

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

COMMENTARY NUMBER 967

July Durable Goods Orders, New- and Existing-Home Sales, Payroll Benchmarking

August 24, 2018

Residual Squirreling Instincts in Investors Can Overturn Markets

**Housing Sector Has Entered an Intensifying, Renewed Downturn,
Amidst Mounting Stresses on Consumer Liquidity**

**Weakening July 2018 New- and Existing-Home Sales and Residential Construction
Continued to Disappoint Market Expectations for Activity in All Sectors,
With Deepening, Downtrending Six-Month Moving Averages**

**Shy of Recovering Pre-Recession Peaks, July Sales Activity Was Down for
Existing Homes by 26.7% (-26.7%) and for New Homes by 54.9% (-54.9%)**

**On Top of Downside Revisions, Real Growth in July New Orders for Durable Goods
Declined for Total Orders, Slowed for Orders Ex-Commercial Aircraft**

**Initial Annual Payroll Benchmark Estimate of a 43,000 Upside Revision for 2018
Was Smaller than the 66,000 Regular Monthly Revision Made to June 2018 Payrolls**

**Continued Fed Tightening, Deteriorating Systemic and Consumer Liquidity,
Unexpected Economic Weakness, Intensifying Political Discord:
Beware the Onset of Squirrely Season!**

PLEASE NOTE: *Special Commentary No. 968* of Friday, August 31st, will review the second estimate of Second-Quarter 2018 Gross Domestic Product (GDP), along with the initial measure of the theoretical GDP-equivalent Second-Quarter 2018 Gross Domestic Income (GDI) and the broader Gross National Product (GNP), all in context of an expanded review of the Comprehensive Benchmark GDP Revisions back to 1929 and general discussion of underlying economic reality.

Links: [Hyperinflation Watch – No. 3](#) (August 12th), [Consumer Liquidity Watch – No. 4](#) (August 10th).

Planned publication schedules, revisions to same and notes to subscribers are posted regularly in the top left hand-column (under the *Latest Commentaries* heading) of the [ShadowStats](#) home page.

Best wishes to all, John Williams (707) 763-5786

Today's (August 24th) Opening Comments reviews unfolding financial-market considerations in the context of some seasonal risks, combined with current political circumstances and deteriorating economic numbers.

The **Reporting Detail** reviews July 2018 New Orders for Durable Goods, New- and Existing-Home Sales and the Preliminary Announcement by the Bureau of Labor Statistics of its 2018-benchmark revisions to the Payroll Employment or Establishment Survey.

The **Week, Month and Year Ahead** provides background on recent *Commentaries* and discusses/previews next week's release of the second estimate of, first revision to Second-Quarter 2018 GDP.

Commentary No. 967 contents, including graphs and tables, are indexed and linked on following page.

Contents – Commentary No. 967 Major Sections and Graphs

OPENING COMMENTS	4
Squirrely Season Intensifies Market Risks from Unstable Circumstances	4
REPORTING DETAIL	6
New Orders for Durable Goods (July 2018)	6
<i>Table 1: Summary Detail of July 2018 New Orders for Durable Goods</i>	7
<i>Graph 1: CASS Freight Index™ Moving-Average Level (2000 to July 2018)</i>	8
<i>Graph 2: New Orders for Durable Goods, 12-Month Moving-Average Level (2000 to July 2018)</i>	8
Headline New Orders Detail, Aggregate and Ex-Commercial Aircraft.....	10
<i>Graph 3: Real Total New Orders for Durable Goods to Date</i>	10
<i>Graph 4: Real New Orders for Durable Goods – Ex-Commercial-Aircraft Orders to Date</i>	10
<i>Graph 5: Yr-to-Yr % Change, Real New Orders for Durable Goods – Ex-Commercial Aircraft (2000 to Date)</i>	11
Smoothed Real Series and Real Series Corrected for Inflation-Understatement	13
<i>Graph 6: Index of Real Total New Orders for Durable Goods, 6-Month Moving Average</i>	13
<i>Graph 7: Corrected Index of Real Total New Orders for Durable Goods, 6-Month Moving Average</i>	13
<i>Graph 8: Index of Durable Goods Orders – Ex-Commercial Aircraft, 6-Month Moving Average</i>	14
<i>Graph 9: Corrected Index of Durable Goods Orders – Ex-Commercial Aircraft, 6-Month Moving Average</i>	14
<i>Graph 10: Benchmark Revisions to Real Total New Orders for Durable Goods, Smoothed for 6-Month Moving Avg</i>	16
<i>Graph 11: Benchmark Revisions to Real Total New Orders for Durable Goods, Ex-Commercial Aircraft</i>	16
Existing- and New-Home Sales (July 2018)	17
<i>Graph 12: Existing-Home Sales (Monthly Rate of Activity)</i>	20
<i>Graph 13: Aggregate Housing Starts (Monthly Rate of Activity, 2000 to June 2018)</i>	20
<i>Graph 14: Existing-Home Sales (Six-Month Moving Average)</i>	21
<i>Graph 15: Aggregate Housing Starts (Six-Month Moving Average, Monthly Rate of Activity)</i>	21
<i>Graph 16: New-Home Sales (Monthly Rate of Activity)</i>	22
<i>Graph 17: Single-Unit Housing Starts (Monthly Rate of Activity, 2000 to June 2018)</i>	22
<i>Graph 18: New -Home Sales (Six-Month Moving Average)</i>	23
<i>Graph 19: Single-Unit Housing Starts (Six-Month Moving Average, Monthly Rate of Activity)</i>	23
Initial 2018 Payroll Employment Benchmark Revision	24
<i>Table 2: Initial Payroll Benchmark Revisions by Industry</i>	24
WEEK, MONTH AND YEAR AHEAD	25
PENDING ECONOMIC RELEASE.....	26
LINKS TO PRIOR COMMENTARIES, SPECIAL REPORTS AND OTHER WRITINGS.....	26

OPENING COMMENTS

Squirrely Season Intensifies Market Risks from Unstable Circumstances

Stock-Market Crashes, Financial Panics and Investors' Residual Squirreling Instincts. [This opening section is repeated with some updates and minimal changes from the *Opening Comments* of [*Special Commentary No. 904*](#) of August 14, 2017.] Four weeks shy of the first day of autumn, the squirrely season almost is upon us. Some months before the 1987 stock-market crash, I retained a mass-psychologist in an effort to explain why stock-market crashes tended to take place in October and November (at the time, I was predicting an October crash). He came back with an answer that humans had a vestigial squirreling instinct. As the squirrels suddenly start gathering acorns for the winter, so too do humans, or at least their investment strategies suddenly can shift enough towards safety to burst an extreme stock-market bubble.

Discussed here previously, there are parallel stresses in other circumstances. For example, particular alignments of the sun and moon can help to trigger an earthquake, as was seen with a 2014 quake near Napa, California. “Ah, but we don’t have an earthquake with every new or full moon!” noted my prescient wife in response to my comment to that effect, after having been awakened at the time by the temblor.

“True, but wooden chairs do not always collapse when I sit on them,” I noted, having broken more than my share of antique wooden chairs, due to the basic fragility of the chair, my bulk and stresses from the active shifting of my body, while sitting. “The effects of those stresses build up and damage a chair over time,” I explained. “When the chair is vulnerable to breaking, it will do so, given the right pressure.”

The same is true with earthquake faults and irrational stock markets. Carefully massaged and orchestrated by Federal Reserve machinations and jawboning, in the wake of still-unresolved systemic imbalances from the financial panic and near-collapse of the U.S. banking system in 2008, and with strong, related support on Wall Street, the current strength and recent record-highs in U.S. equity prices should be viewed with extreme caution, particularly in the next several months.

Some Early Anecdotal Signals. The underlying squirreling-instinct issue is a repeating circumstance for the financial markets each year in the October/November timeframe. Rarely, though, has the

circumstance been so fragile. In the weeks before the 1987 crash, one client with whom I discussed the squirreling theory was Treasurer of one of the largest U.S. corporations. “John,” he responded, somewhat hesitantly, “a couple of weeks ago, I would have said you were nuts. I was looking forward then to buying a new car. Last week, though, I changed my mind—just a shift in mood—and decided to hold off for a while.”

I mention the preceding, where, in the last couple of weeks, I have received an unusually high level of phone calls from clients expressing concern about the near-term direction of the stock market, the economy and systemic stability. If you would like to discuss this, please call me at (707) 763-5786.

Stocks rarely crash off record highs. The Dow Jones Industrial Average hit an all-time high in late-August 1987, and while it is off its more-recent all-time high of January 2018 by about 3.1% (-3.1%), the Standard & Poor’s 500 closed at an all-time high, today, as we go to press on August 24, 2018.

Reviewed in [Hyperinflation Watch – No. 3](#), faltering, underlying economic fundamentals, with potential non-consensus impact on FOMC policy, and potential negative-pressures from increasingly disruptive political circumstances, should begin to hit the U.S. dollar hard, where the dollar and gold appear to be moving off their respective near-term peak or trough. Parallel impact will loom for domestic-equity prices and prices of U.S. Treasury securities, at such time as dollar selling picks up sharply.

Intensifying dollar weakness was a problem in 1987. Alan Greenspan, then the new Federal Reserve Chairman, raised rates in September 1987 in an unsuccessful effort to prop the U.S. currency. Exacerbated by Saturday, October 17th comments of then-Treasury Secretary James Baker that the United States no longer would support the U.S. dollar against the Deutschemmark, ensuing panicked U.S. dollar selling was a proximal trigger to the stock-selling panic on Monday, October 19th.

Watch out for intensifying selling of the U.S. dollar in the weeks and months ahead, particularly in the context of unexpected economic weakness, financial-system instabilities or a significant intensification of political problems for the Federal Reserve or President Trump (see [Special Commentary No. 888](#)). The time is at hand to look at battening down the hatches as a potential, great financial storm begins to move onshore, exacerbated by mounting domestic and global political tensions and concerns for unfolding economic activity and possible related shifts in central-bank policies/actions, still in the context of the largely unresolved banking crisis of 2007/2008 (again, see [Hyperinflation Watch – No. 3](#)).

REPORTING DETAIL

New Orders for Durable Goods (July 2018)

Growth Slowed on Top of Downside Revisions, Total Real Orders Fell by 1.86% (-1.86%), Real Orders Ex-Commercial Aircraft Gained 0.16% in the Month. Reported by the Census Bureau this morning, August 24th, total nominal New Orders for Durable Goods declined month-to-month by 1.69% (-1.69%) in July 2018, having gained a downwardly revised 0.69% [previously 1.00%] in June 2018, and a revised decline of 0.29% (-0.29%) [previously 0.28% (-0.28%), initially 0.57% (-0.57%)] in May 2018.

In the context of a July 2018 monthly plunge of 35.39% (-35.39%) in highly volatile Commercial Aircraft Orders shifted from a revised gain of 1.30% [previously 4.28%] in June and an unrevised monthly decline of 11.64% (-11.64%) in May. New Orders for Durable Goods Ex-Commercial Aircraft were up by 0.33% in July, versus a revised 0.66% [previously 0.80%] in June and a revised 0.48% [previously 0.49%] in May.

Real Durable Goods Orders—July 2018. 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 July 2018 PPI series (2009 = 100) showed headline month-to-month inflation of 0.17%, versus 0.35% in June, 0.52% in May, a revised 0.29% [previously 0.41%] in April, a revised 0.41% [previously 0.29%, initially 0.41%] in March, an unrevised 0.35% in February and a 0.41% gain in January. Related year-to-year annual inflation was 3.20% in July 2018, versus 2.96% in June 2018, 2.66% in May 2018, 2.13% in April 2018, a revised 2.08% [previously 1.96%] in March 2018, an unrevised revised 1.84% in February 2018 and 1.79% in January 2018 (see [Commentary No. 965](#)).

Adjusted for that 0.17% month-to-month inflation reading in July 2018 and the respective inflation rates in earlier months, and as reflected in the accompanying graphs, real aggregate durable goods orders in July 2018 declined month-to-month by 1.86% (-1.86%) and held shy of recovering their pre-recession peak by 11.70% (-11.70%). In turn, real aggregate June 2018 orders showed a monthly gain of 0.35% and a decline of 0.81% (-0.81%) in May. Ex-commercial aircraft, real month-to-month orders rose by 0.16% in July 2018, 0.31% in June and declined by 0.04% (-0.04%) in May. Ex-commercial aircraft, July 2018 real orders in remained shy of recovering their pre-recession peak by 5.77% (-5.77%).

