John Williams'
Shadow Government Statistics
Analysis Behind and Beyond Government Economic Reporting

COMMENTARY NUMBER 868
January 2017 New Orders for Durable Goods

February 27, 2017

Aggregate, Inflation-Adjusted Real New Orders for Durable Goods
Rose Month-to-Month but Fell Year-to-Year

Ex-Commercial Aircraft, Real Orders
Were Unchanged for the Month but Rose Year-to-Year

Real Orders Confirmed Ongoing Patterns of Low-Level Economic Stagnation

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PLEASE NOTE: The next regular Commentary, *scheduled for tomorrow, Tuesday, February 28th will review the second-estimate of, first-revision to Fourth-Quarter 2016 GDP, along with the GAAP-accounting analysis of the U.S. Government's 2016 finances.*

Best wishes to all — John Williams

OPENING COMMENTS AND EXECUTIVE SUMMARY

January New Orders Confirmed the Pattern of Non-Recovering Economic Stagnation. Further to potential signals of a second bottoming in business activity, in the context of the economic collapse into 2009 discussed in prior *General Commentary No. 867*, the headline positive year-to-year change in real new orders for durable goods, ex-commercial aircraft, would be suggestive of such a bottoming, but for the headline-inflation-quality issues. Discussed and graphed in the *Executive Summary*, the understatement of the headline durable goods inflation used in deflating the new-orders series has had the effect of overstating real annual growth by about two percentage points. Corrected for that, the broad series effectively has been flat to down-trending since a small rebound into 2011, coming out of the 2009 trough of the economic crash. Stagnating at a low level of activity, the series never recovered its pre-recession high, and that pattern continues. As a leading indicator to industrial production, the activity in orders suggests continued headline stagnation, particularly in the manufacturing sector, which also formally never recovered its pre-recession high, and which likely will suffer some downside historical revisions in its annual benchmarking of March 31st.

Today's *Commentary* (February 27th). In today's relatively brief *Commentary*, the *Opening Comments* and *Executive Summary* review the headline reporting of the January 2017 New Orders for Durable Goods, with extended coverage in the *Reporting Detail*.

The *Week, Month and Year Ahead* section updates the preview of tomorrow's second estimate of fourth-quarter 2016 GDP.

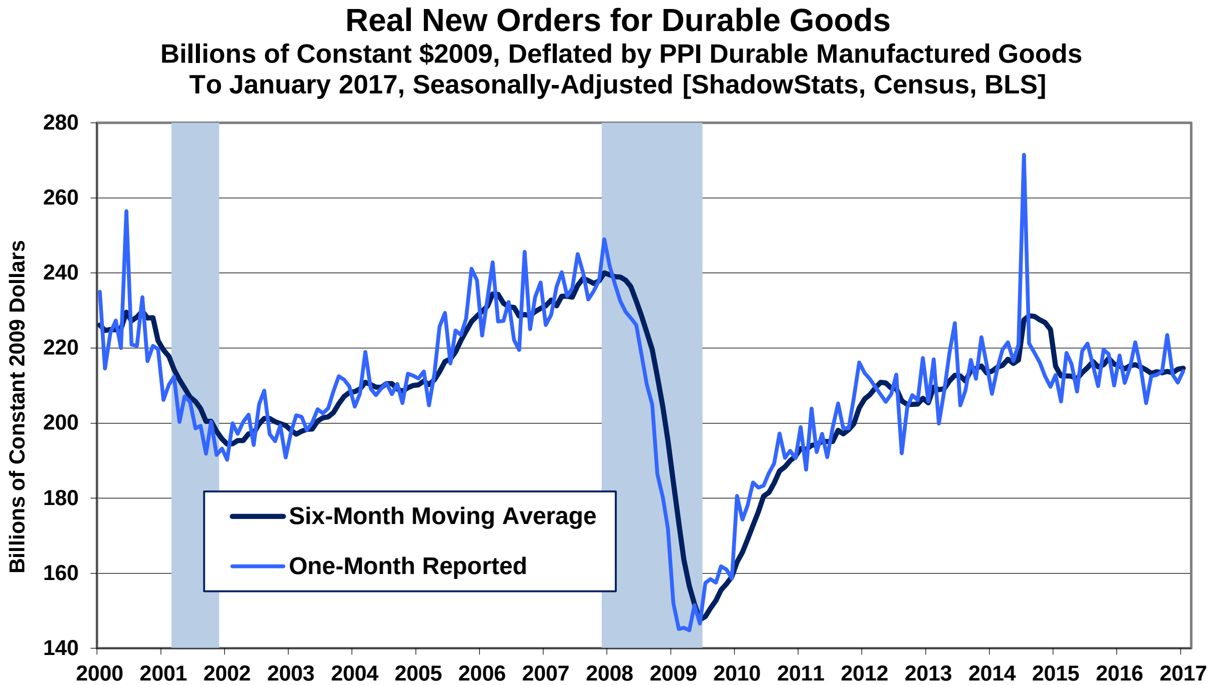
Executive Summary: Real New Orders for Durable Goods—January 2017—Rose Month-to-Month, but Fell Year-to-Year; Ex-Commercial Aircraft, Orders Were Flat for the Month, Up for the Year. In the context of a 69.9% jump in a downwardly-revised and otherwise low level of commercial aircraft orders, nominal January 2017 new orders rose by 1.8% for the month but declined by 0.6% (-0.6%) year-to-year. Excluding commercial aircraft, new orders gained 0.3% (effectively the same pace as related headline inflation) in the month and up by 2.2% year-to-year.

Inflation-adjusted real new orders, ex-commercial aircraft, is the best leading indicator in this series to domestic manufacturing and to the economy. That series was "unchanged" month-to-month, but rose by 0.9% year-to-year, in January 2017. For fourth-quarter 2016, the annualized real series, ex-aircraft, showed a quarterly gain of 5.7%, up by 1.3% year-to-year, with an early trend in first-quarter 2017 growth slowing to an annualized 0.7% quarterly pace, up by 1.40% year-to-year. Despite the headline gains, the series remained in low-level, non-recovering stagnation, and it remained a tentative, neutral/negative leading indicator to first-quarter 2017 industrial production.

