

COMMENTARY NUMBER 638

June Labor Data, May Trade Deficit, Construction and Median Household Income

July 3, 2014

**Payroll Gains Were Bloated by Seasonal-Factor Shenanigans;
Unemployment Numbers Remained Inconsistent, Not Comparable Month-to-Month**

June Unemployment: 6.1% (U.3), 12.1% (U.6), 23.1% (ShadowStats)

Economy Remains in Serious Trouble

**Trade Deficit Should Hammer Second-Quarter 2014 GDP,
Subtracting In Excess of 1.0% from Initial Headline Growth Estimate**

**Revisions to Real Construction Spending Showed Further Downside to First-Quarter GDP;
May Detail Suggested a Negative Contribution to Second-Quarter GDP Growth**

PLEASE NOTE: The next regular Commentary is scheduled for Thursday, July 10th, covering the general outlook on the broad economy, systemic stability and liquidity, and an updated outlook on the pending U.S. dollar and hyperinflation crises. There are no major economic releases in the week ahead.

ACCORDINGLY: There are no updates to, or inclusion in this missive of, the regular Hyperinflation Watch and the Week Ahead sections.

ALSO: While the employment Commentary usually covers the latest monthly money-supply M3 detail, the unusual holiday release schedule for the June labor data is too early in the money-data cycle for a solid estimate of M3 growth for June. That will be covered in the next regular Commentary. June M3 currently is trending towards a weaker year-to-year growth of 4.3%, versus an unrevised 4.6% in May.

ERRATA: In prior Commentary No. 637, Opening Comments text, "Second-quarter 2013 GDP activity would have to rebound by 3.0% in order to regain the level of real fourth-quarter 2013 GDP activity," the opening reference should have been to "Second-quarter 2014," instead of to 2013. I apologize for any confusion; the text has been corrected in the original document.

Best wishes to all for a Happy Fourth of July! — John Williams

OPENING COMMENTS AND EXECUTIVE SUMMARY

Second-Quarter GDP Contraction Looms. The trade deficit data and construction spending numbers now are locked in for the initial estimate of second-quarter GDP. Both series show negative contributions pending for the “advance” estimate of second-quarter GDP growth. By itself, the inflation-adjusted quarterly-trade-deficit deterioration should reduce the annualized, real second-GDP growth rate by more than one-percentage point. Updated consumer liquidity issues confirm the ongoing economic trouble.

On the labor-conditions front, the reporting distortions, which usually make headline employment and unemployment reporting worthless as indicators of current economic activity, were heavily at play with the headline payroll and household data for June 2014. In particular, massive, hidden shifts in seasonal adjustments led to significant overstatement of payrolls in current reporting. Beyond comments in this missive, specific details will be covered in the next regular *Commentary*. As to the headline decline in unemployment, the monthly unemployment rates simply are not comparable, with the effect that these data are worse than useless; they are misleading and very possibly deliberately so.

Employment and Unemployment—June 2014—“Good News” That Is No Such Thing. Both June 2014 headline jobs growth of 288,000 and headline unemployment at 6.1% were better than market expectations, but they remained far removed from common experience and underlying reality.

At face value, the jobs gain and upside revisions to recent payroll employment were positive news, but the gains were no more than statistical illusions from hidden shifts in seasonal factors and from phantom jobs creation by the Birth-Death Model’s upside bias factors.

On the surface, the reported decline in headline unemployment to 6.1% in June, from 6.3% in May was very good news, considering that it reflected a declining number of unemployed, with an even greater, offsetting gain of employed individuals. The problem remains that the month-to-month comparisons of these numbers have no meaning; they simply are not comparable. The June numbers are of no more substance than were the horrendous data two months ago, showing a 733,000 decline in April unemployed, a 73,000 decline in employed, and an 806,000 drop in the labor force, with the April unemployment rate dropping to 6.3%, from 6.7% in March. Such wild swings are unheard of in a purportedly stable economy.

Reporting Issues. The regular seasonal adjustment nonsense continued to bloat payroll jobs growth, on top of the bias-factor issues, as discussed last month (see [Commentary No. 633](#)) and in the *Birth-Death/Bias-Factor Adjustment* section in *Reporting Detail*. Consider the revisions to May 2014. As reported last month, the seasonally-adjusted headline May payroll number was 138,463,000, based on a not-seasonally-adjusted number of 139,192,000. In today’s (July 3rd) reporting, the headline May adjusted number revised higher by 29,000 to 138,492,000, but the unadjusted number revised lower by 13,000 to 139,179,000.

The intensified surge in the payroll data was due to new seasonal factors, not to better information in late reporting. The seasonal factors are changed each and every month as part of the concurrent seasonal-

adjustment process, which is tantamount to a fraud, as handled currently in government reporting. The monthly seasonal-factor revisions shift current data around, often bloating the headline numbers, but the Bureau of Labor Statistics (BLS) does not provide an accounting of consistent reporting for the affected data history. This area will be fully updated in the next regular *Commentary* for the headline June detail.

The concurrent seasonal factor process also severely distorts month-to-month changes in the unemployment rate and other numbers derived from the household survey. Each month is calculated with its own set of revised historical seasonal adjustments, but the published prior history does not get revised, except once per year in annual revisions. Any consistency there, however, is fleeting, vanishing as soon as it is published.

Accordingly the headline 6.1% U.3 unemployment rate for June may or may not have declined from whatever was the consistent unemployment rate for May. There is no reason to believe that the headline May rate of 6.3% was comparable with the headline 6.1% in June or any other headline monthly rate. Suggestions by the BLS that the headline unemployment rate actually declined in the last month deliberately are misleading, at best, since the numbers, again, simply are not comparable. The BLS calculates and knows the consistent numbers, but it will not publish them. See the discussion on *Concurrent Seasonal Factor Distortions* and the *ShadowStats-Alternate Unemployment Rate* in the *Reporting Detail* for further discussion on these issues.

Headline Payroll Data. The June payroll data were bloated by the constant shifting of apparent monthly growth through unconscionable, monthly changes in seasonal-factor adjustments, as well as by a bias system that overstates headline monthly growth by at least 200,000 jobs per month, at the present time.

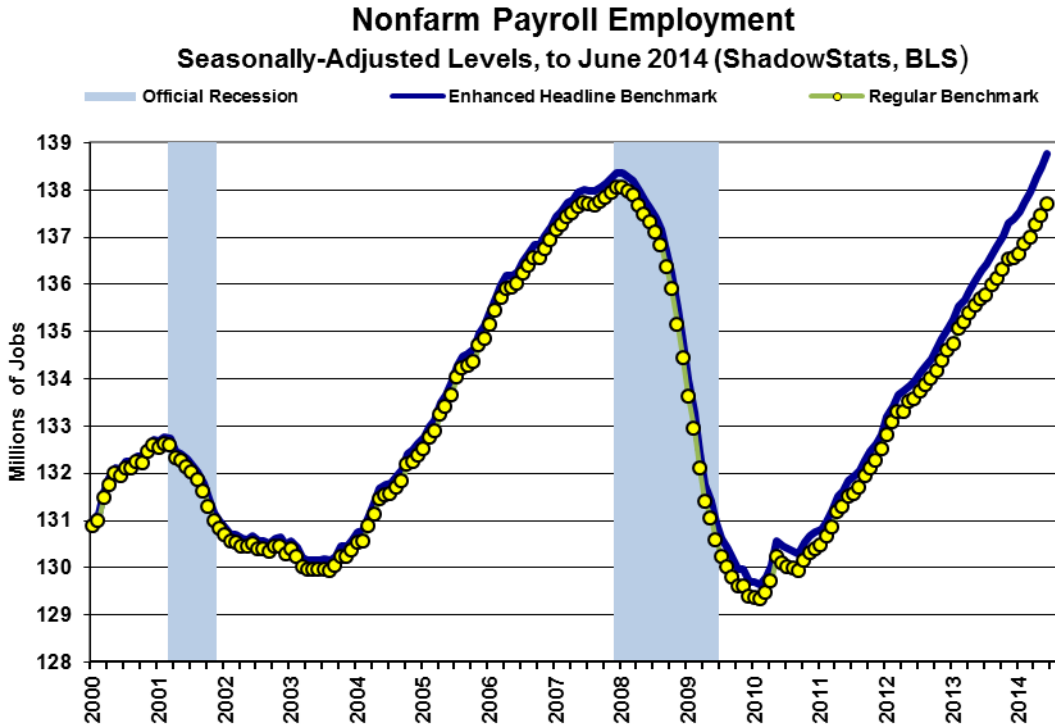
The seasonally-adjusted, month-to-month headline payroll employment gain for June was 288,000 +/- 129,000 (95% confidence interval). In turn, May payrolls rose by a revised 224,000 (previously 217,000), while April payrolls rose by a revised 304,000 (previously 282,000, initially 288,000), also bloated by shifting seasonal factors. Due to the misleading reporting policies used by the BLS, the headline April 2014 gain became non-comparable and inconsistent with the March data, as of the June reporting. Detail here, again, will be covered in the next regular *Commentary*.

Current employment levels have been spiked by misleading and inconsistently reported concurrent-seasonal-factor adjustments. These reporting issues suggest that a 95% confidence interval well beyond +/- 200,000 around the formal modeling of the headline gain easily could be justified.

Annual Change in Payroll Employment. Not-seasonally-adjusted, year-to-year change in payroll employment is untouched by the concurrent-seasonal-adjustment issues, so the monthly comparisons of year-to-year change are reported on a consistent basis, although the redefinition of the series—not the standard benchmarking process—recently boosted reported annual growth in the last year, as discussed and graphed in the benchmark detail of [Commentary No. 598](#). For June 2014, annual growth was 1.87%, versus a revised 1.74% (previously 1.75%) gain in May, and versus a revised 1.73% (previously 1.74%, initially 1.75%) gain in April, and down from a near-term peak in annual growth of 1.85% in November 2013. Note how the annual rates of change revised lower, despite the upward spikes in the revised, seasonally adjusted payrolls. See the graphs in the *Reporting Detail*.

As an aside, had the 2013 benchmark revision been standard, not a gimmicked redefinition, year-to-year jobs growth as of May 2014 would have been about 1.5%.

Headline payroll employment moved above its pre-recession high in May and rose further in June. This pattern was accelerated by the payroll levels all being redefined favorably with the January 2014 benchmarking, despite the actual benchmark having been negative. This can be seen in the accompanying short-term graph (2000-to-date) of payroll employment level. The yellow points in that graph reflect the ShadowStats assessment of what payroll employment would be showing, with just a regular benchmarking, rather than the gimmicked redefinition of the series, which added a new upside bias.



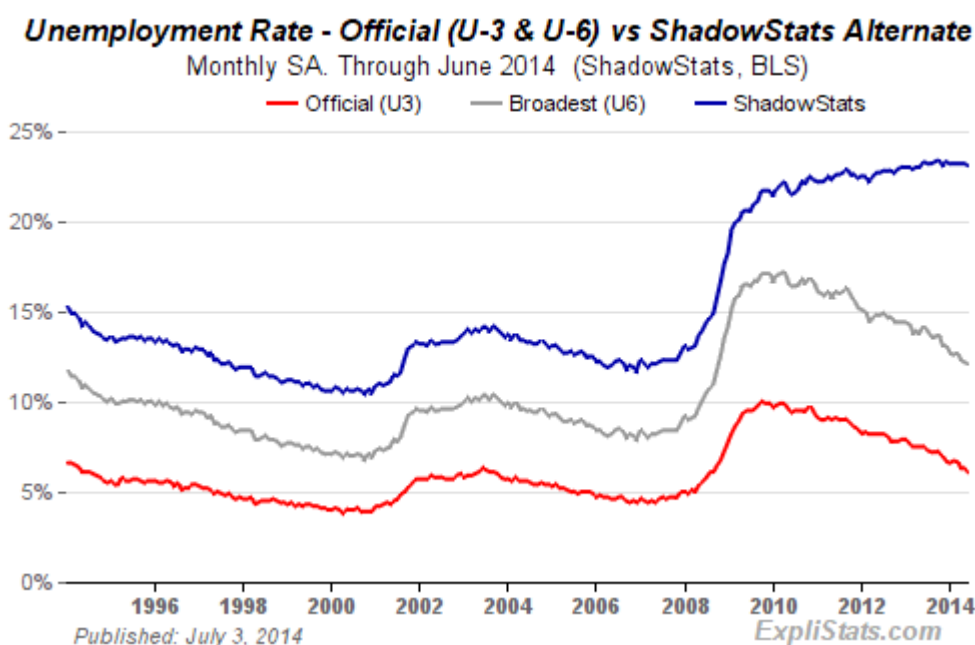
Counting All Discouraged Workers, June Unemployment Stood at 23.1%. The headline household survey reporting (unemployment-related) is virtually worthless. The numbers are highly volatile and unstable, inadequately defined—not reflecting common experience—and simply are not comparable on a month-to-month basis. The month-to-month comparability issue is tied to the concurrent seasonal adjustment process, discussed in the *Reporting Detail* section.

