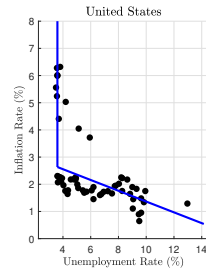
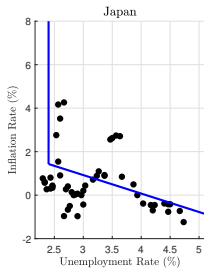
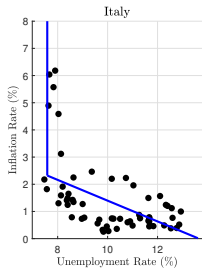
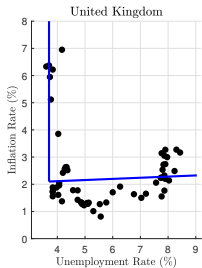
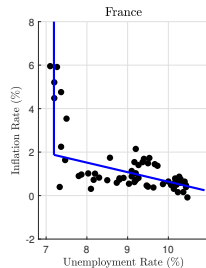
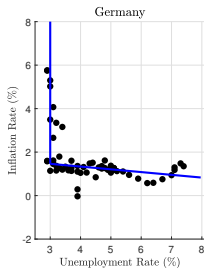
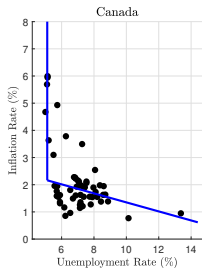
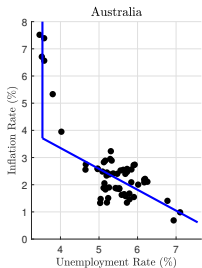


DISCUSSION OF
SOME INTERNATIONAL EVIDENCE ON
NON-LINEAR PHILLIPS CURVES
BY BENIGNO AND EGGERTSSON

Jón Steinsson
University of California, Berkeley

January 2024



Source: Benigno and Eggertsson (2024). Sample period: 2009-2023.

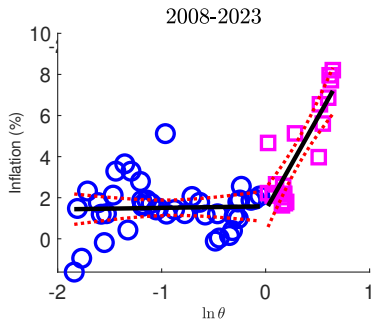
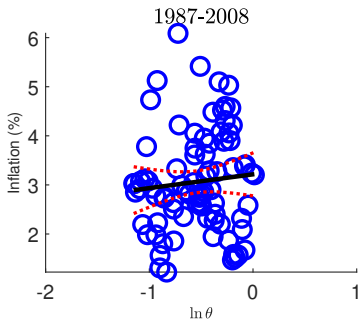
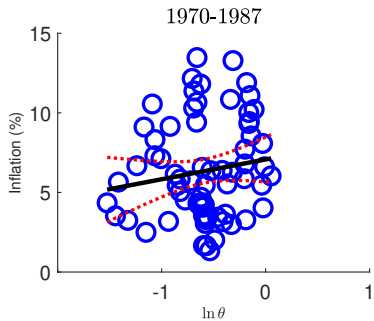
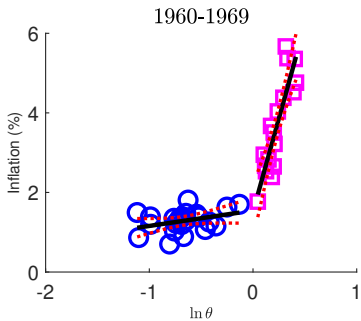
STRUCTURAL PHILLIPS CURVE

$$\pi_t = \beta E_t \pi_{t+1} + f(v_t/u_t) + \eta_t$$

$$\pi_t = E_t \pi_{t+\infty} + \sum_{j=0}^{\infty} [f(v_{t+j}/u_{t+j}) + \eta_{t+j}]$$

Determinants of inflation:

