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**TO: Senator English, Representative Cozart**  
**FROM: Richard Wilson**  
**DATE: September 28, 2020**  
**RE: Inflation Estimates**

**On August 11, 2020, I was invited to address the Joint Committee on Education in order to present inflationary estimates provided by Moody's Analytics and IHS Markit. Both subscription services advised that the Federal Reserve Open Market Committee (OMC) had set a target core inflation rate at 2% over the next few years, into and including 2025. The CPI-U estimates provided at that time suggest an annualized inflation rate of 2.0% to 2.2% could be expected over the biennial period beginning July 1, 2021. After reviewing updated inflation estimates, these two economic data subscription services continue to provide the OMC base target of 2% but have slightly increased the CPI-U range possibilities up to approximately 2.5%; the increased upper end of the range is expected during the second year of the biennium.**