

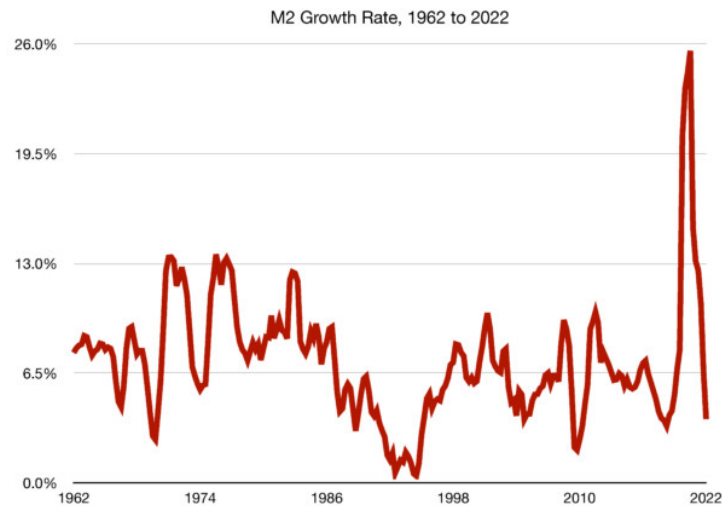
## The Hidden Contribution to Inflation - Monetary Policy

The Fed has increased interest rates by 3% over 3 months, the largest increase since 1982, as a response to the highest inflation in over 40 years. The root of this inflation, in many economists' eyes, is the historic growth of M2 stock over the pandemic and global turmoil. A barometer of inflation, the money supply (M2), has been expanding significantly since the pandemic began in 2020 with an increase of 26% in 2020-2021, the largest single-year jump in the money supply since 1943.

Money supply and inflation correspond significantly to each other, with large increases in the money supply tending to result in heightened inflation. With the U.S. money supply's recent spike, inflation has begun to rise, with inflation reaching 9% in June of this year.

To combat this inflationary pressure, the Fed has constrained M2 growth, with the inflation rate even surpassing M2 growth in the second quarter of 2022 when inflation reached upwards of 9%. This constraint on M2 has contributed to the emergence of a recessionary environment, as evidenced by two consecutive quarters of negative GDP growth. Yet, inflation remains at 40-year highs, having measured in at 8.2% recently, just a 0.8% fall from this year's highs. The Fed hopes to bring inflation down further by continuing to increase short-term interest rates, yet may pivot soon as immense political pressure mounts on the central bank.

Sources: U.S. Bureau of Labor Statistics, Board of Governors of the Federal Reserve System, Federal Reserve Bank of St. Louis



**PlanRock offers investment due diligence services for Investment professionals. PlanRock offers Exchange Traded Funds on the New York Stock Exchange. See prospectus for more details.** Please contact 800-677-6025 or go to [www.PlanRock.com](http://www.PlanRock.com) for more information about how we can help you reach your goals.

© PlanRock Investments, LLC. The content above is available for use only by authorized subscribers, clients and where permissible as such. This content is not authorized for resale. Past performance does not guarantee future results. The sources we use are believed to be reliable, but their accuracy is not guaranteed.