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## Two Measures for the Fed and Investors

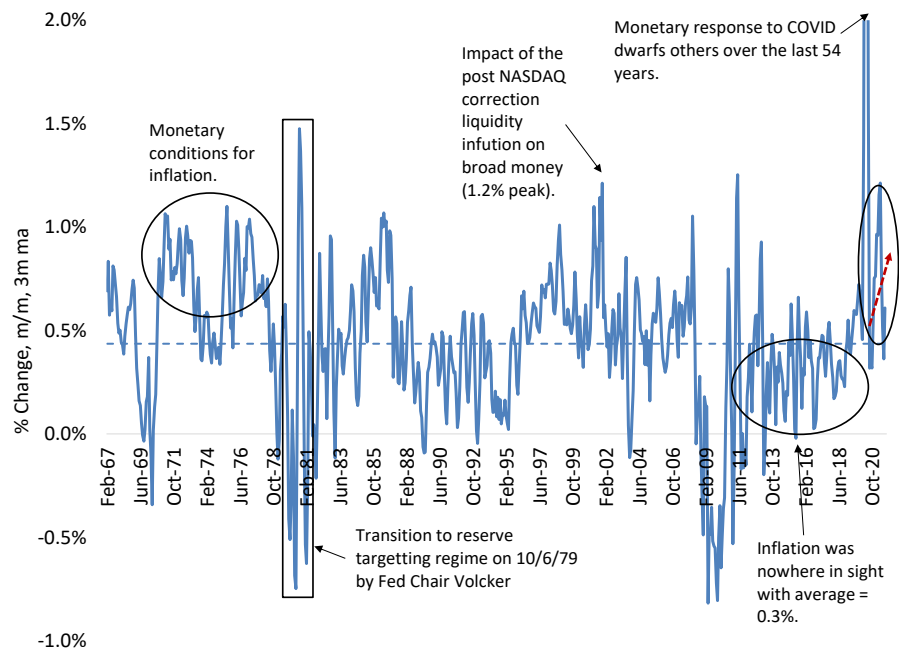
Lawrence Goodman

November 2, 2021

With inflation in excess of 5% in each of the last 5 months, two measures would have been helpful for the Fed and investors in prior months. To be sure, they should influence Fed and investor decisions going forward.

They include **Center for Financial Stability (CFS) Divisia M4-** and **global inflation diffusion indexes** that analyze price and expectation signals in 49 countries.

**Figure 1. Monthly monetary growth hit records and remains high, (CFS) Divisia M4-, seasonally adjusted**



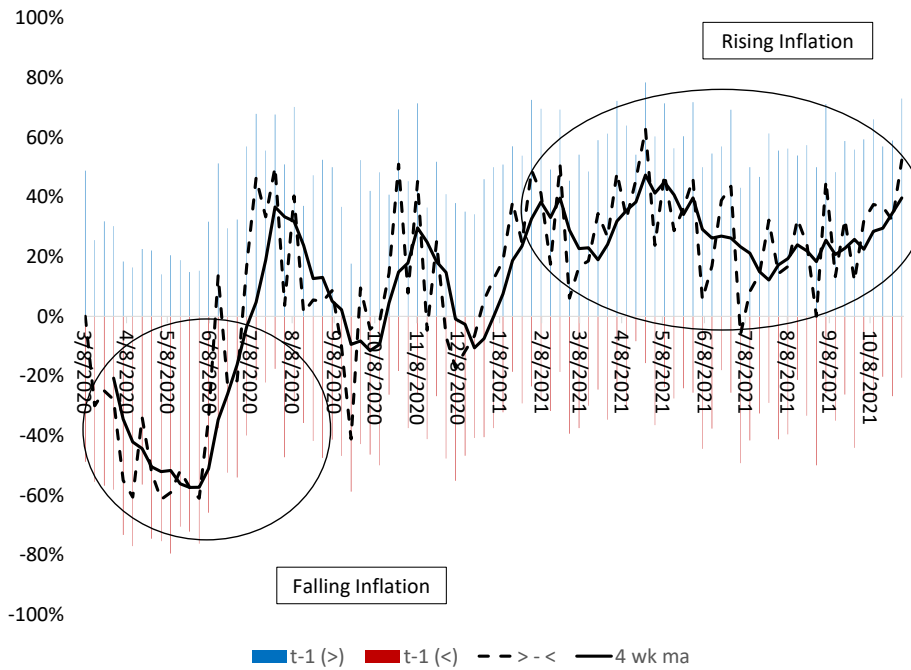
Source: Bloomberg LP and Center for Financial Stability.



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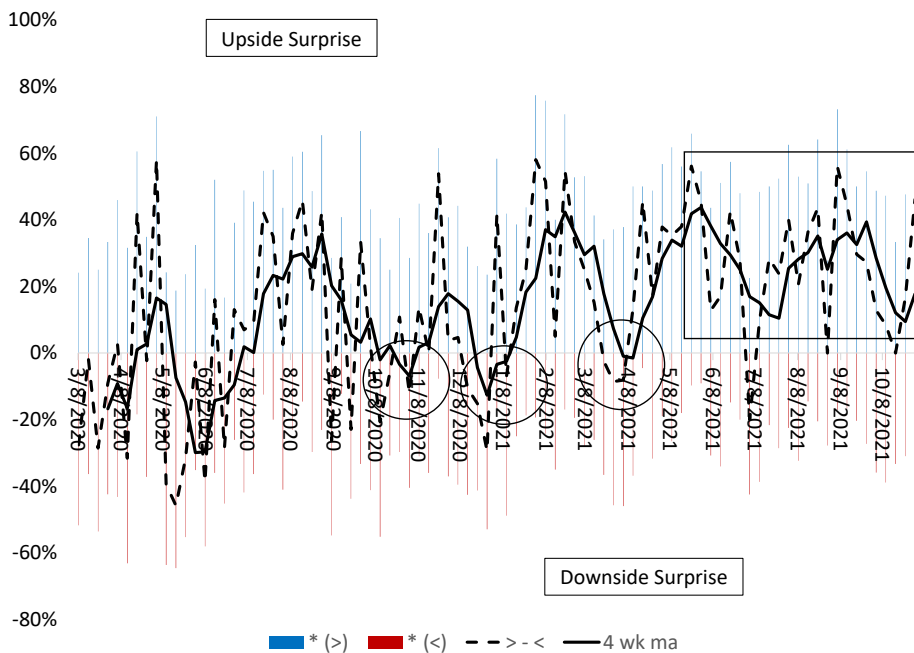
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**Figure 2. Diffusion Index of Every Inflation Release relative to Previous (through 10/31/21)**



Source: Bloomberg LP and Globalecon LLC.

**Figure 2. Diffusion Index of Every Inflation Release relative to Expectations (through 10/31/21)**



Source: Bloomberg LP and Globalecon LLC.



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