

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

**SHADOWSTATS BULLET EDITION NUMBER FIVE**

**March 30, 2019**

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**Reporting-Quality Issues Mount With Shutdown Catch-Up Data**

**Fourth-Quarter 2018 GDP Growth Slowed Sharply, With  
Further Downside Adjustments Pending in July 26th Benchmarking**

**Industrial Production Benchmark Revision Patterns Suggested  
Still-Slower Fourth-Quarter and Near-Contraction First-Quarter Activity**

**Contracting First- and Second-Quarter 2019 GDP Activity Likely Follows**

**Housing Sector Remains In Deep Recession,  
Despite Government-Shutdown Disrupted Headline Numbers**

**U.S. Economy Continues to Weaken More Sharply and Quickly  
Than Widely Acknowledged, Signaling a Formal Recession Triggered by  
Overly Aggressive FOMC Tightening and Rate Hikes of the Last Year or So**

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**ShadowStats Commentaries, Bullet Editions, Watches and Daily Updates:**

- The **Daily Update** posts regularly on the *ShadowStats* home page ([www.ShadowStats.com](http://www.ShadowStats.com)), covering major economic releases as published by the issuing authorities, usually within two-to-three hours of headline publication. Unusual market circumstances, as well as the pending *ShadowStats* publishing schedule also are reviewed there.
- The **Bullet Edition** is published several times per month, as dictated by economic reporting, and underlying or unusual economic and financial-market developments. Simply put, the **Bullet Edition** conveys brief communications and analyses on limited topics of particular near-term significance.
  - Today's **Bullet Edition** reviews a large number of shutdown delayed, catch up economic releases of the last week, including February Housing Starts and New- and Existing-Home Sales, the "Final" Estimate of Fourth-Quarter 2018 GDP, the January Trade Deficit, and the March 27, 2019 Industrial Production Benchmark Revisions.
- The more-comprehensive **Regular Commentary** should publish about once per month, providing a regular and broader overview of unfolding conditions and likely developments, occasionally in the context of a *Special Commentary*.
  - Pending **Special Commentary No. 983-B, The Annual Review** should post April 1st.
- **Hyperinflation** and **Consumer Liquidity Watches** will update once per month, with alternating updates roughly every other week, resuming in April.

**The *ShadowStats* general outlook has not changed, specifically including a deepening U.S. economic downturn, mounting downside pressures on the U.S. dollar and stock market, and upside pressures on gold and silver prices in the weeks and months ahead.**

**Your comments and suggestions always are invited.**

**Best Wishes — John Williams (707) 763-5786, [johnwilliams@shadowstats.com](mailto:johnwilliams@shadowstats.com)**

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## **Reporting-Quality Issues Intensify Along With Catch Up in Shutdown-Delayed Numbers**

### **Headline GDP Growth Slowed Sharply, Contraction Looms**

#### **Some Bumps and Bruises to Housing and Construction**

#### **Trade Deficit Does Some Unusual Gyrating**

### **Industrial Production Benchmarking Indicated Some Negative GDP Pressures**

### **Alternate Recession Cycle — 2018 Recession Is Underway**

**Shutdown-Disrupted Government Economic Reports Largely Will Be “Caught Up” in April, With Reporting Detail Beginning to Approach Standard Quality by the End of May.** The late-December to late-January government shutdown shuttered most of the economic surveying and reporting by the Commerce Department. That considered, the Census Bureau (Census) and Bureau of Economic Analysis (BEA) have done a remarkable job getting regular surveying caught up and back online. Nonetheless, disruptions to surveying conditions and reporting distortions were and to be expected and have been noted in the reporting of some of the related data, with unusual volatility and patterns of activity seen in detail ranging from retail sales and housing and construction to the trade balance and GDP.

Headline reporting should be close to caught up, with the April 17th release of the February Trade Deficit, but consistent and standard-quality data reporting likely will not be back in place until mid-year, with the annual GDP benchmarking on July 26th, and subsequent, subsidiary series benchmarkings into early 2020 eventually moving headline details in line with something approximating underlying reality.

Where the Bureau of Labor Statistics (BLS) was not shuttered, reporting of the regular labor-market and headline inflation details continued, although labor-market conditions and reporting still were disrupted by the large number of government workers furloughed or working without pay, and acknowledged inconsistent reporting of same. The Federal Reserve Board (FRB) was independent of the shutdown, but even some of their data were affected, such as Industrial Production, where part of the FRB surveying relies on some Census Bureau detail.

Today’s *Bullet Edition* covers a spate of catch up reporting in the last week tied to housing and construction, the trade deficit and a far-from “Final” or complete reporting of fourth-quarter GDP, plus the Federal Reserve Board’s Annual Benchmark Revisions to Industrial Production.

Coverage here begins with the broadest measure, the headline GDP, which expands naturally into the Trade Deficit and to the Housing and Construction numbers. Beyond other ShadowStats assessments, headline GDP also faces likely weakness in pending revision and in near-term reporting, based on the just-released Industrial Production Benchmarking.

**New Recession Begins to Unfold.** Elements of the discussion here are expanded in *Special Commentary No. 983-B*, which will be published in the next couple of days. U.S. economic activity has slowed sharply and now appears to be contracting. The broad economy likely has entered recession, reflected in the sharp (and still under-reported) slowing of activity in fourth-quarter 2018 GDP, with outright back-to-back quarterly contractions likely in both first- and second-quarter 2019. The excessive rate hikes and tightening liquidity of the last year or so by the Federal Reserve's Federal Open Market Committee (FOMC) were the proximal trigger of the current downturn. Impaired consumer liquidity has pummeled areas ranging from Retail Sales to the Housing market. The *Underlying Economic Reality* section (*Graphs 11 to 14*) showing the Alternate Real GDP, will be discussed and reviewed fully in *No. 983-B*.

**“Final” Fourth-Quarter 2018 GDP Slowed to a Near-Consensus 2.17% (Previously 2.59%), down from a Third-Quarter 3.36%, with GDI slowing to 1.66% from 4.56%, GNP to 2.12% from 3.05%.** Well shy of having its normal complement or quality of underlying data, what was set as an “Initial” (combined first and second) estimate of Fourth-Quarter 2018 Gross Domestic Product (GDP) on February 28th, was revised and released as a “Final” estimate on March 28th, by the Bureau of Economic Analysis (BEA). Neither the initial nor the final guesstimate was based on the regular quality or as well-seasoned detail, as usually would be the case, due to recent data disruptions from the partial shutdown of the U.S. government. Accordingly, the regularly scheduled annual GDP benchmark revisions of July 26th not only are likely to see some sharp downside revisions to the current headline fourth-quarter GDP detail and related series, but also headline quarterly contractions in both first- and second-quarter 2019 GDP.

Released along with the final fourth-quarter GDP were the “Final” (combined initial and final) estimates of Fourth-Quarter 2018 Gross Domestic Income (GDI), which is the theoretical income-side “equivalent” to the consumption-side GDP, and the Gross National Product (GNP), which is the broadest economic measure, reflecting the GDP plus the trade balance in factor income (interest and dividends).

**Targeting the Consensus Outlook?** The downside “final” revision of real fourth-quarter GDP to 2.17%, from an “initial” (a roughly combined first and second) estimate of 2.59% (2.6% initial old Consensus), was in line with market expectations (2.2% latest Consensus), slowing from 3.36% in third-quarter 2018. Fourth-quarter 2018 annual growth revised to 2.97% (previously 3.08%) versus 3.00% in third-quarter 2018. Where the BEA knew it was working with raw data of less-than-usual quality, it would not be unusual for the Bureau to target the Consensus outlook for its headline reporting. Some years back I was advised by the BEA that they viewed the consensus outlook as good indicator of underlying activity.

