface and firmer underneath. Final demand rose 0.3% against a 0.4% consensus, yet the 12-month rate climbed to 6.5%, the highest since November 2022. Narrowing trade margins held down the services reading. Excluding margins along with food and energy, prices rose 0.5% for a second month and have been running above a 5% annual rate over three months. More than 60% of the goods increase came from goods other than food and energy. The Econvitals estimate of October PCE prices is built from the CPI and PPI, with import prices still to come. It has core up 0.28% (3.2% over 12 months) and headline up 0.32% (3.8%), lower than the estimate made before the PPI arrived.

The dispute is over how much of this is oil working its way through the economy. Vice Chair for Supervision Bowman put core PCE near 3.3% in October and split the excess over target roughly equally among tariffs, energy and AI-related demand, with the remainder left over from earlier shocks. New Fed Board research finds that oil's effect on core has risen since the pandemic but remains modest. Robin Brooks argues the whole print is spillover from the September–October oil spike. That argument explains some of the breadth in goods. It does not explain hospital services, recreation or insurance, and it ignores Waller's warning that diesel, unlike crude, is not coming down soon for

lack of refining capacity. The EIA now expects diesel to average $5.03 a gallon in 2027, 12% above last month's forecast. The persistence reading is the better one.

Waller's half point loses, a faster sequence wins

December is no longer in question; pace is. Futures price a full quarter point on December 9 and a high chance of another in January, about 75 basis points of tightening by mid-2027. Waller set the hawkish pole by tying a half-point move to a 0.3% core print, and the print delivered exactly that. The rest of the committee pushed back on size rather than direction. Goolsbee called the report "borderline disturbing." Williams said inflation is "far too high" but saw no signs of overheating, which argues for steady quarter-point steps rather than a jump. Bowman stressed weighing further tightening against conditions that have already tightened. Chair Kevin Warsh said nothing on policy.

The forecasts converged on a December quarter point and split on what follows. J.P. Morgan expects 25 basis points in December and says 50 will be discussed. Citi judges back-to-back quarter points in December and January more likely than a half point. Goldman holds December and March, for a 4.25–4.5% peak, with cuts starting in November 2027 rather than September. Piper Sandler added January and April, to 4.50–4.75%. Moody's Analytics sees one hike and then a pause in the first half of 2027 as energy eases. The divide is real. December rests on October data, while the January meeting will have November and December inflation in hand. A softer core PCE reading for October gives the March camp something to work with. A three-month core CPI pace near 3.7%, alongside Logan's openness to moving faster this winter, favors January. The case that the Fed will soften because of the midterm results has no support in what officials said this week. The minutes on Wednesday will show how many officials already lean toward a faster sequence.

Yields jump while equities shrug off Nvidia

The week's market split is a stock market that absorbed a governance shock and a bond market that would not serve as a hedge. Nvidia's board removed Jensen Huang on November 12 after reports of several affairs, including one with a woman U.S. officials reportedly suspect of being a Chinese intelligence asset. The stock fell as much as 14% intraday and closed down 4.3%, erasing more than $180 billion of value, with the CFO installed as interim CEO. Rivals rose, and the S&P 500 still finished the week higher. Anthropic's IPO, which seeks up to $90.4

billion at a fully diluted valuation near $1.4 trillion and is reportedly about six times oversubscribed, served as the market's proof that capital is still flowing to frontier AI. High-yield spreads tightened about 30 basis points off their wides for the year, to 345.

Treasuries sold off even on the days Nvidia fell, so the bond market's role as a hedge against AI risk, visible earlier in the autumn, did not hold this week. The 2-year had its worst week since 2024, and gold fell as real short rates rose. Brent ended near $96, close to where it started. It had dipped toward $90 midweek, its lowest since August, before recovering when the president said the United States did not need a deal with Iran. Oil is therefore no longer pulling yields down, and the dollar's rise reflects the gap between U.S. rates and everyone else's. The risk is that equities are carrying most of the weight in keeping financial conditions loose, and that position rests heavily on one IPO and on the claim that no single executive is essential to the AI build-out.

