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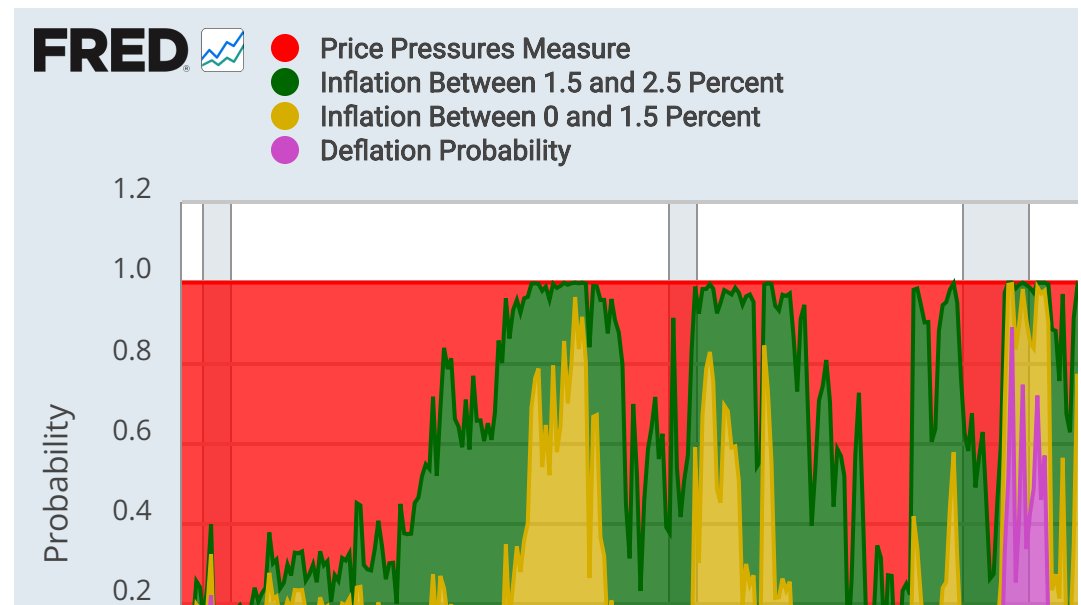
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The FRED® Blog

Four shades of inflation risk



Posted on February 1, 2016



The St. Louis Fed recently released a [price pressures measure](#) that calculates, among other things, the likelihood inflation will run above 2.5% over the next year. Related measures capture probabilities for deflation and lower inflation—between 0% and 1.5% and between 1.5% and 2.5%. By the way, the relevant index is not the consumer price index (CPI), but rather the personal consumption expenditures price index (PCEPI), which is used by the Federal Reserve for its 2% inflation target. Take a look at this [Economic Synopses](#) essay for more details.

In the graph above, we represent price pressures with a stacked graph. The series with the highest inflation is on top; in this case, green indicates the Fed is right where it wants to be in terms of inflation, red is too high, and yellow or pink is too low. The graph shows that, except for the period around the financial crisis, there has never been as much risk of deflation as now, even if the risk is still moderate. But there is also historically low risk of elevated inflation.



[CPI](#) **+3.5 %** Chg. from Yr. Ago
on Jun 2026

[Civ. Unemploy. Rate](#) **4.2 %**
on Jun 2026

[10-Yr. Treas. Rate](#) **4.55 %**
on 2026-07-17

[Real GDP](#) **+2.1 %**, Comp.
Annual Rate of Chg.
on Q1 2026

[IP](#) **+0.1 %** Chg. on Jun 2026

[Payroll Employment](#) **+57**
Chg., Thous. of Persons
on Jun 2026

[... and 845,000+ more series
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How this graph was created: Search for “price pressure” and select the four series. Under graph type, choose “Area” with stacking set to “Normal.” Then order the series so that deflation is at the bottom and inflation above 2.5% is at the top. Finally, replace FRED’s default colors if you prefer others.

Suggested by [Christian Zimmermann](#)

View on FRED, series used in this post: [STLPPM](#), [STLPPMDEF](#), [STLPPMLOW](#), [STLPPMMID](#)

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