What removes headline-unemployment reporting from broad underlying economic reality and common experience simply is definitional. To be counted among the headline unemployed (U.3), an unemployed individual has to have looked for work actively within the four weeks prior to the unemployment survey. If the active search for work was in the last year, but not in the last four weeks, the individual is considered a “discouraged worker” by the BLS. ShadowStats defines that group as “short-term discouraged workers,” as opposed to those who become “long-term discouraged workers” after one year.

Moving on top of U.3, the broader U.6 unemployment measure includes only the short-term discouraged workers. The still-broader ShadowStats-Alternate Unemployment Measure includes an estimate of all discouraged workers, including those discouraged for one year or more, as the BLS used to measure the series pre-1994, and as Statistics Canada still does.

When the headline unemployed become discouraged, they rollover from U.3 to U.6. As the headline short-term discouraged workers rollover into long-term discouraged status, they move into the ShadowStats measure, where they remain. Aside from attrition, they are not defined out of existence for political convenience, hence the longer-term divergence between the various unemployment rates. Further detail is discussed in the *Reporting Detail* section. The difference here is between headline June 2014 unemployment of 6.1% (U.3) versus 23.1% (ShadowStats).

The following graph reflects headline June 2014 U.3 unemployment at 6.1%, down from 6.3% in May; headline U.6 unemployment notching lower to 12.1% in June, versus 12.2% in May; and the headline ShadowStats unemployment measure notching lower to 23.1% in June, versus 23.2% in May. The October 2013 ShadowStats reading of 23.4% was the series high (since 1994).

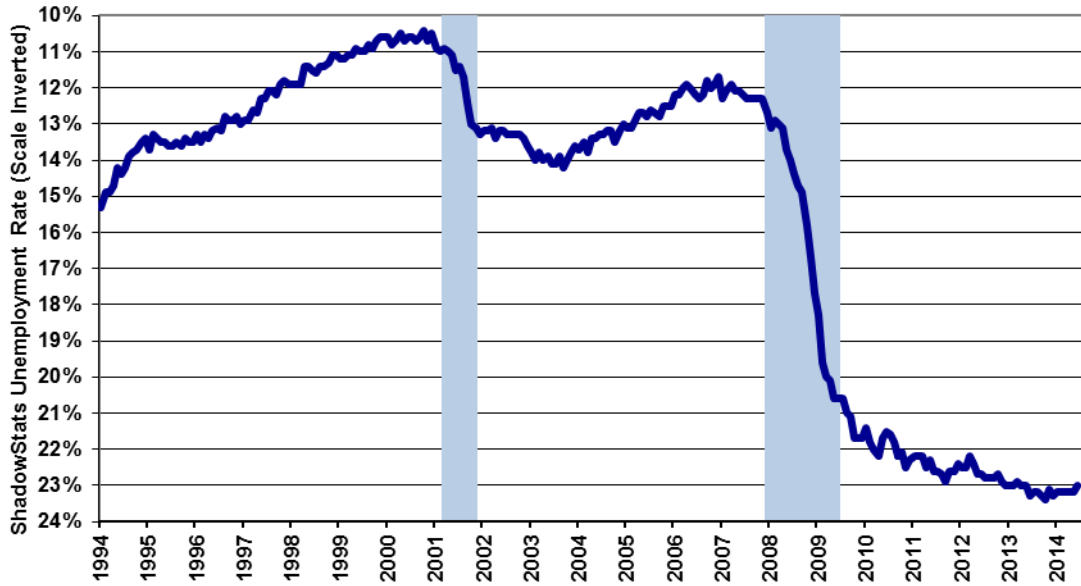


Two other graphs follow. The first is of the ShadowStats unemployment measure, with an inverted scale. The higher the unemployment rate, the weaker will be the economy, so the inverted plot tends to move in tandem with plots of most economic statistics, where a lower number means a weaker economy.

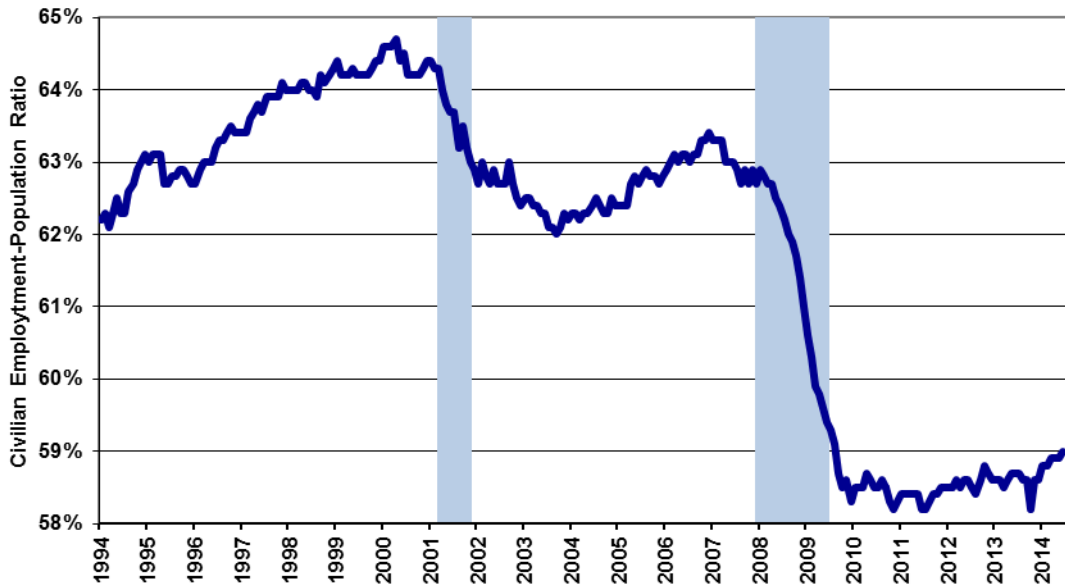
The inverted-scale ShadowStats unemployment measure also tends to move with the employment-to-population ratio, which is plotted in the second graph. Discouraged workers are not counted in the headline labor force, which generally continues to shrink. The labor force containing all unemployed (including total discouraged workers) plus the employed, however, tends to be correlated with the population, so the employment-to-population ratio tends to be something of a surrogate indicator of broad unemployment, and it has a strong correlation with the ShadowStats unemployment measure.

These graphs reflect detail back to the 1994 redefinitions of the household survey. Before 1994, data consistent with today's reporting are not available.

ShadowStats-Alternate Unemployment Rate (Inverted Scale)
Long-Term Discouraged Workers Included (BLS Excluded Since 1994)
To June 2014, Seasonally-Adjusted (ShadowStats, BLS)



Civilian Employment-Population Ratio
To June 2014, Seasonally-Adjusted (ShadowStats, BLS)



Headline Unemployment Rates. Subject to the reporting issues and lack of real-world relevance discussed elsewhere, the headline June 2014 unemployment (U.3) rate was down by 0.21-percentage point at 6.09%, versus 6.30% May. Technically that was close to a statistically-significant change, where

the official 95% confidence interval around the monthly change in the headline U.3 rate is +/- 0.23-percentage point. That is absolutely meaningless, however, in the context of the comparative month-to-month reporting-inconsistencies created by the concurrent seasonal factors. On an unadjusted basis, the unemployment rates are not revised and at least are consistent in reporting methodology. June's unadjusted U.3 unemployment rate rose to 6.3% from 6.1% in May.

With a small seasonally-adjusted gain in people working part-time for economic reasons, and a minimal decline in short-term (unadjusted) discouraged workers, headline June 2014 U.6 unemployment—the government's broadest employment rate—notched lower to 12.1%, from 12.2% in May. The unadjusted U.6, however, rose to 12.4% in June, up from 11.7% in May.

Adding back into the total unemployed and labor force the ShadowStats estimate of the growing ranks of excluded, long-term discouraged workers, broad unemployment—more in line with common experience, per the June 2014 ShadowStats-Alternate Unemployment Measure—notched lower to 23.1%, versus 23.2% in March. That still was down minimally from 23.4% in October 2013, which was the series high (back to 1994). The ShadowStats estimate shows the increasing toll of unemployed leaving the headline labor force.

U.S. Trade Deficit—May 2014—Pending Hit to Second-Quarter GDP. In the nominal terms of the simple monthly reporting, the headline trade deficit in May 2014 goods and services narrowed by \$2.6 billion from April, reflecting a \$2.0 billion monthly gain in exports, versus a \$0.7 billion decline in imports (with a rounding difference). In real terms (goods only), the deficit narrowed by \$1.9 billion, leaving intact a large, implied net deterioration in the inflation-adjusted second-quarter deficit, which should cost the initial second-quarter GDP growth estimate more than one-percentage point.

Nominal (Not-Adjusted-for-Inflation) May 2014 Trade Deficit. The headline nominal, seasonally-adjusted monthly trade deficit in goods and services for May 2014, on a balance-of-payments basis, narrowed to \$44.392 billion, from a revised \$47.037 (previously \$47.236) billion in April, and narrowed slightly from \$44.831 billion in May 2013.

The reported monthly swings in imports and exports remained erratic across a broad spectrum of goods, with the import decline more than accounted for by a 5.0% seasonally-adjusted drop (down 10.1% unadjusted) in oil imports.

Real (Inflation-Adjusted) May 2014 Trade Deficit. Seasonally-adjusted and net of oil-price swings and other inflation (2009 chain-weighted dollars, used for GDP deflation), the May 2014 merchandise trade deficit (no services) narrowed to \$51.956 billion, from a revised \$53.875 (previously \$53.849) billion in April, but widened minimally versus \$51.932 billion in May 2013.

May was the second of the two months in second-quarter 2014 that will be used for the initial estimate of the net-export account for the “advance” estimate of second-quarter 2014 GDP, on July 30th. Based on the headline April and May real trade deficits, a net deterioration in the real second-quarter trade deficit and related net-export account should be seen, subtracting in excess of one-percentage point from the second-quarter GDP headline growth rate.

Consistent with today's headline May reporting, the annualized quarterly real merchandise trade deficit stood at \$554.7 billion as of fourth-quarter 2013, at \$591.7 billion as of first-quarter 2014, and the April and May reporting annualized to \$635.0 billion (previously annualized to \$646.2 billion based on just April reporting), suggesting an annualized second-quarter deficit of that magnitude.

The net deterioration in the annualized first-quarter 2014 trade deficit, versus the fourth-quarter 2013 was \$37.0 billion. That translated into a subtraction of 1.53% (-1.53%) in annualized growth from the latest headline first-quarter GDP estimate, which reflected an aggregate contraction of 2.93% (-2.93%), as discussed in [Commentary No. 637](#). While the data here do not track perfectly with the numbers reported by the BEA in the GDP, they are the primary numbers used in generating the BEA's guesstimates of the net-export account. The implied, net annualized quarterly \$54.5 billion trade deterioration in second-quarter 2014, versus first-quarter 2014, was greater than the \$37.0 billion seen in the prior quarter, and, again it remains a good bet to reduce the second-quarter GDP headline growth rate by more than one-percentage point, from where it would have been otherwise.

Construction Spending—May 2014—Revisions Showed Greater Weakness in Near-Term Economy.

