

# Economic Concerns to Keep an Eye on in 2022

Annacarloine Caruso, editorial associate

In 2020, the pandemic brought the global economy to a screeching halt. That, however, was followed by robust economic recovery in 2021, stronger than most had expected. As we start 2022, economic growth will likely continue in a positive direction. However, several factors have the potential to stunt the growth, according to a [Kellogg Insight article](#).

## Inflation and the Federal Reserve

It is still unclear if inflation is transitory and will subside in 2022, or if we are entering a prolonged period of rising prices. The Federal Reserve recently announced plans to stop its bond-buying program and raise interest rates in hopes of curbing inflation, but it is still uncertain if that will be enough.

“Inflation today is driven by complex factors, beyond disrupted supply chains and increased consumer spending,” the Kellogg Insight article reads. “One cannot understand current inflation without taking into account the growth in the U.S. money supply.”

## Omicron and other COVID Variants

As the Omicron variant spreads rapidly, economic concerns are intensifying. Omicron is amplifying issues already existing in the economy, like inflation, supply-chain disruptions and labor shortages. It is unclear how long the effects of Omicron will last, and if another high-transmissible variant will emerge.

“Because the proportion of unvaccinated people remains high, and given the weakening effects of the vaccines and the growth of new variants, Covid-19 cases continue to spike around the globe, creating new economic shocks, which will continue into 2022 and possibly even longer,” the article reads.

## Labor Shortages

According to [the latest Bureau of Labor Statistics report](#), more than 10 million jobs remain open, with only 6.7 million unemployed. This gap is due to several reasons, including an aging work population and changes in work mindset.

“If this imbalance persists, it will hurt productivity and, over time, undermine economic growth,” the article reads. “Against this backdrop, those who do change jobs are often able to secure higher pay, resulting in the recent largest increase in wages recorded over a 20-year period. These wage hikes are contributing to rising input costs causing companies to raise output prices, feeding the current inflation rate—itsself, an economic concern.”

## Supply-chain Disruptions

Supply chains have been a hot topic since the pandemic started, and the disruptions are not likely to resolve in 2022. Many businesses are now rethinking their supply-chain technology and are even considering bringing manufacturing closer to home in hopes to mitigate further disruptions. However, none of these solutions are quick fixes.

“Supply-chain problems now and in the future can hurt the economy by decreasing supplies and thereby escalating the cost of goods,” says Kellogg Insight.