- Inflation expectations
- Labor market tightness / slack
- Supply shocks



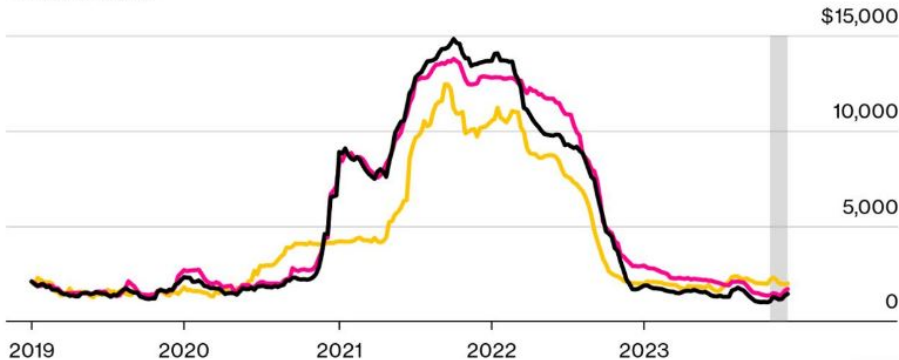
Source: Benigno and Eggertsson (2023/4)

SUPPLY SHOCKS IN THE 2020S

Cost of Shipping to Europe From China Rising Again

But nowhere near the levels hit during the pandemic

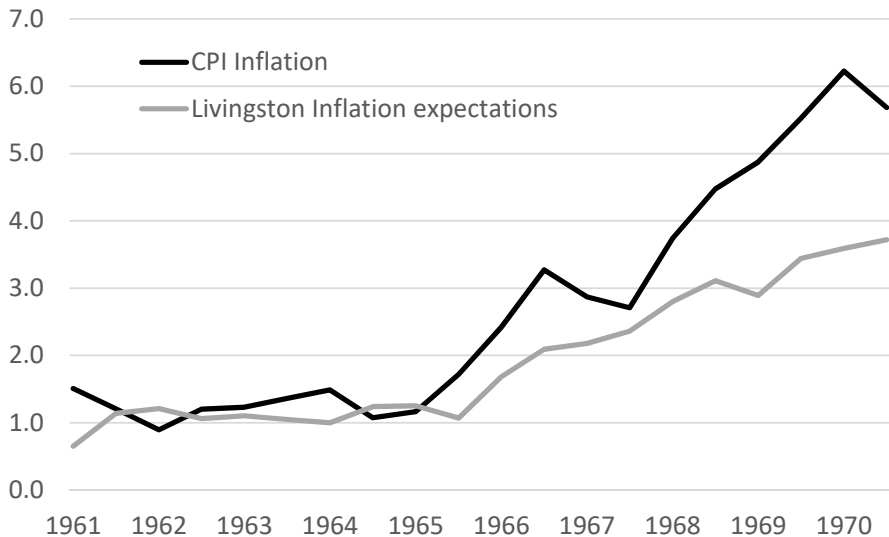
- Black line: Shanghai to Rotterdam
- Pink line: Shanghai to Genoa
- Yellow line: Shanghai to Los Angeles
- Grey bar: Past 6 weeks



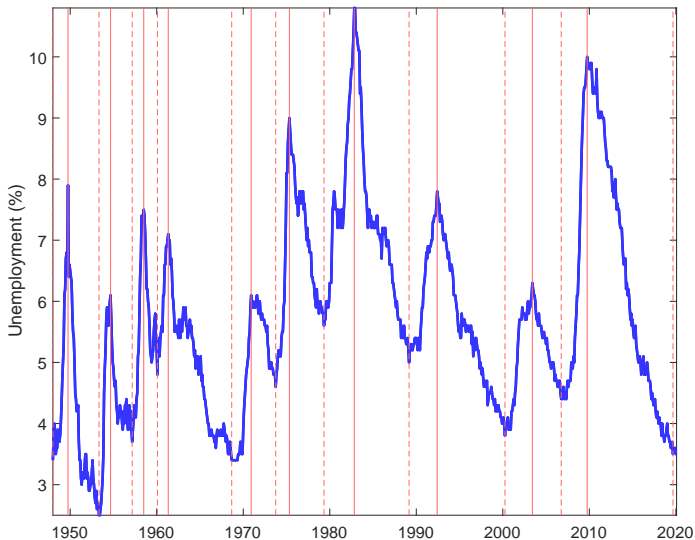
Source: Drewry World Container Index, shows freight rate for 40-foot container