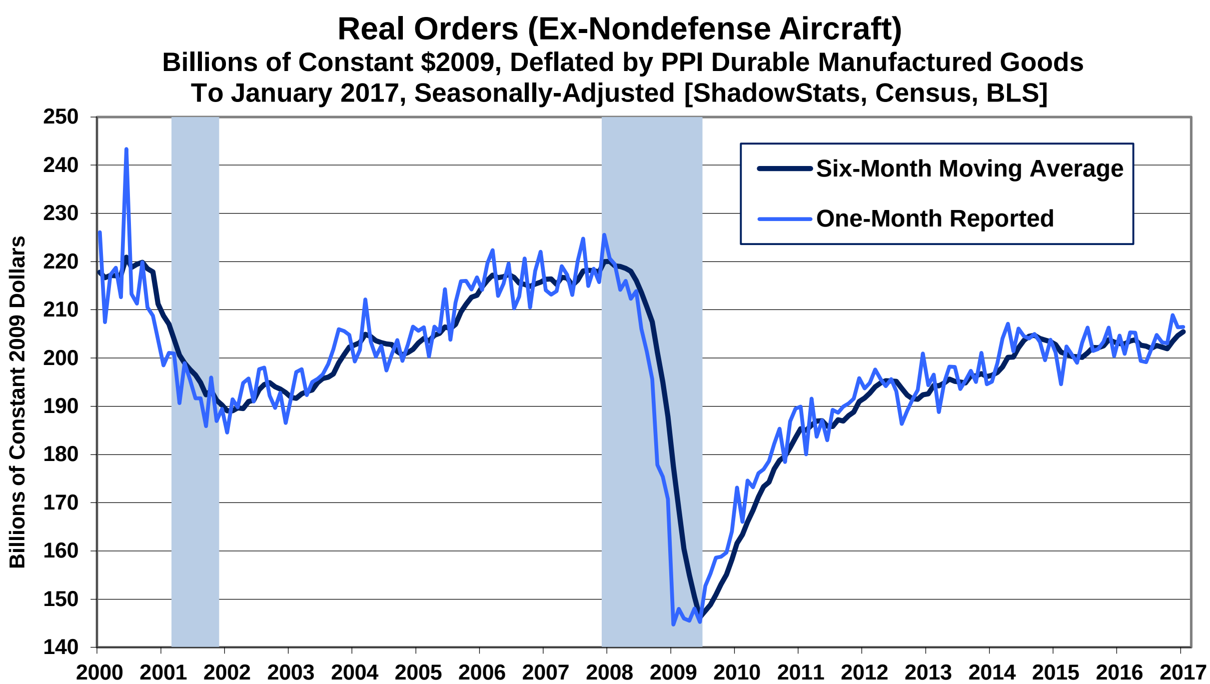
Smoothed with six-month moving averages, and adjusted for inflation, these highly volatile new orders series generally remained in non-recovering, low-level stagnation. Those patterns remained consistent in signaling ongoing recession.

Graphs of Inflation-Adjusted and Smoothed Durable Goods Orders. *Graphs 1* and *2* show the headline monthly detail, as well as the six-month moving-average activity for both the aggregate new orders series and the series net of the unstable commercial-aircraft orders. The moving-average levels in both series had turned lower into year-end 2014 and after an uptick in mid-2015—some smoothed bounce-back—the smoothed trend turned down anew into late fourth-quarter 2015, with continued minor fluttering, into third-quarter 2016 and a small uptick in fourth-quarter 2016, continuing on the upside into January 2017.

Graph 1: Real Total New Orders for Durable Goods to Date



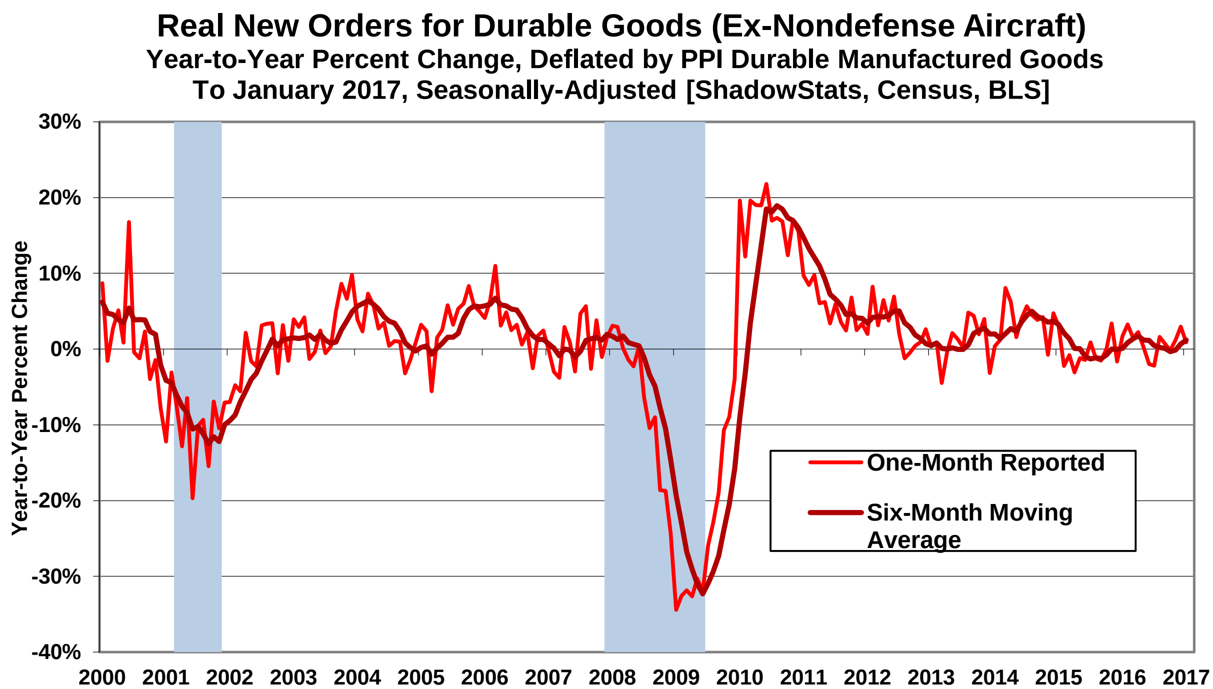
Graph 2: Real New Orders for Durable Goods – Ex-Commercial-Aircraft Orders to Date



Graph 3 shows the annual year-to-year percent change in the series net of commercial aircraft orders, on monthly and six-month-smoothed moving-average bases, while the headline annual growth for the month slowed, it held in positive territory.

