U.S. Unemployment Leading Indicator

Sample Case Study

Use the Unemployment Leading Indicator to Forecast Periods of Economic Weakness in the U.S. Economy & Position to Avoid Major Market Drawdowns

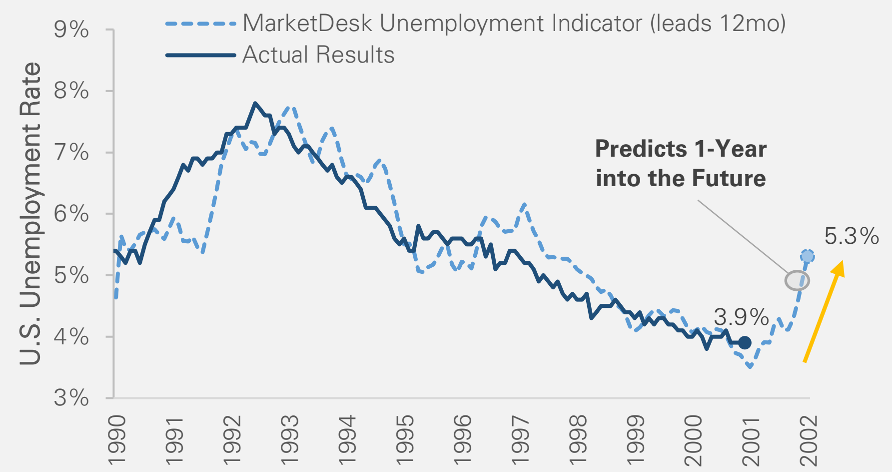
2000 – Forecasting Tech-Bubble Unemployment

Indicator's Forecast (December 2000): 5.3% Unemployment Rate in 12 months

Actual Results (December 2001): 5.7% Unemployment Rate (*see chart below*)

Market Performance: The S&P 500 Index declined -13%.

Key Takeaway: The indicator provided a 12-month lead time in forecasting a rise in the U.S. Unemployment Rate from 3.9% to 5.7%. The indicator's forecast also served as a warning signal showing deteriorating macro conditions, with the 2001 recession lasting from March 2001 to November 2001. This timely information allowed investors to proactively manage portfolio risk and increase defensive exposure.



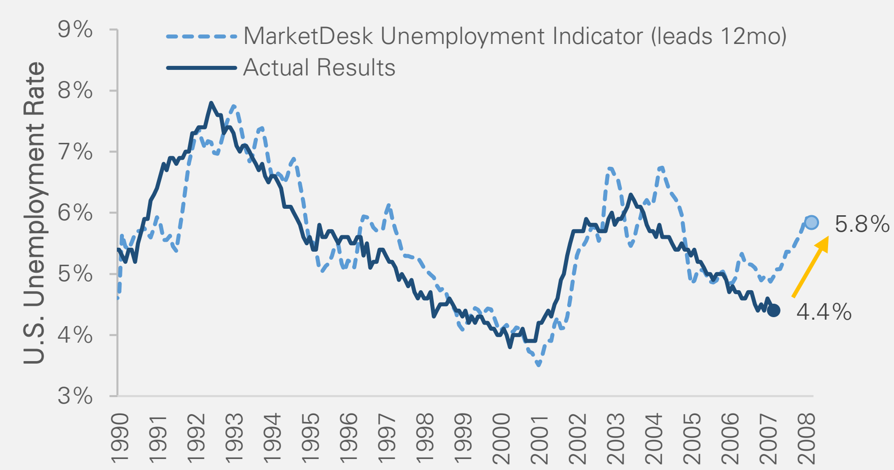
2007 – Forecasting Financial Crisis Unemployment

Indicator's Forecast (March 2007): 5.8% Unemployment Rate in 12 months

Actual Results (March 2008): 5.1% Unemployment Rate (*see chart below*)

Market Performance: The S&P 500 Index declined -7%, while the Russell 2000 Index lost -14%.

Key Takeaway: The indicator provided a 12-month lead time in forecasting a rise in the U.S. Unemployment Rate from 3.9% in 2007 to 5.1% in 2008. Like the 2000-2001 period discussed above, the indicator served as a warning signal of deteriorating macro conditions and the eventual 2008 financial crisis. This timely information allowed investors to proactively manage portfolio risk and increase defensive exposure.



What is the Indicator Forecasting for 2023/2024?

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