The release of the May 2014 headline construction spending data was accompanied by a benchmark revision of restated historical data back to January 2008. Despite the net aggregate revision to April 2014 being to the upside by 0.2%—smaller than most regular monthly revisions—the aggregate data did shift meaningfully overtime, as shown in the graphs (including comparative revised reporting versus prior reporting) in the *Reporting Detail* section.

In aggregate, annualized quarterly real or inflation-adjusted growth in construction revised from 13.9% in fourth-quarter 2013 to 19.2%, but first-quarter 2014 activity revised from annualized growth of 1.0% to an annualized contraction of 5.5% (-5.5%). With two months of reporting in place—the last reporting before the July 30th benchmark GDP revisions and initial reporting of second-quarter 2014 GDP—second-quarter 2014 construction spending was on track to contract at an annualized pace of 2.1% (-2.1%). These numbers indicate some upside revision pressure on fourth-quarter 2013 GDP growth, further downside revision to first-quarter 2014 GDP growth, and initial downside pressure on second-quarter GDP growth.

By major category, a downside revision to private residential construction in late 2013 and into 2014 was offset largely by upside revisions to private nonresidential construction and to public construction. Again, the revision patterns are evident in *Reporting Detail* section graphs. The general pattern of plunge-and-stagnation in the aggregate series, during the recession, remained intact, running counter to the latter portion of the plunge-and-recovery pattern seen in official GDP reporting, through fourth-quarter 2013.

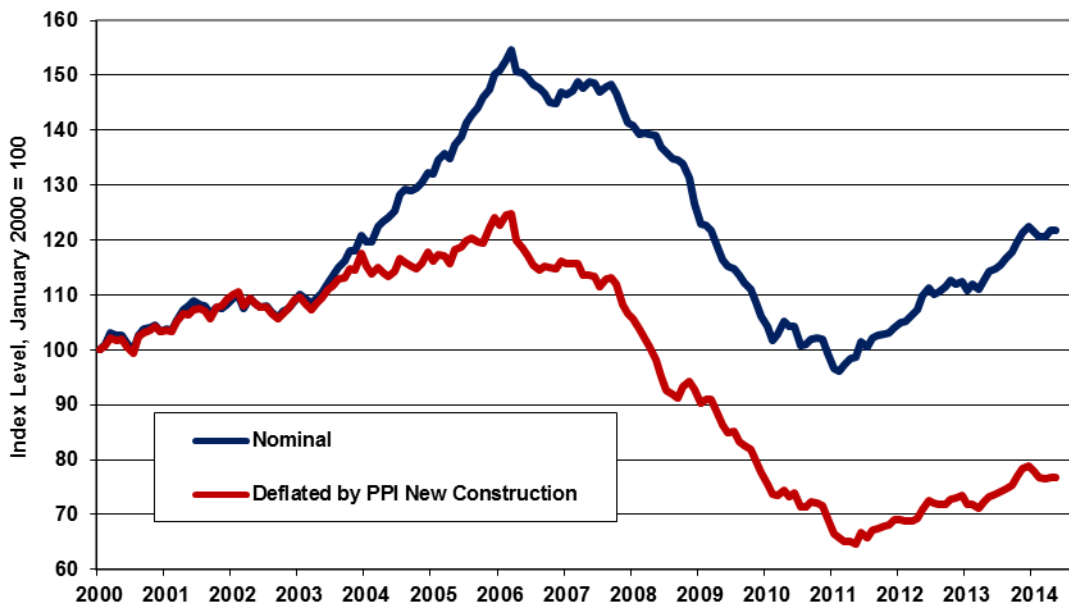
Adjusting Construction Spending for Inflation. There is no perfect inflation measure for deflating construction, but the PPI's "new construction index" (NCI) remains the closest found in publicly-available series. ShadowStats continues to use it while looking for a more-comprehensive index for construction that also is available to the public or for public release. Private surveys tend to be more closely linked to real-world activity and usually show higher annual construction costs than seen in the government data.

Official Reporting. In the context of a benchmark revision back to January 2008, the headline, total value of construction put in place in the United States for May 2014 was \$956.1 billion, on a seasonally-adjusted—but not-inflation-adjusted—annual-rate basis. That estimate was up month-to-month by a statistically-insignificant 0.1%, against a benchmark revised \$955.1 (previously \$953.5) billion in April, which was up by 0.8% versus a benchmark revised \$947.3 (previously \$951.6) billion in March.

Adjusted for the NCI inflation in the PPI, aggregate real spending in May 2014 was up month-to-month by 0.1%, versus a gain of 0.5% in April. On a year-to-year or annual-growth basis, April 2014 construction spending was up by a statistically-significant 6.6%, versus a revised a 7.9% gain in April. Net of construction costs indicated by the NCI, year-to-year growth in spending was 4.9% in May, versus a revised 6.1% in April. More-realistic private surveying suggests annual costs to be up by enough to come close to turning some of those annual construction-spending growth rates flat or into annual contractions.

The following graph and the graphs in the *Reporting Detail* section reflect the revised data (as well as comparative revised and prior-reporting levels in the *Reporting Detail*). The headline 0.1% gain in May 2014 total construction, encompassed private residential construction down by 1.5% (-1.5%), private nonresidential construction up by 1.1%, and public construction up by 1.0%. Also reflected is the 0.8% monthly gain in April total construction, with private residential construction up by 0.5%, private nonresidential construction up by 0.1% and public construction up by 2.1%.

**Revised Index of Value of Construction Put in Place
Nominal versus Inflation-Adjusted (Jan 2000=100)
Deflated by the PPI New Construction Index
(Sources: ShadowStats.com, Census Bureau, BLS)**



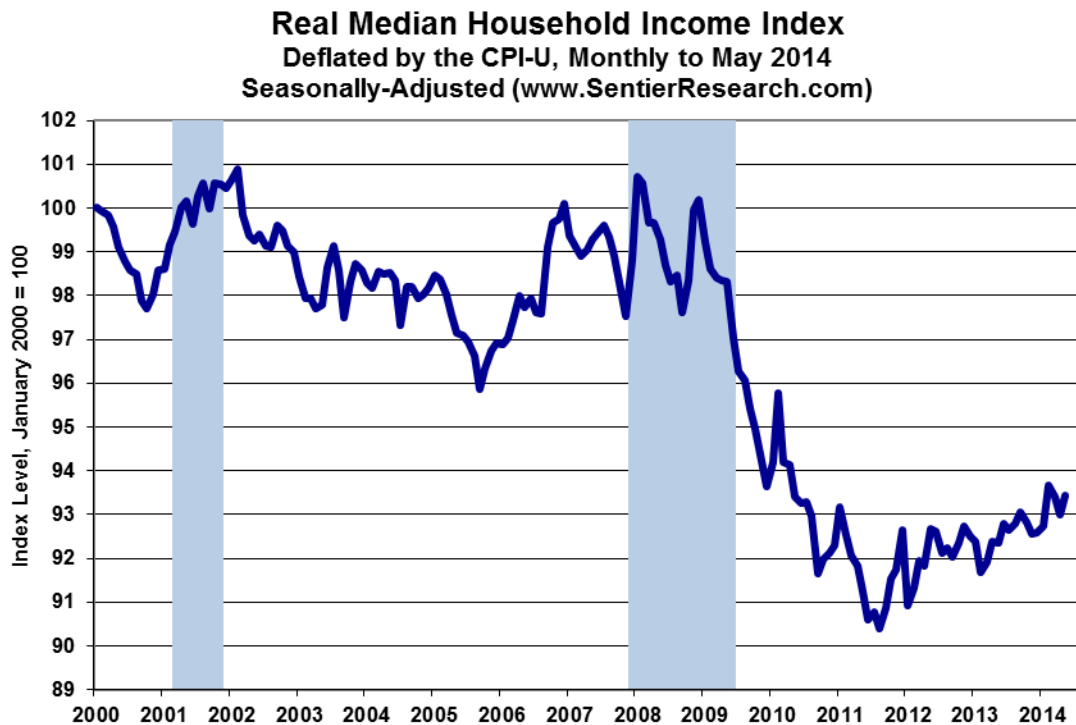
Structural Consumer Liquidity Issues Continue to Truncate Meaningful Economic Recovery in Consumer-Related Construction Activity. As discussed regularly in these *Commentaries*, significant, structural liquidity problems remain beyond the scope of easy remedy, and they continue to impair and constrain consumer activity.

Without real, inflation-adjusted, growth in income, and without the ability or willingness to take on meaningful new debt, the consumer simply cannot sustain positive real growth in retail sales, broad personal consumption or housing activity (see [2014 Hyperinflation Report—Great Economic Tumble – Second Installment](#)).

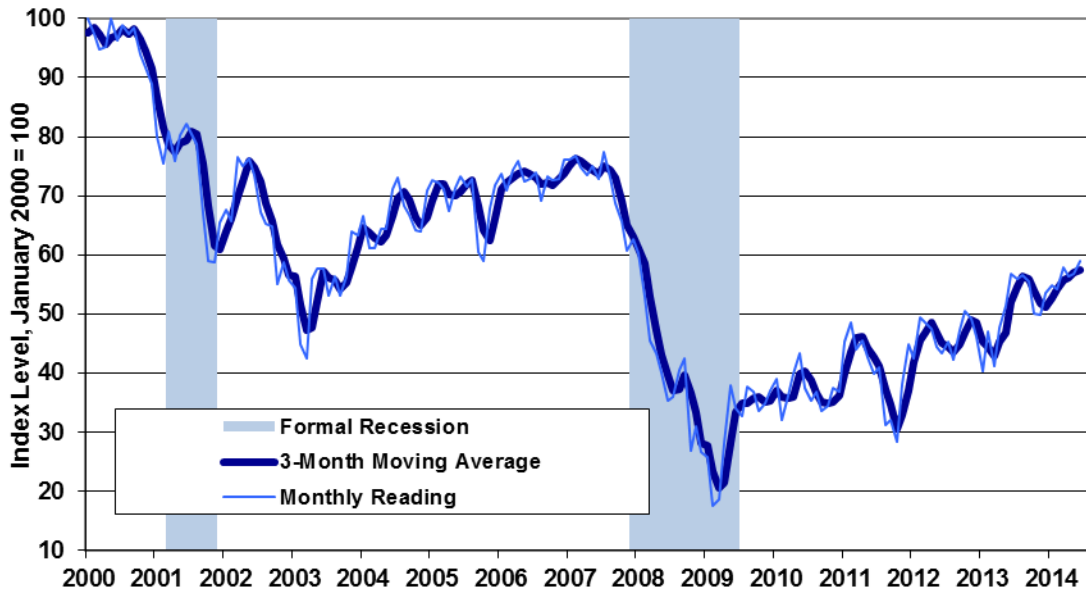
The first graph following of real median household income by month, based on data published by www.SentierResearch.com, showed continued income stagnation in May 2014 (released July 2nd), with real median household income notching high, still near the cycle-low for the series.

As the GDP purportedly started a solid recovery in mid-2009, household income plunged to new lows. Deflated by headline CPI-U, the annual series published by the Census Bureau showed further that annual real median household income in 2012 was at levels seen in the late-1960s and early-1970s (again, see the *Hyperinflation Report – Second Installment*).