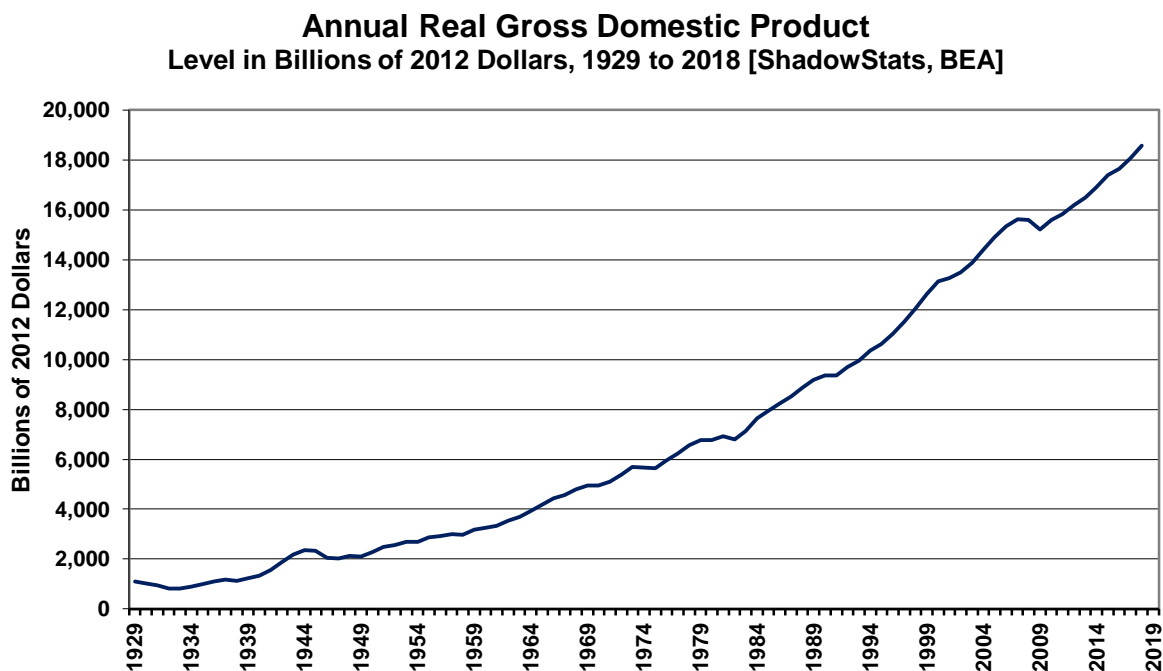
The coincident “Initial and Final” estimates of fourth-quarter 2018 GDI and GNP also slowed sharply versus third-quarter activity. Annualized fourth-quarter GDI growth slowed to 1.66%, from 4.56% in the third-quarter, with annual growth at 2.74% versus 2.69%. Fourth-quarter GNP slowed to an annualized 2.12%, from 3.05% in the third-quarter, with annual growth slowing to 2.85% versus 2.96%. Extended details follow with *Table I* and *Table II*, along with the usual, related *Graphs 1 to 14*.

Please note the intensifying negative impact on the headline GDP growth from deteriorating *Residential Investment* (see *Table II* and *Graphs 7* and *8*), with follow-up detail in the *Housing and Construction Sector* (page 17). Discussion as to the headline March 27th release of the January 2019 Merchandise Trade Deficit accompanies *Graphs 9* and *10* on page 13.

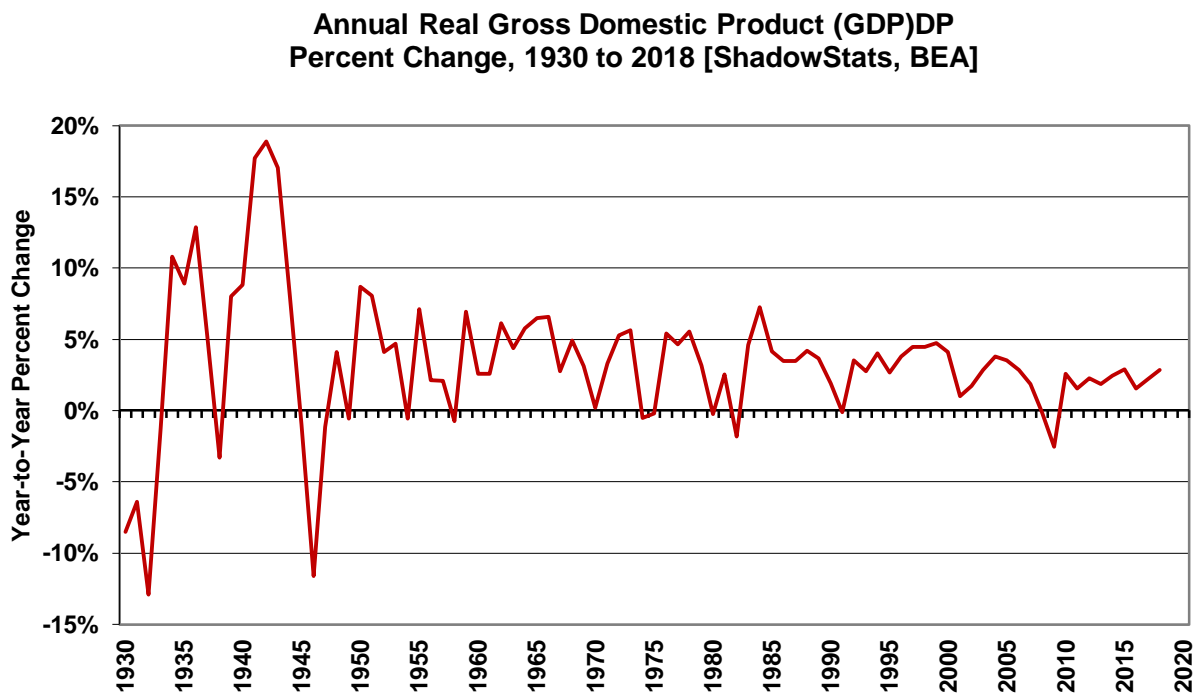
**Table 1: Gross Domestic Product (GDP), Annual Detail (2015 to 2018)**

<b>Full Year Annual Real GDP Growth (2015 to 2018)</b> <b>Final Estimate of Full-Year 2018 GDP and Earlier Headline Data</b> <b>Annual Growth Contribution by Consumption and Product Sector</b>				
GDP COMPONENTS	2015	2016	2017	2018
<b>CONTRIBUTING ECONOMIC SECTOR</b>				
Personal Consumption Expenditures				
- Goods	1.02%	0.77%	0.78%	0.78%
-- <i>Motor Vehicles</i>	0.18%	0.08%	0.11%	0.06%
- Services	1.48%	1.09%	0.95%	1.01%
Gross Private Domestic Investment				
- Fixed Investment	0.57%	0.29%	0.81%	0.90%
-- <i>Residential</i>	0.33%	0.23%	0.13%	-0.01%
- Change in Private Inventories	0.25%	-0.53%	0.00%	0.12%
Net Exports of Goods and Services	-0.78%	-0.30%	-0.31%	-0.21%
Government Consumption/Investment	0.33%	0.25%	-0.01%	0.26%
<b>GDP ANNUAL REAL GROWTH</b>	2.88%	1.57%	2.22%	2.86%
Final Sales, GDP Less Inventories	2.63%	2.10%	2.22%	2.74%
<b>CONTRIBUTING PRODUCT SECTOR</b>				
Goods	0.88%	0.35%	1.11%	1.49%
Services	1.71%	1.13%	0.92%	1.20%
Structures	0.29%	0.08%	0.19%	0.17%
<b>GDP Annual Real Growth</b>	2.88%	1.57%	2.22%	2.86%
<b>SUPPLEMENTAL</b>				
<b>Annual Real GDP Change and Headline Implicit Price Deflator Inflation</b>				
Gross Domestic Product (GDP)	2.88%	1.57%	2.22%	2.86%
Gross Domestic Income (GDI)	2.57%	0.85%	2.27%	2.64%
Gross National Product (GNP)	2.76%	1.47%	2.33%	2.91%
ShadowStats Corrected-Inflation GDP*	0.80%	-0.49%	0.15%	0.78%
Implicit Price Deflator (IPD) Inflation	1.07%	1.09%	1.90%	2.25%
Sources: Bureau of Economic Analysis (BEA), <a href="http://www.ShadowStats.com">www.ShadowStats.com</a> (ShadowStats).				
*Real GDP corrected for understated inflation (see <i>Special Commentary No. 968-Extended</i> )				
See <i>Graphs 11</i> to <i>14</i> with standard headline GDP reflected in <i>Graphs 1</i> to <i>10</i> .				