Real total new orders gained year-to-year by 5.85% July 2018, declined by 0.05% (-0.05%) and gained in June 2018 by 6.65% in May 2018. Ex-commercial aircraft, July 2018 real orders also rose year-to-year

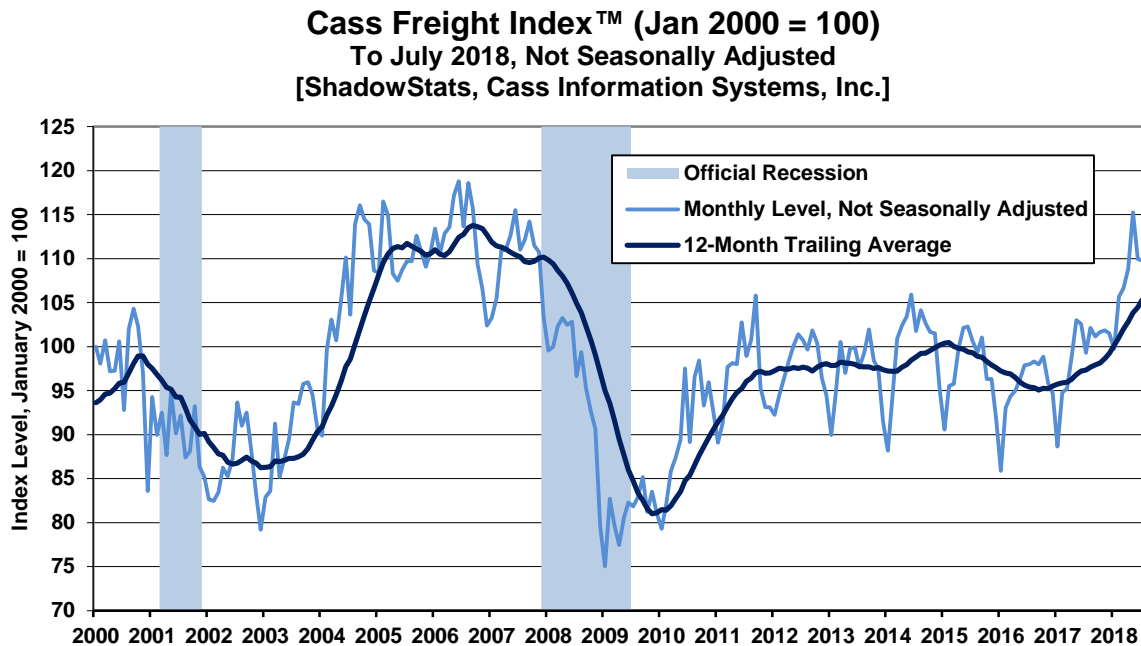
by 5.85%, versus 5.49% in June 2018 and by 5.58% in May 2018. *Table 1* summarizes the just presented monthly numbers by category and inflation-adjusted or not-inflation-adjusted status.

Table 1: Summary Detail of July 2018 New Orders for Durable Goods

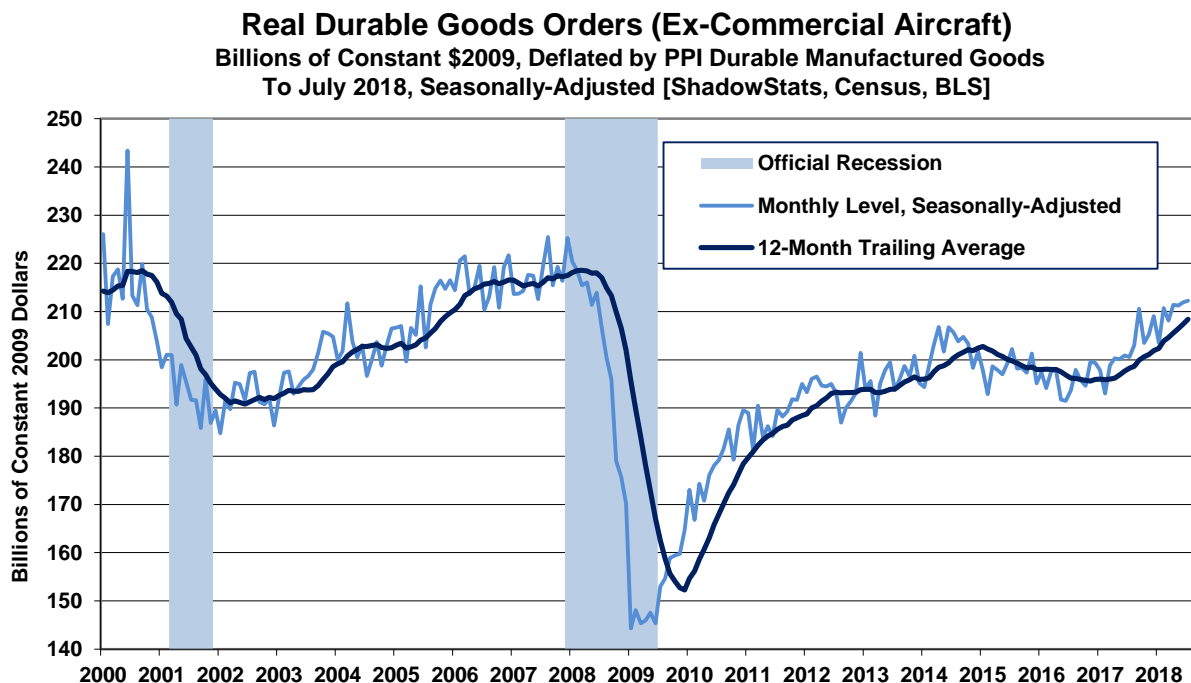
New Orders for Durable Goods (July 2018 Reporting)					
Month	Nominal Millions of Current Dollars			Real Millions of Constant 2009 Dollars	
	Total New Orders	Commercial Aircraft	Ex- Commercial Aircraft	Total New Orders	Ex- Commercial Aircraft
May 18	249.374	14.076	235.298	223.919	211.280
Jun 18	251.105	14.259	236.846	224.696	211.936
Jul 18	246.852	9.213	237.639	220.510	212.280
	Percent Change			Percent Change	
	Mo/Mo	Mo/Mo	Mo/Mo	Mo/Mo	Mo/Mo
May 18	-0.29%	-11.64%	0.48%	-0.81%	-0.04%
Jun 18	0.69%	1.30%	0.66%	0.35%	0.31%
Jul 18	-1.69%	-35.39%	0.33%	-1.86%	0.16%
Prior M/M					
May 18	-0.28%	-11.64%	0.49%	-0.80%	-0.03%
Jun 18	1.00%	4.28%	0.80%	0.47%	0.28%
	Yr/Yr		Yr/Yr	Yr/Yr	Yr/Yr
May 18	9.49%		8.40%	6.65%	5.58%
Jun 18	2.91%		8.61%	-0.05%	5.49%
Jul 18	9.23%		9.23%	5.85%	5.85%
Prior Y/Y					
May 18	9.51%		8.41%	6.67%	5.59%
Jun 18	3.23%		8.77%	0.09%	5.46%
Sources: Commerce Department, BLS, ShadowStats.com					

New Orders, Production and North American Freight Activity. As background and a quick update, ShadowStats concentrates on the inflation-adjusted real New Orders for Durable Goods series, ex-commercial aircraft, as a leading indicator to the dominant Manufacturing sector of Industrial Production, and in the context of activity reflected in the Cass Freight IndexTM and the recent-benchmarked GDP. Comparative levels and annual growth patterns were discussed and plotted with *Graphs OC-2 to OC-9* in *Opening Comments* of prior [Commentary No. 966](#). *Graphs 2 and 5* here update the indicated graphs in *No. 966*.

Graph 1: CASS Freight Index™ Moving-Average Level (2000 to July 2018)
(Same as Graph OC-3 in [Commentary No. 966](#))



Graph 2: New Orders for Durable Goods, 12-Month Moving-Average Level (2000 to July 2018)
(Updates Graph OC-5 in [Commentary No. 966](#))



Graphs of Inflation-Adjusted and Smoothed Durable Goods Orders and Recent Benchmark Revisions.

The headline July 2018 New Orders for Durable Goods of August 24th and accompanying revisions all were in the context of the meaningful, downside annual benchmark revisions (through March 2018) of May 17th, discussed primarily in [Commentary No. 951](#) and [Commentary No. 950](#). Intervening headline monthly details for April to June 2018 were discussed in [Commentary No. 957](#) and [Commentary No. 961](#), with the most recent details updated in later *Graphs 10* and *11*.

In the context of those benchmark revisions, *Graphs 3* and *4* show the current headline monthly detail, as well as the six-month moving-average activity for both the aggregate new orders series and the same series net of the irregularly-volatile commercial-aircraft orders. The broad pattern of smoothed, real activity generally has remained at a low-level of non-recovered, but uptrending stagnation.

The moving-average levels in *Graphs 3* and *4* turned lower into year-end 2014, and after an uptick in mid-2015—some smoothed bounce-back—the trend turned down anew into late fourth-quarter 2015, with continued minor fluttering into third-quarter 2016, and initially a small uptick in fourth-quarter 2016. Activity continued on the upside into 2017 and 2018, although softened by the downside benchmark revisions (again, see *Graphs 10* and *11*). Starting with August and September of 2017, however, broad orders activity was spiked temporarily by natural-disaster recovery, a pattern that now largely has passed.

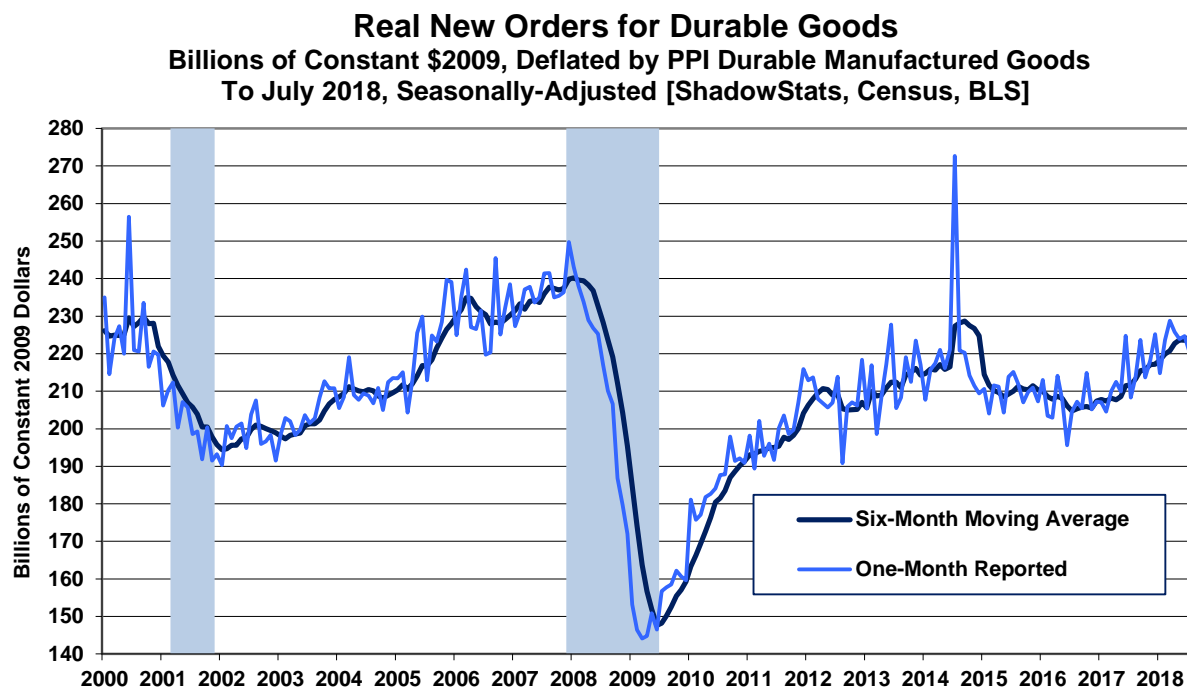
Three sets of inflation-adjusted graphs (*Graphs 3* to *5*, *Graphs 6* and *7*, and *Graphs 8* and *9*) follow. The first set shows the headline monthly detail, as well as the six-month moving-average activity for both the aggregate new orders series and the series net of the irregular commercial-aircraft orders. It also shows annual growth for the real series (net of commercial aircraft). The moving-average levels in both the durable goods series (*Graphs 3* and *4*) had turned lower into year-end 2014 and the first two quarters of 2015, with some smoothed bounce-back into third-quarter 2015, followed by renewed downturn into 2016 with a late-year uptick continuing into March 2017, which largely was revised away with the May 2017 benchmarking. Along with a period of uptrending stagnation, boosted by disaster recovery, the same pattern of growth and downside benchmark revision largely was repeated through May 2018, as can be seen in *Graphs 10* and *11*.

The second set of graphs (*Graphs 6* and *7*) 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 8* and *9*) shows largely the same patterns, although they are for the aggregate durable goods orders series, net of commercial aircraft orders.