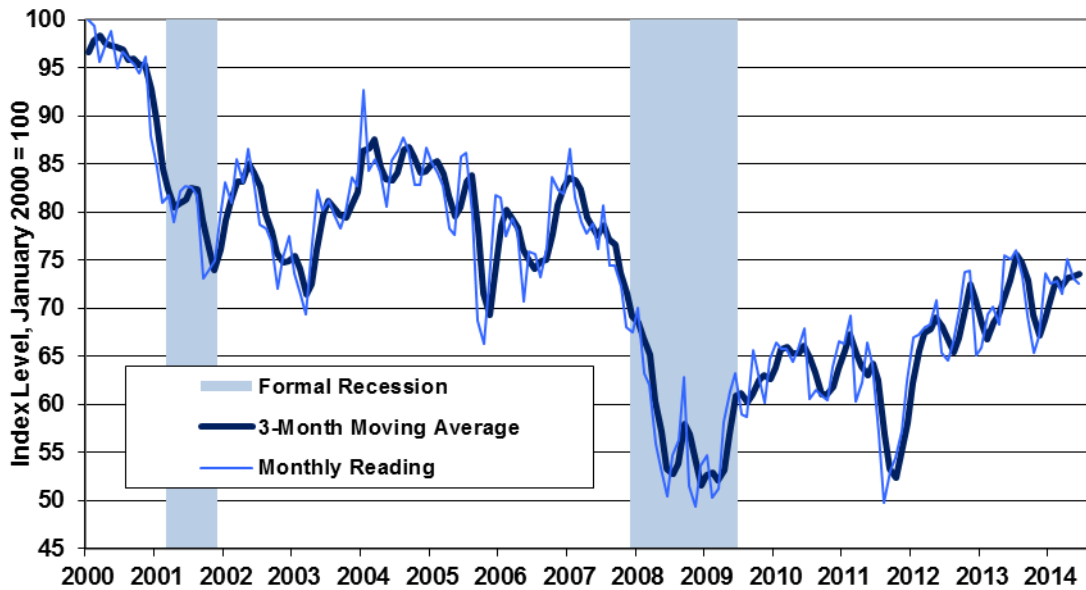
The second and third graphs following reflect the final June 2014 reporting of the ever-volatile consumer confidence (Conference Board) and consumer sentiment (University of Michigan) indices. Current levels for both series remain deep in traditional-recession territory. The patterns with these series, as with household income, have been of collapse and stagnation, as opposed to the pattern of economic collapse and recovery indicated by the faulty GDP series.



Consumer Confidence -- Conference Board
Monthly and 3-Month Moving-Average Index (January 2000 = 100)
To June 2014, Seasonally-Adjusted (ShadowStats, Conference Board)



Consumer Sentiment -- University of Michigan
Monthly and 3-Month Moving-Average Index (January 2000 = 100)
To June 2014, Not-Seasonally-Adjusted (ShadowStats, UM)



[For further details on the employment, unemployment, trade and housing data, see the Reporting Detail section.]

REPORTING DETAIL

EMPLOYMENT AND UNEMPLOYMENT (June 2014)

PLEASE NOTE: In the interests of pre-holiday brevity (and slightly earlier than usual publication of the Commentary), today's (July 3rd) full analysis of the usual concurrent seasonal factor distortions and trend modeling have been moved to the next regular Commentary of July 10th.

Seriously-Flawed Headline Reporting of Jobs Growth and Unemployment Is Ongoing. Both June 2014 headline jobs growth of 288,000 and headline unemployment at 6.1% were better than market expectations, but they remained far removed from common experience and underlying reality.

On the surface, the jobs gain and upside revisions to recent payroll employment were positive news, but the gains were no more than statistical illusions from hidden shifts in seasonal factors and from phantom jobs creation with the Birth-Death Model's upside bias factors.

On the surface, the reported decline in headline unemployment to 6.1% in June, from 6.3% in May was very good news, considering that it reflected a declining number of unemployed, with an even greater, offsetting gain of employed individuals. The problem remains that the month-to-month comparisons of these numbers have no meaning; they simply are not comparable. The June numbers are of no more substance than were the horrendous data two months ago, showing a 733,000 decline in April unemployed, a 73,000 decline in employed, and an 806,000 drop in the labor force, with the April unemployment rate dropping to 6.3% from 6.7% in March.

The regular seasonal adjustment nonsense continued to bloat payroll jobs growth, on top of the bias-factor issues, as discussed last month (see [Commentary No. 633](#)) and in the *Birth-Death/Bias-Factor Adjustment* section. Consider the revisions to May 2014. As reported last month, the seasonally-adjusted headline May payroll number was 138,463,000, based on a not-seasonally-adjusted number of 139,192,000. In today's reporting, the headline May adjusted number revised higher by 29,000 to 138,492,000, but the unadjusted number revised lower by 13,000 to 139,179,000.

The intensified surge in the payroll data was due to new seasonal factors, not to better information in late reporting. The seasonal factors are changed each and every month as part of the concurrent seasonal-adjustment process, which is tantamount to a fraud, as handled in current government reporting. The monthly seasonal-factor revisions shift current data around, often bloating the headline numbers, but the Bureau of Labor Statistics (BLS) does not provide an accounting of consistent reporting for the affected data history. This area will be fully updated in the next regular *Commentary* for the headline June detail.

The concurrent seasonal factor process also severely distorts month-to-month changes in the unemployment rate and other numbers derived from the household survey. Each month is calculated with

its own set of revised historical seasonal adjustments, but the published prior history does not get revised, except once per year in annual revisions. Any consistency there, however, is fleeting, vanishing as soon as it is published. Accordingly the headline 6.1% U.3 unemployment rate for June may or may not have declined from whatever was the consistent unemployment rate for May. The headline May rate of 6.3% is not comparable with the headline 6.1% in June. Any suggestions by the BLS that the headline unemployment rate declined in the last month deliberately was misleading, at best, since the numbers simply are not comparable. The BLS calculates and knows the consistent numbers, but it will not publish them. See the discussion on *Concurrent Seasonal Factor Distortions* in this section, as well as the *ShadowStats-Alternate Unemployment Rate* for a discussion on the broad unemployment concerns.

PAYROLL SURVEY DETAIL. The June payroll data were bloated by the constant shifting of apparent monthly growth through unconscionable, monthly changes in seasonal-factor adjustments, as well as by a bias system that overstates headline monthly growth by at least 200,000 jobs per month, at the present time.

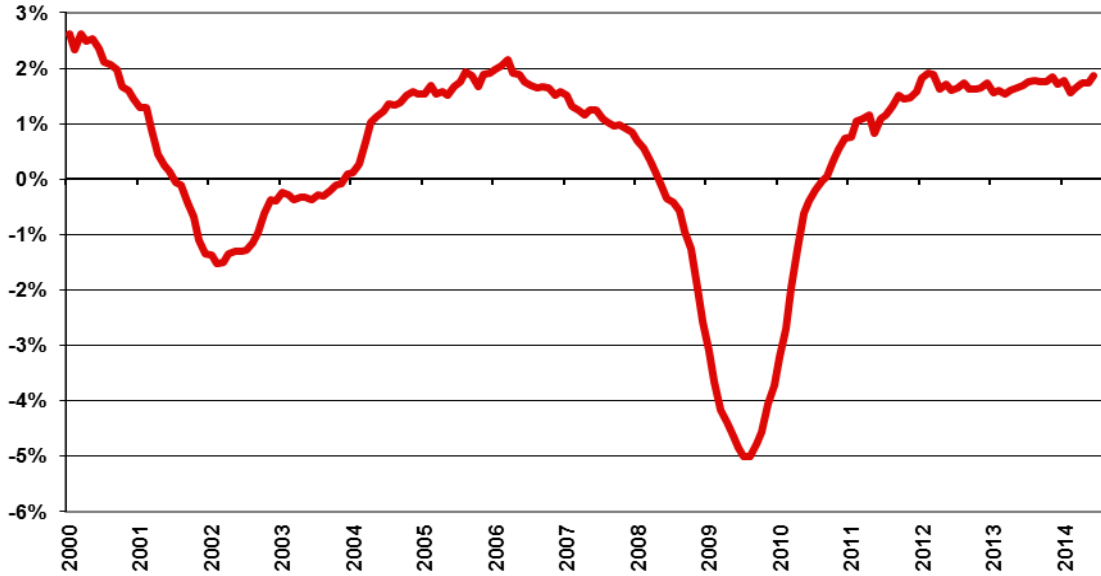
Published today, July 3rd, by the Bureau of Labor Statistics (BLS), the seasonally-adjusted, month-to-month headline payroll employment gain for June was 288,000 +/- 129,000 (95% confidence interval), above market expectations and the trend model (which was closer than the consensus). The updated trend model will be discussed in next regular *Commentary*. In turn, May payrolls rose by a revised 224,000 (previously 217,000), while April payrolls rose by a revised (also bloated by shifting seasonal factors) 304,000 (previously 282,000, initially 288,000). Due to the misleading reporting policies used by the BLS, the headline April 2014 gain became non-comparable and inconsistent with the March data, as of the June reporting. Detail here, again, will be covered in the next regular *Commentary*.

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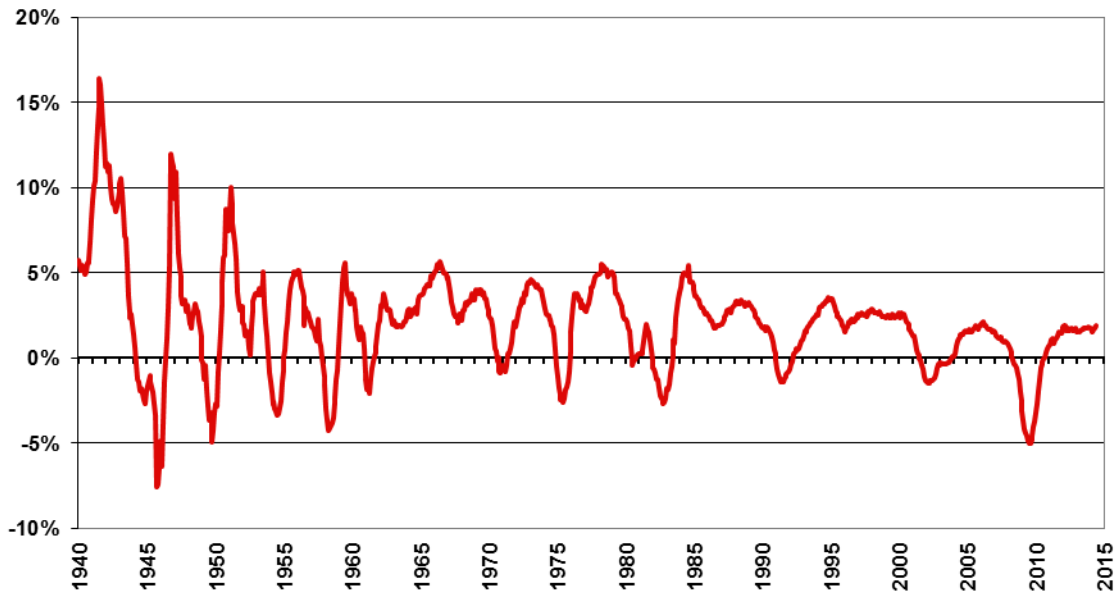
Construction Payrolls. The graph of June 2014 construction employment is shown in the *Construction Spending* section, covering the May construction spending release. In the context of prior-period revisions, headline June 2014 construction employment rose by 6,000 in the month, following a revised 9,000 (previously 6,000) gain in May, and a revised 36,000 (previously 34,000, initially 24,000) gain in April. Total June 2014 construction jobs still were 22.1% shy of the pre-recession peak for the series in April 2006.

Annual Change in Payrolls. Not-seasonally-adjusted, year-to-year change in payroll employment is untouched by the concurrent-seasonal-adjustment issues, so the monthly comparisons of year-to-year change are reported on a consistent basis, although the redefinition of the series—not the standard benchmarking process—recently boosted reported annual growth in the last year, as discussed and graphed in the benchmark detail of [Commentary No. 598](#). For June 2014, annual growth was 1.87%, versus a revised 1.74% (previously 1.75%) gain in May, and versus a revised 1.73% (previously 1.74%, initially 1.75%) gain in April, and down from a near-term peak in annual growth of 1.85% in November 2013. As an aside, had the 2013 benchmark revision been standard, not a gimmicked redefinition, year-to-year jobs growth as of May 2014 would have been about 1.5%.

