Wharton professor Jeremy Siegel says he sees a stronger US economy ahead - and suggests investors should stop throwing temper tantrums over high inflation

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Jeremy Siegel. Steve Marcus/Reuters

Investors should stop being so vexed about US inflation because the economy is stronger than ever, according to Wharton professor Jeremy Siegel.

The veteran economist spoke after Tuesday's inflation report showed price pressures still remained stubbornly high. The US Consumer

Price Index rose 6.4% in January from a year earlier, just shy of December's annual change of 6.5%.

But that's not all bad news for Siegel. "It's less than one year since the Fed starting tightening," he stressed, in a CNBC interview on Tuesday. "We've had a lot of effect on prices in the first 12 months and people are all upset because it's not down to 2%," he continued, adding he's surprised by the level of impatience among investors.

Last year, the Federal Reserve embarked on an aggressive interest-rate campaign to cool decades-high inflation down to its 2% target. It has lifted its benchmark rate by 450 basis points since last March.

"This is a long process to be sure, and it's a process that the Fed has to let go through the market rather than stomping on it so much," Siegel added.

Siegel noted that lagged housing market data is what held up January's inflation reading. Shelter costs increased 7.9% last month from a year earlier, showing it was the largest contributor to the monthly all-items increase, according to the Bureau of Labor Statistics.

But home prices have started inching downward in recent months from their 2022 highs, according to the S&P CoreLogic Case-Shiller Home Price Index.

"I do see a stronger economy than I saw four weeks ago," Siegel said. He added that there's a higher chance of a "no landing" scenario than the Fed achieving a "soft landing," thanks to a strong US jobs report.

A "no landing" scenario implies the economy that can avoid a recession, but faces risks of further monetary policy tightening ahead.