The six-month moving average in annual change, however, continued to pick-up. While that might suggest a near-term bottoming of the series, as discussed in prior *General Commentary No. 867*, such is an artefact of roughly two-percentage-points understatement of the inflation used in deflating the headline series. As shown in *Graph 7*, the smoothed series, corrected for the understated deflator largely has been stagnant since 2011. Before correction, as seen in *Graph 6*, the series generally has led the broad pattern reflected in the headline level of manufacturing in industrial production (see *Graph 23* on page 26 of *Commentary No. 866*).

Graph 3: Year-to-Year Percent Change, Real New Orders for Durable Goods – Ex-Commercial Aircraft to Date



Broadly, there has been a general pattern in recent years of stagnation or bottom-bouncing evident in the orders—clearly not the booming recovery seen in official GDP reporting (see *Commentary No. 863*) which will be updated with tomorrow's (February 28th) *Commentary No. 869*. The real monthly and six-month moving-average levels of new orders in January 2017 remained below both the pre-2007 recession high, as well as the pre-2000 recession high for the series. The pattern of low-level stagnation and fluctuating trend in the annual inflation-adjusted series since mid-2014—net of the irregular aircraft-order effects—again is one that most commonly precedes and/or coincides with a recession, as is the current circumstance. The series remains in non-recovered, low-level stagnation.

The Real New Orders Series "Corrected" for Inflation Understatement. As with other economic series deflated by official government inflation measures, headline estimates of inflation-adjusted growth in new orders for durable goods generally are overstated, due to the understatement of official inflation. That understatement comes from the government's use of hedonic-quality adjustments—quality issues usually not perceived by the users or consumers of the involved products—in justifying a reduced pace of headline inflation used in deflating various series (see *Public Commentary on Inflation Measurement*).

As done for other series such as the GDP (see *Commentary No. 863*), industrial production and real retail sales (see *Commentary No. 866*), ShadowStats publishes an experimental, corrected version of the inflation-adjusted graph of real new orders for durable goods, corrected for the understatement of the inflation measurement used in deflating the series, headline PPI inflation for manufactured durable goods in this circumstance.

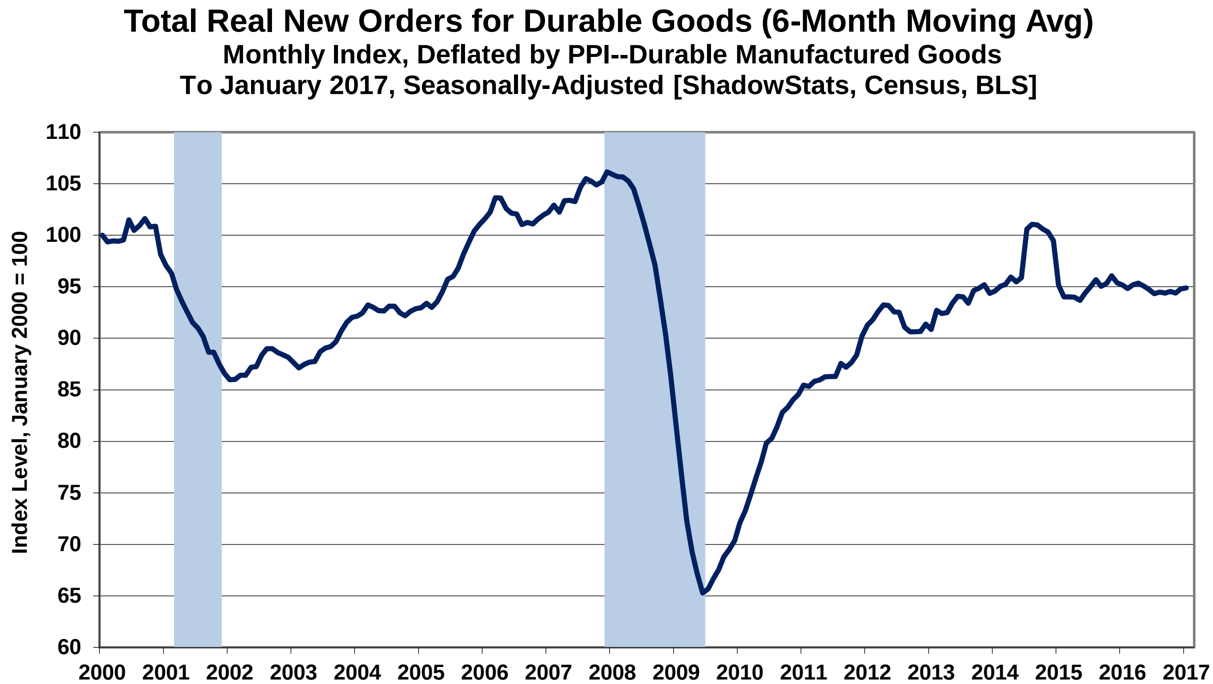
Two sets of graphs follow. The first set (*Graph 4* and *Graph 5*) shows the aggregate series or total durable goods orders; the second set (*Graph 6* and *Graph 7*) shows the ex-commercial aircraft series. The aggregate orders series in *Graphs 4* and *5* includes the monthly commercial aircraft orders. Placed years in advance, aircraft orders are a better indicator of long-range production activity, than they are as a near-term leading indicator of production activity. Again, *Graphs 6* and *7* are shown net of those volatile commercial aircraft orders.

The first graph in each of the two series shows the official six-month moving average, the same heavy dark-blue line shown in *Graph 1* and *Graph 2,* along with the light-blue thin line of monthly detail. The second graph in each set is the same six-month, moving-average series shown in the first graph, but it has been re-deflated to correct for ShadowStats estimate of the understatement of the PPI manufactured durable goods inflation measure used in the headline-deflation process. The "corrected" graphs all are indexed to January 2000 = 100.

