LOCAL NEWS

Duke professor: Federal Reserve made 'serious error' for failing to act sooner as prices rise

Tags: inflation, coronavirus economy, recession, economy, Department of Labor, Federal Reserve

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By Matt Talhelm, WRAL reporter

Prices continue to increase for the things that families need most – among them housing, gas and groceries.

On Tuesday, the Labor Department announced that the consumer price index jump of 8.5% in March compared to a year earlier, marking the sharpest year-over-year increase since December 1981.

WRAL reporter Matt Talhelm went through some of his old grocery store receipts from a year ago. He found that a can of corn cost 49 cents a year ago whereas it costs 69 cents now. Also, a carton of eggs went from 69 cents to $1.29.

Duke Fuqua School finance professor Campbell Harvey said he believes the Federal Reserve and policymakers made a “serious error” in failing to act sooner.
Last month, the Federal Reserve raised interest rates by a quarter of a percentage point, marking the first increase since 2018.

“There’s still a lot of inflation to actually work through the system,” Harvey said. “This is not temporary. This is a multi-year problem that we’re facing.”

Harvey also voiced his concern about rising housing and gas prices.

In a March interview with WRAL News, Harvey warned of a potential recession in 2022 or 2023.

WRAL News and SurveyUSA released a scientific poll this week, asking some 2,500 North Carolinians whether they were optimistic or pessimistic about the economic outlook of their family over the next year. The poll found:

- 43% were optimistic
• 38% were pessimistic

• 19% weren’t sure

SurveyUSA’s scientific poll randomly selected 2,500 North Carolina adults who were polled from April 6-10. The polling firm conducted the interviews in several regions of North Carolina, including Charlotte and west, the Greensboro area, the Raleigh area, southern and coastal communities. Lucid Holdings LLC of New Orleans selected a random sample of participants.

Results have credibility intervals of plus or minus 2.7 percentage points.

Your Pie franchise owner Efrem Yates has three pizza locations throughout the Triangle. He said his stores have had to fluctuate pricing.

"We’ve been in this sort of sliding scale of pricing for some time now, and inflation almost feels like the latest in this market shift," Yates said.

Yates said he’s seen prices increase for cheese, chicken, pepperoni and beef.

"I don't foresee us moving prices anytime soon," Yates said.

On Tuesday, Marian Buis went grocery shopping for her family’s Easter meal.
“The kids are all coming in for Easter, so lots of foods I don’t normally buy,” she said.

Buis said she would settle on two sides for her family’s holiday weekend: rice and mashed potatoes.

“I was just sitting here thinking about the recession that’s coming,” Buis said. “I don’t see it getting any better.”
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