**Graph 1: Annual Real GDP (1929 to "Final" 2018)**



**Graph 2: Real Annual Real GDP Percent Change (1930 to "Final" 2018)**

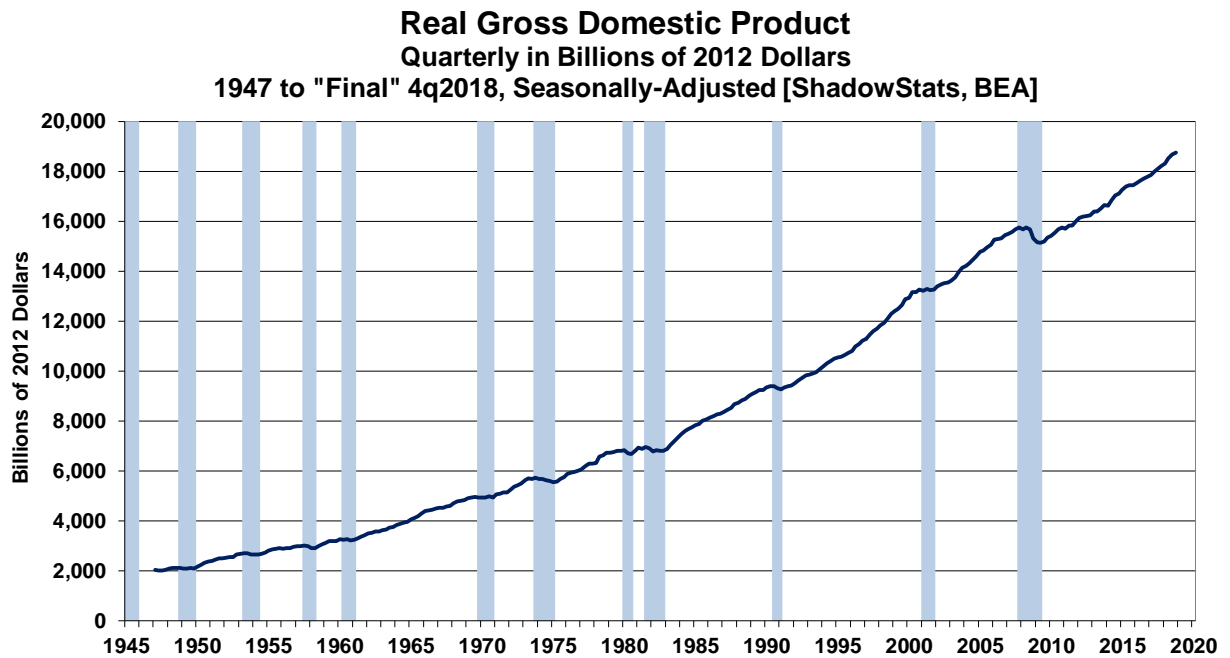




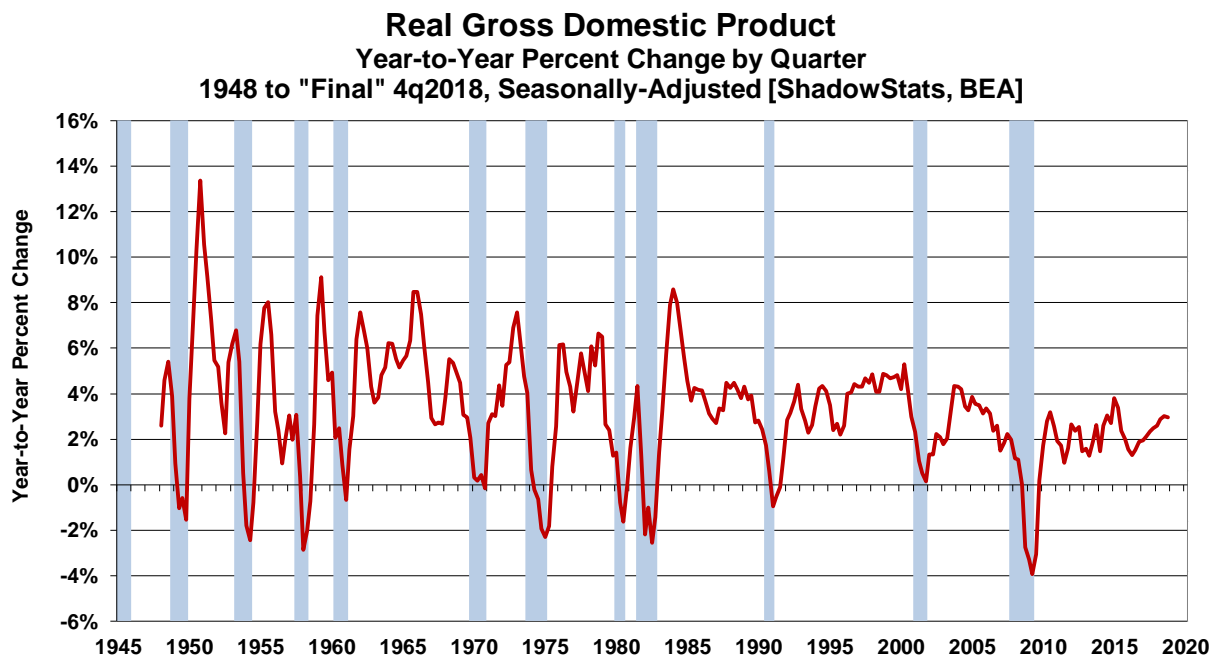
**Table 2: Gross Domestic Product (GDP), Quarterly Detail by Major Sector to "Final" Fourth-Quarter 2018**

Annualized Quarterly Real Growth in Headline Gross Domestic Product Final Estimate of Fourth-Quarter 2018 GDP and Earlier Headline Data Growth Contribution by Consumption and Product Sector						
GDP COMPONENTS	4th-Q 2017 Final	1st-Q 2018 Final	2nd-Q 2018 Final	3rd-Q 2018 Final	4th-Q 2018 "Initial" Estimate	4th-Q 2018 "Final" Estimate
<b>CONTRIBUTING ECONOMIC SECTOR</b>						
Personal Consumption Expenditures						
- Goods	1.42%	-0.13%	1.16%	0.90%	0.80%	0.54%
-- Motor Vehicles	0.40%	-0.35%	0.16%	-0.05%	0.22%	0.20%
- Services	1.22%	0.49%	1.42%	1.47%	1.11%	1.12%
Gross Private Domestic Investment						
- Fixed Investment	1.04%	1.34%	1.10%	0.21%	0.69%	0.54%
-- Residential	0.41%	-0.14%	-0.05%	-0.14%	-0.14%	-0.18%
- Change in Private Inventories	-0.91%	0.27%	-1.17%	2.33%	0.13%	0.11%
Net Exports of Goods and Services	-0.89%	-0.02%	1.22%	-1.99%	-0.22%	-0.08%
Government Consumption/Investment	0.41%	0.27%	0.43%	0.44%	0.07%	-0.07%
<b>GDP ANNUALIZED REAL GROWTH</b>	2.29%	2.22%	4.16%	3.36%	2.59%	2.17%
Final Sales, GDP Less Inventories	3.20%	1.95%	5.33%	1.03%	2.46%	2.06%
<b>CONTRIBUTING PRODUCT SECTOR</b>						
Goods	0.34%	1.20%	1.91%	1.76%	1.93%	1.66%
Services	1.32%	0.73%	1.78%	1.77%	1.01%	0.99%
Structures	0.64%	0.28%	0.47%	-0.17%	-0.35%	-0.48%
<b>GDP Annualized Real Growth</b>	2.29%	2.22%	4.16%	3.36%	2.59%	2.17%
<b>SUPPLEMENTAL</b>						
Annualized Quarter-to-Quarter Real GDP Change and Headline Implicit Price Deflator Inflation						
Gross Domestic Product (GDP)	2.29%	2.22%	4.16%	3.36%	2.59%	2.17%
Gross Domestic Income (GDI)	1.49%	3.90%	0.87%	4.56%	--	1.66%
Gross National Product (GNP)	2.57%	2.20%	4.04%	3.05%	--	2.12%
ShadowStats Corrected-Inflation GDP*	0.22%	0.15%	2.05%	1.27%	0.51%	0.10%
Implicit Price Deflator (IPD) Inflation	2.72%	2.02%	3.31%	1.51%	1.95%	1.86%
Year-to-Year Real GDP Change and Headline Implicit Price Deflator Inflation						
Gross Domestic Product (GDP)	2.47%	2.58%	2.87%	3.00%	3.08%	2.97%
Gross Domestic Income (GDI)	2.25%	2.36%	1.88%	2.69%	--	2.74%
Gross National Product (GNP)	2.56%	2.73%	3.09%	2.96%	--	2.85%
ShadowStats Corrected-Inflation GDP*	0.40%	0.51%	0.79%	0.92%	0.99%	0.89%
Implicit Price Deflator (IPD) Inflation	1.97%	1.95%	2.50%	2.39%	2.20%	2.17%
Sources: Bureau of Economic Analysis (BEA), <a href="http://www.ShadowStats.com">www.ShadowStats.com</a> (ShadowStats). *Real GDP corrected for understated headline inflation (see <i>Special Commentary No. 968-Extended</i> , and <i>Graphs 11 to 14</i> here). Standard headline GDP is reflected in <i>Graphs 1 to 10</i> .						