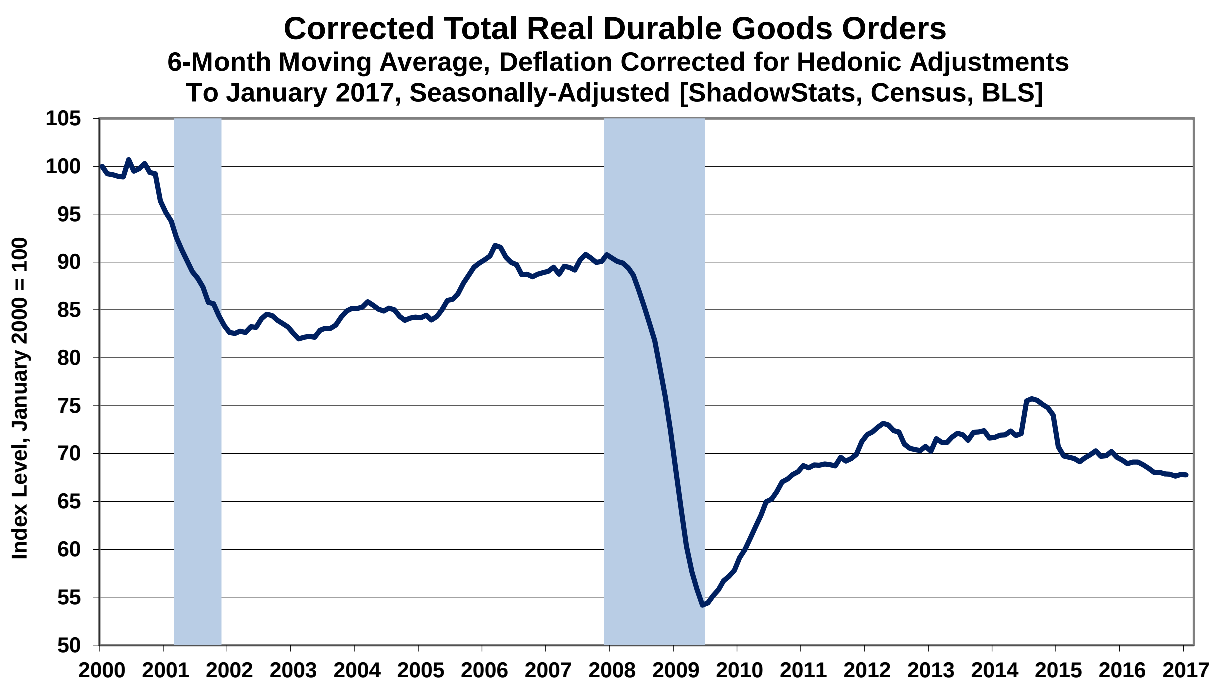
For comparison purposes, also consider *Graphs 8* and *9* in the *Reporting Detail*, which allow for the comparison of the trailing 12-month moving-average of the real durable goods series, ex-commercial aircraft, corrected for the understatement of inflation used in the deflation process, with the 12-month moving-average of the Cass Freight Index™.

[Graphs 4 to 7 begin on the next page.]

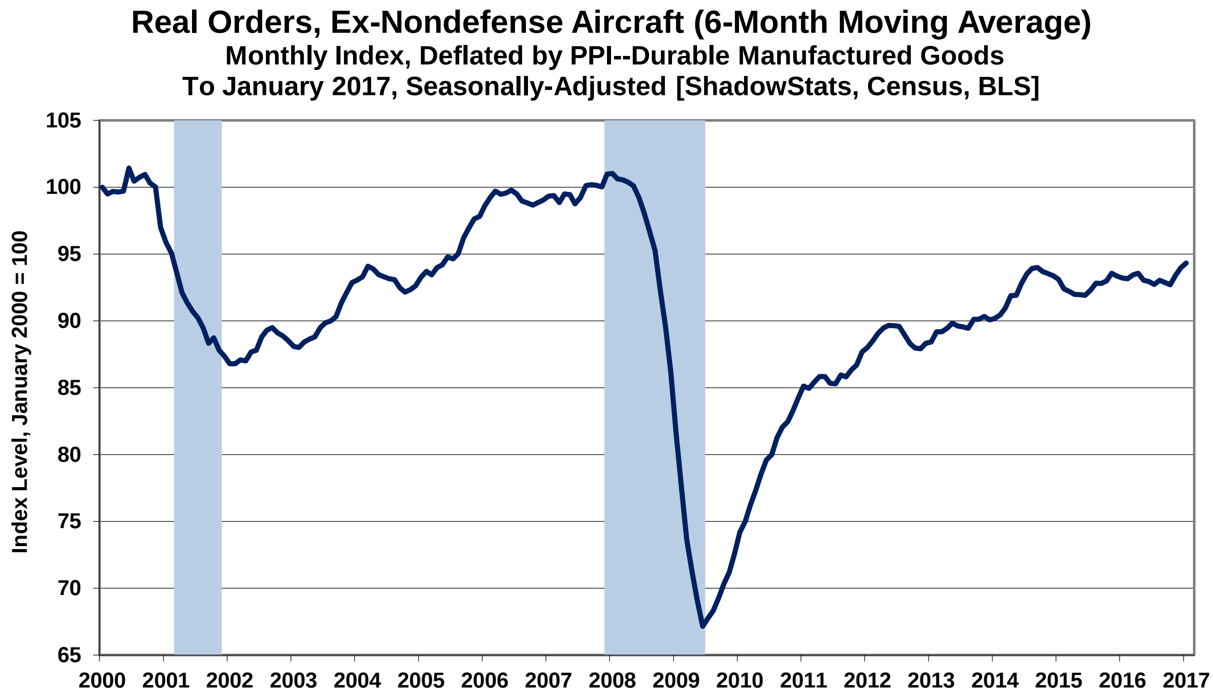
Graph 4: Index of Real Total New Orders for Durable Goods, 6-Month Moving Average



