

Table: North American Inflation – Puts and Takes

TIME PERIOD	POTENTIAL INFLATIONARY FORCES	POTENTIAL DISINFLATIONARY FORCES
Near-term	Adaptive inflation expectations Wage pressures Currency inflation (CAD), food inflation Used vehicles, Housing (Canada)	Supply chains normalizing Slowing economy/ tightening credit/ negative M2 growth . Falling commodity prices (ex-oil)
Med-term	Wage pressures Currency inflation (USD), Fiscal uncertainty, Housing (Canada)	Supply chain improvements Slowing economic conditions Tightening lending conditions Housing(U.S.)
Long-term	Green Infrastructure Deglobalization Lower workforce participation Onshoring manufacturing	Productivity growth Demographics Maturing emerging markets AI/Robotics

Sources: Morgan Stanley Research & Co. as of May 2023, FEDS notes (The Fed - Drivers of Post-pandemic Inflation in Selected Advanced Economies and Implications for the Outlook ([federalreserve.gov](https://www.federalreserve.gov)))