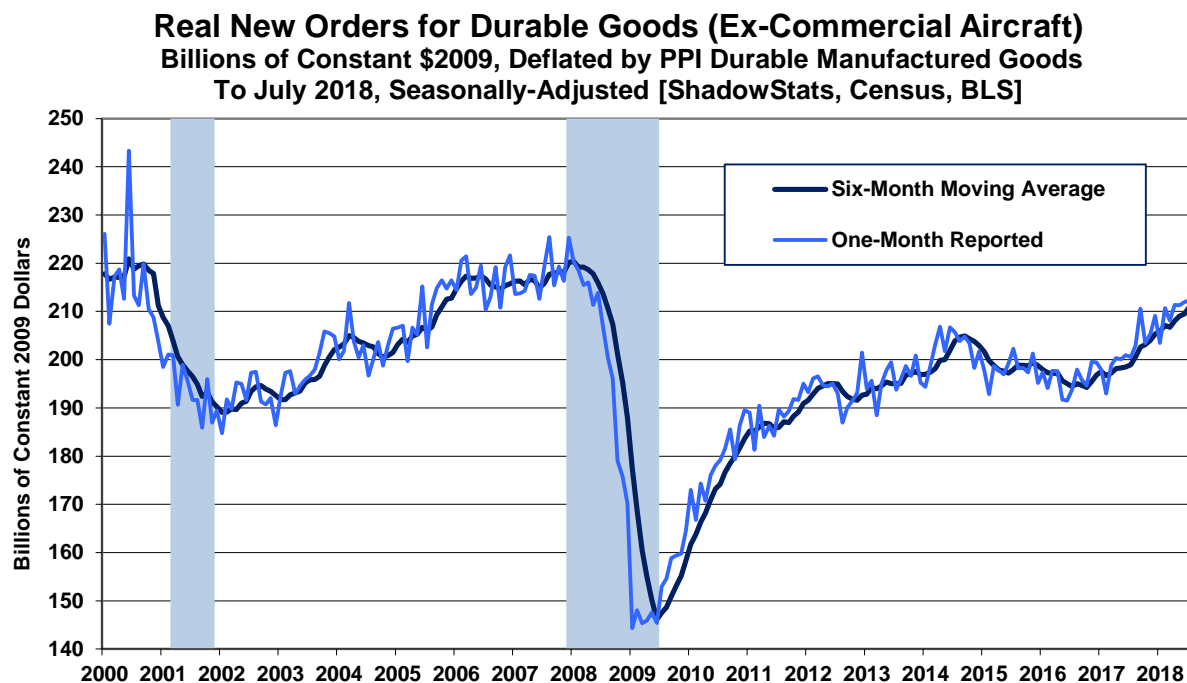
Broad Patterns of New Orders Activity. There has been a general pattern of stagnation or bottom-bouncing evident in the orders of recent years—clearly not the booming recovery seen in official GDP reporting. The real monthly and six-month moving-average levels of new orders in July 2018 remained below 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. These series remains in non-recovered, non-expanding, low-level, albeit uptrending stagnation (see the *Opening Comments* of prior [Commentary No. 966](#)).

Headline New Orders Detail, Aggregate and Ex-Commercial Aircraft

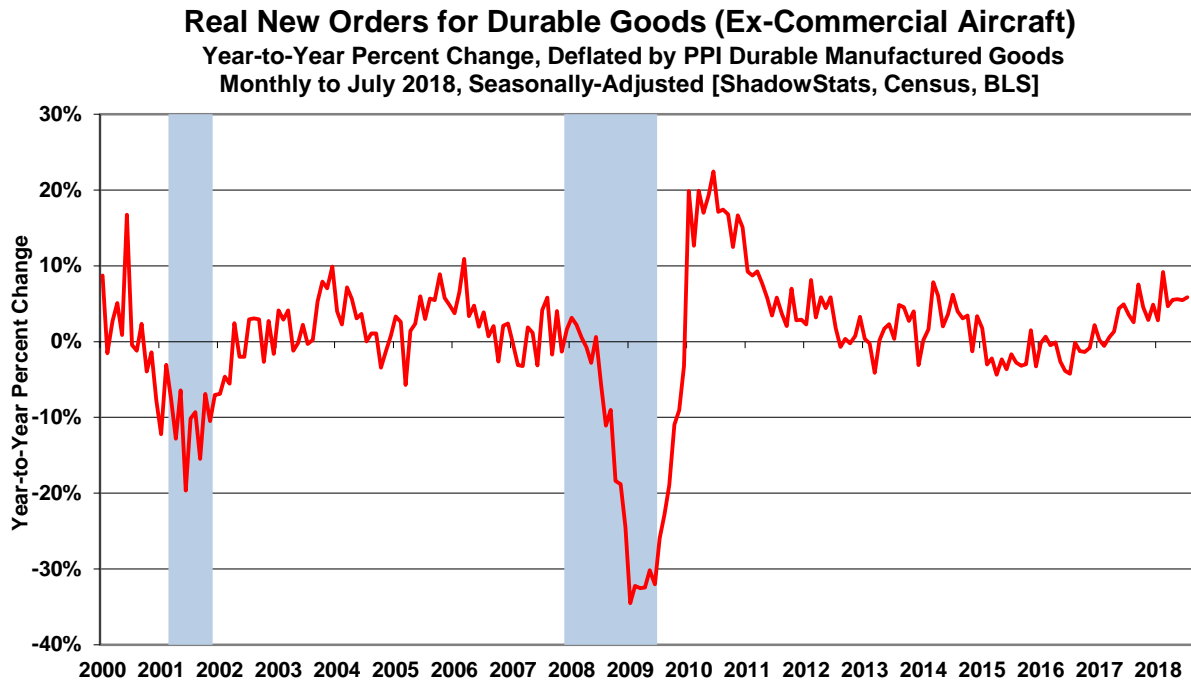
Graph 3: Real Total New Orders for Durable Goods to Date



Graph 4: Real New Orders for Durable Goods – Ex-Commercial-Aircraft Orders to Date



Graph 5: Yr-to-Yr % Change, Real New Orders for Durable Goods – Ex-Commercial Aircraft (2000 to Date)
(Updates Graph OC-9 in [Commentary No. 966](#))



The Real New Orders Series “Corrected” for Inflation Understatement. As with other economic series distorted by deflation using 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. Among other issues, 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 some series (see [Public Commentary on Inflation Measurement](#)).

As done for other series such as Industrial Production, Retail Sales and the GDP (see *Graphs 9, 2 and Graph OC-1* in prior [Commentary No. 966](#)), ShadowStats publishes an experimental, corrected-inflation version of the graph of real New Orders for Durable Goods. Real activity, in this case, is corrected for the understatement of the inflation used in deflating the new orders series with the headline PPI inflation for manufactured durable goods.

Two sets of graphs follow. The first set (*Graph 6 and Graph 7*) shows the aggregate series or total durable goods orders; the second set (*Graph 8 and Graph 9*) shows the ex-commercial aircraft series. The aggregate orders series in *Graphs 6 and 7* 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 8 and 9* are shown net of those volatile commercial aircraft orders.

The first graph in each of the two sets shows the official six-month moving average, the same heavy dark-blue line shown in *Graph 3 and Graph 4*, along with the light-blue thin line of monthly detail. The

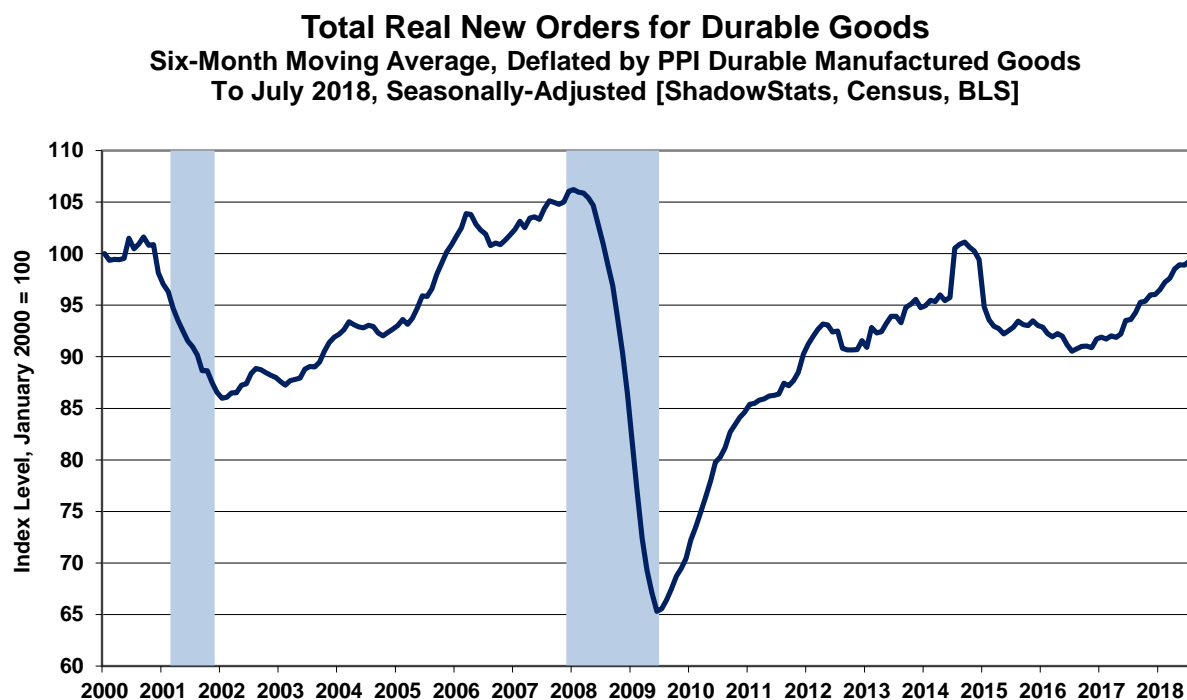
second graph in each set is the same six-month, moving-average series shown in the first graph, but it has been re-deflated to correct for the ShadowStats estimate of the understatement of the PPI manufactured durable goods inflation measure used in the headline-deflation process. The “corrected” graphs all are indexed to January 2000 = 100.

The 2000 indexing simply provides for some consistency in the series of revamped “corrected” graphics such as Industrial Production, cited earlier. The indexing does not affect the appearance of the graph or reported growth rates (as can be seen with a comparison of the moving average in *Graph 3* to the later *Graph 8*, which has the standard, headline indexing).

[Graphs 6 to 9 begin on the next page.]

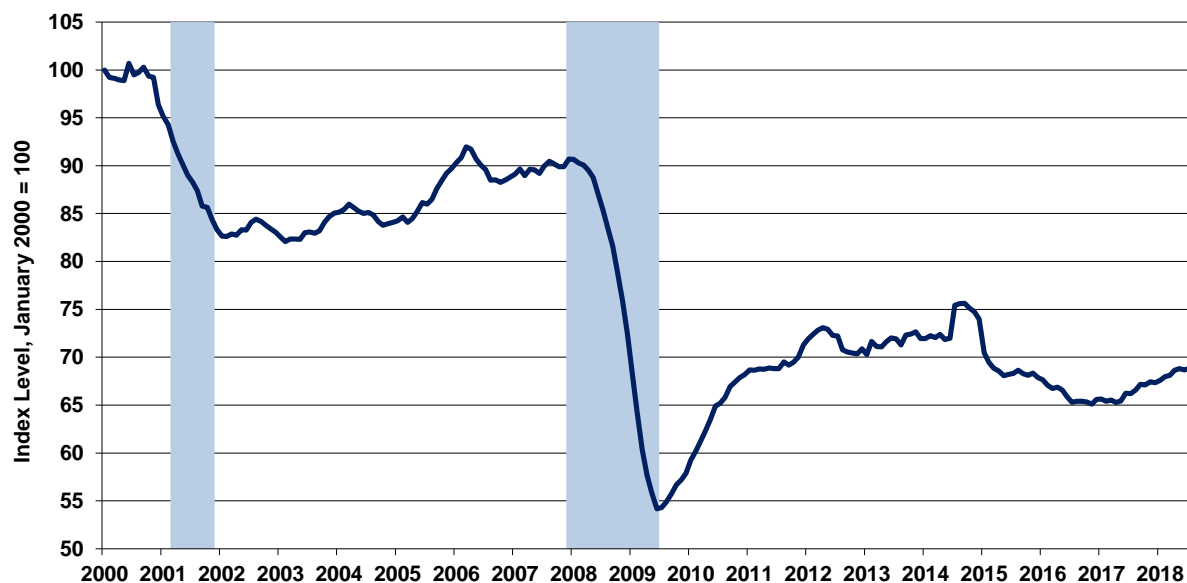
Smoothed Real Series and Real Series Corrected for Inflation-Understatement