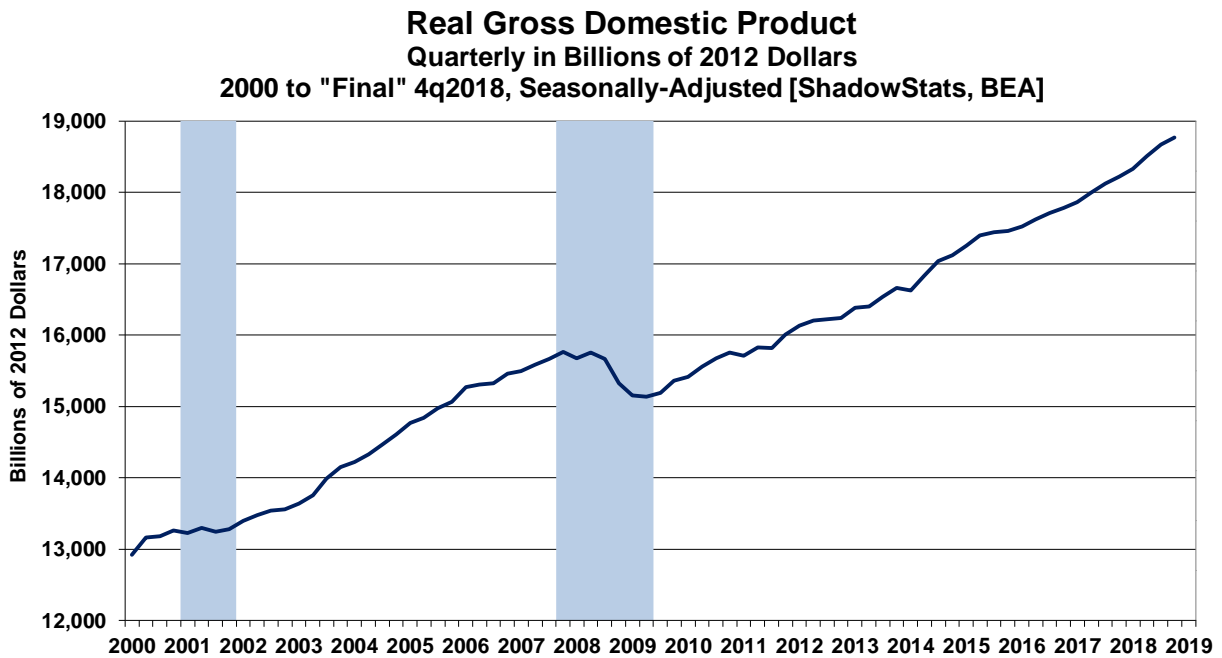
**Graph 3: Real GDP (1947 to "Final" Fourth-Quarter 2018)**



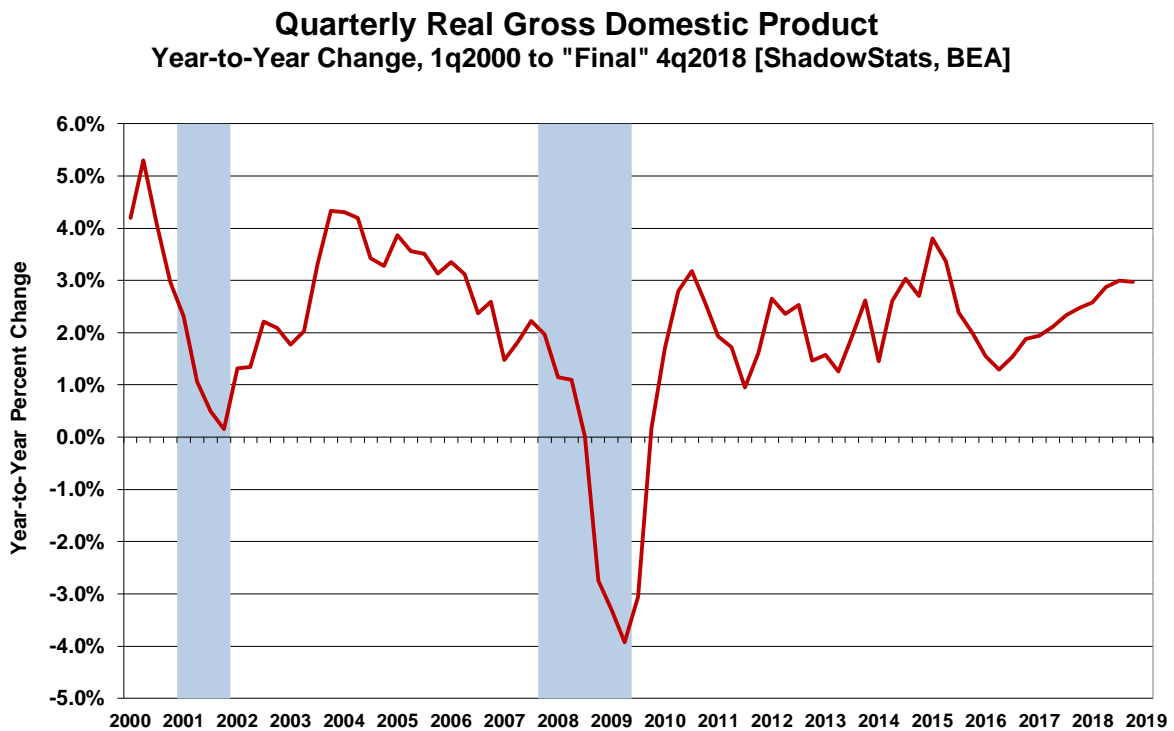
**Graph 4: Real GDP, Year-to-Year % Change (1948 to "Final" Fourth-Quarter 2018)**



