

Purchasing Power of the U.S. Dollar

1980 - 2023

- America entered the 1980s in the midst of Paul Volcker and the Federal Reserve lifting interest rates to combat double-digit inflation. This painful but necessary tightening of monetary policy served to bring inflation back down.
- From an average annualized pace of 7.4% in the 1970s, inflation averaged 5.1% in the 1980s, 2.9% in the 1990s, 2.6% in the 2000s, and averaged less than 2% (1.7%) in the 2010s.
- While the timeline displayed over this chart primarily saw inflation in the 2-3% range, the impact of inflation compounds over time.
- From the start of 1980, the purchasing power of a dollar fell more than 73% by the end of 2023.
- We believe investors should always consider the impact of inflation on returns over time.

VALUE OF THE U.S. DOLLAR



Source: U.S. Bureau of Labor Statistics (BLS), First Trust Advisors L.P. The U.S. dollar is measured by year-over-year change in CPI-U. This chart is for illustrative purposes only and not indicative of any actual investment.

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