Payroll Employment
Yr-to-Yr % Change, NSA, to June 2014 (ShadowStats, BLS)



Payroll Employment
Yr-to-Yr % Change, NSA, to June 2014 (Shadowstats, BLS)

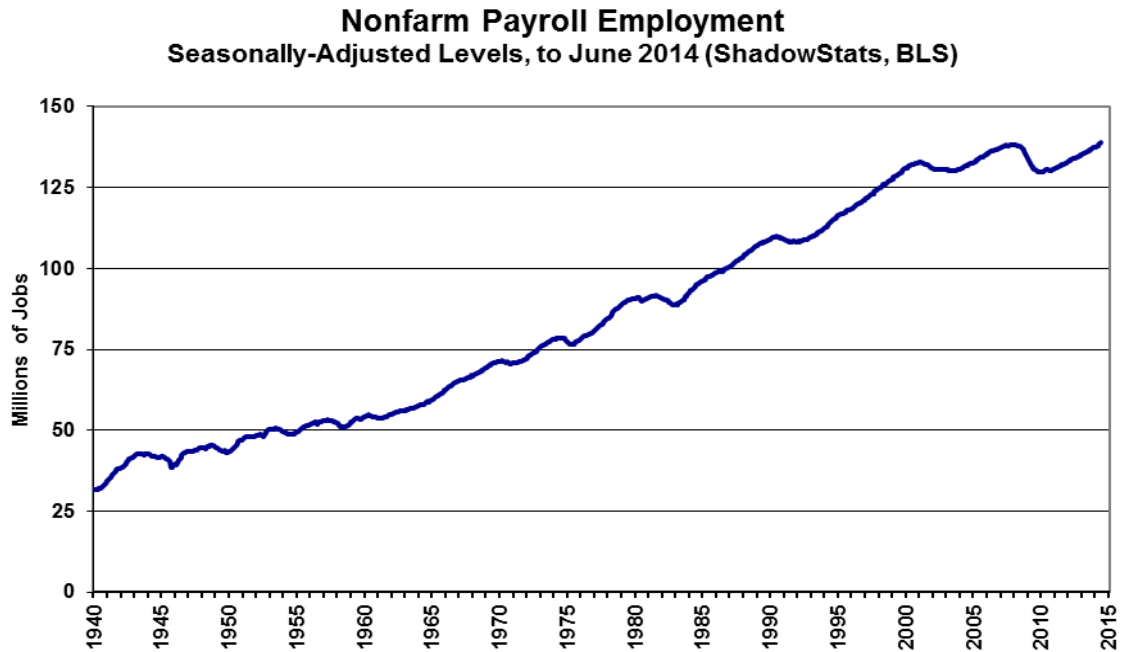


With bottom-bouncing patterns of recent years, current headline annual growth has recovered from the post-World War II record 5.02% decline seen in August 2009, as shown in the accompanying graphs. That 5.02% decline remains the most severe annual contraction since the production shutdown at the end

of World War II (a trough of a 7.59% annual contraction in September 1945). Disallowing the post-war shutdown as a normal business cycle, the August 2009 annual decline was the worst since the Great Depression.

Headline payroll employment moved to above its pre-recession high in May and rose further in June. This pattern was accelerated by the payroll levels all being redefined favorably with the January 2014 benchmarking, despite the actual benchmark having been negative. This can be seen in the shorter-term graph of payroll employment level (see *Opening Comments*). The yellow points in that graph reflect the ShadowStats assessment of what payroll employment would be showing, with just a regular benchmarking, rather than the gimmicked redefinition of the series, which added a new upside bias.

In perspective, the following longer-term graph of the headline employment level shows the extreme duration of what had been the official non-recovery in payrolls, the worst such circumstance of the post-Great Depression era.



Birth-Death/Bias-Factor Adjustment. Despite the ongoing, general overstatement of monthly payroll employment, the BLS adds in upside monthly biases to the payroll employment numbers, as discussed in the. The continual overstatement is evidenced usually by regular and massive, annual downward benchmark revisions (2011 and 2012, excepted). As discussed in the benchmark detail of [Commentary No. 598](#), the regular benchmark revision to March 2013 payroll employment was to the downside by 119,000, where the BLS had overestimated standard payroll employment growth. At the same time, the BLS separately redefined the payroll survey so as to include 466,000 workers who had been in a category not previously counted in payroll employment. The latter event was little more than a gimmicked, upside fudge-factor, used to mask the effects of the regular downside revisions to employment surveying, and

likely is the excuse behind the increase in the annual bias factor, where the new category cannot be surveyed easily or regularly by the BLS.

Indeed, particularly unusual here is that despite the BLS modeling having overstated recent jobs creation by 119,000, adjustment to the annual upside biases added into payroll estimation process each month was increased by about 150,000 on an annual basis, instead of being reduced, which would have been expected otherwise (see short-term graph and comments on payroll levels in the *Opening Comments*).

Historically, the upside-bias process was created simply by adding in a monthly “bias factor,” so as to prevent the otherwise potential political embarrassment to the BLS of understating monthly jobs growth. The “bias factor” process resulted from such an actual embarrassment, with the underestimation of jobs growth coming out of the 1983 recession. That process eventually was recast as the now infamous Birth-Death Model (BDM), which purportedly models the effects of new business creation versus existing business bankruptcies.

June 2014 Bias. The not-seasonally-adjusted June 2014 bias was a monthly add-factor of plus 121,000, versus what was (post-benchmark) a plus 140,000 bias in June 2013, versus a plus 205,000 add-factor in May 2014. The aggregate upside bias for the trailing twelve months was 743,000, from the pre-benchmark 624,000 twelve-month aggregate as of December 2013, or to a monthly average of 62,000 (52,000 pre-benchmark) jobs created out of thin air, on top of some indeterminable amount of other jobs that are lost in the economy from business closings. Those losses simply are assumed away by the BLS in the BDM, as discussed below.

Problems with the Model. The aggregated upside annual reporting bias in the BDM reflects an ongoing assumption of a net positive jobs creation by new companies versus those going out of business. Such becomes a self-fulfilling system, as the upside biases boost reporting for financial-market and political needs, with relatively good headline data, while often also setting up downside benchmark revisions for the next year, which traditionally are ignored by the media and the politicians. Where the BLS cannot measure meaningfully the impact of jobs loss and jobs creation from employers starting up or going out of business, on a timely basis (within at least five years, if ever), or by changes in household employment that just have been incorporated into the redefined payroll series, such information is guesstimated by the BLS along with the addition of a bias-factor generated by the BDM.

Positive assumptions—commonly built into government statistical reporting and modeling—tend to result in overstated official estimates of general economic growth. Along with these happy guesstimates, there usually are underlying assumptions of perpetual economic growth in most models. Accordingly, the functioning and relevance of those models become impaired during periods of economic downturn, and the current, ongoing downturn has been the most severe—in depth as well as duration—since the Great Depression.

Indeed, historically, the BDM biases have tended to overstate payroll employment levels—to understate employment declines—during recessions. There is a faulty underlying premise here that jobs created by start-up companies in this downturn have more than offset jobs lost by companies going out of business. Recent studies have suggested that there is a net jobs loss, not gain, in this circumstance. So, if a company fails to report its payrolls because it has gone out of business (or has been devastated by a hurricane), the BLS assumes the firm still has its previously-reported employees and adjusts those numbers for the trend in the company's industry.

Further, the presumed net additional “surplus” jobs created by start-up firms are added on to the payroll estimates each month as a special add-factor. These add-factors are set now to add an average of 62,000 jobs per month in the current year. In current reporting, the aggregate average overstatement of employment change easily exceeds 200,000 jobs per month.

HOUSEHOLD SURVEY DETAILS. Generally, the seasonally-adjusted household-survey data are meaningless in terms of month-to-month changes. The monthly concurrent-seasonal-factor adjustment process used in generating the headline numbers regenerates all seasonal factors every month, unique to the most-recent month. Yet, the revamped and consistent historical detail is not published, except once per year, in December. All the historical data shift anew with subsequent monthly reporting, but that new consistent detail never is published.

Where, for example, the seasonally-adjusted headline unemployment rate for June 2014 of 6.09% was based on a set of seasonal adjustments unique to June 2014, and the adjusted unemployment rate for May was revised along with the June seasonal-adjustment calculations, the new historical and not-comparable result for May was not, and never will be, published. The prior headline reporting of 6.30% for the May 2014 unemployment rate remained in place, although it now is inconsistent with the June 2014 number, even though the consistent May estimation is available internally to the BLS. This is true for every month going back for at least five years of BLS accounting, and it is done deliberately by the BLS, even though the consistent and comparable, historical data are calculated by and known to the Bureau.

Headline Household Employment. The household survey counts the number of people with jobs, as opposed to the payroll survey that counts the number of jobs (including multiple job holders more than once). On that basis, headline June 2014 employment rose by 407,000, following an unrevised and not comparable 145,000 gain in May. The employment changes were in the context of a 325,000 decline in June unemployment, versus a non-comparable 46,000 increase in May.

Again, though, the reporting here is virtually worthless. The household-survey numbers are highly volatile and unstable, inadequately defined in that they do not reflect common experience, and simply are not comparable on a month-to-month basis.

Headline Unemployment Rates. In the context of the preceding background, the headline June 2014 unemployment (U.3) rate was down by 0.21-percentage point at 6.09%, versus 6.30% May. Technically that was close to a statistically-significant change, where the official 95% confidence interval around the monthly change in the headline U.3 rate is +/- 0.23-percentage point. That is absolutely meaningless, however, in the context of the comparative month-to-month reporting-inconsistencies created by the concurrent seasonal factors.

On an unadjusted basis, the unemployment rates are not revised and at least are consistent in reporting methodology. June’s unadjusted U.3 unemployment rate rose to 6.3% from 6.1% in May.

U.6 Unemployment Rate. The broadest unemployment rate published by the BLS, U.6 includes accounting for those marginally attached to the labor force (including short-term discouraged workers) and those who are employed part-time for economic reasons (*i.e.*, they cannot find a full-time job).

With a small seasonally-adjusted gain in people working part-time for economic reasons, and a minimal decline in short-term (unadjusted) discouraged workers, headline June 2014 U.6 unemployment notched

lower to 12.1%, from 12.2% in May. The unadjusted U.6, however, rose to 12.4% in June, up from 11.7% in May.

Discouraged Workers. The count of short-term discouraged workers (never seasonally-adjusted) declined to 676,000 in June 2014, from 697,000 in May 2014. The current, official discouraged-worker number reflected the flow of the unemployed—increasingly giving up looking for work—leaving the headline U.3 unemployment category and being rolled into the U.6 measure as short-term “discouraged workers,” net of those moving from short-term discouraged-worker status into the netherworld of long-term discouraged-worker status. It is the long-term discouraged-worker category that defines the ShadowStats-Alternate Unemployment Measure. There appears to be a relatively heavy, continuing rollover from the short-term to the long-term category, with the ShadowStats measure encompassing U.6 and the short-term discouraged workers, plus the long-term discouraged workers.

In 1994, “discouraged workers”—those who had given up looking for a job because there were no jobs to be had—were redefined so as to be counted only if they had been “discouraged” for less than a year. This time qualification defined away a large number of long-term discouraged workers. The remaining short-term discouraged workers (those discouraged less than a year) were included in U.6.

ShadowStats-Alternate Unemployment Rate. Adding back into the total unemployed and labor force the ShadowStats estimate of the growing ranks of excluded, long-term discouraged workers, broad unemployment—more in line with common experience, as estimated by the ShadowStats-Alternate Unemployment Measure—notched lower to 23.1% in June, after holding at 23.2% for the prior five months. That still is down minimally from 23.4% in October 2013, which was the series high (back to 1994). The ShadowStats estimate reflects the increasing toll of unemployed leaving the headline labor force. Where the ShadowStats-Alternate estimate generally is built on top of the official U.6 reporting, it tends to follow its relative monthly movements and its annual revisions. Accordingly, the alternate measure often will suffer some of the same seasonal-adjustment woes that afflict the base series, including underlying annual revisions.

[The remaining text in this Household Survey section is unchanged from the Commentary covering the May 2014 labor data.] As seen in the usual graph of the various unemployment measures (in the *Opening Comments*), there continues to be a noticeable divergence in the ShadowStats series versus U.6, and the ShadowStats series and U.6 versus U.3. The reason for this is that U.6, again, only includes discouraged workers who have been discouraged for less than a year. As the discouraged-worker status ages, those that go beyond one year fall off the government counting, even as new workers enter “discouraged” status. A similar pattern of U.3 unemployed becoming “discouraged” and moving into the U.6 category also accounts for the early divergence between the U.6 and U.3 categories.