**Graph 5: Real GDP (2000 to "Final" Fourth-Quarter 2018)**

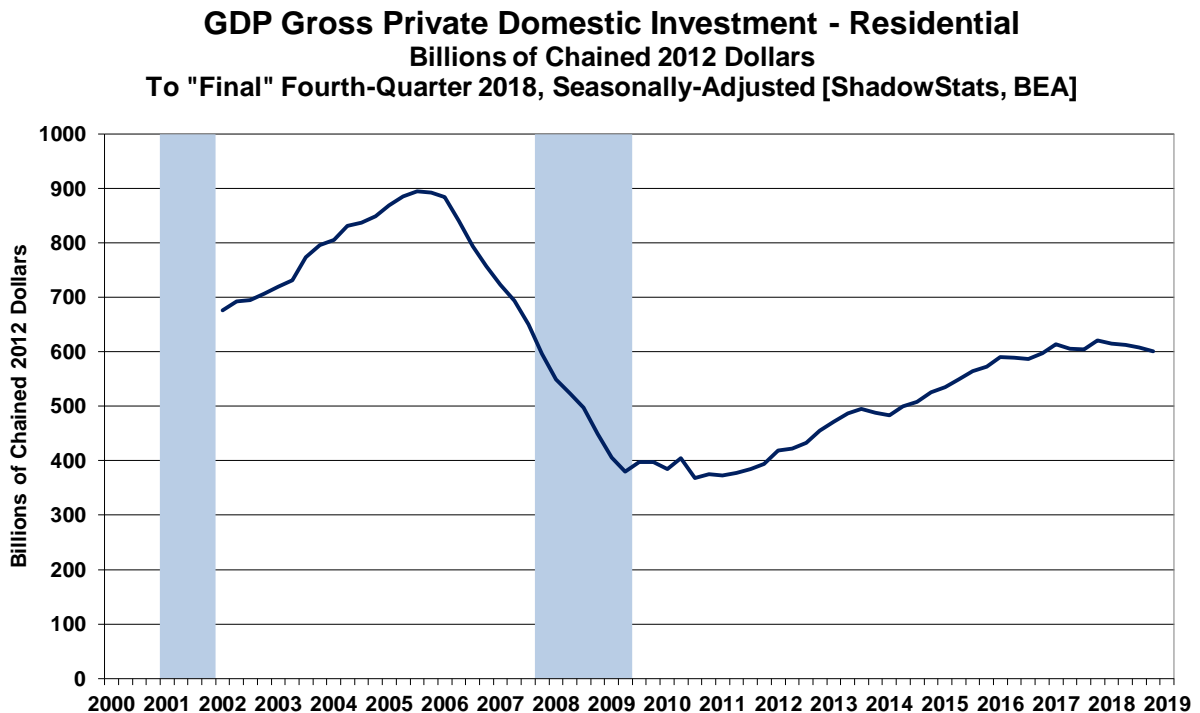


**Graph 6: Real GDP, Year-to-Year % Change (2000 to "Final" Fourth-Quarter 2018)**

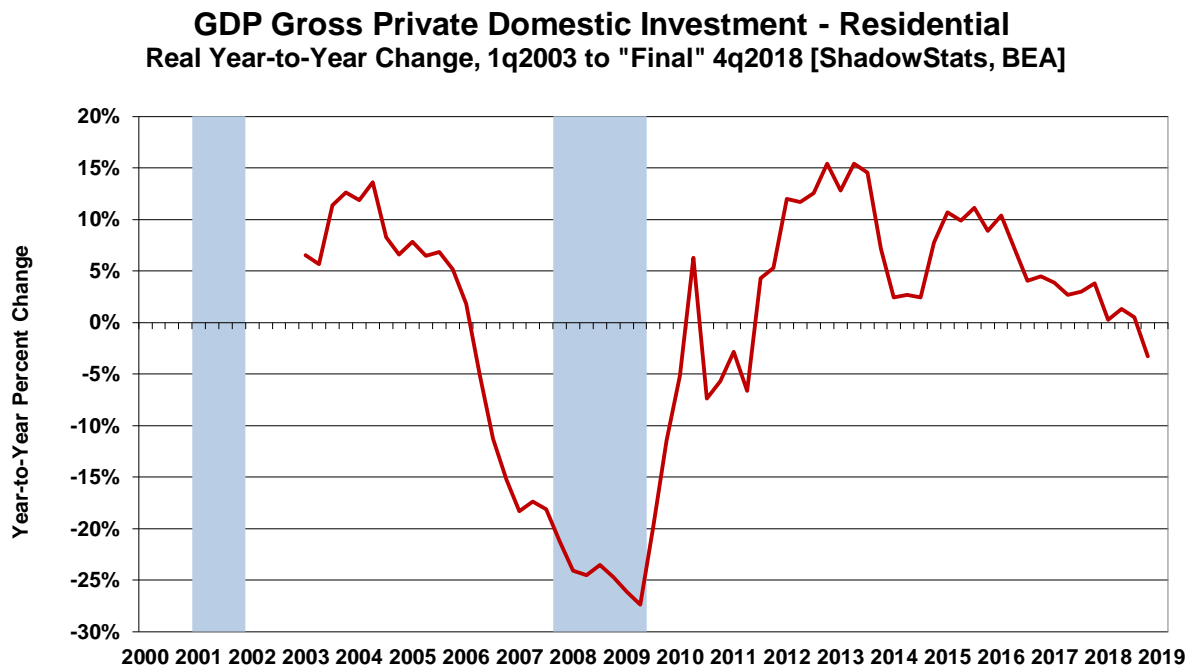


Also See Graphs 15 to 26 in the *Housing and Construction* Section

**Graph 7: Real Gross Domestic Private Residential Investment to "Final" Fourth-Quarter 2018 GDP**



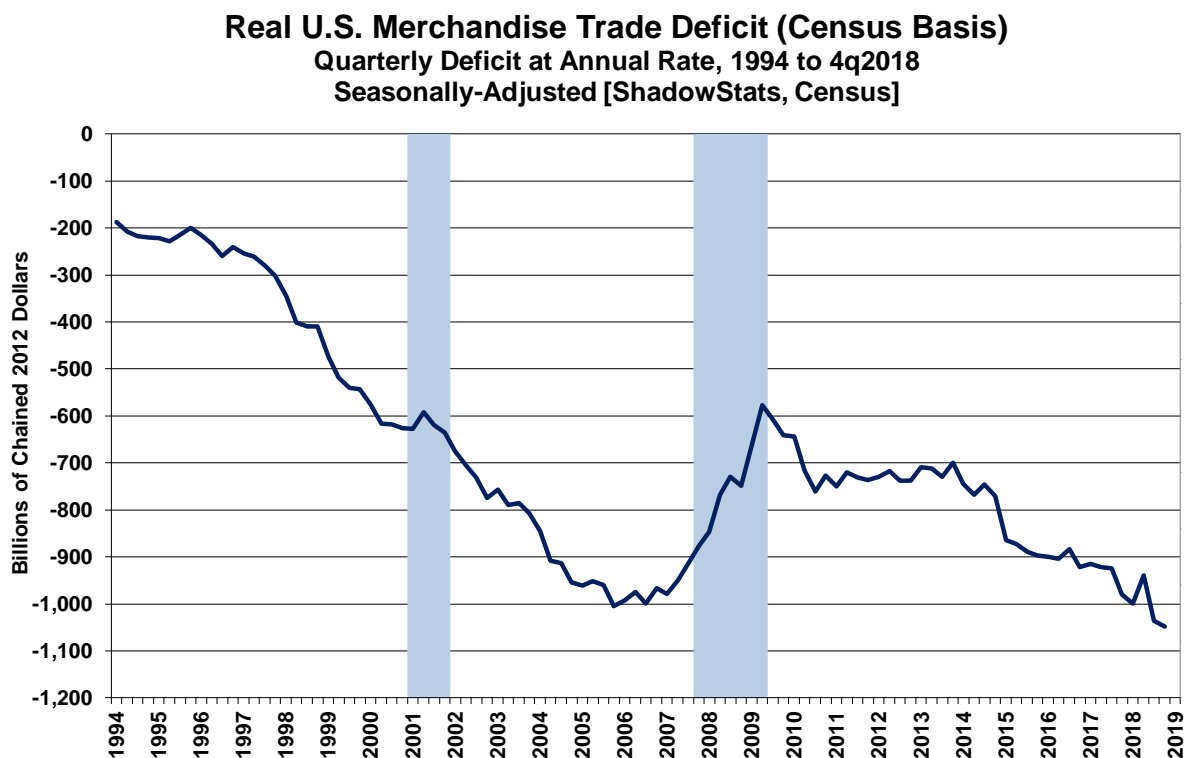
**Graph 8: Real Gross Domestic Residential Investment (Year-to-Year)**



**Graph 9: Real Net Exports of Goods and Services in GDP (1q1994 to "Final" Fourth-Quarter 2018)**



**Graph 10: Real U.S. Merchandise Trade Deficit (First-Quarter 1994 to Latest Fourth-Quarter 2018)**



**January 2019 Trade Deficit Narrowed Sharply in a Third Consecutive Wild Monthly Swing.**

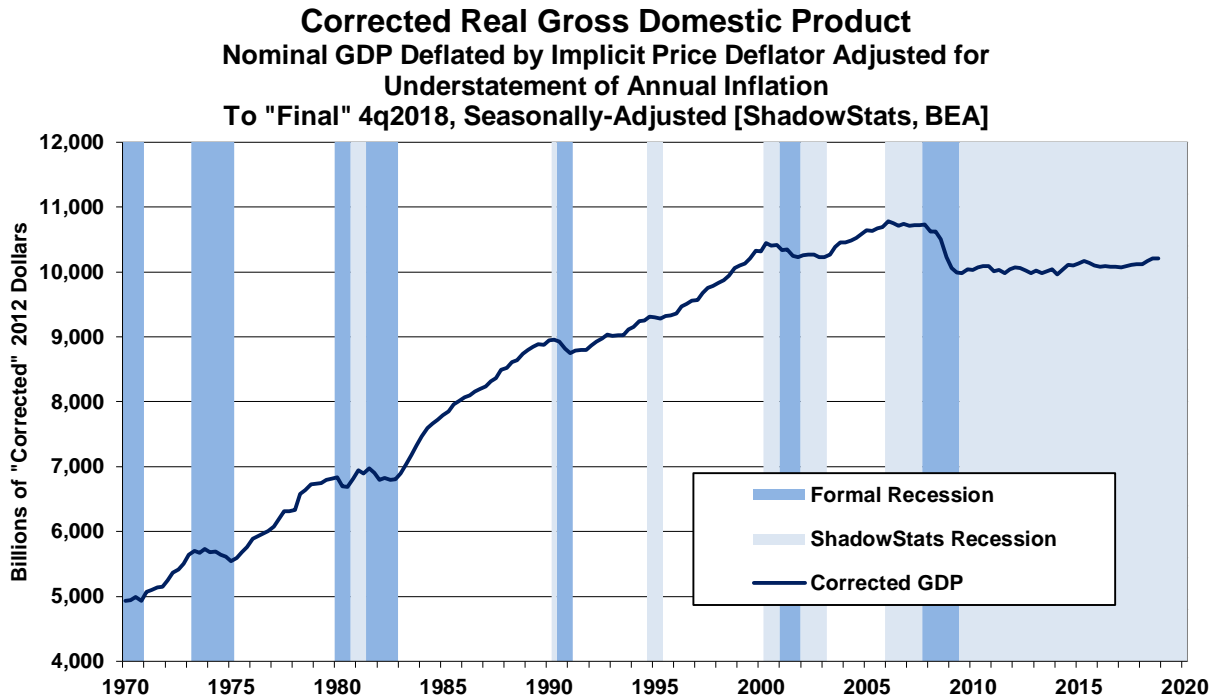
Against a minimally revised deepening, in the sharply deteriorating Fourth-Quarter 2018 Real Merchandise Trade Deficit (see preceding *Graphs 9 and 10*), the January 2019 Trade Deficit narrowed sharply, in continuing wild monthly swings, reported by Census and the BEA on March 27th. A sharp decline in imports, and a small increase in exports, narrowed the nominal January trade deficit to \$51.1 billion, from a revised, deepened \$59.9 billion in December, versus \$50.5 billion in November and \$56.5 billion in October. The fourth-quarter trade shortfall remained the worst in U.S. history, and a factor in the slowing of fourth-quarter GDP growth. January's narrowed deficit is a relative positive for first-quarter 2019 economic activity, but one could expect the February data to swing back sharply to a deeper deficit, closer to the norm (note the October-November-December pattern above). Not discussed by the Census Bureau/Bureau of Economic Analysis, data-flow disruptions from the government shutdown likely are factor in this unusual, recent increase in reporting volatility. Census/BEA still are one month behind in their key, monthly trade reporting.

