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The Hemline Index

September 13, 2010 11:30am by Barry Ritholtz (<https://ritholtz.com/author/ritholtz/>)

With NY Fashion Week (<http://www.mbfashionweek.com/home>) over, perhaps its time to take a look the hemline index, which we last looked at in June (<http://www.ritholtz.com/blog/2010/06/the-hemline-indicator-flashes-bearish/>).

Here is the math behind the psychology, via Baardwijk & Franses of the Econometric Institute:

“Urban legend has it that the hemline is correlated with the economy. In times of decline, the hemline moves towards the floor (decreases), and when the economy is booming, skirts get shorter and the hemline increases. We collected monthly data on the hemline, for 1921-2009, and evaluate these against the NBER chronology of the economic cycle.

The main finding is that the urban legend holds true but with a time lag of about three years. Hence, the current economic crisis predicts ankle length shirts around 2011 and 2012.”

Intriguing.

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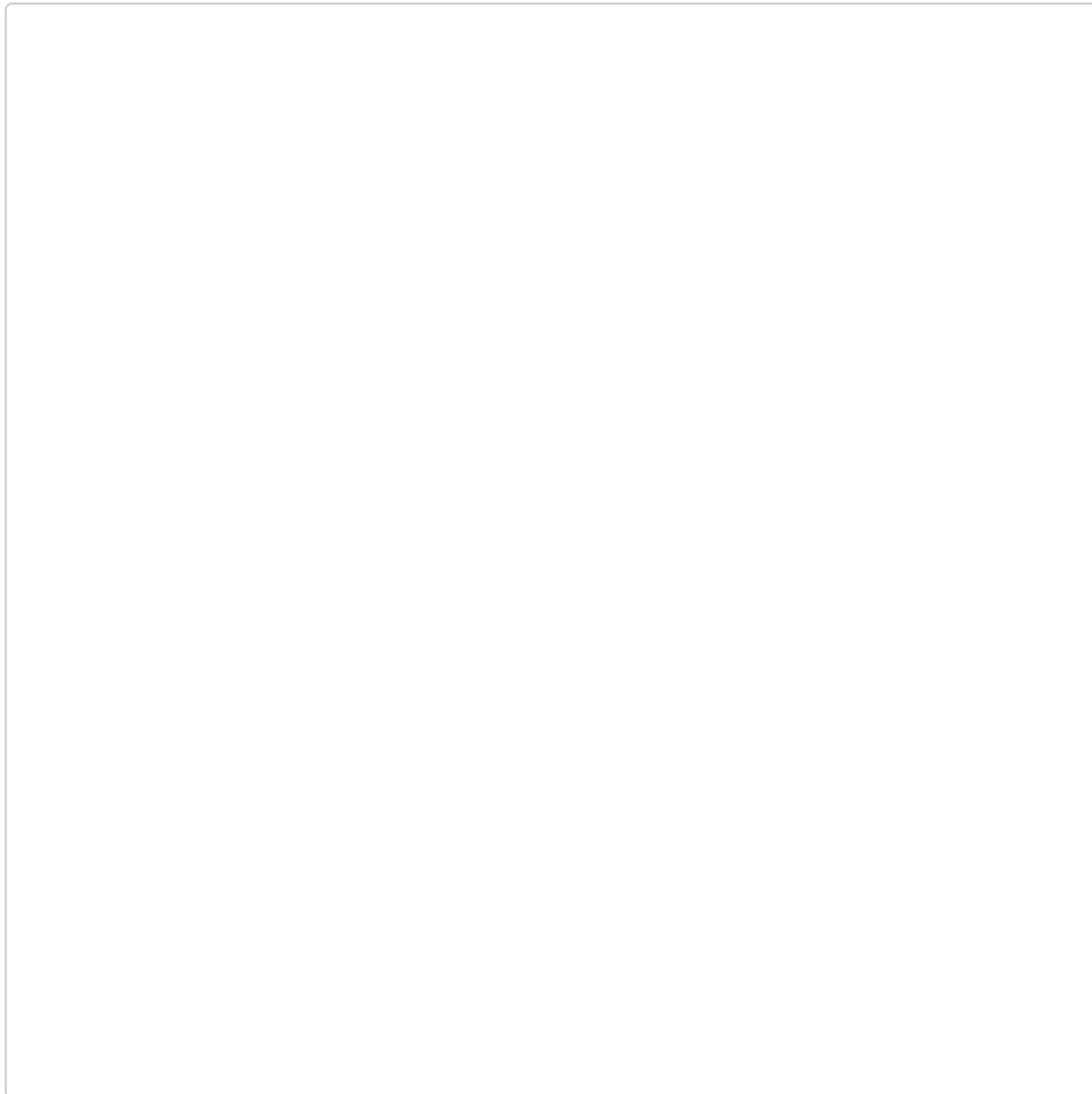
click for larger charts



(<http://www.ritholtz.com/blog/wp-content/uploads/2010/09/Hemline-1-.jpg>)

Source: THE ECONOMICS OF HEMLINES AND CLEAVAGES

(<http://www.entrepreneuromics.net/theeconomicsofhemlines.html>)



(http://www.ritholtz.com/blog/wp-content/uploads/2010/06/tracking_the_hemlines1.jpg)

Source: Alan Shaw, technical analysis group, Smith Barney via James Bianco

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(If anyone has a better version of this graphic, please let me know)

Source:

The hemline and the economy: is there any match?

(<http://publishing.eur.nl/ir/repub/asset/20147/EI%202010-40.pdf>)

Marjolein van Baardwijk, Philip Hans Franses

Econometric Institute Report 2010-40 June 27 2010

<http://publishing.eur.nl/ir/repub/asset/20147/EI%202010-40.pdf>

See also:

A Hemline Index, Updated

(<http://www.nytimes.com/2008/10/19/weekinreview/19lewin.html>) (October 18,

2008)

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