5. U.S. Structure & Policy

The Nvidia affair turns into an export-control fight

The scandal's lasting effect is on how the United States governs chip exports. Reporting this week described an export-control regime run largely on executive discretion and exposed to corporate pressure. Nvidia's general counsel reportedly called a Commerce under secretary in 2025 to ask whether the Bureau of Industry and Security was involved in Singapore's detention of a Megaspeed executive, after which bureau staff were required to route Nvidia matters through that official. Smuggled Nvidia chips were reportedly installed at a Shanghai data center linked to Megaspeed. The president reportedly endorsed tighter China-focused chip controls three times while Commerce Secretary Lutnick stalled them. Treasury Secretary Bessent publicly faulted Lutnick for not blacklisting Megaspeed, and the president sided with Lutnick. Speaker Johnson spoke of a "developing consensus in Congress" on limiting chip exports. Commerce is reportedly finalizing a rule extending licensing to remote access to advanced chips in seven countries, among them Singapore, Malaysia, Indonesia and Thailand.

Speaker Johnson's remark points to Congress writing export controls into statute rather than leaving them to executive discretion. That would make them

harder to trade away in summit diplomacy. The timing is awkward. The U.S.-China truce runs only to January 10, and the president meets Xi at APEC in Shenzhen next week. A 15% polysilicon tariff is due December 4, and a 50% levy on Canadian autos and steel is threatened from January 1. PIIE's tracker puts fiscal 2026 gross tariff revenue at $317.8 billion, of which $144.6 billion was refunded, leaving $173.2 billion, or about 3.1% of federal revenue. That is a modest sum for a policy that has dominated trade relations.

Permitting reform finds 60 votes

The Bipartisan American Affordability and Jobs Act cleared its Senate procedural hurdle with 73 votes. It sets 45-day deadlines for lead-agency decisions. Violations of the National Environmental Policy Act or the National Historic Preservation Act alone would no longer void permits and send projects back to the start, which turns a long-running complaint about state capacity into enforceable procedure. The bill also adds federal protections against data centers shifting their electricity costs onto other ratepayers. Rhodium estimates its main provisions would cut average residential electricity prices 3–4% by 2035, saving households $41 to $66 a year and $36 billion to $56 billion in total. The CBO has released a preliminary cost estimate. In the House, suspension of the rules requires two-thirds, and many environmental groups say the bill falls short. Separately, a housing law that streamlines environmental reviews, eases prefab and modular construction and loosens local-bank housing lending became law without the president's signature.

The bill eases federal constraints but leaves state and local approval of data centers untouched. That matters because the binding constraint is moving to the states. Newly elected governors in Texas and other states with large data-center pipelines campaigned on pauses enforced through permitting and grid-interconnection limits. The emerging division of labor has Washington speeding up transmission and generation while states ration who gets connected. The ratepayer protections are the political price for the federal easing. EIA expects power generation growth to slow from 2.7% this year to 1.2% in 2027, so the gap between data-center demand and grid supply is about to tighten from both directions.

Household credit strain sorts by income

The household balance sheet is splitting along income lines just as the Fed resumes tightening. The New York Fed's third-quarter report shows aggregate delinquency at 5.0%, up 0.3 percentage point in the quarter. New research from the bank finds that cards opened during the pandemic went disproportionately to lower-income, lower-score borrowers, and those accounts now show the most distress. Card balances per active account are up more than 9% from a year earlier, the fastest since before the pandemic. Older households hold large buffers while younger ones have far less saved. Real average hourly earnings have been below their year-earlier level for seven straight months. A New York Fed staff report adds the policy implication: counties more exposed to changes in the federal funds rate see higher delinquencies, foreclosures and bankruptcies, and less home and auto borrowing, when policy tightens. The costs of the coming hikes will therefore fall unevenly.

Governor Barr extended the argument to AI at Yale. Elizabeth Warren is expected to chair Senate Banking with a credit-card interest-rate cap on her list. That would be a blunt response to a problem concentrated in a specific group of borrowers.