**[ *Underlying Economic Reality – Alternate GDP Using Corrected Inflation* begins on the next page.]**

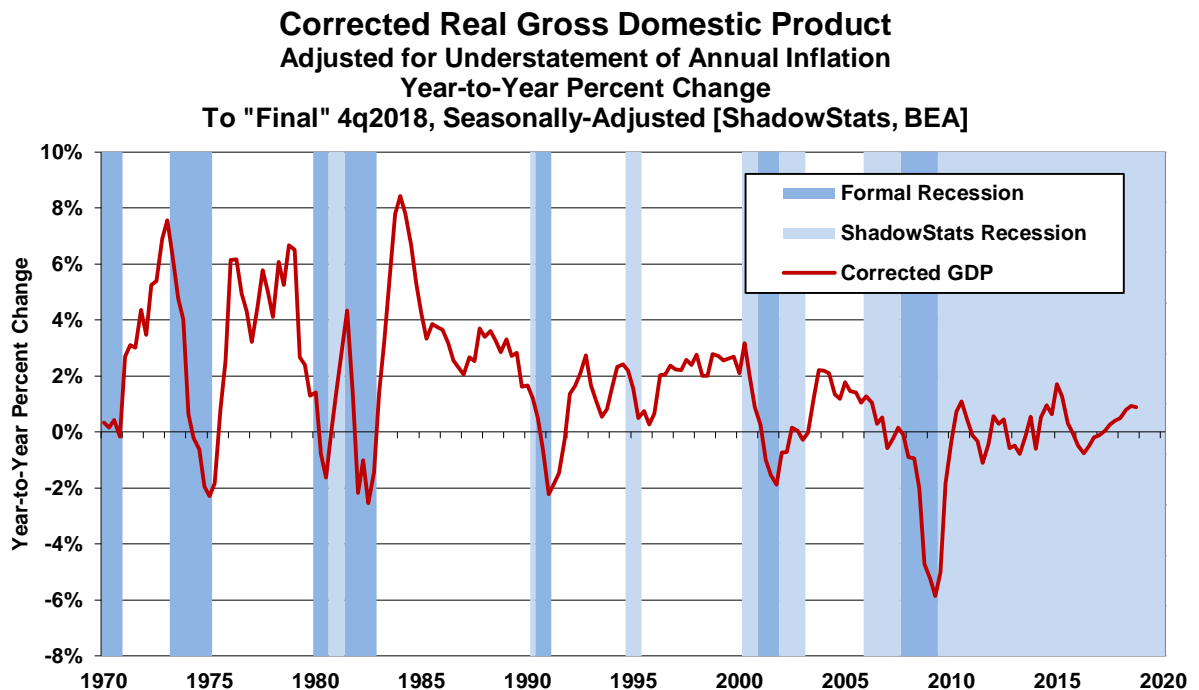
## Underlying Economic Reality – Alternate Real GDP Using Corrected Inflation

The plots in Graphs 11 to 14 reflect GDP deflated by the Implicit Price Deflator corrected for understated annual inflation. Full detail and review follow in *No. 983-B*; background available at [Special Commentary No. 968-Extended](#).

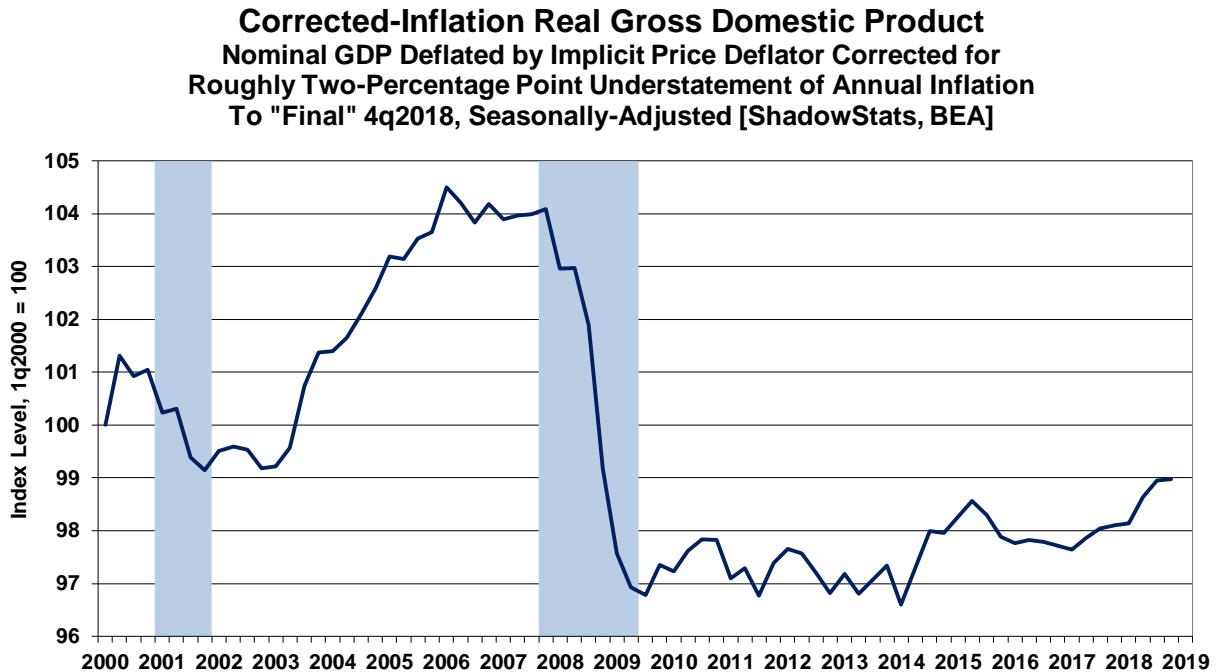
**Graph 11: Corrected-Inflation Based GDP (1970 to "Final" Fourth-Quarter 2018)**



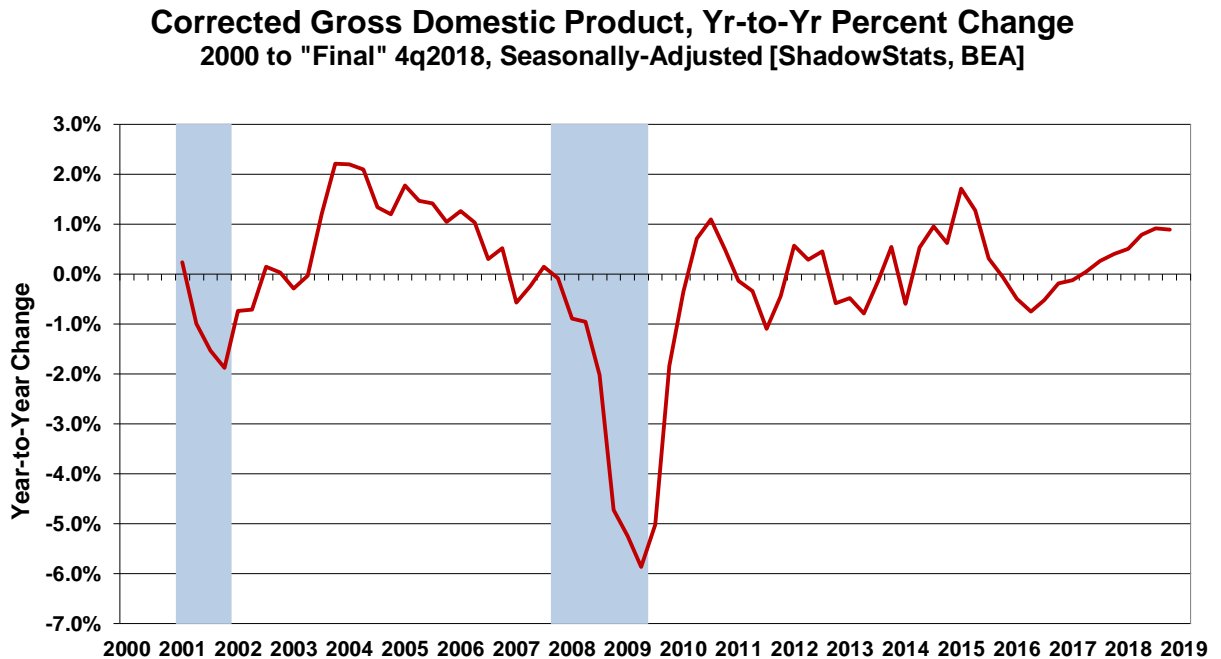
**Graph 12: Corrected-Inflation Based GDP, Yr-to-Yr % Change (1970 to "Final" Fourth-Quarter 2018)**



**Graph 13: Corrected-Inflation Based GDP (2000 to "Final" Fourth-Quarter 2018)**



**Graph 14: Corrected-Inflation Based GDP, Yr-to-Yr % Change (2000 to "Final" Fourth-Quarter 2018)**





## The Housing and Construction Sector

**Home Sales and New Residential Construction Continued in Recession, Despite Some Recent Volatility and Mixed Reporting.** February 2019 Existing-Home Sales Growth Jumped 11.8% in the month, but declined 1.8% (-1.8%) year-to-year, as reported by the National Association of Realtors on March 22nd (see details and press release at [www.nar.realtor](http://www.nar.realtor) under research/housing statistics). Reflected in *Graphs 15* and *16*, following a string of sharp declines, and on top of a small downside revision to January activity, February New-Home Sales rebounded by 11.8%, the strongest monthly gain in more than three years. That said, monthly sales were down year-to-year by 1.8% (-1.8%). The series continued in a deepening year-to-year contraction in the trailing twelve-month moving average of the series, where February 2019, dropped to a new low of 4.2% (-4.2%), its tenth consecutive and continuously deepening annual rate of decline. February 2019 sales activity remained 24.2% (-24.2%) shy of every recovering its pre-recession high.

