

ECRI Supplement to MacroVoices Podcast

March 9, 2022

2020 Inflation Cycle Upturn Call

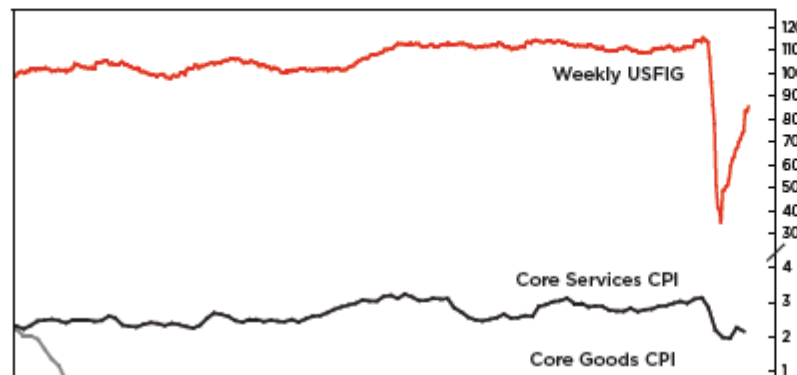
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U.S. Cyclical Outlook
ESSENTIALS

Inflation Pressures Turn Up

The Covid crisis has created a drove of dichotomies, including in inflation.

Starting to Simmer Though the recovery from recession is far from complete, U.S. inflation pressures are now in an unambiguous cyclical upswing. That is the clear message from ECRI's forward-looking indexes of inflation.

Chart 1: Weekly USFIG and CPI Growth by Category (%)



The Fed has promised to stay accommodative until inflation flares up *after* maximum employment is achieved, but the rub is what it would do if the sequence is reversed. An inflation cycle upturn can appear to create that dilemma.

September 2020

U.S. Cyclical Outlook Essentials

2021 Growth Rate Cycle Downturn Call

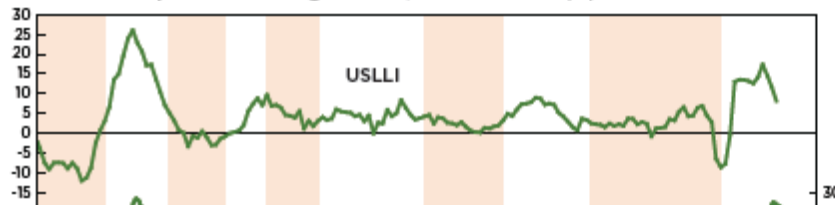
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Rising Risk of Slowing Growth

Inflation pressures continue to climb, according to our leading Inflation Indicators.

Caution Flags The risk that U.S. economic growth will start slowing soon has increased noticeably. That is the early indication from ECRI's sequential system of leading indexes, spearheaded by the U.S. Long Leading Index (USLLI).

Chart 1: Sequential Leading Indexes, Growth Rates (%)



May 2021

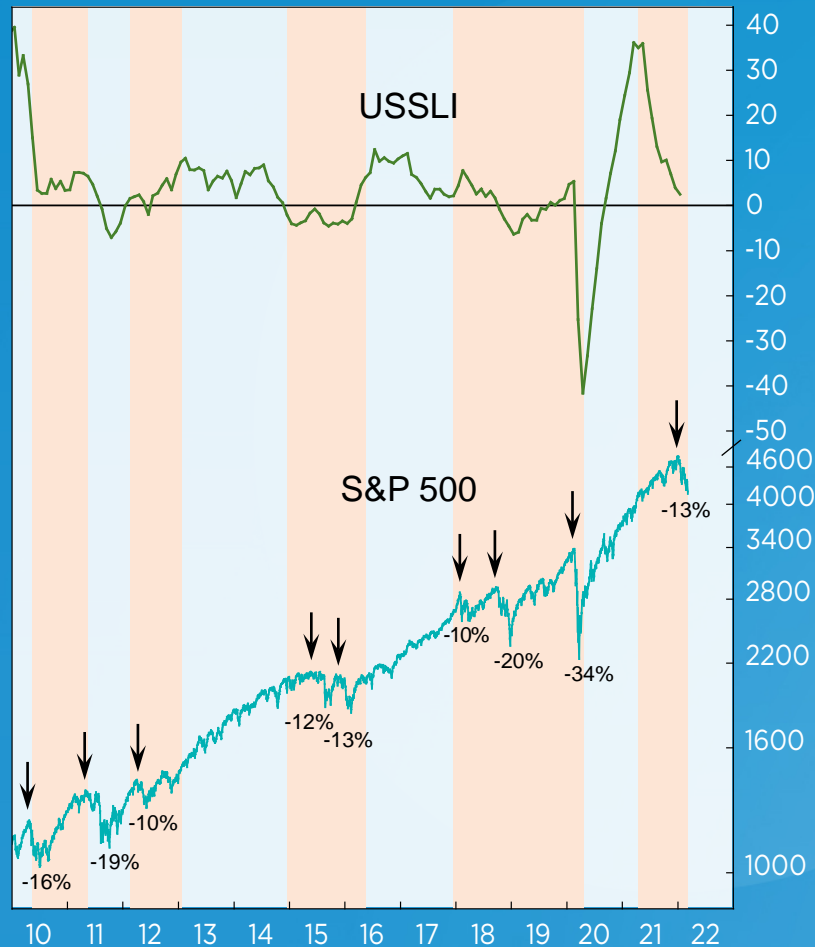
U.S. Cyclical Outlook Es

U.S. Coincident Index, Growth Rate (%)



After peaking at 15% last spring, USCI growth has fallen below 2% in its latest reading.

U.S. Short Leading Index Growth Rate (%) and S&P 500



**Stock market risk depends
on where we are in the
economic cycle.**

Shaded areas represent U.S. growth rate cycle downturns.

Thank you.

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