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

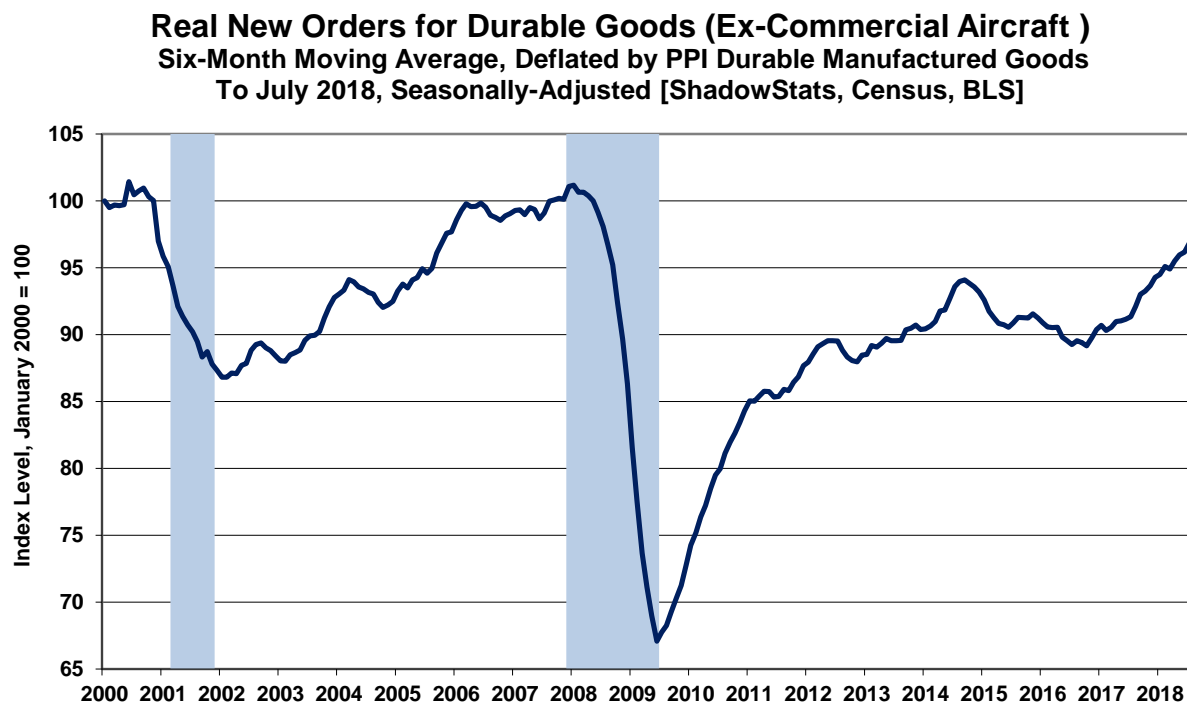


Graph 7: Corrected Index of Real Total New Orders for Durable Goods, 6-Month Moving Average

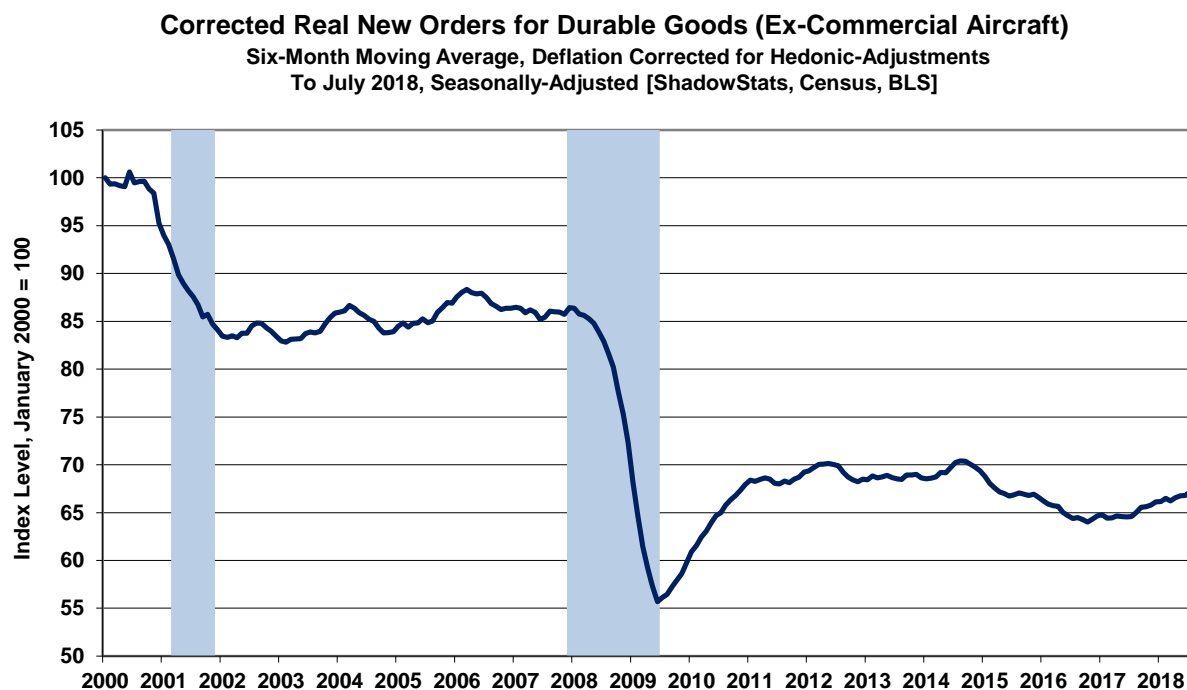
ShadowStats Corrected Total Real New Orders for Durable Goods
Six-Month Moving Average, Deflation Corrected for Hedonic Adjustments
To July 2018, Seasonally-Adjusted [ShadowStats, Census, BLS]



Graph 8: Index of Durable Goods Orders – Ex-Commercial Aircraft, 6-Month Moving Average



Graph 9: Corrected Index of Durable Goods Orders – Ex-Commercial Aircraft, 6-Month Moving Average



Caution: Beyond Regular Upside Biases Built Into Headline Reporting, Seasonally-Adjusted Month-to-Month Data Simply Are Not Comparable. The Census Bureau published its 2018 annual benchmark revisions to Manufacturers’ Shipments, and the subsidiary series New Orders for Durable Goods on May 17th, which broadly were to the downside. They also largely were consistent with major downside revisions to the Industrial Production series in its March 23rd benchmarking and in its unusual monthly revisions of May 16th (see [Commentary No. 951](#), [Commentary No. 950](#) and [Commentary No. 942-B](#)), and suggestive of some likely parallel hits in the GDP revisions. Yet, there was no clear, parallel impact on the recently-published GDP “comprehensive” benchmark revisions, as will be discussed in pending *Special Commentary No. 968*.

This circumstance has been the common experience in economic reporting of recent years and decades. Discussed in [Special Commentary No. 885](#), there is a broad upside bias often built into the underlying assumptions that drive the headline reporting of many, widely-followed and politically-sensitive economic series.

As an example of the regular, annual downside restatement of recent activity in the New Orders for Durable Goods series, consider accompanying *Graphs 10* and *11* of both aggregate (*Graph 10*) and ex-commercial aircraft (*Graphs 11*) real new orders for durable goods. The plots reflect the net revisions to the six-month moving averages of those two series for the 2018 benchmarking, as well as for the three prior benchmarkings, along with subsequent headline reporting through the July 2018 headline detail.

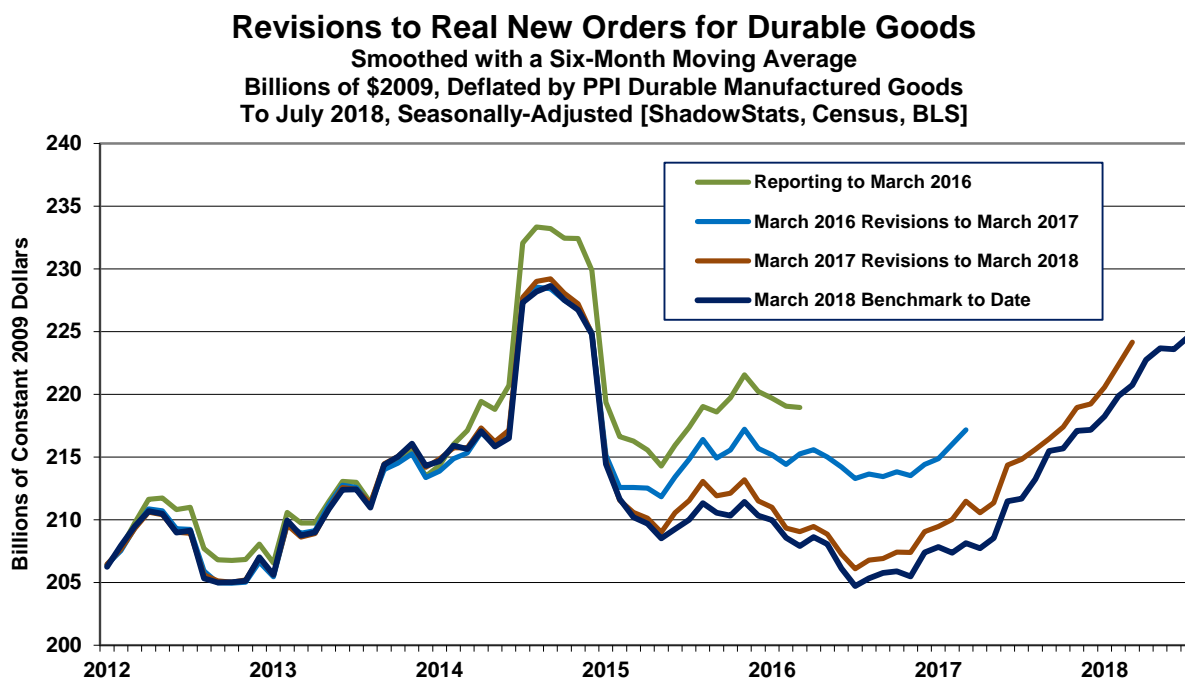
For a substantive review of the last two years of benchmark revisions to New Orders for Durable Goods, and the parent Manufacturers’ Shipments series, see [Commentary No. 951](#), [Commentary No. 950](#) and [Special Commentary No. 885](#).

Current headline durable-goods reporting remains subject not only to the upwardly-biased sampling assumptions seen in the pre-benchmarking reporting, but also to the concurrent-seasonal-adjustment problems commonly seen with series such as retail sales, and payroll and unemployment reporting. Unusual seasonal-factor volatility raises issues as to the significance of comparing reported seasonally-adjusted changes, be they monthly or quarterly, or on a year-to-year basis. While those issues were brought into balance, for a period of eight days, with the annual benchmark revision to durable goods orders through March 2018 on May 17, 2018 (again see [No. 950](#)), that consistency ceased with the May 25th release of the headline April 2018 detail.

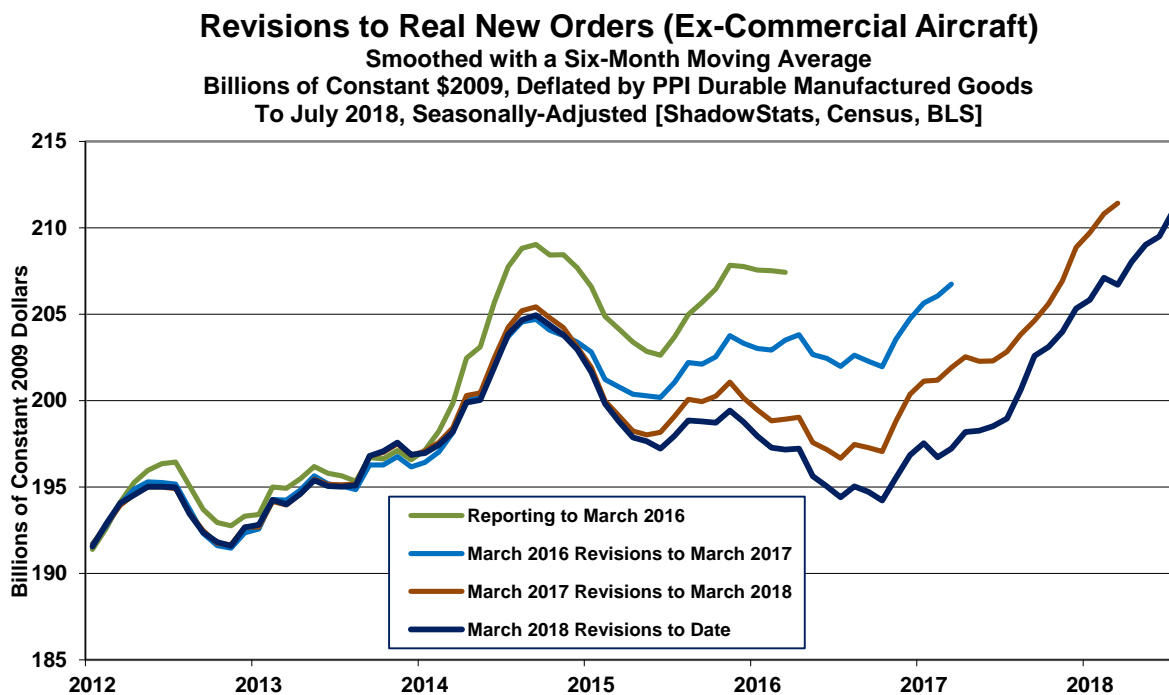
For all monthly reporting from the April 2018 detail until the next annual benchmarking in May 2019, unpublished, monthly historical seasonal-adjustment revisions, calculated along with each new current headline month’s detail, and with each month to follow, make the latest detail (July 2018) inconsistent with all the headline historical numbers. (See the related discussion in *Supplemental Labor-Detail Background* on page 22 of [Commentary No. 959-B](#)).