**February and Revised January 2019 New-Home Sales Surged in the Month, Amidst Absurdly Negative Revisions.** The government-shutdown delayed/disrupted March 29th New-Home Sales reporting out of the Census Bureau, showed statistically insignificant, February 2019 respective monthly and annual gains of 4.9% and 0.6%, on top of sharp upside revisions to January 2019 activity (see *Graphs 17* and *18*). Yet, those numbers followed extraordinarily sharp downside revisions to fourth-quarter 2018 activity.

What had been a fourth-quarter 2018 annualized gain of 3.6% revised to an annualized contraction of 13.4% (-13.4%). What had been an early negative trend for first-quarter 2019 New-Home Sales turned positive. Consistent with other housing and construction series, New-Home Sales remains in an ongoing housing recession, holding shy by 52.0% (-52.0%) of ever recovering its pre-recession peak

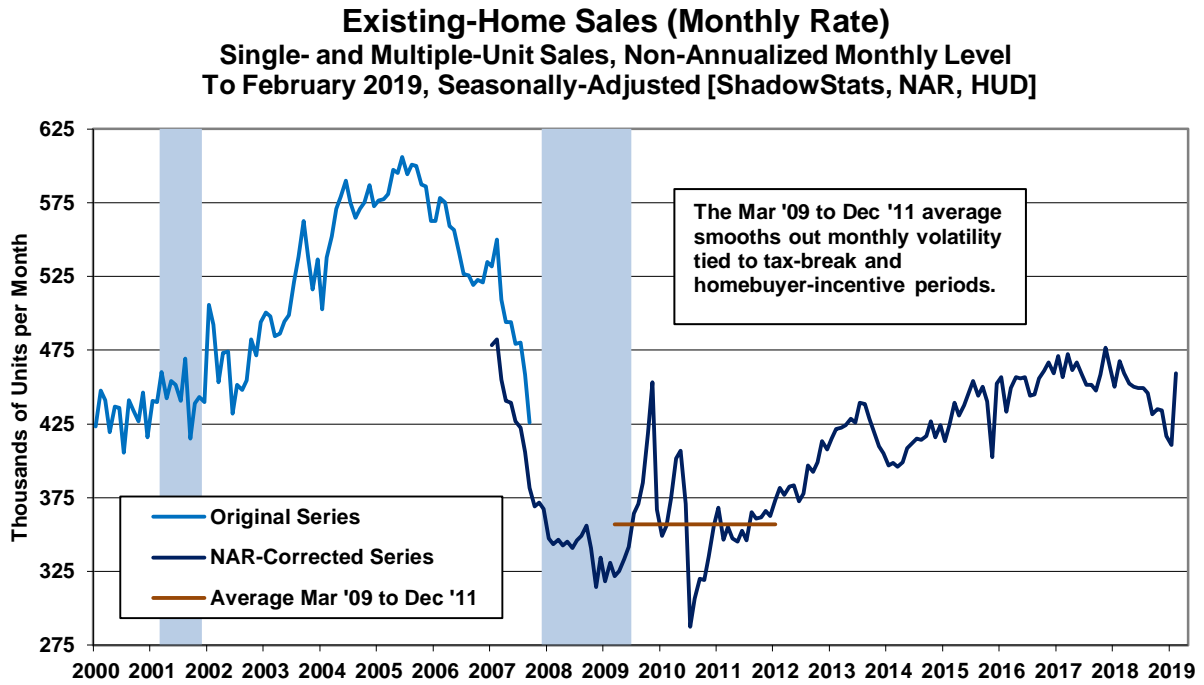
**February 2019 Housing Starts Destabilized by Government Shutdown Data Disruptions, Continued in Deepening Annual Decline and Downtrend.** The broad picture for February Housing Starts and Building Permits remained highly negative, but of unusually poor quality for initial monthly reporting of this highly unstable and shutdown-delayed series (see *Graphs 19* to *26*). Reported March 26th by the Census Bureau, both Starts and Permits saw monthly and annual contractions, in deepening long-term downtrends. That said, the previously reported level of Starts revised higher. Accompanying what standardly would be nonsensical volatility in the headline Housing Starts, the Commerce Department warned of government-shutdown delayed data collection and processing, which “... caused the adjustments for anticipated late reported December starts and completions to be less accurate than normal, resulting in larger than normal revisions.”

That said, headline February 2019 month-to-month Housing Starts declined 8.7% (-8.7%), following a revised January gain of 11.7% [previously 18.6%] and a revised December decline of 5.5% (-5.5%) [previously 14.0% (-14.0%)]. More telling, year-to-year February 2019 Starts declined 9.9% (-9.9%), following revised annual declines of 4.6% (-4.6%) [previously 7.8% (-7.8%)] in January 2019, and 5.8% (-5.8%) [previously 14.3% (-14.3%)] in December 2018.

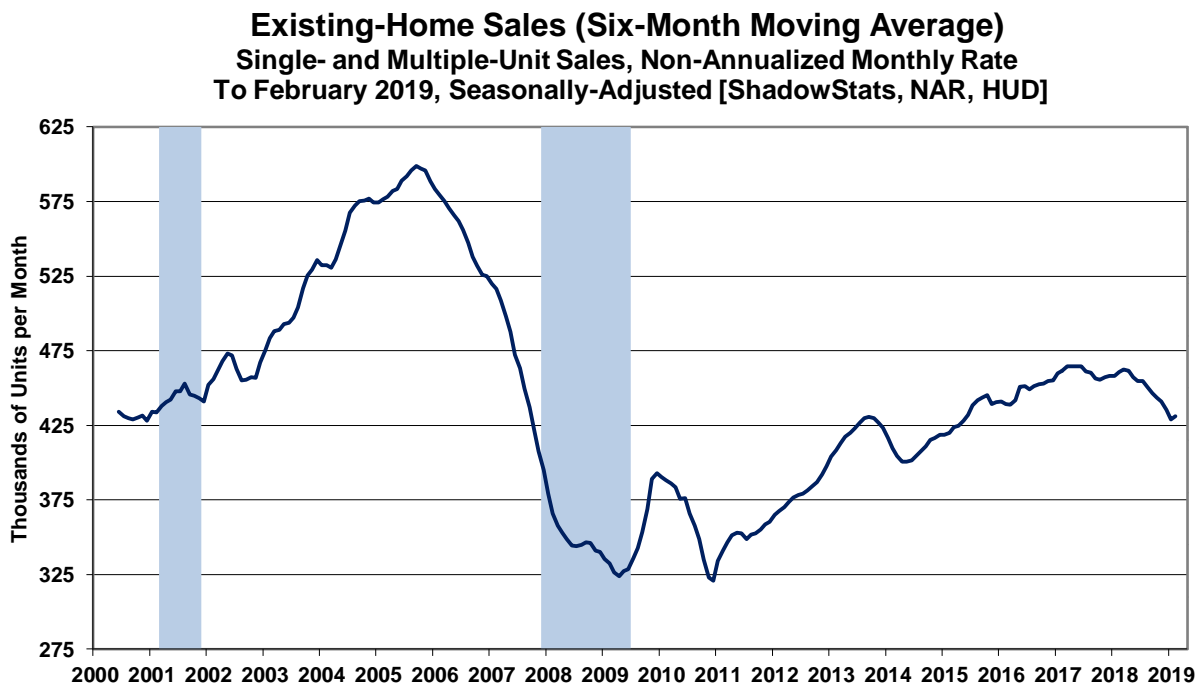
Where the aggregate February Starts dropped 8.7% (-8.7%) in the month, that reflected a plunge of 17.0% (-17.0%) in Single Units and a 23.5% surge in Multiple Units. The aggregate annual decline of 9.9% (-9.9%) was composed of drops of 10.6% (-10.6%) in Single Units and 5.4% (-5.4%) in Multiple Units of