With the continual rollover, the flow of headline workers continues into the short-term discouraged workers category (U.6), and from U.6 into long-term discouraged worker status (a ShadowStats measure). There was a lag in this happening as those having difficulty during the early months of the economic collapse, first moved into short-term discouraged status, and then, a year later into long-term discouraged status, hence the lack of earlier divergence between the series. The movement of the discouraged unemployed out of the headline labor force has been accelerating. While there is attrition in long-term discouraged numbers, there is no set cut off where the long-term discouraged workers cease to exist. See the [Alternate Data](#) tab for historical detail.

Generally, where the U.6 largely encompasses U.3, the ShadowStats measure encompasses U.6. To the extent that the decline in U.3 reflects unemployed moving into U.6, or the decline in U.6 reflects short-term discouraged workers moving into the ShadowStats number, the ShadowStats number continues to encompass all the unemployed, irrespective of the series from which they otherwise may have been ejected.

Two further related graphs, also found in the *Opening Comments* section, are of the ShadowStats-Alternate Unemployment Measure, with an inverted scale, the employment-to-population ratio, which has a high correlation with the inverted ShadowStats measure.

Great Depression Comparisons. As discussed in previous writings, an unemployment rate above 23% might raise questions in terms of a comparison with the purported peak unemployment in the Great Depression (1933) of 25%. Hard estimates of the ShadowStats series are difficult to generate on a regular monthly basis before 1994, given the reporting inconsistencies created by the BLS when it revamped unemployment reporting at that time. Nonetheless, as best estimated, the current ShadowStats level likely is about as bad as the peak actual unemployment seen in the 1973-to-1975 recession and in the double-dip recession of the early-1980s.

The Great Depression unemployment rate of 25% was estimated well after the fact, with 27% of those employed working on farms. Today, less than 2% of the employed work on farms. Accordingly, a better measure for comparison with the ShadowStats number would be the Great Depression peak in the nonfarm unemployment rate in 1933 of roughly 34% to 35%.

U.S. TRADE BALANCE (May 2014)

May Trade Detail Showed Pending Hit to Second-Quarter GDP. In the nominal terms of the simple monthly reporting, the headline May 2014 deficit in goods and services narrowed by \$2.6 billion from April, reflecting a \$2.0 billion monthly gain in exports, versus a \$0.7 billion decrease in imports (with a rounding difference). In real terms, the deficit narrowed by \$1.9 billion, leaving intact a large, implied net deterioration in inflation-adjusted second-quarter deficit, which should cost the initial second-quarter GDP growth estimate more than one-percentage point from what would have been seen otherwise.

Nominal (Not-Adjusted-for-Inflation) May 2014 Trade Deficit. The BEA and the Census Bureau reported today, July 3rd, that the nominal, seasonally-adjusted monthly trade deficit in goods and services for May 2014, on a balance-of-payments basis, narrowed to \$44.392 billion, from a revised \$47.037 (previously \$47.236) billion in April, and narrowed slightly from \$44.831 billion in May 2013.

The reported monthly swings in imports and exports remained erratic across a broad spectrum of goods, with the import decline more than accounted for by a 5.0% seasonally-adjusted drop (down 10.1% unadjusted) in oil imports.

Energy-Related Petroleum Products. For May 2014, the not-seasonally-adjusted average price of imported oil rose to \$96.12 per barrel, from \$95.48 in April 2014, but was down from \$96.74 per barrel in May 2013.

Also not-seasonally-adjusted, physical oil import volume in May 2014 averaged 6.876 million barrels per day, down from 7.960 million in April 2014, and down from 7.787 million in May 2013.

Ongoing Cautions on Data Quality. As previously discussed, potentially heavy distortions in headline data continue from seasonal adjustments, much as has been seen in other economic releases, such as retail sales and payrolls, where the headline number reflects month-to-month change. As has been discussed frequently (see [2014 Hyperinflation Report—Great Economic Tumble – Second Installment](#) for example), the extraordinary length and depth of the current business downturn have disrupted regular seasonality patterns. Accordingly, the markets should not rely heavily on the accuracy of the monthly headline data.

Real (Inflation-Adjusted) May 2014 Trade Deficit. Adjusted for seasonal factors, and net of oil-price swings and other inflation (2009 chain-weighted dollars, used for GDP deflation), the May 2014 merchandise trade deficit (no services) narrowed to \$51.956 billion, from a revised \$53.875 (previously \$53.849) billion in April, but widened minimally versus \$51.932 billion in May 2013.

May was the second of the two months in second-quarter 2014 that will be used for the initial estimate of the net-export account for the “advance” second-quarter 2014 GDP, on July 30th. Based on the headline April and May real trade deficits, a net deterioration in the real second-quarter trade deficit and related net-export account should be seen, subtracting in excess of one-percentage point from the second-quarter GDP headline growth rate.

Consistent with today’s headline May reporting, the annualized quarterly real merchandise trade deficit stood at \$554.7 billion as of fourth-quarter 2013, at \$591.7 billion as of first-quarter 2014, and the April and May reporting annualized to \$635.0 billion (previously annualized to \$646.2 billion based on just April reporting), suggesting an annualized second quarter deficit of that magnitude.

The net deterioration in the annualized first-quarter 2014 trade deficit, versus the fourth-quarter 2013 was \$37.0 billion. That translated into a subtraction of 1.53% (-1.53%) in annualized growth from the latest headline first-quarter GDP estimate, which reflected an aggregate contraction of 2.93% (-2.93%), as discussed in [Commentary No. 637](#). While the data here do not track perfectly with the numbers reported by the BEA in the GDP, they are the primary numbers used in generating the BEA’s guesstimates of the net-export account. The implied, net annualized quarterly \$54.5 billion trade deterioration in second-quarter 2014, versus first-quarter 2014, was greater than the \$37.0 billion seen in the prior quarter, and, again it is a good bet to reduce the second-quarter GDP headline growth rate by more than one-percentage point from where it would have been otherwise.

CONSTRUCTION SPENDING (May 2014, Benchmark Revision)

Benchmark Revision and Headline Reporting Indicated Downside for First-Quarter 2014 GDP and Suggested Downside Pressure on Second-Quarter GDP Growth. The release of May 2014 headline construction spending data was accompanied by a benchmark revision of restated historical data back to January 2008. Despite the net aggregate revision to April 2014 being to the upside by 0.2%—smaller than most regular monthly revisions—the aggregate data did shift meaningfully overtime, as shown in the accompanying graphs in this section.

In aggregate, annualized quarterly real or inflation-adjusted growth in construction revised from 13.9% in fourth-quarter 2013 to 19.2%, but first-quarter 2014 activity revised from annualized growth of 1.0% to an annualized contraction of 5.5% (-5.5%). With two months of reporting in place—the last reporting before the July 30th benchmark GDP revisions and initial reporting of second-quarter 2014 GDP—second-quarter 2014 construction spending is on track to contract at an annualized pace of 2.1% (-2.1%). These numbers indicate some upside revision pressure on fourth-quarter 2013 GDP growth, further downside revision to first-quarter 2014 GDP growth, and initial downside pressure on second-quarter GDP growth.

By major category, a downside revision to private residential construction in late 2013, and into 2014, was offset largely by upside revisions to private nonresidential construction and to public construction. Again, the revision patterns are evident in the accompanying graphs. The general pattern of plunge-and-stagnation in the aggregate series, during the recession, remained intact, running counter to the latter portion of the plunge-and-recovery pattern seen in official GDP reporting, through fourth-quarter 2013.

Adjusting Construction Spending for Inflation. There is no perfect inflation measure for deflating construction, but the PPI's "new construction index" (NCI) remains the closest found in publicly-available series. ShadowStats continues to use it while looking for a more-comprehensive index for construction that also is available to the public or for public release. Private surveys tend to be more closely linked to real-world activity and usually show higher annual construction costs than seen in the government data.

Official Reporting. In the context of a benchmark revision back to January 2008, the Census Bureau reported July 1st that the headline, total value of construction put in place in the United States for May 2014 was \$956.1 billion, on a seasonally-adjusted—but not-inflation-adjusted—annual-rate basis. That estimate was up month-to-month by a statistically-insignificant 0.1% +/- 1.9% (all confidence intervals are at the 95% level), against a benchmark revised \$955.1 (previously \$953.5) billion in April, which was up by 0.8% versus a benchmark revised \$947.3 (previously \$951.6) billion in March.

Adjusted for the NCI inflation in the PPI (see the preceding section), aggregate real spending in May 2014 was up month-to-month by 0.1%, versus a gain of 0.5% in April.

On a year-to-year or annual-growth basis, April 2014 construction spending was up by a statistically-significant 6.6% +/- 2.5%, versus a revised a 7.9% gain in April. Net of construction costs indicated by the NCI, year-to-year growth in spending was 4.9% in May, versus a revised 6.1% in April. More-realistic private surveying suggests annual costs to be up by enough to come close to turning some of those annual construction-spending growth rates flat or into annual contractions.

The statistically-insignificant 0.1% monthly gain in May 2014 construction spending, versus the 0.8% gain in April, included a 1.0% gain in May public spending, versus 2.1% gain April. May private construction was down by 0.3% (-0.3%) for the month, versus a 0.3% gain in April.

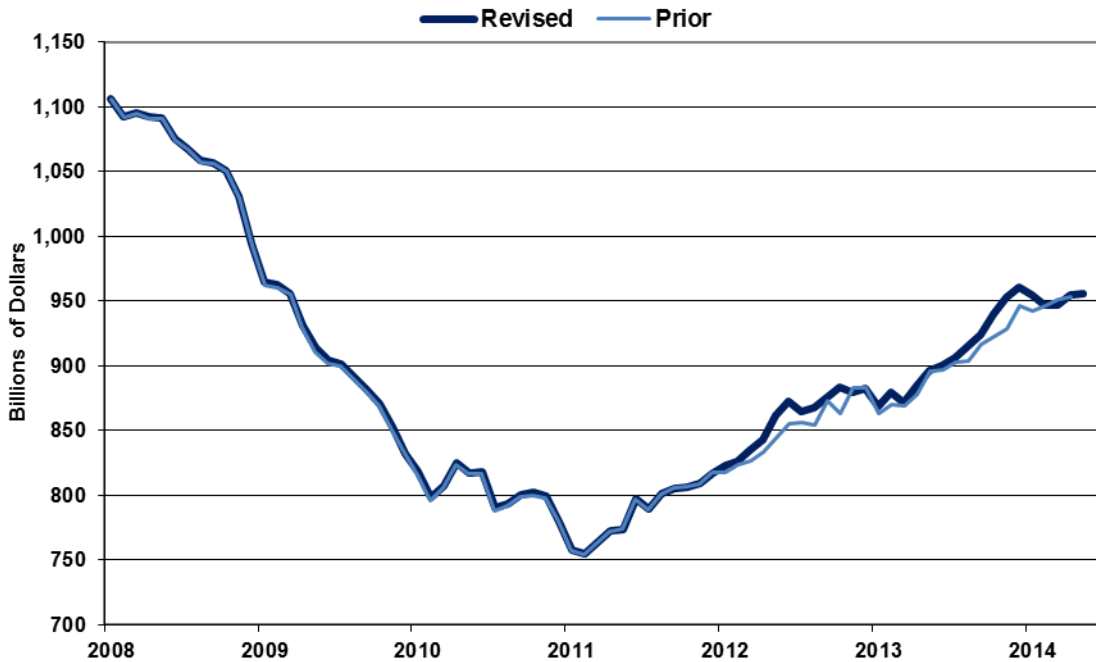
The following graphs reflect revised data, as well as comparative revised and prior-reporting levels. The headline 0.1% gain in May 2014 total construction, encompassed private residential construction down by 1.5% (-1.5%), private nonresidential construction up by 1.1%, and public construction up by 1.0%. Also reflected is the 0.8% monthly gain in April total construction, with private residential construction up by 0.5%, private nonresidential construction up by 0.1% and public construction up by 2.1%.

Construction and Related Graphs. The two graphs following reflect total construction spending through May 2014, as revised, and with comparative revised data versus prior reporting, and with the revised historical series back to 2000.