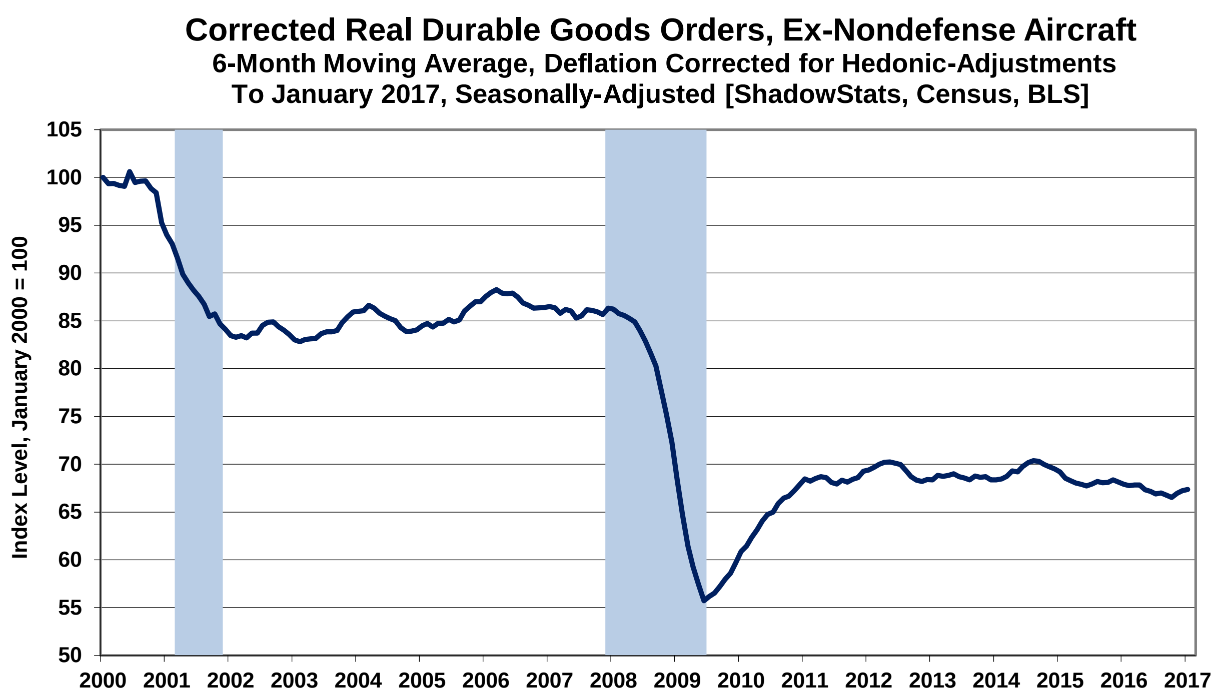
Graph 5: Corrected Index of Real Total New Orders for Durable Goods, 6-Month Moving Average



Graph 6: Index of Durable Goods Orders – Ex Commercial Aircraft, 6-Month Moving Average



Graph 7: Corrected Index of Durable Goods Orders – Ex Commercial Aircraft, 6-Month Moving Average



[The* Reporting Detail *contains extended analysis and graphs of the Durable Goods Orders.]

REPORTING DETAIL

NEW ORDERS FOR DURABLE GOODS (January 2017)

Aggregate Real Orders Rose Month-to-Month, but Fell Year-to-Year; Ex-Commercial Aircraft, Orders Were Flat for the Month, Up for the Year. In the context of a 69.93% jump in a downwardly-revised and otherwise low level of commercial-aircraft orders, nominal January 2017 new orders rose by 1.79% for the month, but declined by 0.60% (-0.60%) year-to-year. Excluding commercial aircraft, new orders gained 0.34% (effectively the same pace as related headline inflation) for the month and rose 2.23% year-to-year.

In this series, the best leading indicator to industrial production (particularly manufacturing) and to the broad, general economy, is inflation-adjusted real new orders, ex-commercial aircraft, which was "unchanged" at 0.0% (up by 0.04% at the second decimal point) month-to-month, but rose by 0.87% year-to-year, in January 2017. For fourth-quarter 2016, the annualized real series, ex-aircraft, showed a quarterly gain of 5.68%, up by 1.34% year-to-year, with an early trend in first-quarter 2017 growth slowing to an annualized 0.71% quarterly pace, up by 1.40% year-to-year. Despite the headline gains, the series remained in low-level, non-recovering stagnation, and it remained a tentative, neutral/negative leading indicator to first-quarter 2017 industrial production, a series that has remained in definitive recession since December 2014 (see *Commentary No. 866*).

Smoothed with six-month moving averages, and adjusted for inflation, both of these highly volatile series (total and ex-commercial aircraft) generally remained in non-recovering, low-level stagnation. Those patterns also remained consistent in signaling ongoing recession (see *Graphs 4* to *7* in the *Executive Summary*).

Headline Nominal Detail. The Census Bureau reported this morning, February 27th, that the regularly-volatile, seasonally-adjusted, nominal level of January 2017 aggregate new orders for durable goods rose by 1.79% month-to-month, having declined in December by a revised 0.82% (-0.82%) [previously down by 0.43% (-0.43%)], versus a revised decline of 4.75% (-4.75%) [previously 4.83% (-4.83%), initially down by 4.60% (-4.60%)] in November. Net of prior-period revisions, January 2017 orders rose by 1.47%, instead of the headline 1.72%.

Year-to-year, January 2017 durable goods orders declined by 0.60% (-0.60%), having gained a downwardly-revised 1.31% [previously up 1.62%] in December 2016, versus a shallower annual decline of 1.86% (-1.86%) [down previously by 1.94% (-1.94%), initially by 1.86% (-1.86%)] in November 2016. That headline detail, though, was before consideration of the irregular volatility in commercial-aircraft orders.

Before and after consideration of commercial-aircraft orders and other monthly irregularities in the headline reporting of new orders, the smoothed trends of broad activity generally continued to be flat, consistent with a downturn that had been holding in a continuing pattern of broad stagnation. The inflation-adjusted real series, and that same series corrected for the understatement of official inflation, are discussed and graphed in the *Executive Summary* section in the *Opening Comments*.

The corrected series—net of commercial aircraft orders—has remained relatively flat to down-trending, in a pattern of low-level stagnation, albeit with the occasional upside blip as seen with the latest detail. In parallel with the other plotted series, the corrected series still shows an unfolding economic contraction of a nature that usually precedes or coincides with a recession or deepening business downturn.

Detail Net of Volatility in Commercial-Aircraft Orders. The reporting of extreme contractions and surges in commercial-aircraft orders is seen in an irregularly-repeating process throughout the year, and that often dominates changes in headline monthly durable goods orders. These extremely volatile aircraft orders are booked years into the future and are indicative more of longer-term, rather than shorter-term prospects for manufacturing activity. In the current circumstance, a monthly 69.93% gain in January 2017 commercial aircraft orders boosted aggregate orders to a monthly gain of 1.79%, from what otherwise was a gain of 0.34%.