[Graphs 10 and 11 follow on the next page.]

Graph 10: Benchmark Revisions to Real Total New Orders for Durable Goods, Smoothed for 6-Month Moving Avg



Graph 11: Benchmark Revisions to Real Total New Orders for Durable Goods, Ex-Commercial Aircraft



Existing- and New-Home Sales (July 2018)

Existing-Home Sales Hit a Two-Year Low, Shy by 26.7% (-26.7%) of Recovering Its Pre-Recession Peak, with Sales for the Year-Ended July 2018 Down by 1.0% (-1.0%) from Year-Ended July 2017. Headline conditions in Residential Construction (see [Commentary No. 966](#)) and in both Existing- and New- Home Sales consistently surprised consensus expectations on the downside, for at least the second straight month, with six-month smoothed levels of activity in all series in deepening downtrends. Rapidly deteriorating consumer and systemic liquidity conditions are taking an increasingly heavy toll on the economy, as discussed in [Consumer Liquidity Watch – No. 4](#), [Hyperinflation Watch – No. 3](#) and in the *Opening Comments* of prior [Commentary No. 966](#).

Against positive expectations, monthly Existing-Home Sales declined by 0.7% (-0.7%) in July 2018, following monthly drops of 0.6% (-0.6%) in June, 0.7% (-0.7%) in May, and 2.7% (-2.7%) in April, versus gains of 1.1% in March and 3.0% in February. Still, those gains did not offset the sales declines of 3.2% (-3.2%) in January 2018 and 2.8% (-2.8%) in December 2017.

Annual Existing Home Sales declined in July 2018 by 1.5% (-1.5%), versus annual declines in June 2018 of 2.2% (-2.2%), of 3.4% (-3.4%) in May 2018, 1.6% (-1.6%) in April 2018, 1.2% (-1.2%) in March 2018, a gain of 1.1% in February 2018, a year-to-year decline of 4.8% (-4.8%) in January 2018 and an annual gain of 0.9% in December 2017. The January 2018 annual drop was the steepest since August 2014.

In terms of the trailing 12-months of sales, for the year-ended July 2018, Existing Home Sales were down by 0.97% (-0.97%) from the year-ended July 2017. That was the third consecutive 12-month period in contraction against its parallel year-ago pattern.

Nonetheless, as shown in accompanying *Graph 12*, November 2017 Existing-Home Sales was close to the highest level of the post-2006 revamped series (blue line), but still well below the pre-recession peak in the original series (red line). That said, smoothed for six-month moving averages, the Existing-Home Sales series had been in uptrending stagnation into 2017. That recently shifted to fluttering, relatively-flat and now clearly has been in down-trending stagnation since April 2018, as reflected in *Graph 14*.

Existing-Home Sales Continued in Smoothed, Downtrending Stagnation. Released by the National Association of Realtors (NAR) on August 22nd, Existing-Home Sales (closings of home sales, as opposed to the count of contract signings for New-Home Sales, reported by the Census Bureau) declined month-to-month by 0.74% (-0.74%) in July 2018, versus unrevised monthly declines of 0.56% (-0.56%) in June, 0.73% (-0.73%) in May, 2.68% (-2.68%) in April, having gained 1.08% in March and 2.97% in February,

having declined month-to-month by 3.24% (-3.24%) in January and 2.80% (-2.80%) in December 2017, following monthly gains of 4.00% in November and 2.42% in October.

Annual Change. The July 2018 year-to-year change was a contraction of 1.48% (-1.48%), versus unrevised declines of 2.18% (-2.18%) in June 2018, 3.39% (-3.39%) in May 2018, 1.62% (-1.62%) in April 2018, 1.23% (-1.23%) in March 2018, an annual gain of 1.09% in February 2018, an annual plunge in January 2018 of 4.78% (-4.78%), and annual gains of 0.91% in December 2017, 2.14% in November 2017 and an annual decline of 0.54% (-0.54%) in October 2017.

Quarterly Change. Base solely on the initial July 2018 estimate the, early trend for third-quarter 2018 Existing-Homes Sales was for an annualized quarterly contraction of 5.31% (-5.31%), versus an unrevised annualized contraction of 6.61% (-6.61%) in second-quarter 2018, of 6.06% (-6.06%) in first-quarter 2018, and natural-disaster disrupted periods of an annualized quarterly gain of 14.82% in fourth-quarter 2017 and a quarterly contractions of 9.94% (-9.94%) in third-quarter 2017, with a pre-hurricanes drop of 3.97% (-3.97%) in second-quarter 2017.

Distressed Sales Held at 3.0% of Total Sales, With June All-Cash Sales Rising to 22%. In the context of mounting consumer liquidity constraints, the NAR estimated the portion of July 2018 sales in “distress” at 3% (2% in foreclosure, 1% short sales), the same as in June 2018 and down from 5% (4% in foreclosure, 1% short sales) in July 2017. While such remained the lowest level of distress reported since the NAR began surveying such detail in October 2008, consider that October 2008 conditions already were more than three years into the housing-market collapse.

Reflecting ongoing lending problems and continuing stresses within the financial system, including related banking-industry and consumer-solvency issues, as well as the ongoing influx of speculative investment money into the existing-housing market, the NAR estimated all-cash sales eased to 20% of transactions in July 2018, versus 22% in June 2018, but up from 19% in June 2017.

New-Home Sales Dropped 1.7% (-1.7%) in the Usual, Irregular Monthly Volatility, Still Shy by 54.9% (-54.9%) of Recovering Its Pre-Recession High. Miserable reporting quality continued with headline July 2018 New-Home Sales, but the headline detail was weaker than consensus, where some upturn against the much weaker-than-expected previously reported June detail had been expected. Although headline June activity revised higher, April and May sales revised even more to the downside, with the headline July sales activity still ending shy of the initial June headline detail by 0.6% (-0.6%).

Released August 23rd by the Census Bureau and the Department of Housing and Urban Development, the highly volatile and unstable New-Home Sales series, which counts new-home sales contracts signed (as opposed to the count of home sales closed in the Existing-Home Sales series), declined month-to-month in July 2018 by a statistically-insignificant 1.7% (-1.7%) +/- 17.2% (all confidence intervals are expressed at the 95% level).

That was against a revised, narrowed monthly contraction in June of 2.4% (-2.4%) [previously down by 5.3% (-5.3%)], versus a revised monthly gain of 3.3% [previously 3.9%, initially up by 6.7%] in May, versus a revised, deeper monthly decline in April of 5.8% (-5.8%) [previously down by 4.6% (-4.6%), by 3.7% (-3.7%), initially by 1.5% (-1.5%)] (see *Graph 15*).

The year-to-year change in July 2018 New-Home sales was a statistically-insignificant gain of 12.8% +/- 18.4%, versus revised annual gains of 3.6% [previously 2.4%] in June 2018, of 8.3% [previously 10.3%, initially 14.1%] in May 2018 and 6.7% [previously 8.1%, 8.9%, initially 11.6%] in April 2018.

Reflecting unstable and broadly meaningless monthly and quarterly swings, Fourth-Quarter 2017 activity surged at an annualized pace of 58.9%, with First-Quarter 2018 showing a gain of 0.4%, with the second estimate of second-quarter 2018 showing a revised annualized contraction of 8.4% (-8.4%) [previously 6.0% (-6.0%)]. Based just on July's initial, unstable detail, third-quarter 2018 is on early track for an annualized quarterly contraction of 8.8% (-8.8%).

Smoothed with a six-month moving average, however, this series, continued in low-level, non-recovering stagnation, which has been in downtrend for the last three months (see *Graph 18*).

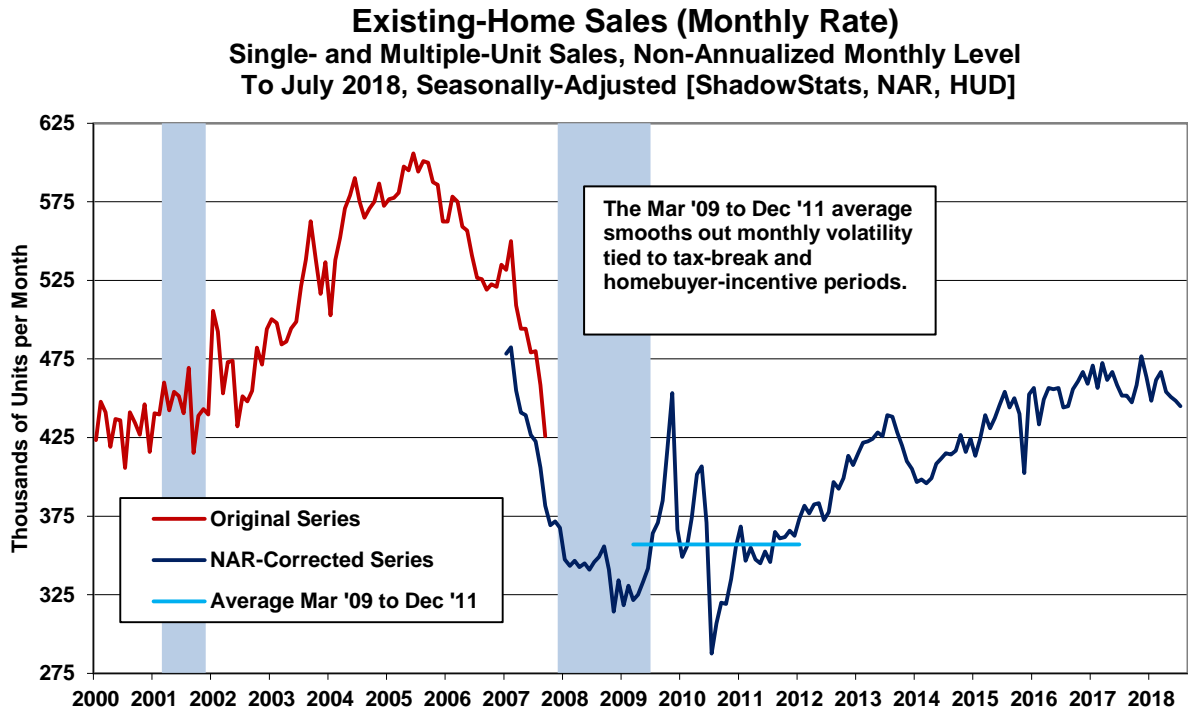
Intensifying Consumer Liquidity Constraints Impair Residential Real Estate Activity, Both Existing- and New-Home Sales. The liquidity bind besetting consumers continues to constrain residential real estate activity, as reviewed in [Consumer Liquidity Watch – No. 4](#). Without sustainable growth in real income, and without the ability or willingness to take on meaningful new debt (including mortgages) in order to make up for an income shortfall, the U.S. consumer remains unable to sustain positive growth in domestic personal consumption, including residential real estate activity and the related pass-through to demand for residential construction. That circumstance—in the last twelve-plus years of economic collapse and stagnation—has prevented a normal recovery in broad U.S. economic activity.

Graphs 12 and 14 plot the Existing-Home Sales series. Comparative plots of the related Housing Starts series (both series cover single and multiple-unit activity) are seen in *Graphs 13 and 15* (from [Commentary No. 966](#)).