The third graph reflects the revised aggregate series in real terms, after inflation adjustment. The inflation-adjusted graph is on an index basis, with January 2000 = 100.0. Adjusted for the PPI's NCI measure, real construction spending showed the economy slowing in 2006, plunging into 2011, then turning minimally higher in an environment of low-level stagnation and now showing some pullback, in the last several months of reporting.

The pattern of inflation-adjusted activity here does not confirm the economic recovery shown in the headline GDP series (see [Commentary No. 637](#)). To the contrary, the latest construction reporting, both before (nominal) and after (real) inflation adjustment, shows a pattern of ongoing stagnation, as reflected in the preceding two graphs.

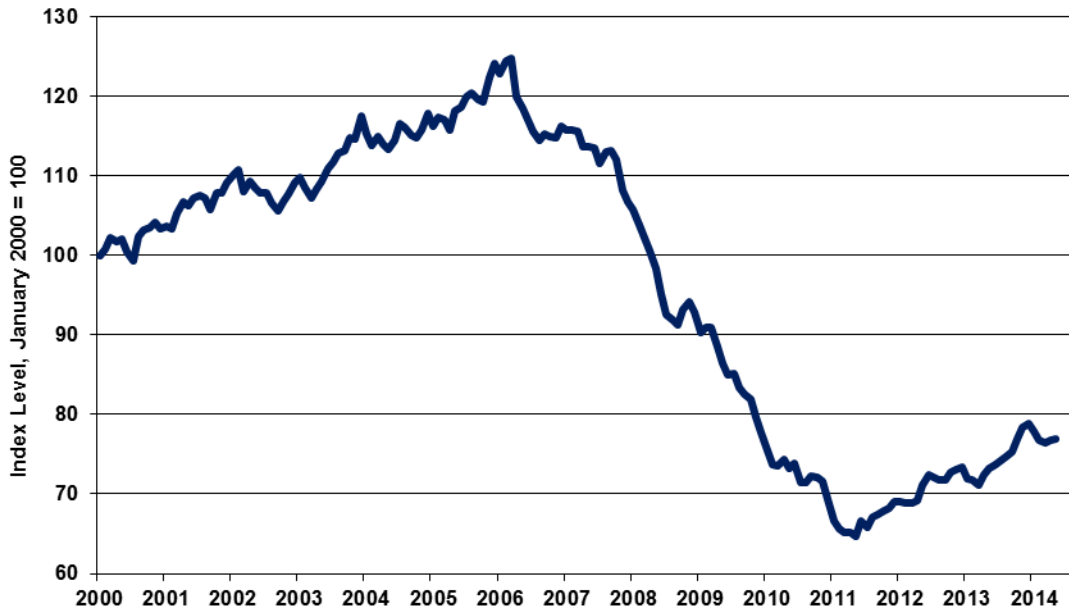
Total Construction Spending Revisions
 Monthly to May 2014
 Seasonally-Adjusted Annual Rate (ShadowStats.com, Census)



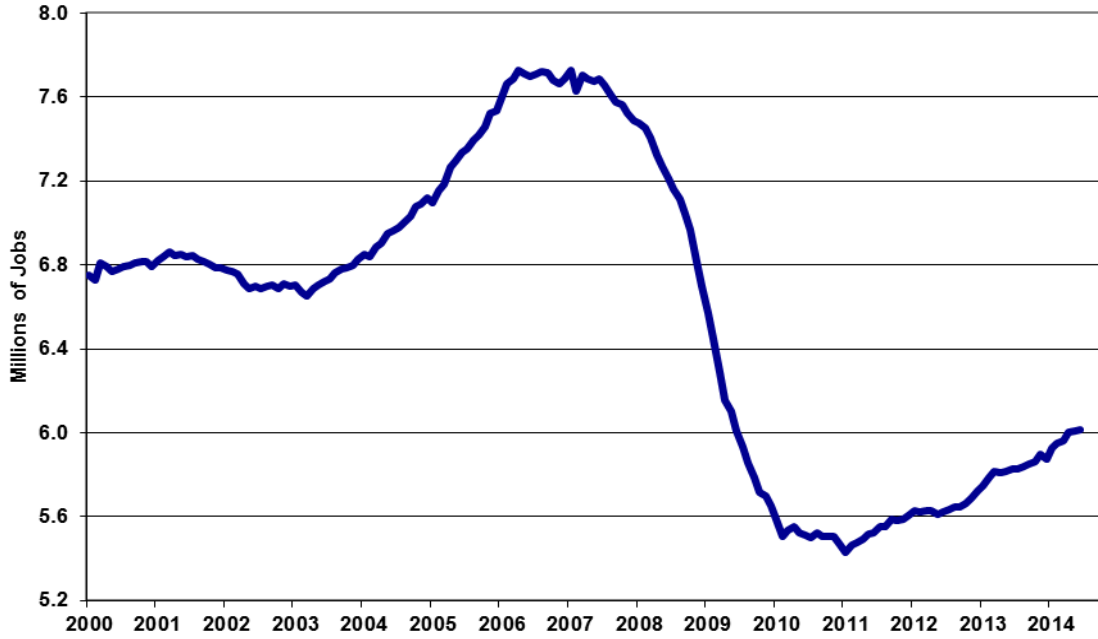
Revised Total Construction Spending, Monthly to May 2014
Seasonally-Adjusted Annual Rate (ShadowStats.com, Census)



Revised Real Index of Value of Construction Put in Place
To May 2014, Inflation-Adjusted (Jan 2000=100)
Deflated by the PPI New Construction Index
(Sources: ShadowStats.com, Census Bureau, BLS)

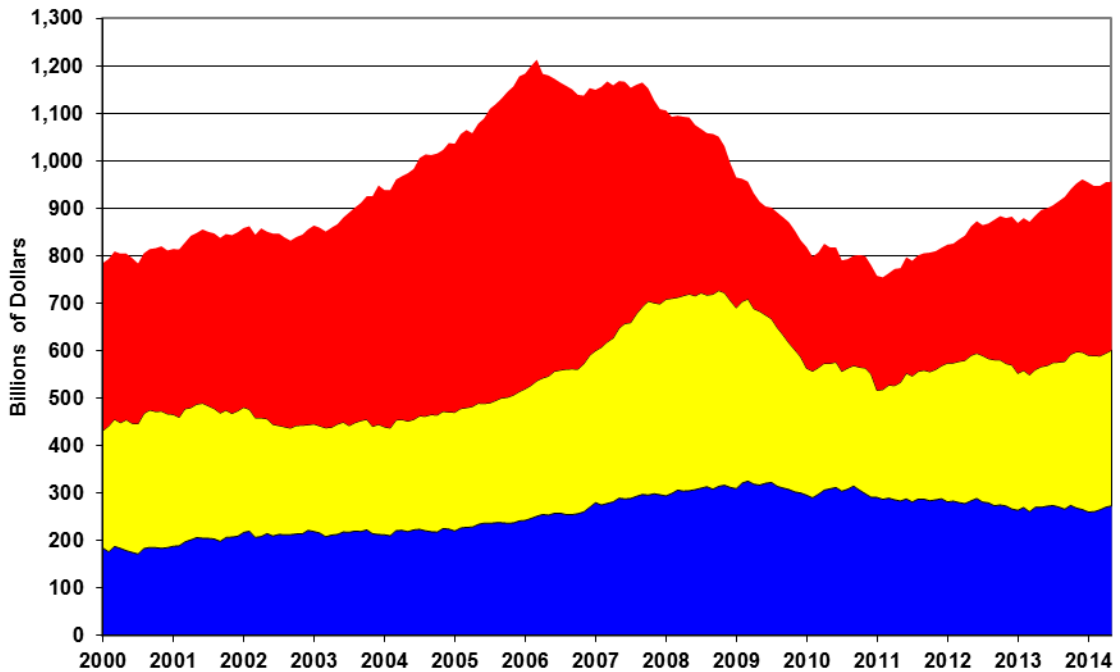


Construction Payroll Employment
To June 2014, Seasonally-Adjusted (ShadowStats.com, BLS)



Revised Construction Spending, Monthly to May 2014
Seasonally-Adjusted Annual Rate (ShadowStats.com, Census)

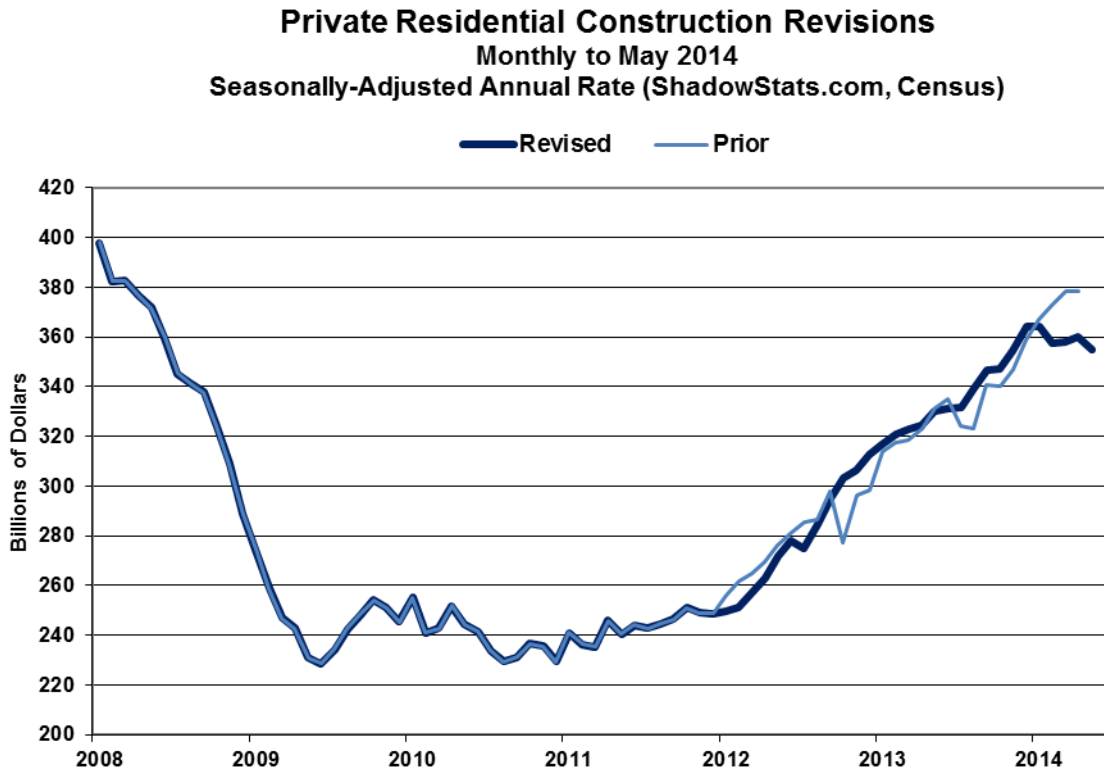
■ Public Spending ■ Private - Nonresidential ■ Private - Residential



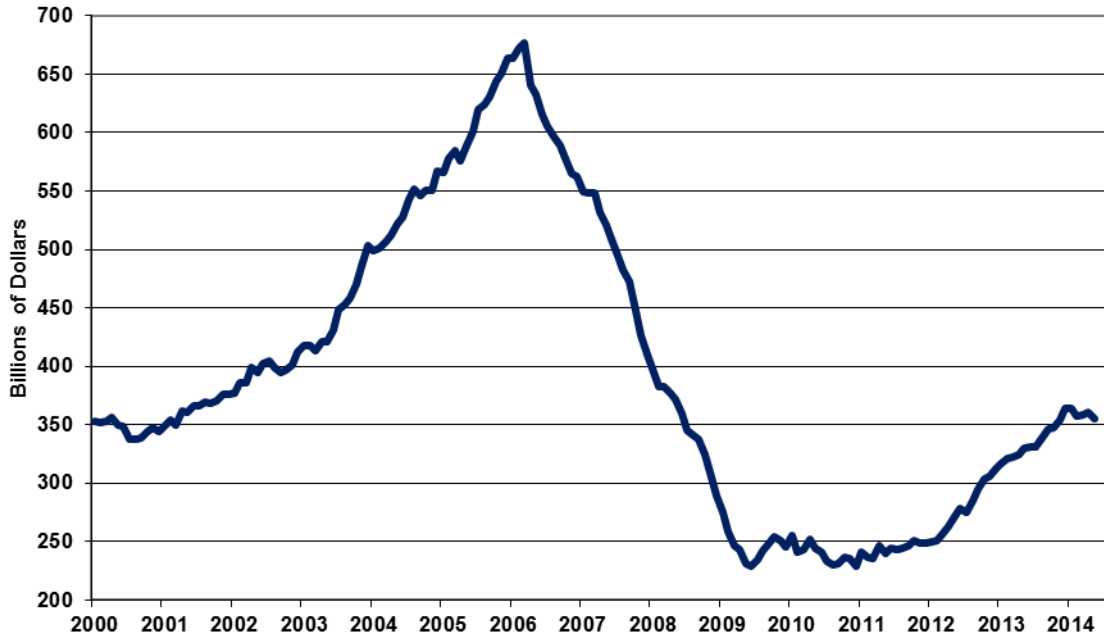
The first of the two preceding graphs reflects today’s (July 3rd) reporting of June 2014 construction employment (see detail in the *Payroll Employment* section). In theory, payroll levels should move more closely with the inflation-adjusted aggregate series, where the nominal series reflects the impact of costs and pricing, as well as a measure of the level of physical activity.

