

ANATOMY OF OUR RECOVERY

WEB BUZZ 2010.10.04

Same time comparison of this recovery vs. the past two

1. GDP was up 5.3% and 5.7% at this point in the last two cycles, and is now down 1.3%
2. New home sales were down 8% and up 31%; now down 42%.
3. Industrial production was up 3% and 1%; now down 7%.
4. Retail sales were up 9% and 12%; now down 4%.
5. Payroll employment was flat and down 2%; now down 5%.
6. Personal income was up 11% and 7%; now up 2%.
7. New orders for durable goods were up 5% and 6%; now down 22%.
8. Initial weekly unemployment claims were down 5% and 9%; now up 34%.

Above adapted from Comstock Partners, Inc.

It is difficult for us to understand how most economists continue to consider this recovery to be normal. Since World War II, we have not experienced post recession activity anywhere near as weak as this. Barring some exceptional business breakthrough, we fail to see where the engine of future growth will come from. At this point in time we seem to have a permanent unemployed class and a public policy that keeps it that way. Things will get better, but I wouldn't hold my breath.