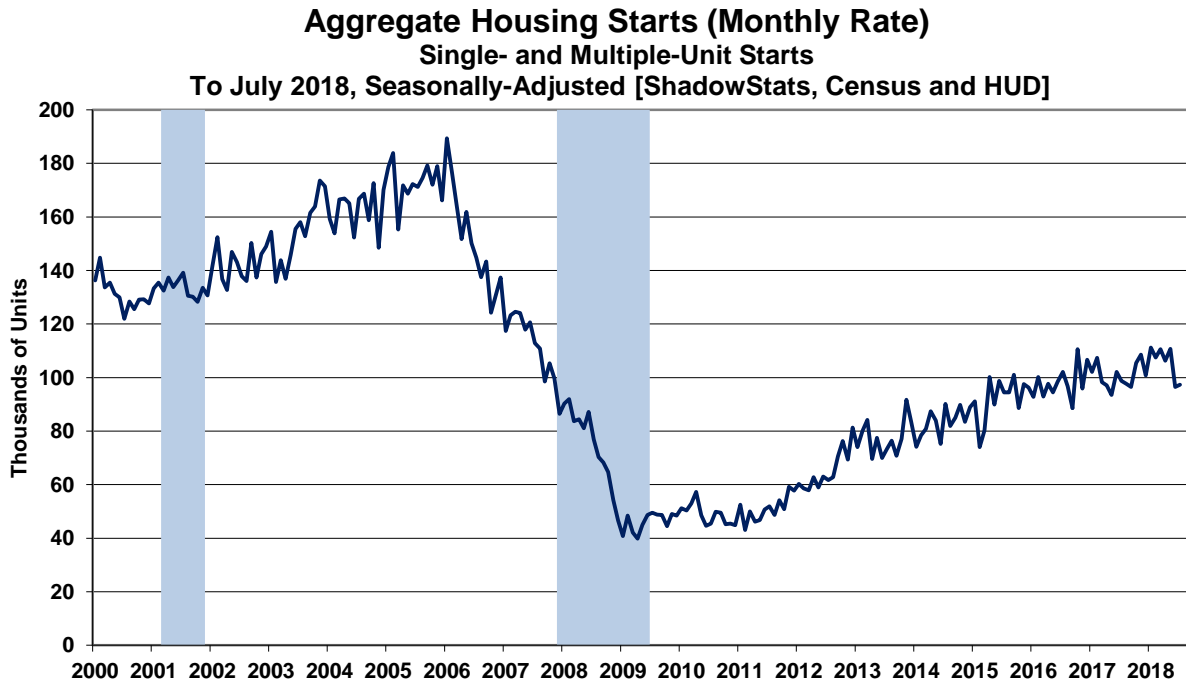
Graphs 16 and 18 plot the New-Home Sales series. Comparative plots of the related Single-Unit Housing Starts (both series reflect single-unit activity) are shown in *Graphs 17 and 19* (from [Commentary No. 966](#)).

[Graphs 12 to 19 begin on the next page.]

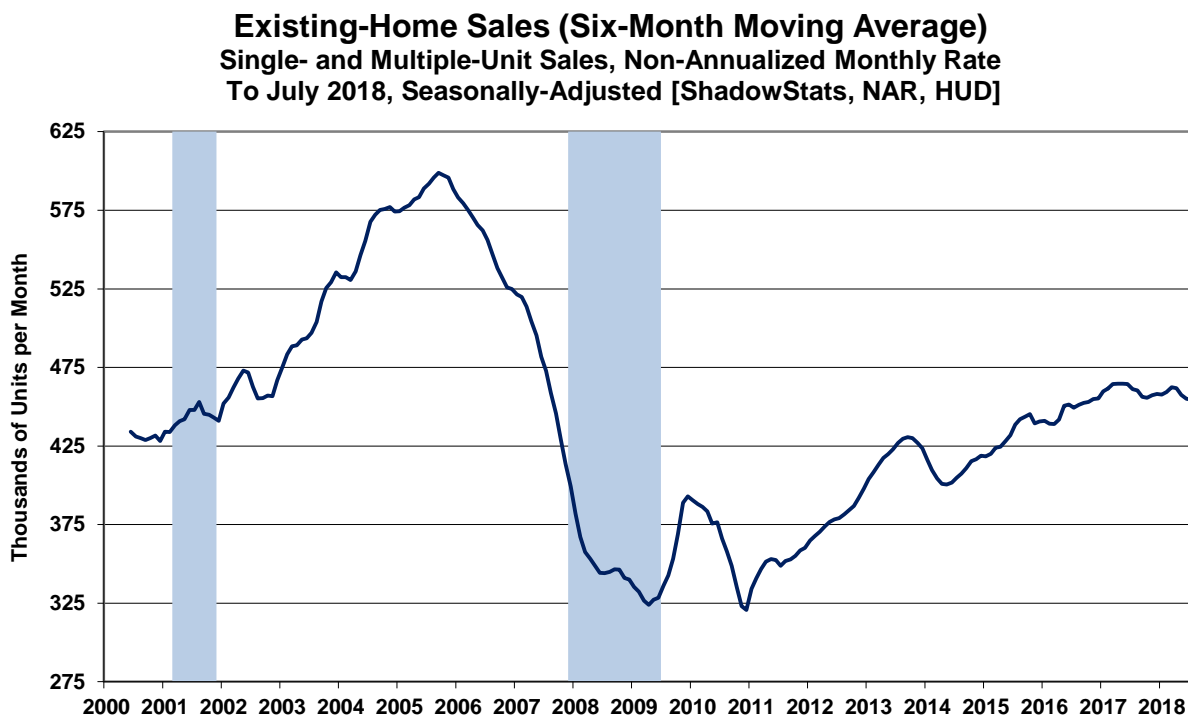
Graph 12: Existing-Home Sales (Monthly Rate of Activity)



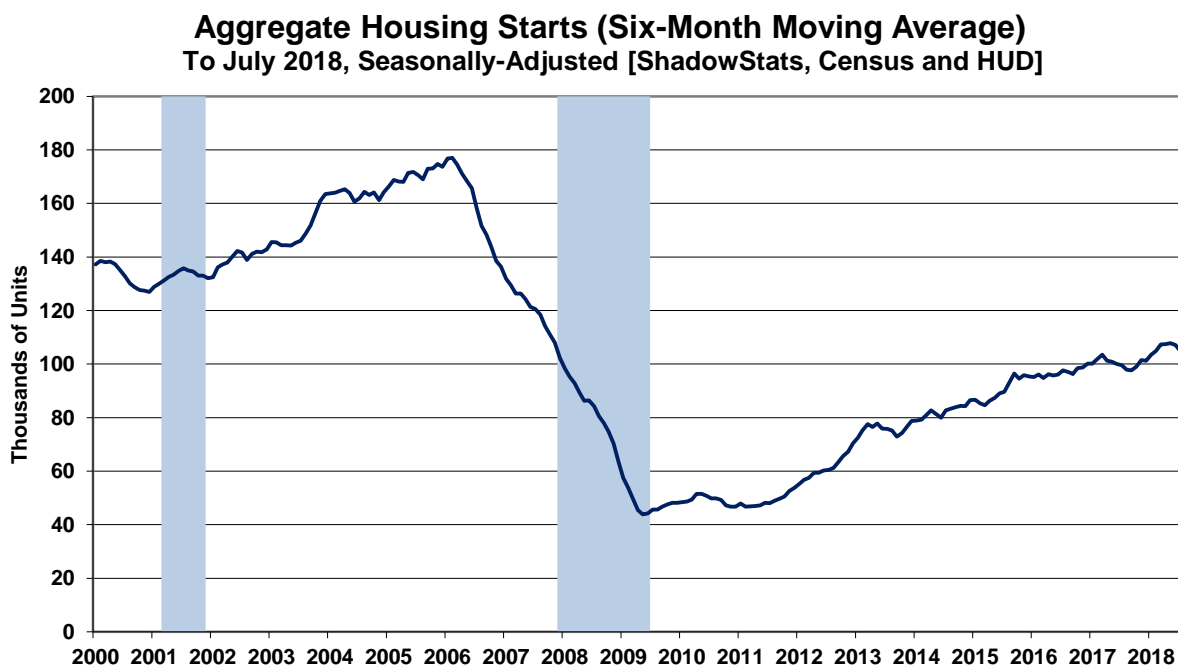
Graph 13: Aggregate Housing Starts (Monthly Rate of Activity, 2000 to June 2018)
(Same as Graph 33 in [Commentary No. 966.](#))



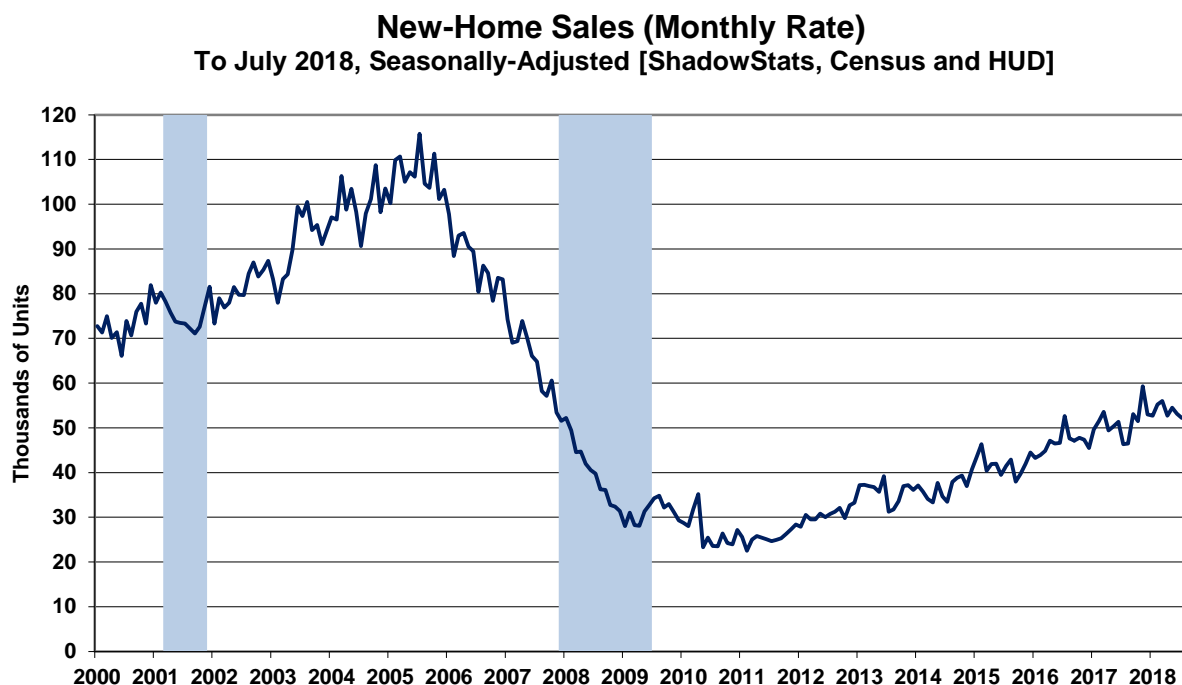
Graph 14: Existing-Home Sales (Six-Month Moving Average)



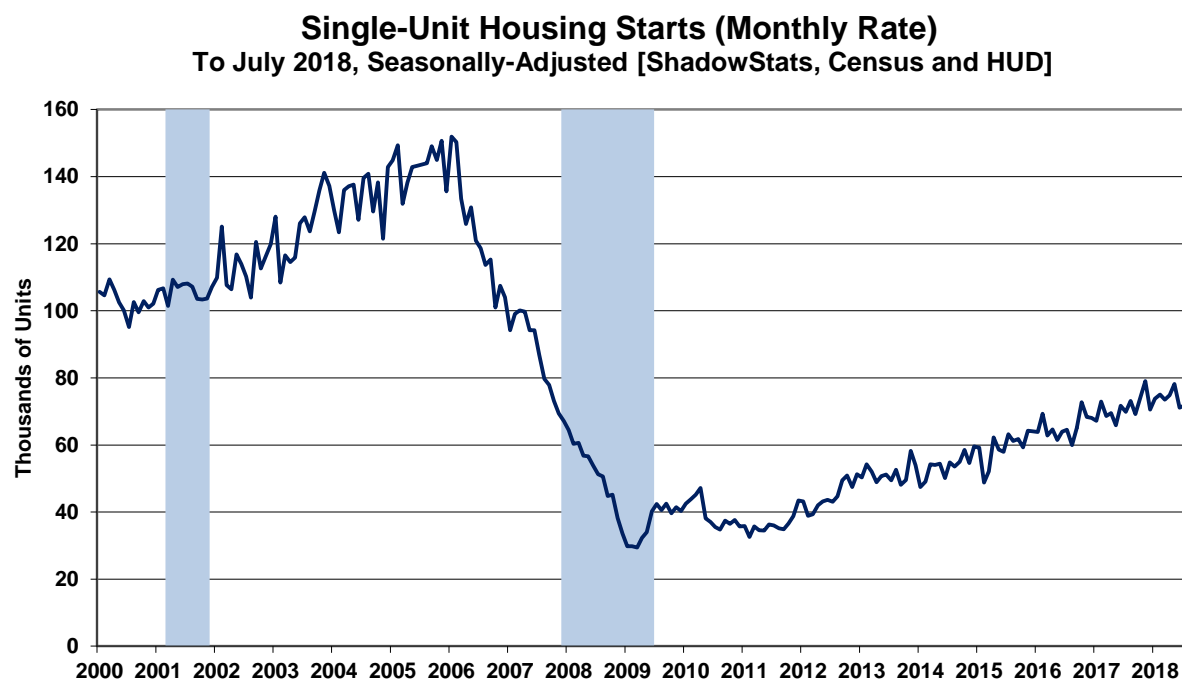
Graph 15: Aggregate Housing Starts (Six-Month Moving Average, Monthly Rate of Activity)
(Same as Graph 34 in [Commentary No. 966.](#))



