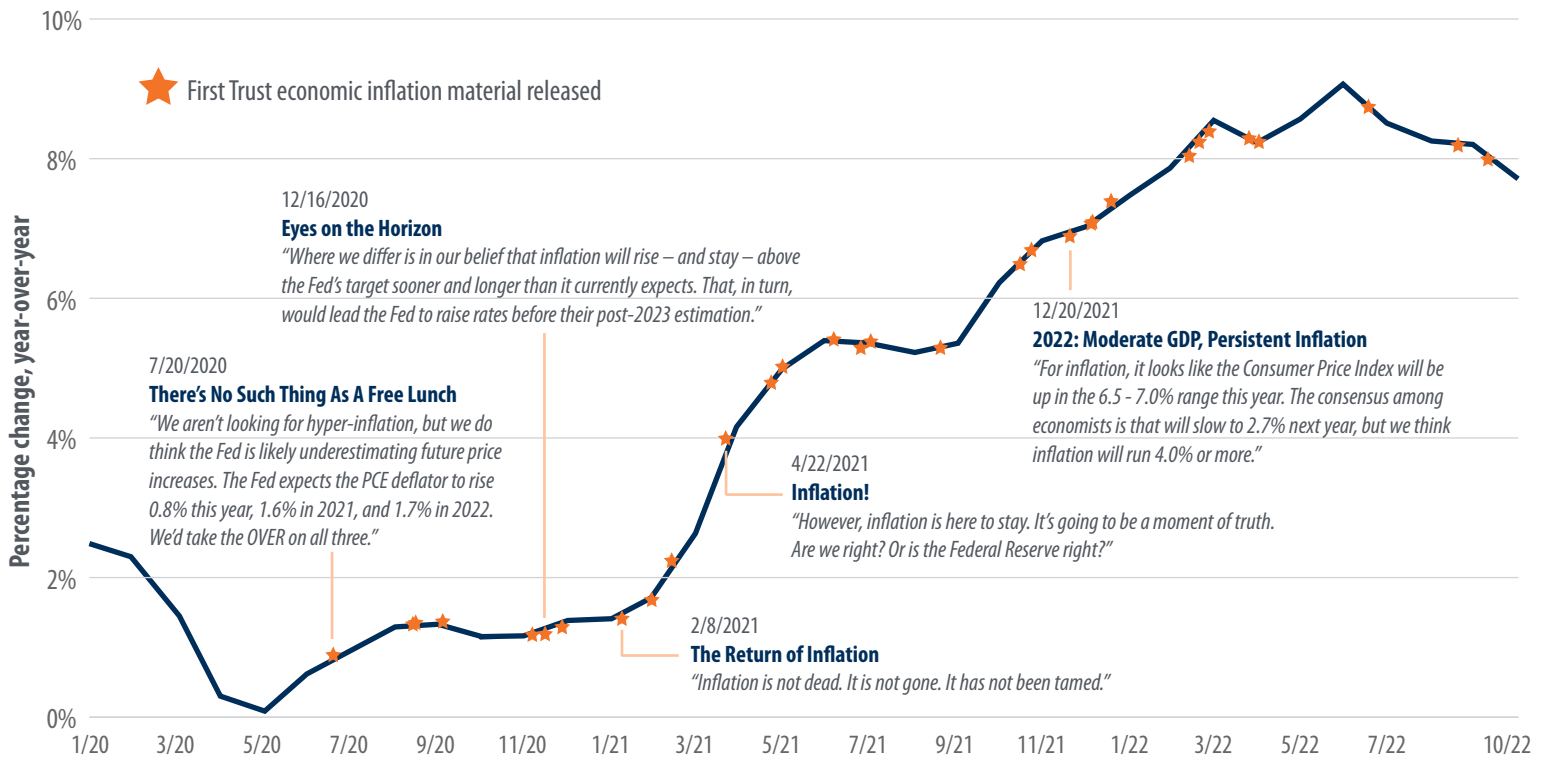


First Trust Economics

Talking (and Warning) About Inflation Since the Start

After 40 years without any serious inflation, it is here and it is virulent. Below is a compilation of more than two dozen pieces we have published over the past two years warning that too much money printing would lead to a serious increase in inflation. The drop in the value of money relative to goods and services shouldn't be a surprise to anyone.

US Consumer Price Index Year-Over-Year



Source: Bureau of Labor Statistics. Data from 1/30/20 - 10/31/22.

This report was prepared by First Trust Advisors L.P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

See next page for the full list of Inflation material

Click on the titles below to view the PDF

7/20/2020 [There's No Such Thing As A Free Lunch](#)

"We aren't looking for hyper-inflation, but we do think the Fed is likely underestimating future price increases. The Fed expects the PCE deflator to rise 0.8% this year, 1.6% in 2021, and 1.7% in 2022. We'd take the OVER on all three."