Bloomberg

INFLATION EXPECTATIONS IN THE 1960s

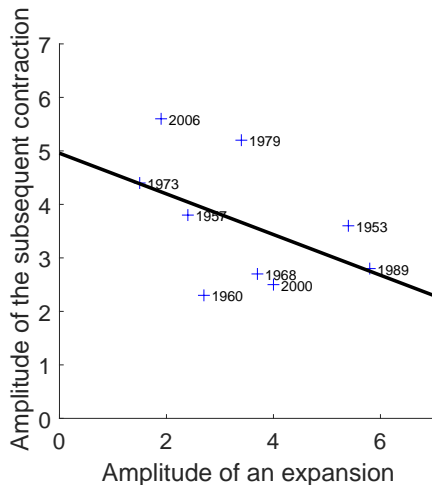
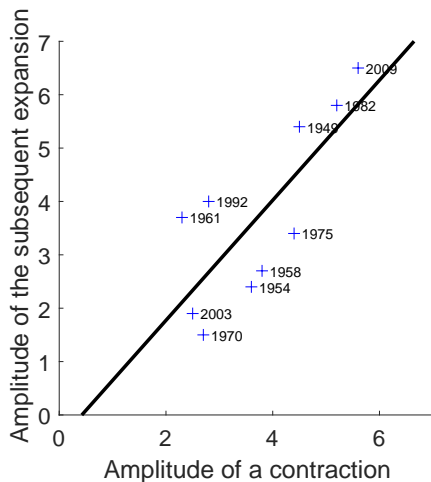


THE PLUCKING PROPERTY

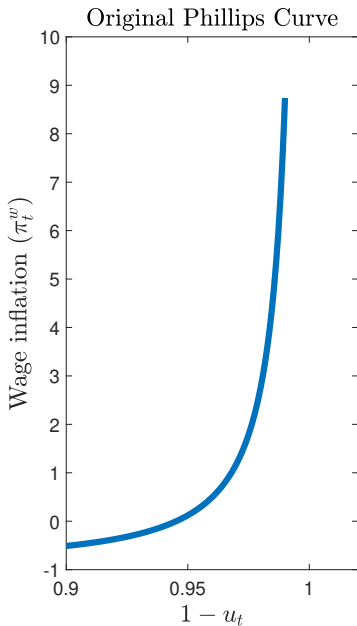
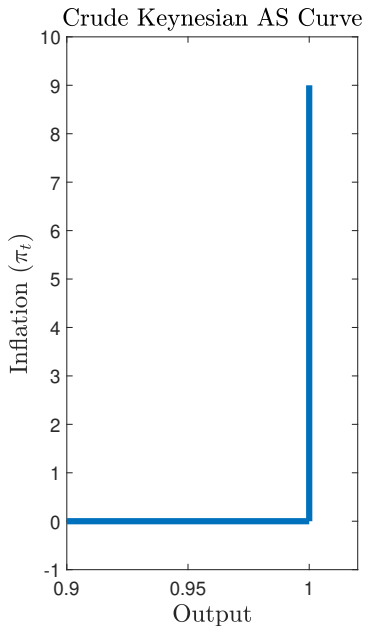


Source: Dupraz, Nakamura, Steinsson (2023)

THE PLUCKING PROPERTY



Source: Dupraz, Nakamura, Steinsson (2023)



Source: Benigno and Eggertsson (2023)

NON-LINEAR PHILLIPS CURVE

- Very thought provoking paper! (and companion paper)
- Perspective that should receive more attention
- Policy implications are quite different from standard view