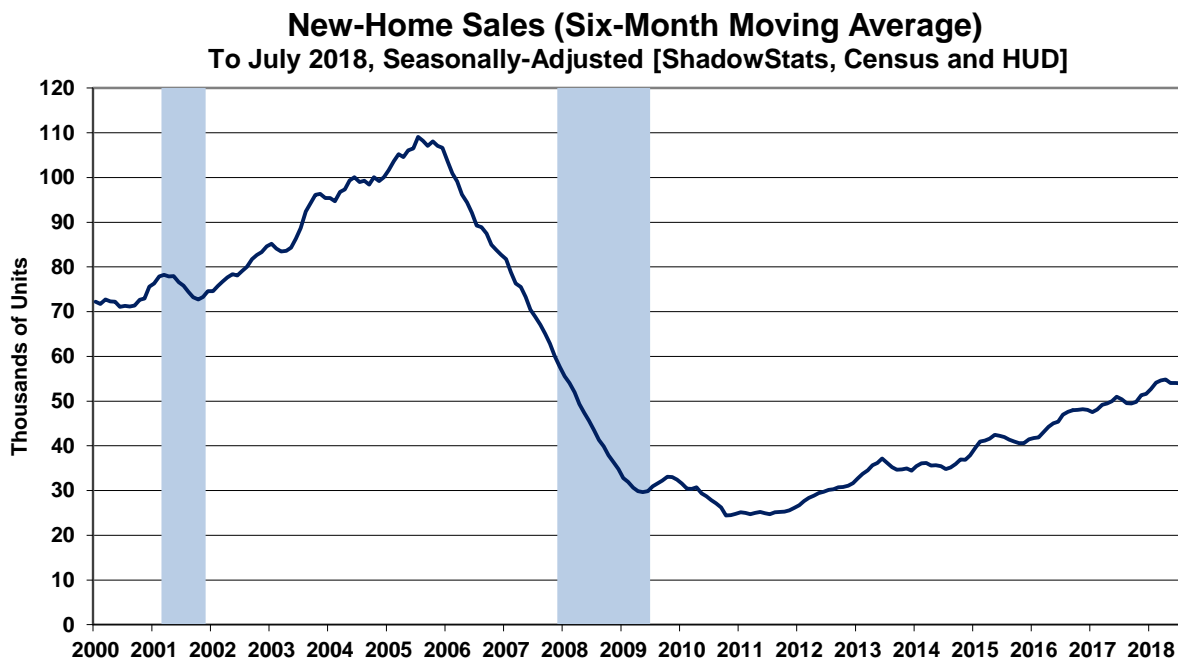
Graph 16: New-Home Sales (Monthly Rate of Activity)



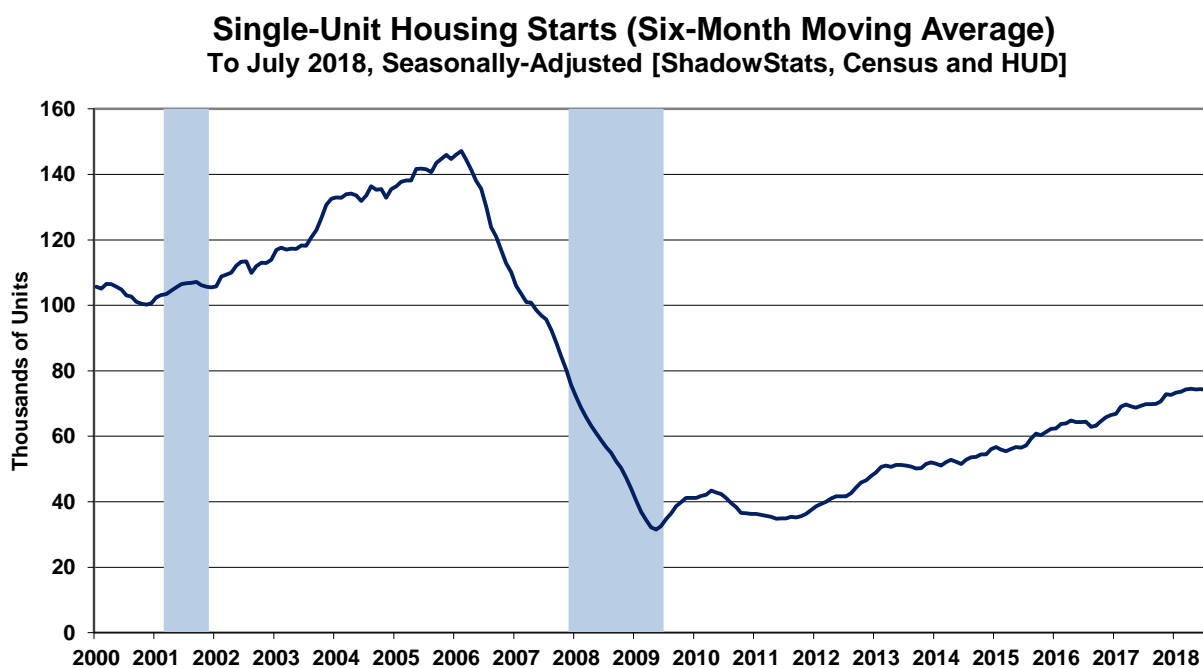
Graph 17: Single-Unit Housing Starts (Monthly Rate of Activity, 2000 to June 2018)
(Same as Graph 35 in [Commentary No. 966.](#))



Graph 18: New -Home Sales (Six-Month Moving Average)



Graph 19: Single-Unit Housing Starts (Six-Month Moving Average, Monthly Rate of Activity)
(Same as Graph 36 in [Commentary No. 966.](#))



Initial 2018 Payroll Employment Benchmark Revision

Preliminary 2018 Net Payroll Benchmark Revision Was Negligible. Reflected in *Table 2*, the aggregate initial estimate of the 2018 annual benchmark revision to payroll employment was an unusually small, seasonally unadjusted gain of 43,000 jobs, which tentatively would shift historical aggregate payrolls higher by that amount, centered on March 2018, reflected in incremental increases to previously reported data from March 2017 to through the end of 2018. The payroll series formally will be revised in its January 2019 release, which likely will be published on February 1, 2019 (see the [Press Release](#) of August 22nd). Circumstances here will be reviewed in the *Supplemental Labor-Detail Background* section of *Commentary No. 969* on September 7th, covering the August 2018 payroll numbers.

Table 2: Initial Payroll Benchmark Revisions by Industry

Preliminary 2018 Payroll Employment Benchmark Revisions	
Industry Sector	Revision
Wholesale Trade	-125,000
Retail Trade	-84,000
Other	-33,000
Manufacturing	-9,000
Leisure and Hospitality	-9,000
Professional and Business Services	-9,000
Mining and Logging	-7,000
Utilities	1,000
Education and Health Services	2,000
Construction	42,000
Information	60,000
Financial Activities	73,000
Transportation and Warehousing	81,000
Total Private Payrolls	-17,000
Plus Government	60,000
Total Nonfarm Payroll Change	43,000
Sources: Bureau of Labor Statistics, ShadowStats.com	

WEEK, MONTH AND YEAR AHEAD

Risks of U.S. Dollar and Financial-Market Turmoil Remain Intense, Amidst Mounting Fiscal, Liquidity and Political Concerns, Along With Faltering, Non-Expanding Economic Activity. In the context of weakening systemic- and consumer-liquidity trends (see the *Opening Comments* of [Commentary No. 966](#), [Hyperinflation Watch – No. 3](#), [Consumer Liquidity Watch – No. 4](#) and [Commentary No. 959-B](#)), the headline economic outlook should continue to dim rapidly as seen in the recent, intensifying downturn in the housing and construction markets (also see the *Opening Comments*), and despite the big initial headline jump in second-quarter GDP (see the *Pending Economic Release*).

[Hyperinflation Watch – No. 3](#) reviewed the broad outlooks for the U.S. economy, the U.S. dollar, gold, silver and the financial markets (again, see the *Opening Comments*). Such expanded upon the annual review in [Special Commentary No. 935](#). The broad outlook on the economy has not changed. Weaker economic growth and renewed, faltering economic headlines should continue to follow. The fundamental outlook for U.S. dollar and related market circumstances also broadly have not changed from the related vulnerabilities discussed in earlier missives.

The dollar and financial markets remain at extraordinarily-high risk of intense, panicked declines, possible at any time. Holdings of physical gold and silver remain the ultimate hedges—stores of wealth—for preserving the purchasing power of one's U.S. dollar assets, during times of high inflation and currency debasement, and/or political- and financial-system upheaval.

Please call (707) 763-5786, if you would like to discuss current circumstances, or otherwise.

Best wishes – John Williams

[Pending Economic Releases are covered on the next page.]

PENDING ECONOMIC RELEASE

Gross Domestic Product (Second-Quarter 2018, Second Estimate, First Revision). The Bureau of Economic Analysis (BEA) will release its second-estimate of, first-revision to Second-Quarter 2018 GDP on Wednesday, August 29th, along with the initial estimates of Second-Quarter 2018 Gross Domestic Income (GDI) and Gross National Product (GNP), all to be covered in *Special Commentary No. 968*, along with extended coverage of last month's Comprehensive Benchmark Revision of the GDP series back to 1929, and a general review of current economic conditions.

Look for some downside revision to the booming first-estimate of 4.06% annualized real growth in second-quarter GDP, which was up from 2.22% in first-quarter 2018, all in the context of last month's Comprehensive Benchmark Revisions. Interim downside revisions to second-quarter Retail Sales and Housing Starts likely will outweigh some upside revision to Industrial Production.

LINKS TO PRIOR COMMENTARIES, SPECIAL REPORTS AND OTHER WRITINGS

Most Recent Watches:

The *Consumer Liquidity Watch* of August 10th: [Consumer Liquidity Watch – No. 4.](#)

The *Hyperinflation Watch* of August 12th: [Hyperinflation Watch – No. 3.](#)

The latest Watches always are available on www.ShadowStats.com and by link from the current *Commentary*, with updates advised by e-mail.

Prior Writings Underlying the Regular and Special Commentaries: Underlying the recent [Special Commentary No. 935](#) (*Part One*) and the pending *Special Commentaries* (*Part Two*) on Inflation, and (*Part III*) on the Federal Reserve and U.S. banking system, are [Commentary No. 899](#) and [General Commentary No. 894](#), along with general background from regular *Commentaries* throughout 2017.

These missives also are built upon writings of prior years, including [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). In turn, they 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 Regular Commentaries: *[Listed here are Commentaries of the last several months or so, plus recent Special Commentaries and a sampling of others covering a variety of non-monthly issues, including annual benchmark revisions, dating back to the beginning of 2017. Please Note: Complete*

ShadowStats archives back to 2004 are found at www.ShadowStats.com (left-hand column of home page).]

These regular *Commentaries* usually are published at least weekly, with *Consumer Liquidity* and *Hyperinflation Watches* updated about every two weeks or so, updating general economic, consumer-liquidity and financial-market circumstances as they develop.

[*Commentary No. 966*](#) (August 17th) reviewed July 2018 Retail Sales, Industrial Production, New Residential Construction and the CASS Freight IndexTM.

[*Commentary No. 965*](#) (August 12th) covered the July 2018 Consumer and Producer Price Indices (CPI and PPI), and Real Average Weekly Earnings and deteriorating consumer liquidity conditions.

[*Commentary No. 964-A*](#) (August 3rd) preliminary coverage of July 2018 Employment/Unemployment, Conference Board Help Wanted OnLine[®] Advertising, M3 and the June Trade Deficit and Construction Spending.

[*Commentary No. 963*](#) (July 31st) reviewed June Retail Sales, Industrial Production, New Orders for Durable Goods and the Cass Freight Index, all in the context of the GDP revisions and unfolding, underlying economic reality.

[*Commentary No. 962*](#) (July 27th) provided initial coverage of the first or “advance” estimate of Second-Quarter 2018 Gross Domestic Product (GDP) and the Comprehensive Benchmark Revisions to the series back to 1929. A full update and extended coverage follow late August in a pending *Special Commentary*.

[*Commentary No. 961*](#) (July 26th) provided full coverage on New Residential Investment (Housing Starts, Building Permits and New- and Existing-Home Sales. Preliminary coverage was provided on June Retail Sales, Industrial Production, New Orders for Durable Goods and the Cass Freight IndexTM, all of which were expanded upon in *Commentary No. 963*.

[*Commentary No. 960*](#) (July 15th) reviewed the June Consumer and Producer Price Indices (CPI and PPI), Real Earnings and related implications for consumer and systemic liquidity

[*Commentary No. 959-B*](#) (July 11th) provided extended detail on June 2018 Employment and Unemployment, the May 2018 Trade Deficit and updated economic outlook, along with expanded discussion on issues affecting the credibility of the headline employment and unemployment data.

