

JUMPSTART

Lipstick Index, Hemline Index and More: 5 Strange Economic Indicators to Watch Out for during Inflation



By Kamyia Pandey

JUMPSTART

States have seen a rise in the prices of goods and services. These rising prices not only spell trouble for the general public but also pose a significant challenge to businesses, which now have to find ways to deal with rising raw material costs to [avoid](#) losing customers.

Naturally, knowing the signs of a financial crisis before the high prices set in can help both businesses and the average Joe better prepare for inflation. With that in mind, here is a list of five unconventional economic indicators to watch out for so that you can sail through inflation with ease.

The lipstick index

In times of economic downturn, people often turn to indulgent items as a way to cope. One example of this is the lipstick index, a phenomenon first [coined](#) by American billionaire and the heir to Estée Lauder, Leonard Lauder. This index tracks the sales of makeup, particularly lipsticks, during periods of economic distress. History has shown that the lipstick index has played out on several occasions, with makeup sales surging during the Great Depression between 1929 and 1933 as well as the 2008 recession.

Today, as the world grapples with the effects of inflation, the Lipstick Index is once again making headlines. During the [current inflation period](#), makeup sales in the U.S. are up 20%, while skincare is increased by 12%, fragrance by 15% and hair care by 28%. While some might see this as a frivolous trend, it is worth noting that the Lipstick Index has historically been a reliable indicator of economic distress.

The buttered popcorn index

Despite economic distress, people tend to turn to movies as an escape, leading to a surge in the film industry. This is where the buttered popcorn index comes into play. This index suggests that when people are going through financial hardship, they try to [escape](#) to the world of fiction, leading to an increase in the success of the film industry regardless of the quality of films being put out.

JUMPSTART

reaching [INR12,515 crore](#) (over US\$15 million).

The hemline index

The hemline index is one of the oldest economic indicators in this category. It suggests that the [higher](#) the hemlines of women's skirts and dresses, the healthier the economy. The hemline index was first introduced by American economist George Taylor in the [1920s](#) and has since become a popular, albeit unconventional, economic barometer.

While the correlation between hemlines and the economy is [not direct](#), Taylor's research [implied](#) that when the economy was thriving, women's skirts would be shorter to show off their hosiery. When the going got rough, skirts would be made longer so that women wouldn't have to invest in stockings.

In the roaring twenties, hemlines did rise only to come back down during the Great Depression. Similarly, in 2012 Business Insider [measured](#) hemlines during New York Fashion Week and found that they were getting shorter, three years after the 2008 recession.

Despite the index's shortcomings, such as the lack of a correlation and being limited to women's fashion, it has been used by many to gauge the economy's health. During this inflationary cycle, InStyle magazine [declared](#) 2022 as the year of the maxi skirt, with renowned designers such as Chanel and Dior making them a part of their collection. Similarly, social media influencer Emma Chamberlin has [popularized](#) the midi skirt by making it a part of her summer uniform.

The guns to caviar index

The guns to caviar index [compares](#) the amount of money spent on fighter jets versus private jets. Through this, it observes the relative anxiety among world governments to the level of elation among the global elite.

The index was [created](#) by Richard Aboulafia of the market analysis firm Teal Group. It has proven to be accurate, particularly during the Cold War period when defense spending far outweighed private jet

JUMPSTART

travel for their CEOs and chairpersons in 2021. However, there is a potential dark cloud on the horizon: As of January this year, the U.S. has begun working on a flight of F-53 fighter jets, which could cost the country [US\\$1.3 trillion](#) over the course of the jet's lifetime.

The men's underwear index

The final indicator to watch out for is the men's underwear index. This index was created by former Federal Reserve Chairman Alan Greenspan. Greenspan theorized that men's underwear is a non-luxury item and its sales are [usually stable](#), making any drop in sales a signal of an economic downturn.

The accuracy of this metric can be proven by that men's underwear sales went down from [2007-2009](#), around the time of the 2008 recession, only to regain stability in 2010. More recently, researchers at the location data provider company Unacast studied foot traffic at popular underwear brands Tommy Hilfiger and Calvin Klein between 2019 and 2022, finding a [slight downward trend](#) in foot traffic. However, this data might not be entirely helpful particularly due to the two brands selling other products as well and the rise of online shopping.

Are these indicators accurate?

While these indicators do offer some insight into the health of an economy, they shouldn't be relied upon solely to inform investment decisions as each index has its own biases and limitations. When discussing the correlation between the hemline index and the popularity of midi and maxi skirts, we cannot overlook that a [major trend](#) this year is the micro mini skirt popularized by the designer brand Miu Miu. Similarly, there might be inaccuracies in the buttered popcorn index, given the rise in popularity of streaming services. According to a poll conducted by consumer trend analysis company Civic Science, [56%](#) of Americans who voted said they preferred to stream at home.

Similar discrepancies could be present in the other indexes as well. Hence, we need to [study a particular market](#) in great detail to understand the direction in which the prices are headed and why so when making long-term investment decisions.

JUMPSTART

- [Warren Buffett’s Top Companies to Invest in during Inflation](#)
- [What Is “Shrinkflation” and Why Opting For It Isn’t Companies’ Only Choice](#)

Header image courtesy of Freepik

Entrepreneur Basics

Features

Others

Startup Toolkit

SHARE THIS STORY



About Kamyia Pandey

Kamyia is a writer at Jumpstart. She is obsessed with podcasts, films, everything horror-related, and art.

RELATED POSTS

15 Real-World Examples of AI Solving Complex Problems Across Industries Today

AI isn’t just thinking ahead—it’s reshaping everything from your health check-ups to disaster forecasts. Artificial Intelligence (AI) is no longer just a buzzword—it’s actively reshaping

April 18, 2025

JUMPSTART

Silicon Valley thing. Japan, traditionally known for its large corporations and cautious business environment,

April 17, 2025

Time in Style: The Best Luxury Watch Brands in India

Where luxury meets artistry on your wrist—discover popular watch brands in India. Luxury timepieces have long been associated with status and sophistication. In India, the

April 16, 2025

[Press Release] Inaugural GITEX ASIA x Ai Everything Singapore Converges Global Tech Ecosystem To Unlock SEA's US\$1 Trillion Digital Economy Potential

Singapore – 14 April, 2025: Southeast Asia's (SEA) digital economy is thriving, rapidly growing year-on-year through accelerated digital adoption and government-backed investments. With the World

April 16, 2025

The GenAI Revolution in Entertainment: Creativity Meets Code

The content is artificial but the creativity is real! Generative AI or simply GenAI is a type of AI that can create new content that

April 15, 2025

JUMPSTART

Meet the innovators reshaping tomorrow at the HKTDC Electronics Fair (Spring Edition) 2025! The HKTDC Hong Kong

April 14, 2025

SIGN UP FOR JUMPSTART'S WEEKLY NEWSLETTER

For upcoming news,
opportunities, giveaways and more!

Enter Email Address

SUBSCRIBE

JUMPSTART



ABOUT US

[Careers](#)

[About Us](#)

POLICIES

[Privacy Policy](#)

[Terms and Conditions](#)

WORKING WITH US

[Contact Us](#)

[Advertise](#)