Net of that headline monthly gain of 69.93% in January 2017 commercial aircraft orders, a downwardly-revised gain of 9.31% [previously up by 42.44%] in December 2016 and a minimally revised monthly plunge of 80.39% (-80.39%) [down previously by 80.38% (-80.38%), initially by 73.54% (-73.54%)] in November, new orders again, gained 0.34% in January 2016, declined by 1.02% (-1.02%) in December 2016 and gained 2.87% in in November 2016.

Year-to-year and seasonally-adjusted, January 2017 new orders (net of commercial aircraft) rose by 2.23%, having gained 3.96% in December 2016 and 1.90% in November 2016.

Real Durable Goods Orders—January 2017. ShadowStats uses the PPI component inflation measure "Durable Manufactured Goods" for deflating the new orders for durable goods series. Published only on a not-seasonally-adjusted basis, the related January 2017 PPI series showed monthly inflation of 0.30%, versus 0.18% in December and 0.00% in November. Related year-to-year annual inflation has continued to rise, up to 1.33% in January 2017, versus 0.97% in December 2016 and 0.66% in November 2016 (see *Commentary No. 866*).

Adjusted for that 0.30% month-to-month inflation reading in January 2017, and as reflected in the graphs in the *Executive Summary* section, real month-to-month aggregate orders in January 2017 rose by 1.48%, having declined by 1.00% (-1.00%) in December 2016 and by 4.75% (-4.75%) in November 2016. Ex-commercial aircraft, real month-to-month orders in January 2017 rose by 0.04%, following a decline in December 2016 of 1.19% (-1.19%) and a gain of 2.87% in November.

Real aggregate new orders declined year-to-year by 1.91% (-1.91%) in January 2017, having gained 0.34% in December 2016 and having declined by 2.50% (-2.50%) in November 2016. Ex-commercial aircraft, real orders in January 2017 rose year-to-year by 0.87%, having gained by 2.97% in December 2016 and by 1.23% in November 2016.

Real Quarterly Change, Ex-Commercial Aircraft. Where the inflation-adjusted series, ex-commercial aircraft, is the best leading economic indicator out of these data, following are the annualized real quarterly changes in that series. Beginning at the onset of eventually what should become recognized as a formal recession, the real ex-commercial aircraft orders series showed annualized quarterly declines of 4.44% (-4.44%) in fourth-quarter 2014, and 5.54% (-5.54%) in first-quarter 2015. Annualized real change for second-quarter 2015 was a gain of 3.31%, a gain of 4.52% in third-quarter activity, a gain of 0.31% in fourth-quarter 2015 activity, and a 0.48% gain in first-quarter 2016.

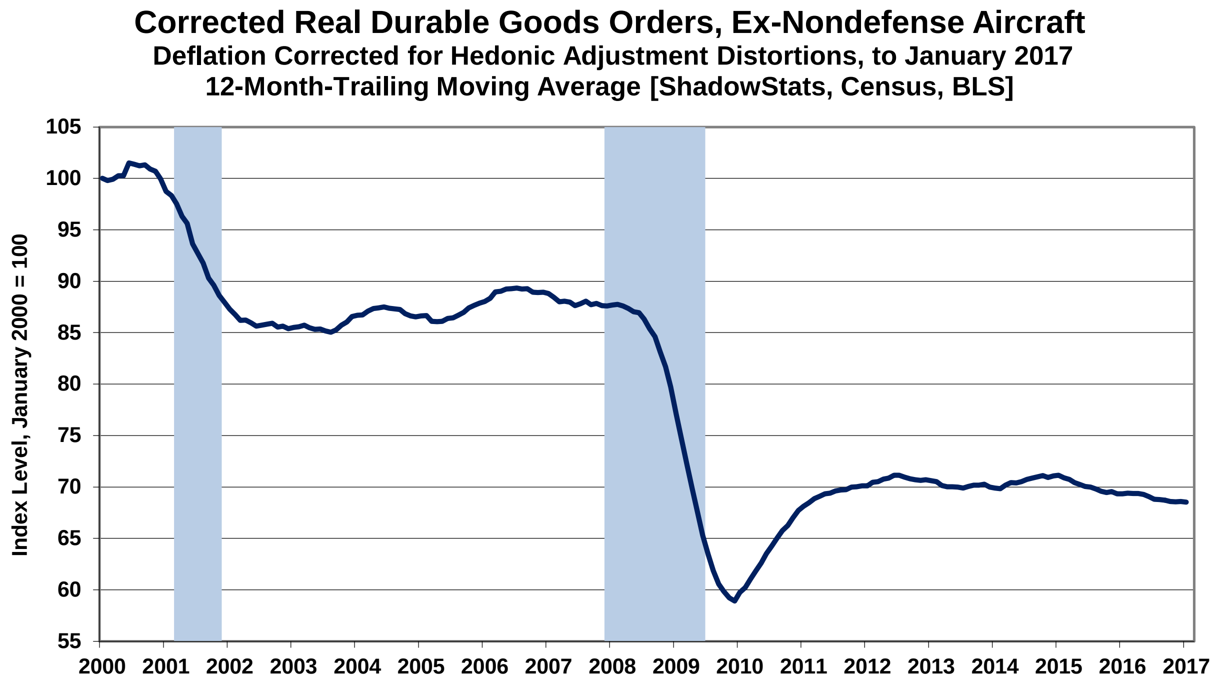
In second-quarter 2016, the series declined at an annualized real pace of 4.53% (-4.53%). Third-quarter 2016 showed an unrevised annualized gain of 4.03%, while fourth-quarter 2016 reporting revised to an annualized gain of 5.68% [previously 5.09%]. Based solely on the headline January detail, first-quarter 2017 is on early track for an annualized gain of just 0.71%.

Graphs of Inflation-Adjusted and "Corrected" Smoothed Durable Goods Orders. Three sets of inflation-adjusted graphs (*Graphs 1* to *7*) are displayed in the *Executive Summary*. The first set (*Graphs 1* to *3*) shows the headline monthly detail, as well as the six-month moving-average activity for both the aggregate new orders series and the series net of the irregular commercial-aircraft orders, as well as annual growth for the series net of commercial aircraft. The moving-average levels in both series had turned lower into year-end 2014 and into the first two quarters of 2015, with some smoothed bounce-back into third-quarter 2015, followed by renewed, ongoing downturn into 2016 with a late-year uptick continuing into early 2017.