[*Commentary No. 959-A*](#) (July 6th) provided flash headlines and summary details of the June 2018 Employment and Unemployment and the May 2018 Trade Deficit, expanded upon in *Commentary No. 959-B* and headline coverage of June 2018 Conference Board Help Wanted OnLine[®] Advertising.

[*Commentary No. 958*](#) (July 3rd) covered May 2018 Construction Spending and the accompanying annual benchmarking to that series.

[*Commentary No. 957*](#) (July 1st) covered May 2018 New Orders for Durable Goods and the third estimate of First-Quarter 2018 Gross Domestic Product (GDP) and the coincident second estimates of Gross National Product (GNP) and Gross Domestic Income (GDI).

[*Commentary No. 956*](#) (June 27th) reviewed May 2018 Retail Sales, Industrial Production, New Residential Construction (Housing Starts and Building Permits), New- and Existing-Home Sales, along with detail on the May 2018 Cass Freight IndexTM and some potential twists to the pending July 27th Comprehensive Benchmark Revision to the GDP.

[Commentary No. 955](#) (June 18th) analyzed May 2018 inflation as reported with the May 2018 Consumer and Producer Price Indices (CPI and PPI), Real Average Weekly Earnings, along with the latest *Hyperinflation Watch* covering FOMC policy, the U.S. dollar and financial markets. Summary headline details also were provided for May Retail Sales, Industrial Production and the Cass Freight IndexTM.

[Commentary No. 954](#) (June 8th) reviewed the comprehensive annual benchmark revisions to the Trade Deficit, in the context of recent benchmark revisions to other major economic series and implications for the pending GDP benchmark revisions. Such also covered the headline reporting of the April 2018 headline Trade Deficit detail and an updated Consumer Liquidity Watch.

[Commentary No. 953-B](#) (June 5th) analyzed the discrepancies between the record-low headline unemployment rate and near-record-high readings of labor-market stress, in the context of extended coverage the May 2018 Employment and Unemployment and April 2018 Construction Spending, previously headlined in *No. 953-A*.

[Commentary No. 953-A](#) (June 1st) provided flash headlines and summary details of the May 2018 Employment and Unemployment and April 2018 Construction Spending, expanded upon in the supplemental coverage of *Commentary No. 953-B*. Current monetary conditions were reviewed, along with the initial estimate of annual growth in the May 2018 ShadowStats Ongoing Estimate of Money Supply M3.

[Commentary No. 952](#) (May 30th) reviewed the second estimate of First-Quarter 2018 GDP, initial estimates of first-quarter GNP and GDI, extended detail on the annual benchmarking of the Retail Sales series, and headline coverage of the May 2018 Conference Board Help Wanted OnLine[®] Advertising.

[Commentary No. 951](#) (May 25th) reviewed April 2018 New Orders of Durable Goods, in the context of the annual revisions (see prior *No. 950*), New- and Existing-Home Sales and brief coverage of the annual benchmarking of the Retail Sales series.

[Commentary No. 950](#) (May 20th) reviewed April Retail Sales, Industrial Production, New Residential Construction (Housing Starts, Building Permits and annual revisions), the Cass Freight IndexTM and annual benchmark revisions to Manufacturers' Shipments, including New Orders for Durable Goods.

[Commentary No. 949](#) (May 11th) reviewed inflation as reported with the April 2018 Consumer and Producer Price Indices (CPI and PPI), Real Average Weekly Earnings, along with the latest *Hyperinflation Watch* on the U.S. dollar and financial markets.

[Commentary No. 948](#) (May 9th) explored unusual circumstances with April 2018 Employment and Unemployment numbers, along with the April Conference Board Help Wanted OnLine[®] Advertising, April Monetary Conditions, the March Trade Deficit and Construction Spending, along with the reintroduction of Sentier Research's monthly Real Median Household Income to March 2018.

[Commentary No. 947](#) (April 27th) detailed the first estimate of First-Quarter 2018 GDP and the related Velocity of Money, March New Orders for Durable Goods, New- and Existing-Home Sales and the "advance" estimate of the March 2018 merchandise goods deficit.

[Commentary No. 946](#) (April 22nd) covered March 2018 Retail Sales, Industrial Production, New Residential Construction (Housing Starts and Building Permits), the Cass Freight IndexTM and a review of the current state of the GDP reporting and an outlook for first-quarter 2018 activity.

[Commentary No. 945](#) (April 11th) reviewed the March 2018 Consumer and Producer Prices Indices (CPI and PPI), Real Average Weekly Earnings, along with the latest *Hyperinflation Watch* on the U.S. dollar and financial markets.

[Commentary No. 944](#) (April 8th) covered March 2018 Employment and Unemployment, the March Conference Board Help Wanted OnLine[®] Advertising, March Monetary Conditions and the full February Trade Deficit and Construction Spending.

[Commentary No. 943](#) (March 29th) covered the third-estimate of, second-revision to Fourth-Quarter 2017 GDP and the only estimates to be made in current reporting of the GDI and GDP, as well as the “advance” estimate of the February merchandise trade deficit.

[Commentary No. 942-B](#) (March 27th) reviewed the Industrial Production annual benchmark revisions, general reporting-quality issues, February 2018 New Orders for Durable Good, New- and Existing-Home Sales and the Cass Freight Index[™].

[Commentary No. 942-A](#) (March 23rd) provided a very brief summary of the much more extensive details covered in *Commentary 942-B*.

[Commentary No. 941](#) (March 19th) covered February Industrial Production and New Construction Spending (Housing Starts and Building Permits), along with a general discussion in the *Opening Comments* on economic conditions and a preview of the Industrial Production benchmark revisions.

[Commentary No. 940](#) (March 15th) covered February 2018 Retail Sales, CPI, PPI and related Real Average Weekly Earnings, real Annual Growth in M3 and updated financial market prospects.

[Commentary No. 939](#) (March 9th) covered the February 2018 Employment and Unemployment details, the full reporting of the January 2018 Trade Deficit, February Conference Board Help Wanted OnLine[®] Advertising and February Monetary Conditions.

[Commentary No. 938](#) (March 1st) reviewed January 2018 Construction Spending and the second estimate of Fourth-Quarter 2017 GDP.

[Commentary No. 937](#) (February 27th) covered January 2018, New Orders for Durable, New- and Existing-Home Sales, the “advance” estimate of the January 2018 Merchandise Trade Deficit and the Cass Freight Index[™].

[Commentary No. 936](#) (February 19th) covered the January 2018 CPI and PPI, Retail Sales, Industrial Production and New Residential Construction (Housing Starts and Building Permits).

[Special Commentary No. 935](#) (February 12th) was the first part of a three part-series reviewing economic and financial conditions of 2017 and the year-ahead, inflation and the U.S. government’s balance sheet and conditions in the U.S. banking system and Federal Reserve options.

[Commentary No. 934-B](#) (February 6, 2018) provided extended coverage on the January 2018 Employment and Unemployment details, the 2017 benchmark revisions to Payroll Employment and the January annual recasting of population, along with coverage of the December 2017 Trade Deficit.

[Commentary No. 934-A](#) (February 2, 2018) provided initial detail on the January 2018 Employment and Unemployment details and the 2017 benchmark revisions to Payroll Employment, along with coverage of January Conference Board Help Wanted OnLine[®] Advertising, January Monetary Conditions and December 2017 Construction Spending.

[Commentary No. 933](#) (January 26, 2018) covered December New Orders for Durable Goods, the Cass Freight Index[™] and the first estimate of Fourth-Quarter 2017 GDP.

[Commentary No. 932](#) (January 18, 2018) covered December Industrial Production and New Residential Construction (Housing Starts and Building Permits).

[Commentary No. 931](#) (January 15, 2018) reviewed December 2017 Retail Sales and the CPI and PPI, along with an update on the U.S. dollar, the financial markets and gold graphs.

[Commentary No. 930-B](#) (January 8th) expanded upon the December 2017 Employment and Unemployment numbers and Household Survey benchmarking, Conference Board Help Wanted OnLine® Advertising, December Monetary Conditions and the November 2017 Trade Deficit and Construction Spending, otherwise headlined in *No. 930-A*.

[Advance Commentary No. 930-A](#) (January 5, 2018) provided a brief summary and/or comments (all expanded in *Commentary No. 930-B*) on December 2017 Employment and Unemployment numbers, Household Survey benchmarking, Conference Board Help Wanted OnLine® Advertising, December Monetary Conditions and the November 2017 Trade Deficit and Construction Spending.

[General Commentary No. 929](#) (December 28, 2017) reviewed current economic and market conditions at year-end 2017.

[Commentary No. 926](#) (December 15, 2017) reviewed the headline November 2017 numbers for Retail Sales (both real and nominal), and Industrial Production, along a discussion on the dampening economic impact of business and consumer “uncertainty.”

[Commentary No. 909](#) (September 14, 2017) assessed the annual release of 2016 Real Median Household Income, along with a review of August Consumer Price Index (CPI) and the Producer Price Index (PPI) and an updated *Alert* on the financial markets.

[Special Commentary No. 904](#) (August 14, 2017) issued an “Alert” on the financial markets (including U.S. equities, the U.S. dollar gold and silver, as well as FOMC policy), in the context of historical activity and unfolding circumstances of deteriorating economic and political conditions. Separately, headline details were reviewed for the July Consumer Price Index (CPI) and the Producer Price Index (PPI).

[Commentary No. 902-B](#) (July 31, 2017) reviewed the 2017 annual benchmark revisions of GDP and related series, along with the “advance” estimate of second-quarter 2017 GDP.

[Commentary No. 900](#) (July 19, 2017) reviewed June 2017 New Residential Investment (Housing Starts and Building Permits), and previewed the upcoming annual GDP benchmark revisions and the coincident “advance” estimate of second-quarter 2017 GDP.

[Commentary No. 897](#) (July 6, 2017) reviewed the headline May 2017 Construction Spending and the annual revisions to same, along the May Trade Deficit, and June The Conference Board Help Wanted OnLine® Advertising and the May Cass Freight Index™.

[General Commentary No. 894](#) (June 23, 2017) reviewed unfolding economic, financial and political circumstances in the context of market expectations shifting towards an “unexpected” headline downturn in broad economic activity, along with headline details on May 2017 Real Median Household Income (Sentier Research) and New- and Existing-Home Sales.

[Commentary No. 890](#) (June 5, 2017) covered the negative-downside annual benchmark revisions to the trade deficit, the May 2017 estimates of labor conditions, ShadowStats Ongoing Money Supply M3, The Conference Board Help Wanted OnLine® Advertising and April 2017 estimates of the Cass Freight Index™, and the monthly trade deficit and construction spending.

[Special Commentary No. 888](#) (May 22, 2017) discussed evolving political circumstances that could impact the markets and the economy, reviewed the annual benchmark revisions to Manufacturers’ Shipments and New Orders for Durable Goods and updated Consumer Liquidity Conditions.

[Commentary No. 887](#) (May 18, 2017) reported on the April 2017 detail for Industrial Production and Residential Construction (Housing Starts), with some particular attention to historic, protracted periods of economic non-expansion, of which the current non-recovery is the most severe.

[Special Commentary No. 885](#), entitled *Numbers Games that Statistical Bureaus, Central Banks and Politicians Play*, (May 8, 2017) reviewed the unusual nature of the headline reporting of the April 2017 employment and unemployment details.

[Commentary No. 882](#) (April 27, 2017) summarized the annual benchmark revisions to Retail Sales and reviewed the March 2017 releases of New Orders for Durable Goods and New- and Existing-Home Sales.

[Commentary No. 877](#) (April 2, 2017) outlined the nature of the downside annual benchmark revisions to industrial production, along with implications for pending annual revisions to Retail Sales, Durable Goods Orders and the GDP.

[Commentary No. 876](#) (March 30, 2017) current headline economic activity in the context of formal definitions of the business cycle (no other major series come close to the booming GDP, which is covered in its third revision to fourth-quarter activity). Also the February 2017 SentierResearch reading on real median household income was highlighted.

[Commentary No. 875](#) (March 24, 2017) assessed and clarified formal definitions of the U.S. business cycle, which were expanded upon significantly, subsequently, in *No. 876*. It also provided the standard review of the headline February 2017 New Orders for Durable Goods, New- and Existing-Home Sales and the Cass Freight Index™.

[General Commentary No. 867](#) (February 24, 2017) assessed mixed signals for a second bottoming of the economic collapse into 2009, which otherwise never recovered its level of pre-recession activity. Such was 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 the prior January 2017 New- and Existing Home Sales.

[Commentary No. 864](#) (February 8, 2017) analyzed January 2017 Employment and Unemployment detail, including benchmark and population revisions, and estimates of December Construction Spending, Household Income, along with the prior update to Consumer Liquidity.

[Commentary No. 861](#) (January 13, 2017) covered the 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.

[No. 859 Special Commentary](#) (January 8, 2017) reviewed and previewed economic, financial and systemic developments of the year passed and the post-election year ahead.