Under the radar

- **Fed calendar:** The 2027 FOMC calendar turns the late-October meeting into a strategy session with no policy action and moves the December meeting up to November 16–17, leaving nine- and ten-week gaps between some meetings. The calendar no longer marks which meetings carry a Summary of Economic Projections. Warsh has not submitted projections himself, and the SEP's future is unresolved.
- **Deficit:** The CBO puts the fiscal 2026 deficit at $2.0 trillion, up $217 billion or 12% from the prior year. Congress faces a December 11 funding deadline. Some Democrats want any continuing resolution to block funding for the Iran war.
- **Labor:** The four-week average of initial claims is at a record low and continuing claims fell 20,000. A Cleveland Fed study finds that unemployment has risen more in AI-exposed occupations since late 2022, especially among young workers, because of slower job finding rather than more layoffs.

- **Nonbank credit:** The Boston Fed finds bank lending to nonbank financial intermediaries reached $1.7 trillion in early 2026, with private equity funds and business credit intermediaries the largest borrowers. The Fed also released its Financial Stability Report.
- **Medicaid:** Work requirements take effect in more than 40 states on January 1. Nebraska's early rollout has been problematic even though most enrollees kept coverage.

6. Global Macro

This week's global data shared one pattern: trade grew fast in value and slowly in real terms. Energy and AI-hardware prices are inflating trade values everywhere, while the underlying demand behind them is soft. China's imports rose 41.6% in dollar terms. Its semiconductor exports doubled in value while volumes fell. The euro area swung from a €13.5 billion surplus a year earlier to a €10.3 billion deficit in September, paying its energy bill out of its external surplus. Britain's goods deficit widened. In India the price shock arrived through food rather than oil, pushing inflation through the central bank's ceiling. Each case reflects a terms-of-trade shock being absorbed, not a revival of global demand.

The shock reaches the United States through two channels. First, falling crude has not yet lowered the costs that matter for core inflation, such as diesel, freight and electronics, so U.S. inflation is coming down more slowly than the oil price suggests. Second, higher U.S. inflation and the hawkish Fed repricing lifted the dollar and pushed up Asian borrowing costs. Central banks from Jakarta to Manila are leaning against weak currencies at the cost of weaker domestic growth.

Euro Area

The euro area is paying for the energy shock by running down its trade surplus and its households' savings, while output keeps growing. Third-quarter GDP rose 0.4%, much of it from Ireland, and employment did not rise at all. Real consumption grew about 1.2% over the year through the second quarter on a saving rate that fell by about a point, while real income barely grew. Bruegel counts more than €40 billion of European energy support, almost 70% of it untargeted tax cuts. Headline inflation was 4.0% in October and core 2.5%, with

national rates ranging from 4.9% in Spain to 2.8% in Germany. A December hike from 2.5% is almost fully priced, and Goldman expects a final quarter point to 2.75%. A supply shock meeting flat employment and steady core inflation makes each further hike a worse trade of growth for inflation control. German fiscal easing is arriving more slowly than planned: the federal deficit through September was €64.2 billion against a planned €98 billion. A cliff follows later. The Kiel Institute estimates the debt brake requires contraction of more than 0.5% of GDP a year until 2038. France is the acute risk, with the OAT-Bund spread at 140–150 basis points, more than double its June level, and polls pointing to a Le Pen presidency in April. Lagarde's successor has not been named.

China

China's October numbers were hot only where prices drove them. Producer prices rose 5.7%, the fastest in more than four years, but energy accounted for more than 80% of the monthly increase, and factory-gate prices for consumer goods fell. Consumer prices rose just 0.7%, with core at 0.8%. Bank lending shrank in an October for the first time on record. New loans fell RMB100 billion, household loans fell RMB430 billion, and loan growth hit a record-low 4.7%, with government bonds the only thing keeping total financing growing. Policy is responding to the price heat rather than the weakness. The PBoC's quarterly report dwelt on imported inflation and the risk of rates falling too low. The bank is consulting on a 25% tax on government-bond interest, and it is raising the reserve requirement on foreign-currency deposits to 6% from 4% on November 15 to slow the yuan's rise. J.P. Morgan dropped its call for a cut this year and now expects a 10 basis-point cut in the second quarter of 2027. Citi expects two 10 basis-point cuts next year. That stance misreads an energy-driven squeeze on margins and real incomes, which calls for more support. The Bank of Finland sees growth near 4% this year and 3½% in 2027. The truce with Washington runs to January 10, and the farm-purchase and critical-minerals disputes remain open.