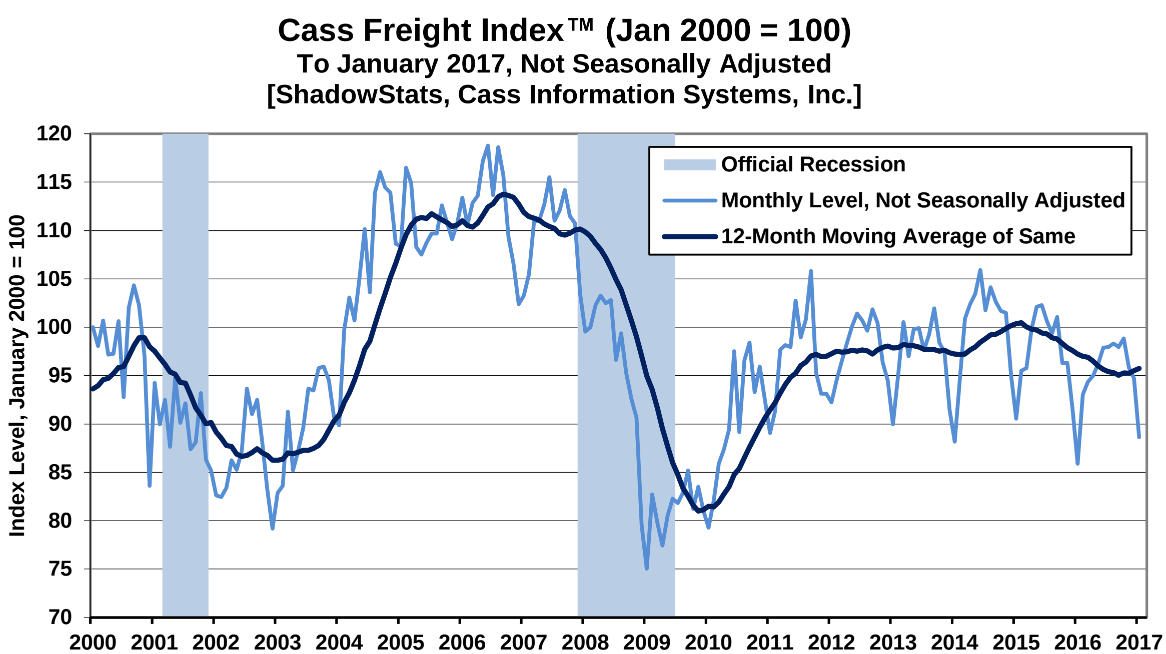
The second set of graphs (*Graphs 4* and *5*) shows the patterns of six-month moving averages of historical, headline real new orders for durable goods, net of official inflation, as well as that pattern "corrected" for understatement of that inflation (and for the corresponding overstatement of official, inflation-adjusted growth). The third set of graphs (*Graphs 6* and *7*) shows the same patterns, but for the aggregate durable goods orders series, net of commercial aircraft orders. Separately, consider that accompanying *Graph 8* of the twelve-month moving average of the real series, ex-commercial aircraft, shows patterns of activity that are parallel to activity indicated in *Graph 9* of the historical Cass Freight Index™ (see prior *General Commentary No. 867*) and other broad indicators of economic activity. Those series show the general economy to be down-trending in recent years, never having recovered fully from the economic collapse into 2009 (see *No. 859 Special Commentary*).

[Graphs 8 and 9 follow on the next page.

Graph 8: Corrected Durable Goods Orders Index – Ex Commercial Aircraft, 12-Month Trailing Average



Graph 9: CASS Freight Index ™ (2000-January 2017)



Caution: Current durable goods reporting remains subject to many of the same sampling and concurrent-seasonal-adjustment problems seen with retail sales, and payroll and unemployment reporting. Unusual seasonal-factor volatility raises issues as to the significance of reported seasonally-adjusted monthly and *annual changes. While those issues were brought into balance, for a period of ten days, with the annual benchmark revision to durable goods orders on May 18, 2016* (Supplemental Commentary No. 807-A)*, for subsequent months of reporting up through the January 2017 detail, unpublished historical revisions calculated along with the January seasonal adjustments, have made all historical reporting prior to November 2016 inconsistent with the current headline numbers.*

2016 Benchmark Revision. All historical data will be briefly consistent, once again, come the next benchmark revision on May 18, 2017. Detailed in today's February 27th *Press Release*, the benchmarking will incorporate the 2015 Annual Survey of Manufactures and a variety of other data revisions, including revamped seasonal-adjustments.

WEEK, MONTH AND YEAR AHEAD

Non-Recovering Economic Stagnation and Continued Downturn Promise a Frustrated Fed and Rapidly Deteriorating Support for the U.S. Dollar. Despite recent, mixed headline economic signals, the broad outlook for stagnant to down-trending economic activity has not changed. Separately, the problems with the Fed's loss of meaningful systemic control, and the long-term sovereign solvency issues of the United States government, threaten destabilization of the U.S. dollar and the financial markets. Accordingly, the following opening section here has not been revised meaningfully:

No. 859 Special Commentary updated near-term economic and inflation conditions, and the outlook for same, including the general economic, inflation and systemic distortions evolving out of the Panic of 2008 that have continued in play, and which need to be addressed by the new Administration in the immediate future (see also the *Hyperinflation Watch* of *Commentary No. 862*).

Contrary to the official reporting of an economy that collapsed from 2007 into 2009 and then recovered strongly into ongoing expansion, underlying domestic reality remains that the U.S. economy started to turn down somewhat before 2007, collapsed into 2009 but never fully recovered. While the economy bounced off its 2009 trough, it entered a period of low-level stagnation and then began to turn down anew in December 2014, a month that should mark the beginning of a "new" formal recession (see *General Commentary No. 867*).

Coincident with and tied to the economic crash and the Panic of 2008, the U.S. banking system moved to the brink of collapse, a circumstance from which U.S. and global central bank policies never have recovered. As this ongoing crisis evolves towards its unhappy end, the U.S. dollar ultimately should face unprecedented debasement with a resulting runaway domestic inflation.