9/14/2020 [Inflation and the Fed](#)

"The Fed has embarked on a dangerous game. Let's hope it has not forgotten the hard lessons learned from the late 1960s through the early 1980s. For now, rates will stay low. But no country can print its way to prosperity, nothing is free. The stakes are very high."

9/16/2020 [Fed Determined to Stay Loose](#)

"[We believe] the Fed will end up raising rates earlier than it now thinks. The reason is that the M2 measure of the money supply has been growing at an extremely rapid pace, unlike in the aftermath of the Financial Crisis in 2008-09, and the federal government has taken measures (we think that will likely be extended) to support incomes in excess of the rebound in economic production. This is a recipe for faster inflation."

10/5/2020 [The Fed Gambles on Inflation](#)

12/7/2020 [2021: Robust Growth, Higher Inflation](#)

12/16/2020 [Eyes on the Horizon](#)

"Where we differ is in our belief that inflation will rise – and stay – above the Fed's target sooner and longer than it currently expects. That, in turn, would lead the Fed to raise rates before their post-2023 estimation."

12/28/2020 [Inflation, Debt, MMT, and Bitcoin](#)

2/8/2021 [The Return of Inflation](#)

"Inflation is not dead. It is not gone. It has not been tamed."

3/1/2021 [Powell Dismisses Uncle Milty](#)

"A Federal Reserve Chairman who casually dismisses the monetary lessons of Milton Friedman does so not only at his own peril but the country's."

3/15/2021 [Inflation and the Fed](#)

"Today's case for higher inflation is easy to understand. The M2 measure of the money supply is up about 25% from a year ago, the fastest year-to-year growth in the post-World War II era."

4/22/2021 [Inflation!](#)

"However, inflation is here to stay. It's going to be a moment of truth. Are we right? Or is the Federal Reserve right?"

5/24/2021 [A Question for the Fed](#)

6/1/2021 [Inflation Revisionism](#)

7/7/2021 [Inflation is NOT Transitory](#)

7/26/2021 [Inflation, Shutdowns, Spending](#)

"Those assuming inflation gets back to a roughly 2.0% trend in 2022 are in for a rude awakening."

8/2/2021 [The Seeds of Stagflation](#)

"The rise in inflation is what you get when the government implements an unprecedented level of stimulus to support incomes while implementing policies like shutdowns and overly generous unemployment insurance that stifle production."

9/20/2021 [Resist Inflation Complacency](#)

11/15/2021 [Inflation Returns](#)

11/23/2021 [Short-Term Gain! Long-Term Pain?](#)

12/20/2021 [2022: Moderate GDP, Persistent Inflation](#)

"For inflation, it looks like the Consumer Price Index will be up in the 6.5 - 7.0% range this year. The consensus among economists is that will slow to 2.7% next year, but we think inflation will run 4.0% or more."

1/4/2022 [Government Spending is Way Up, But That's Not What's Causing Inflation - Part 1](#)

1/5/2022 [Government Spending is Way Up, But That's Not What's Causing Inflation - Part 2](#)

1/18/2022 [Who Gets the Blame for Inflation](#)

"So, if it's not greed or government spending, by itself, then what is causing higher inflation? We think it's loose monetary policy. The M2 measure of the money supply has soared since COVID started."

3/14/2022 [It's the Money](#)

"The money supply is still growing rapidly and the Fed is just getting around to its first modest rate hike (most likely 25 basis points) later this week. It is nowhere close to being tight and tight it will have to get in order to tame the inflation it's unleashed."

3/21/2022 [What the Fed "Should" Do](#)

"The Fed is well behind the curve and – in spite of raising rates by 25 basis points last week – is only getting further behind in its fight against inflation. Yes, a higher target short-term rate is an improvement in policy. But that's because it is falling behind the inflation curve at a slower rate, not because it's actually catching up."

3/28/2022 [Inflation Games](#)

4/25/2022 [Focus on the Money, Not Rates](#)

"...the Fed no longer implements monetary policy [under a 'reserve scarcity' model]; the Fed now runs a policy of 'plentiful reserves,' and the Fed targets the interest rate it pays banks on those reserves. The money supply and the level of rates are now independent of each other."

5/2/2022 [Whipping Inflation](#)

7/18/2022 [Refocusing the Fed](#)

"Raising interest rates, by itself, will not stop this inflation. The way to stop [inflation] is by slowing growth in M2 to a low enough rate, for long enough, to allow the economy to absorb the excess money."

9/19/2022 [Will Higher Interest Rates Tame Inflation?](#)

10/10/2022 [Reports: Solid Growth, Persistent Inflation](#)

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