The second of the two graphs shows total nominal construction spending, broken out by the contributions from total-public (blue), private-nonresidential (yellow) and private-residential spending (red).

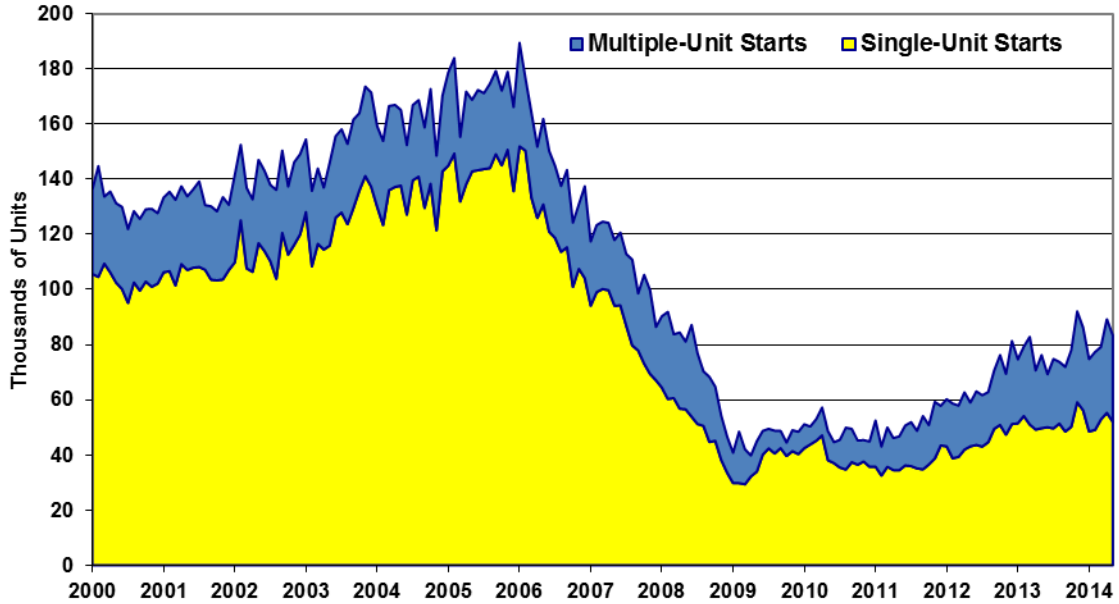
The next three graphs cover private residential construction (revised versus prior reporting, and the revised historical data) along with housing starts data for May (see [Commentary No.636](#)). Keep in mind that the construction spending series is in nominal (not-adjusted-for-inflation) dollars, while housing starts reflect unit volume, which should tend to be more parallel to the real (inflation-adjusted) series. Where the private residential construction spending had been in recent upturn, that now has turned sharply to the downside in the revised reporting.



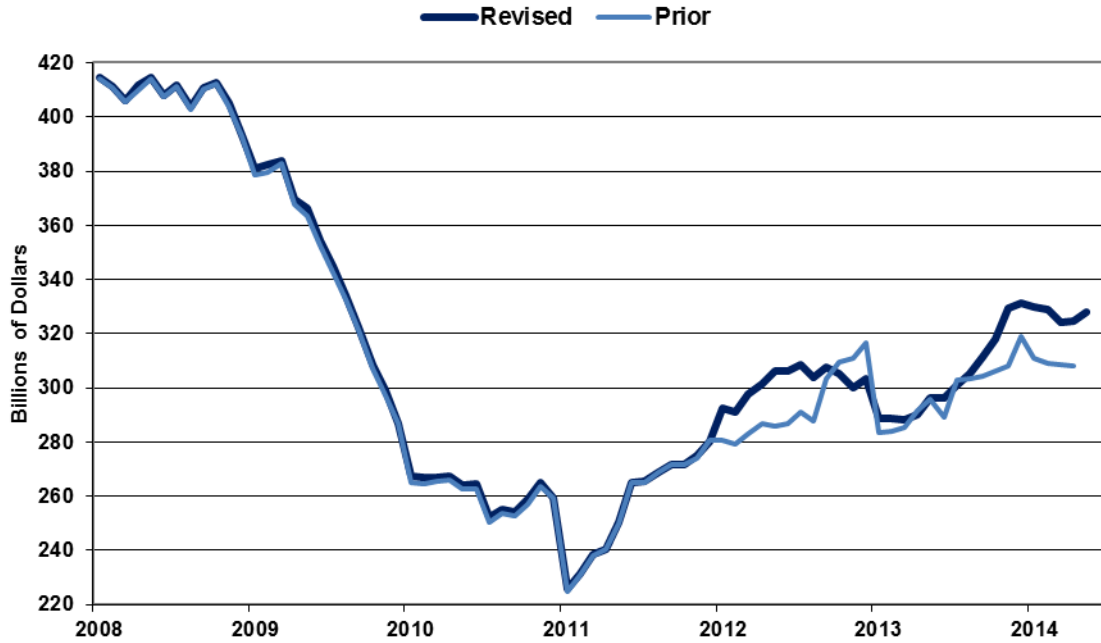
Revised Private Residential Construction to May 2014 Seasonally-Adjusted Annual Rate (ShadowStats.com, Census)



Single- and Multiple-Unit Housing Starts (Monthly Rate) To May 2014, Seasonally-Adjusted (ShadowStats.com, Census)



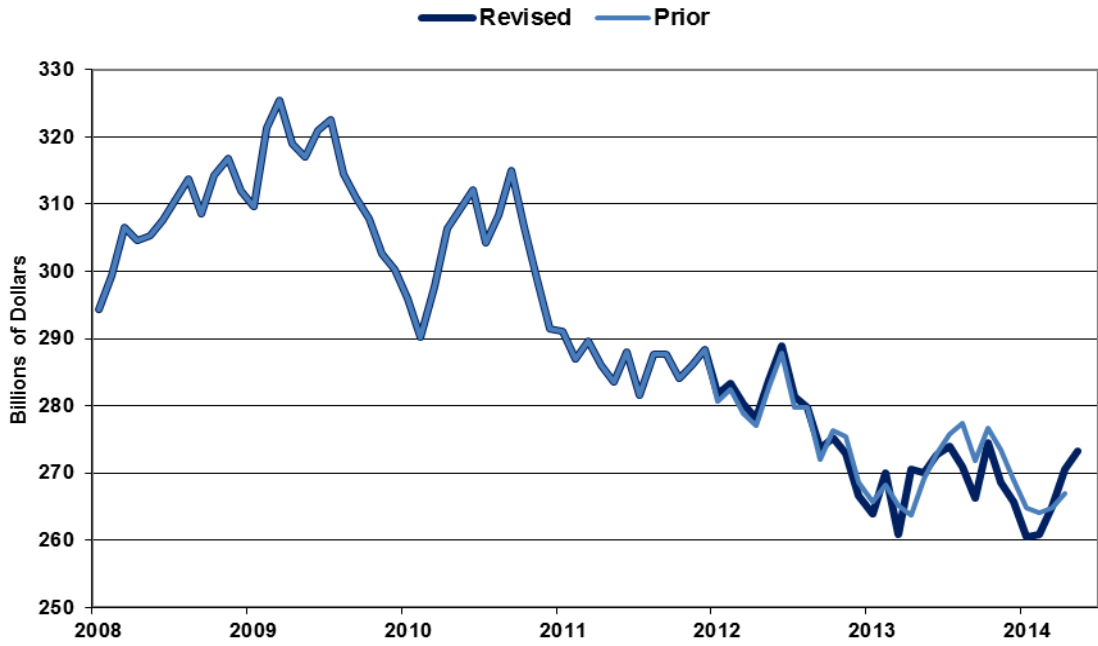
Private Nonresidential Construction Revisions
Monthly to May 2014
Seasonally-Adjusted Annual Rate (ShadowStats.com, Census)



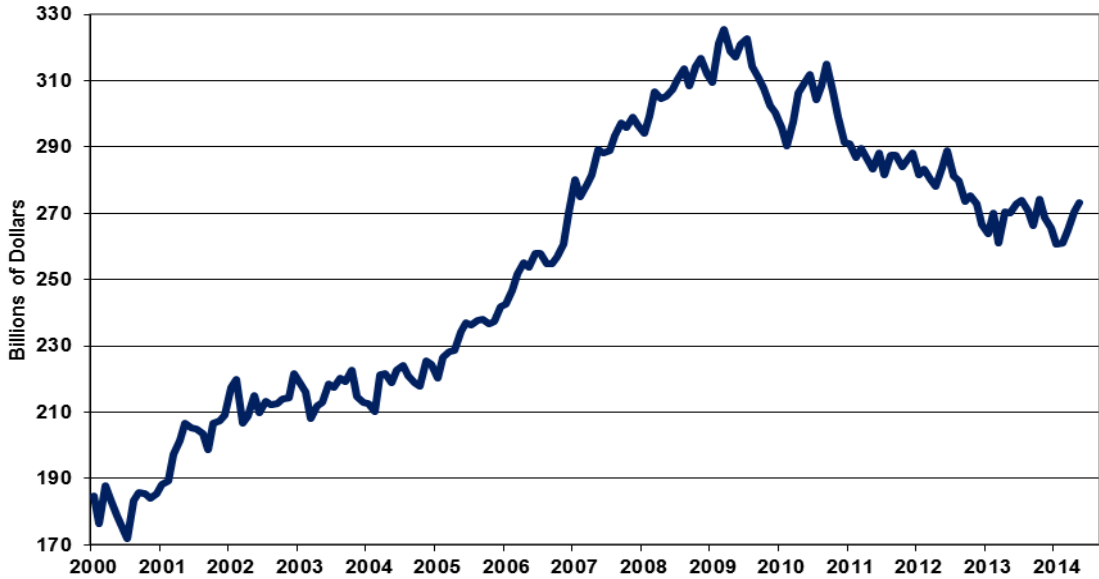
Revised Nonresidential Construction, Monthly to May 2014
Seasonally-Adjusted Annual Rate (ShadowStats.com, Census)



Public Construction Revisions, Monthly to May 2014
Seasonally-Adjusted Annual Rate (ShadowStats.com, Census)



Revised Public Construction, Monthly to May 2014
Seasonally-Adjusted Annual Rate (ShadowStats.com, Census)



The last two sets of graphs, preceding, show the patterns of the monthly level of activity in private nonresidential construction spending and in public construction spending, both comparative revised versus prior, and historical revised. The spending in private nonresidential construction remains well off its historic peak, but has bounced higher recently off a secondary, near-term dip in late-2012, and is headed higher in revision. Public construction spending, which is 98% nonresidential, continues in a broad downtrend with intermittent, short-lived bounces, including a current upturn in revision.