The current general mixed-trend in weakening data and what should become increasingly-negative expectations for near-term business activity, along with movement towards looming recession recognition, reflect an ongoing broad spectrum of likely market-disappointing headline data. That should pressure the FOMC back towards expanded quantitative easing, despite the Fed's December 2016 and rate hike and already-softening market hype as to multiple rate hikes looming in the year ahead.

In response to an intensifying downturn, financial market expectations should shift towards renewed Fed "easing," with the effect of triggering a massive U.S. dollar sell-off, accompanied by a sharp upturn in oil prices, domestic inflation and heavy flight to the safe-haven qualities of physical gold and silver, with a commensurate rally in the prices of those precious metals. Again, see *No. 859* for extended discussion.

Broad economic and systemic conditions are reviewed regularly, with the following *Commentaries* of particular note: *No. 777 Year-End Special Commentary* (December 2015*)*, *No. 742 Special Commentary: A World Increasingly Out of Balance* (August 2015) and *No. 692 Special Commentary: 2015 - A World Out of Balance* (February 2015). Those publications updated the long-standing hyperinflation and economic outlooks published in *2014 Hyperinflation Report—The End Game Begins – First Installment Revised* (April 2014) and *2014 Hyperinflation Report—Great Economic Tumble – Second Installment* (April 2014). The two *Hyperinflation* installments remain the primary background material for the hyperinflation circumstance. Other references on underlying economic reality are the *Public Commentary on Inflation Measurement* and the *Public Commentary on Unemployment Measurement*.

Recent Commentaries:

General Commentary No. 867 assessed mixed signals for a second bottoming of the economic collapse into 2009, which otherwise never recovered its level of pre-recession activity. Such is in the context of contracting and faltering industrial production that now rivals the economic collapse in the Great Depression as to duration. Also covered were January 2017 New- and Existing Home Sales.

Commentary No. 866 reviewed headline January 2017 detail of the CPI (and related series), PPI, Industrial Production, Residential Construction and Retail Sales, both nominal and real.

Commentary No. 865 updated the outlook on the Trade Deficit for December 2016, Fourth-Quarter 2016 and for the initial 2016 annual detail.

Commentary No. 864 analyzed the January 2017 Employment and Unemployment detail, including benchmark and population revisions, December Construction Spending, Household Income, along with an update to Consumer Liquidity.

Commentary No. 863 assessed the "advance" estimate of fourth-quarter 2016 GDP and reviewed the prior estimates of December 2016 New Orders for Durable Goods and for New- and Existing-Home Sales.

Commentary No. 861 covered the prior December 2016 nominal Retail Sales, the PPI, with a brief look at some summary GAAP reporting on the U.S. government's fiscal 2016 operations. The GAAP-detail will be reviewed in tomorrow's *Commentary No. 869* of February 28th.

No. 859 Special Commentary reviewed and previewed economic, financial and systemic developments of the year passed and the year or so ahead.

Note on Reporting-Quality Issues and Systemic-Reporting Biases. Significant reporting-quality problems remain with most major economic series. Beyond the pre-announced gimmicked changes to reporting methodologies of the last several decades, which have tended to understate inflation and to overstate economic activity—as generally viewed in the common experience of Main Street, U.S.A.—ongoing headline reporting issues are tied largely to systemic distortions of monthly seasonal adjustments.

Data instabilities—induced partially by the still-evolving economic turmoil of the last eleven years—have been without precedent in the post-World War II era of modern-economic reporting. The severity and ongoing nature of the downturn provide particularly unstable headline economic results, with the use of concurrent seasonal adjustments (as seen with retail sales, durable goods orders, employment and unemployment data). That issue is discussed and explored in the labor-numbers related *Supplemental Commentary No. 784-A* and *Commentary No. 695*.

Further, discussed in *Commentary No. 778*, a heretofore unheard of spate of "processing errors" surfaced in 2016 surveys of earnings (Bureau of Labor Statistics) and construction spending (Census Bureau). This is suggestive of deteriorating internal oversight and control of the U.S. government's headline economic reporting. That construction-spending issue now appears to have been structured as a gimmick to help boost the July 2016 GDP benchmark revisions, aimed at smoothing the headline reporting of the GDP business cycle, instead of detailing the business cycle and reflecting broad economic trends accurately, as discussed in *Commentary No. 823*.

Combined with ongoing allegations in the last year or two of Census Bureau falsification of data in its monthly Current Population Survey (the source for the BLS Household Survey), these issues have thrown into question the statistical-significance of the headline month-to-month reporting for many popular economic series (see *Commentary No. 669*). John Crudele of the *New York Post* continues his investigations in reporting irregularities: *Crudele Investigation*, *Crudele on Census Bureau Fraud* and *John Crudele on Retail Sales.*

PENDING RELEASES:

***Updated* - Gross Domestic Product (GDP)—Fourth-Quarter 2016, Second Estimate, First Revision.** The Bureau of Economic Analysis (BEA) will publish its second guesstimate of fourth-quarter 2016 Gross Domestic Product (GDP) tomorrow, Tuesday, February 28th, which will be covered in *Commentary No. 869* of that date. As has been tradition, given broad data-quality issues common to the GDP estimation, initial fourth-quarter estimates for the related Gross Domestic Income (GDI) and Gross National Product (GNP) series traditionally are not be published until the end of March (March 30th this year), accompanying the third estimate of fourth-quarter GDP.

Despite a weakening trade outlook, and despite an initial, below-consensus fourth-quarter GDP growth estimate of 1.88%, which usually would signal a downside first revision, subsequent upside revisions to headline fourth-quarter detail of real retail sales, industrial production and housing (see *Commentary No. 866*) well could offset the trade issues, triggering a net upside revision to the headline GDP growth. Nonetheless, growth still should hold sharply below the headline 3.5% annualized real quarterly growth reported for third-quarter 2016. Consensus expectations are for a revision from the prior 1.9% to 2.1%.

GAAP-Based Accounting of the U.S. Government (Fiscal-Year 2016). With some prior review in *Commentary No. 861* and *No. 859 Special Commentary*, full analysis will follow in tomorrow's *Commentary No. 869* of February 28th.

Pending *SPECIAL COMMENTARY*. The long-planned and delayed consolidation of the major *ShadowStats* reporting into one volume, including the recommended reading list, should follow in March.

