

BUSINESS CYCLE DEVELOPMENTS

- The *BEA's* politicalized GDP numbers reflect declining growth, because they include government spending, which has been excessive, due to the six \$12T stimulation packages that have appeared over a short 33 months – starting with The Cares Act and ending with The Omnibus Spending Bill. However, it's been 21 months since the Omnibus Spending Bill, so with little genuine growth and no stimmy's, it's obvious why GDP growth is weak.
- As pointed out in previous updates, the Fed's *Total Industrial Production* has turned higher since January 2024, which is more objective of true growth than the *BEA's* data. However, in an election year it's typical for the incumbent party, along with the media, to call for stimulation (i.e. Fed easing) and ignore real growth in output. To add further argument for growth – for countries that politicize their growth numbers – we can look to utility output, which has turned positive in April 2024. Or, there's *Industrial Production: Gross Value of Products: Final Products and Nonindustrial Supplies*, which also turned higher in January 2024.

| TROUGH IN OUTPUT TO THE LOW IN COMMODITY PRICES | | |
|---|---|---|
| INDUSTRIAL PRODUCTION & COMMODITY PRICES (CRB - Spot Prices Raw Materials) | | |
| Business Cycle Trough | Commodity Prices Trough | Leads (-) / Lags (+): BCT to CRB |
| 4/58 sd/r | 4/58 | -0- |
| 2/61 r | 11/60 | +3 mo |
| n/a | 6/63 | n/a |
| 7/67 sd | 7/68 | -12 mo |
| 11/70 r | 7/71 | -8 mo |
| 5/75 r | 7/75 | -2 mo |
| 7/80 sd/r | 6/80 | -1 mo |
| 12/82 r | 12/82 | -0- |
| 7/85 sd | 8/86 | -13 mo |
| 7/89 sd | 1/90 | -6 mo |
| 3/91 r | 9/93 | -30 mo |
| 1/96 sd | 2/96 | -1 mo |
| 11/01 sd/r | 1/02 | -2 mo |
| | The CRB climbed 74 months until 3/08 – up +148% | |
| | Pre bailout/Covid stimulus Avg. | -6 mo (+/-6) |
| | Post WTO Stimulus period 2001 to 2024 Avg. | - |
| 8/03 sd | n/a | - |
| 11/06 sd | n/a | - |
| 6/09 sd/r | 12/08 | +6 mo |
| 2/11 sd | 7/10 | +7 mo |
| 10/12 sd | 7/12 | +3 mo |
| 2/14 sd | n/a | - |
| 3/16 sd/r * | 12/15 | +3 mo |
| 10/19 sd | 10/19 | -0- |
| 4/20 r | 4/20 | -0- |
| 12/22 sd | 10/22 | +2 mo |
| 1/24 sd | 12/23 | +1 mo |

sd: slowdown; r: recession. * NBER didn't declare the 3/16 decline a recession and may not, but output fell -5.2%, which is easily a recession level decline.

- Lastly, there's the *CRB Index* (above), it's been climbing since December 2023. It moves in tandem with output and points to current US real growth. The patterns are different but consistent: Before China entered the *WTO* (2001) and the US tendency for bailouts, the *CRB* lagged output. Post 2001, the patterns flipped due to the big buyer and the bailouts, which triggered buying of real assets sooner.