India

India is the clearest case of this year's price shock landing through food. October CPI inflation rose to 6.09% from 5.54%, above the Reserve Bank's 6% upper tolerance limit for the first time in two years, with food inflation at 8.94%. Core

inflation also firmed, while growth is tracking near 8%. That combination leaves the central bank little reason to wait. Citi says the print cements a quarter-point hike in December. J.P. Morgan now expects quarter-point hikes at each of the next three meetings, to a 6.25% terminal rate, with a meaningful risk of a half point in December. Hotter U.S. inflation tightens the constraint further, because a firmer dollar raises the cost of defending the rupee.

Other

- **UK:** Third-quarter GDP rose 0.7%, the fastest in two and a half years. Business investment growth slowed and household disposable income per person has been flat for two years, so the growth is not reaching households. After the Bank of England's hike to 4%, Deputy Governor Lombardelli called December "live," while J.P. Morgan looks for February. NIESR expects one more hike, to a 4.25% peak. Prime Minister Burnham heads to a UK-EU summit on November 20 open to dropping Labour's red lines.
- **Japan:** Citi's base case is a December BoJ hike, made likelier by a Fed move. The yen near 160 to the dollar adds pressure. The lower house passed a two-year cut in the consumption tax on food, from 8% to 1% starting April 2027, but the bill's upper-house passage before December 12 depends on opposition deals.
- **Brazil:** Lula's surprise second-round win set off a sharp sell-off in the real. The central bank held the Selic at 13.75% after five cuts, and inflation expectations sit above the target ceiling.
- **Mexico:** Banxico cut rates by a surprise 3–2 vote to 6.25%, just as October inflation rose to 3.75%. The president threatened to double tariffs.

7. Interesting Research

- **Has U.S. Monetary Policy Really Improved? A 150-Year Perspective**: Regis Barnichon and Geert Mesters at the New York Fed build a framework that grades policy by how close it came to the best response given the shocks it faced, rather than by the outcomes it presided over. On that measure, meaningful improvement shows up only in the last thirty years. The approach separates good luck from good policy, which is the right test for a Fed that is hiking into a supply shock.

- **The Main Monetary Policy Shock**: In a new NBER paper, Christoph Boehm and co-authors identify the combination of policy surprises that best explains macroeconomic fluctuations. Its contractionary version leaves rates mostly unchanged yet lowers prices and strengthens the dollar. The result implies that what the Fed signals matters more than what it does to the funds rate, which bears directly on this week's question of 50 versus a sequence of 25s.
- **Social Insurance with Imperfect Eligibility Screening: Theory and Evidence from Pandemic UI**: Adam Isen and co-authors at the Philadelphia Fed estimate $214 billion of potentially improper pandemic unemployment payments, about half of which could have been caught in advance. They show that means-tested lump-sum transfers would have provided better insurance at lower cost. The paper is a design lesson for the next emergency program, not just an accounting of the last one.
- **Dynamic Individuals, Static Neighborhoods: Migration and Earnings Changes in Poor Neighborhoods**: Andrew Garin and co-authors at the Philadelphia Fed find that residents whose earnings rise tend to leave poor neighborhoods, which depresses those neighborhoods' measured average earnings growth by about 60%. Concentrated poverty can therefore persist even when the people who live there are moving up. Place-based statistics understate individual mobility, and place-based policy may be judged on the wrong outcome.
- **The distributional implications of bracket creep**: Michael Brennan and co-authors at Australia's e61 Institute show that the country's projected budget surplus relies on bracket creep. By 2038 the average worker's tax rate would rise from 20.5% to 24.1%, cutting disposable income growth by about 30% over a decade, with the burden falling hardest on low and middle earners and those just below the top threshold. It is a clear quantification of a tax increase that no legislature ever votes on, and it is relevant wherever thresholds are not indexed to inflation.

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