

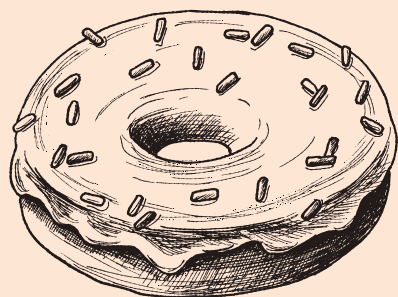
10 EVERYDAY ECONOMIC SIGNS

Is a recession on its way? Inflation, GDP growth, the housing market and employment stats are the traditional analysis tools cited in gauging the state of an economy. However, over the years the media – along with some economists striving to explain complex subjects more colorfully – have created some less technical economic health signs. In fact, you may not have to look beyond the package delivery person for signs of future economic ups and downs.



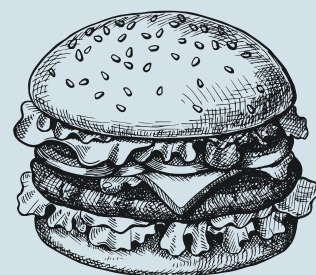
Goldilocks

Just like the popular children's story *Goldilocks and the three bears*, a Goldilocks market describes an economic state that is “just right” – warm, steady economic growth, but not too warm as to cause inflation.



Doughnut

An economic mindset that considers societal and environmental needs. The inner ring is society's needs – like housing, food and water; the outer ring is our ecological limits – like pollution and ozone depletion. Between the two is where we live and grow our economies.



Big Mac (index)

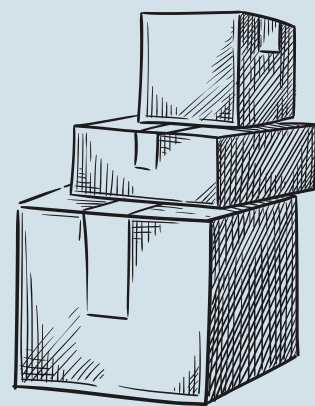
Invented by The Economist in the 80s, this is used as an informal way of measuring purchasing power parity between two currencies. Fast food giant McDonald's standardized Big Mac hamburger is sold globally. In theory, a Big Mac should cost the same regardless of country once the exchange rate has been considered. It can reflect which currencies are under or overvalued.



Men's underwear & lipstick

Both are measurements of economic sentiment. While underwear is considered a necessity (for most), when economic anxiety is high stereotypically men are said to be unlikely to buy new pairs. On the opposite side, when women face an uncertain economic environment, they may indulge in less expensive items, such as lipstick.

An increase in sales could indicate improving economic conditions – a return to discretionary spending.



Cardboard boxes

A gauge of consumer goods production. Cardboard boxes are often used for packing and shipping items. It's thought companies order more cardboard boxes because a larger number of goods are being manufactured.



Garbage

A measurement of economic growth. Simply put – the more people can afford, the more they throw away.



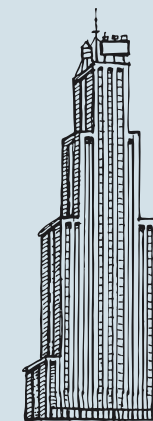
Champagne

A reference to market sentiment, this measure whether shoppers are buying luxury goods. Given the bubbly beverage is often consumed during times of joy and celebration, it is frequently associated with wealth.



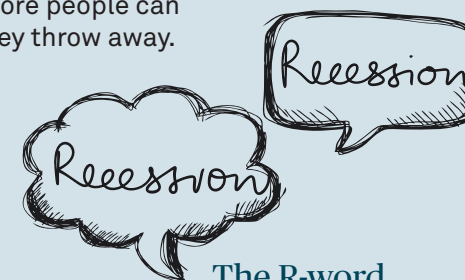
Baked beans

An indicator of a market recovery. Notice baked bean cans flying off supermarket shelves? Cash-strapped people may switch to canned food to save on their grocery bill. When sales dip, it could mean the tide is turning and people have more money to buy alternatives.



Skyscraper effect

A theory that the world's tallest buildings rise just before an economic downturn. That is because tall buildings are often started during an expansion and completed after the onset of a recession. For example, the Empire State Building was completed in 1931 – during the Great Depression.



The R-word

A trend indicator of a likely forthcoming recession. It could be a self-fulfilling prophecy, but the frequency of the word “recession” appearing in articles is thought to predict whether one is on the way.

Sources: US News & World Report. 9 Unusual economic indicators to watch. April 2020. Investopedia. Goldilocks economy definition, what makes it work. May 2021. Doughnut Economics Action Lab. About doughnut economics. Accessed July 2023.