

Low But Rising Inflation is Good for Equities

[Listen](#) as President and Co-CIO, Kim Shannon, explains what a low but rising inflation rate could mean for equities.

Inflation (YoY change in CPI) vs. S&P 500 YoY Price Returns, 1928–2013

Inflation Range	S&P 500 Average Return	S&P 500 Median Return	Probability of Negative Returns
-11% to 1%	3.7%	6.5%	45%
1% to 2%	13.1%	13.6%	22%
2% to 3%	10.9%	10.3%	18%
3% to 5%	8.4%	8.4%	26%
5% to 20%	1.5%	-1.0%	51%

Source: BLS, S&P, BofA Merrill Lynch US Equity & US Quant Strategy. Note: Inflation ranges based on segmenting YoY CPI changes into quintiles. Indices are unmanaged and cannot be directly invested into.

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