

4-9-2016

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Recommended Citation

"Wage Costs and Inflation Trends: An Empirical Analysis 2001-2015" (2016). *Stander Symposium Posters*. 716.
https://ecommons.udayton.edu/stander_posters/716

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Cost Push Inflation Trends: An Empirical Analysis 2001-2015

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- Study Purpose:
 - Determine cost push inflation trends 2001-2015
- Research Design:
 - Develop linear regression equations for cost push inflation (Employment Cost Index (ECI))
- The Model:
 - $ECI = A + B(T)$
 - Where:
 - ECI = 12 month growth rate in the Employment Cost Index at time T
 - T = time (quarterly or annually)
 - A,B = equation parameters
- Regression Time Periods:
 - (1) 2001-2007
 - (2) 2009-2015
- Analysis of results Table 1:
 - (1) Quarterly growth rates in ECI were declining '01-'07
 - (2) Quarterly growth rates were increasing '09-'15

Table 1

ECI Regression Coefficients		
	2001-2007	2009-2015
Q1	-0.08	0.05
Q2	-0.08	0.05
Q3	-0.05	0.11
Q4	-0.01	0.12

Table 2

ECI Trend Regression Equations (yearly)		
	2001-2007	2009-2015
R-square	0.07	0.55
X-variable	-0.06	0.09
t-stat	-0.63	2.48

- Analysis of results Table 2:
 - (1) Annual ECI growth rates declining for '01-'07
 - (2) Annual ECI growth rates increasing '09-'15