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Hemline Index Actually Works! Just Not the Way You Thought

YIFAN YU · Follow

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The New York Fashion Week recently wrapped up its fall-winter 2016 runway shows. Plenty are talking are about the new fashion trends brought by Fashion Week, but few pay attention to the hemline. It makes sense: we are not in 1920s anymore, no one cares whether the dress is long or short.

Models present dresses in DCU Fashion Show on March 6,2008 (Sebastian Dooris via Flickr)

It seems like another disproof to the famous "hemline index theory" presented by economist George Taylor in 1926, a theory that draws an anecdotal connection between economic prosperity and shorter skirt lengths. Attention: the economic cycle predicts the hemline, not vice versa.

Believe it or not, the hemline index actually works: it just doesn't work the way most people think. You can't blame George Taylor if you fail to predict the economy based on skirt hems, which is not what the hemline index is about in the first place.

In 2010, Marjolein van Baardwijk and Philip Hans Franses conducted a quantitative analysis on monthly hemline data from 1921 to 2009. Their research verified that the economic cycle leads hemline by about three or four years, which proved "the poor economic times make the hemlines to decrease, and that prosperity is correlated with a reduced hemline (more miniskirts)."

That might explain why the great recession of 2008 didn't stop the trend of shorter skirt immediately. According to an analysis conducted by Business Insider in 2012, New York designers showed shorter skirts and dresses for fall 2012, compared with those they showed for fall 2011. But later on in 2013, the hemline started to plunge and the mid-length skirt became the new hemline. So don't panic if the fashion industry still shows favor to the ankle length dress, it might just be a slow reaction to the economy's recovery.

Bernard Baumohl, the chief global economist of the Economic Outlook Group, was not surprised by the correlation between hemlines and the macro-economy. "When the economy goes down, people will have less discretionary income to spend on unnecessary cloth. More women have to go back to work and need to look more professional in the office so they tend to buy dresses with longer hemline," Baumohl said.

The hemline index has been proven to hold true by research, but Baumohl doesn't find it as relevant as back in 1920s due to the fact that manufacturing is no longer a big portion of U.S. economy, and designers today generally don't set standard hemlines anymore. "People keep talking about hemline index because it's quirky, unorthodox and understandable for ordinary people, which makes it a good choice for pub conversations," Baumohl said.

There are plenty of other more important and relevant economic indicators to talk about though. "I would recommend real dispensable personal income index, employment indicator and consumer confidence as three leading indicators you can look at," Baumohl added.

Although the correlation between the economy and the hemline has been verified, it wouldn't be a great idea to presume the same relationship between the stock market and the hemline.

Michael Sincere, author of the best-selling book *All About Market Indicators* and a long-term trader, thinks the hemline indicator is a joke. If you want to invest in the fashion industry, he suggests, instead of relying on the hemline index, it's better to watch shoppers or analyze clothing prices, or just acquire a fashion company's revenue record.

"I will not base any of my investment decision on hemline index anyway," Sincere concluded.

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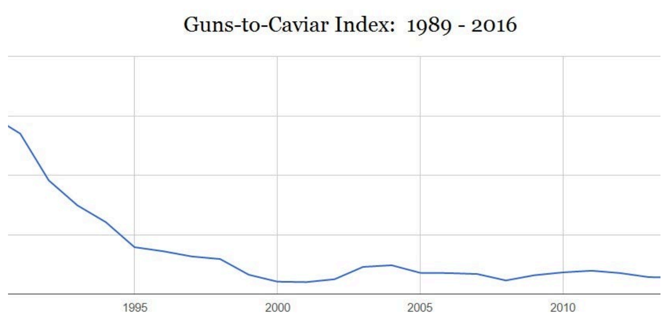

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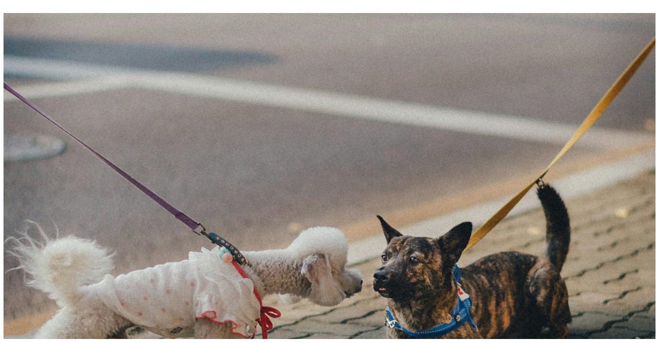

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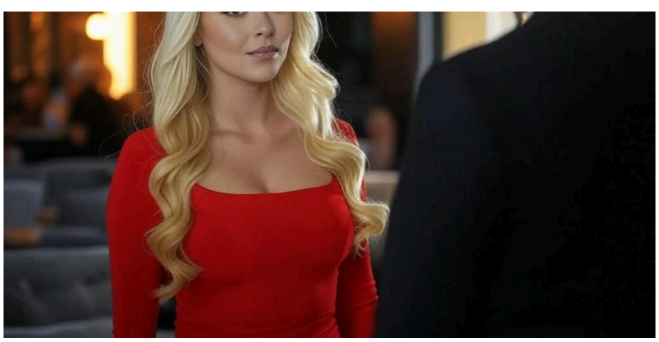

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