5 Units or More. As usual, none of those monthly or annual changes was deemed statistically meaningful by Census, except for the 17.0% (-17.0%) monthly plunge in Single Units. (*Continues on page 20 ...*)

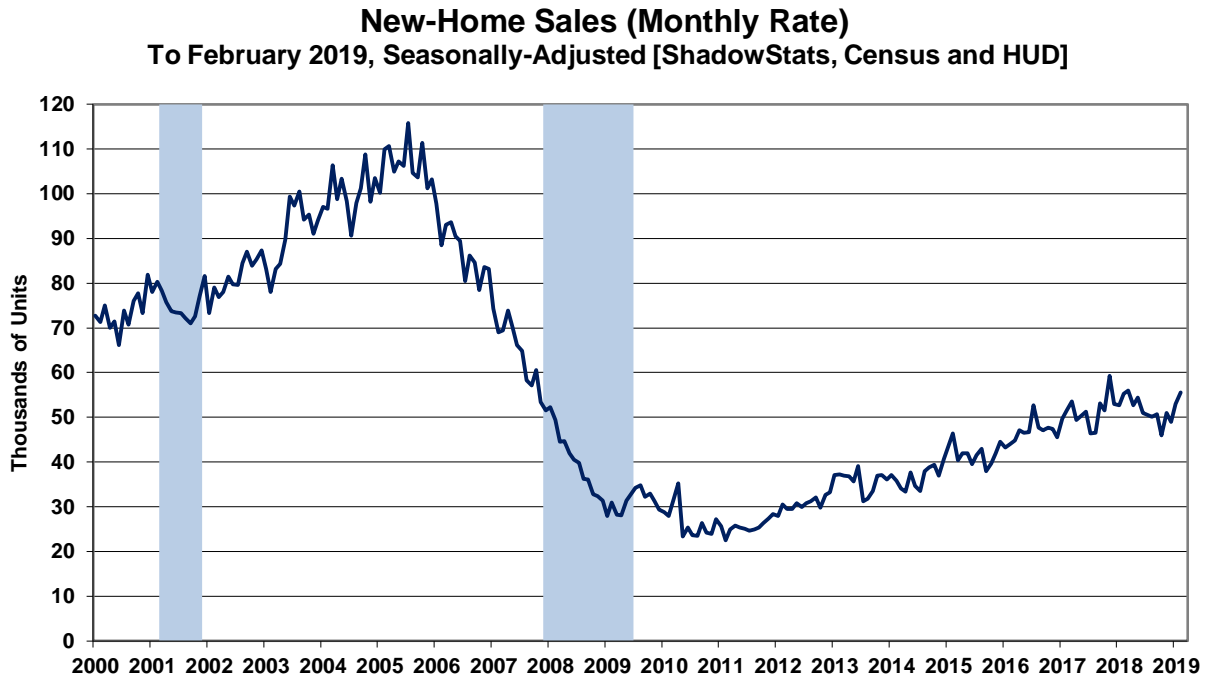
**Graph 15: Existing-Home Sales, National Association of Realtors, Monthly Rate (2000 to Date)**



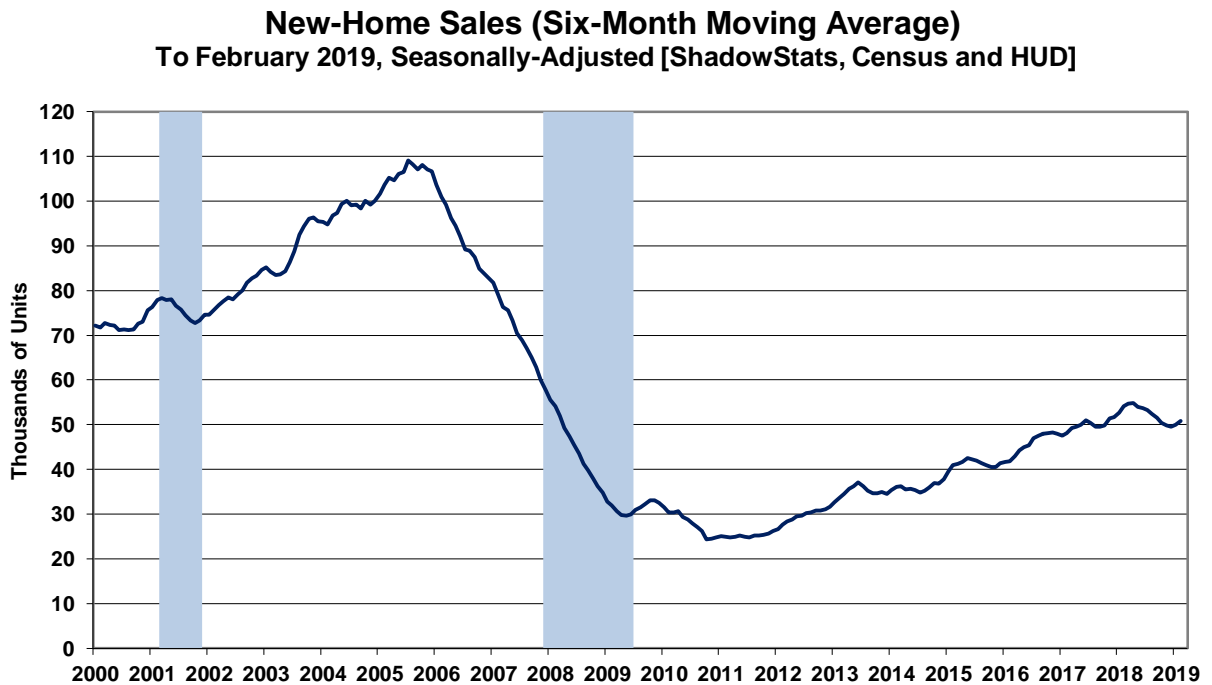
**Graph 16: Existing-Home Sales, Six-Month Moving Average (2000 to Date)**



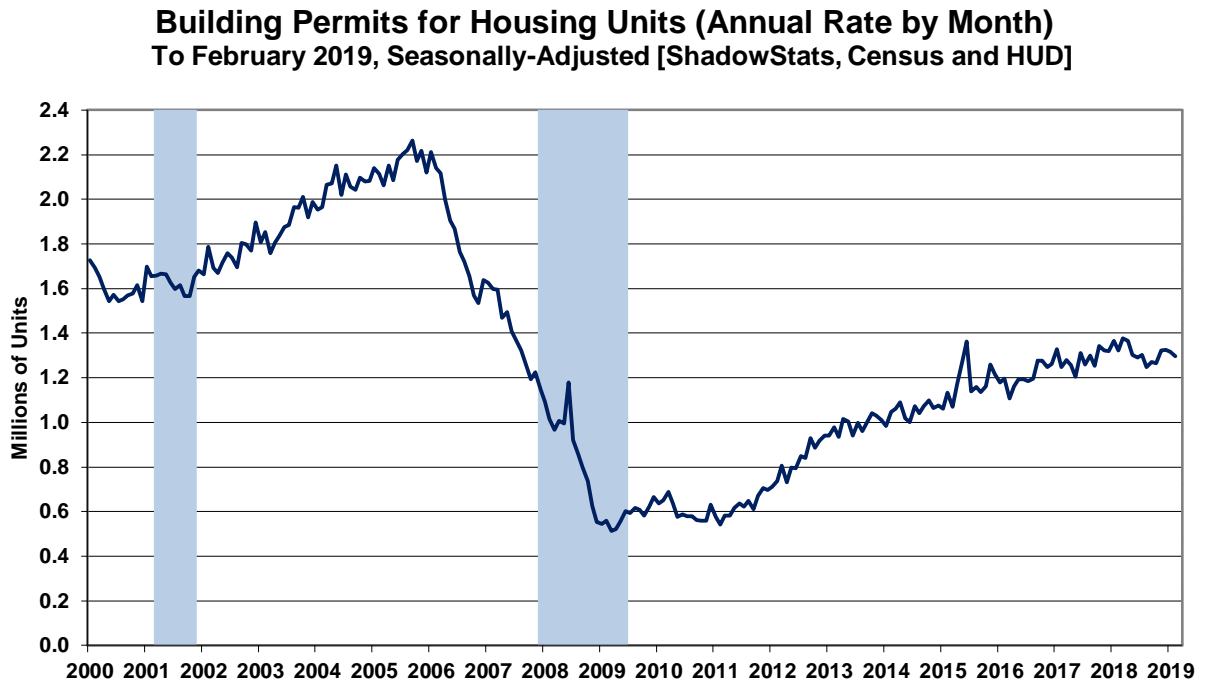
**Graph 17: New-Home Sales, Monthly Rate (2000 to Date)**



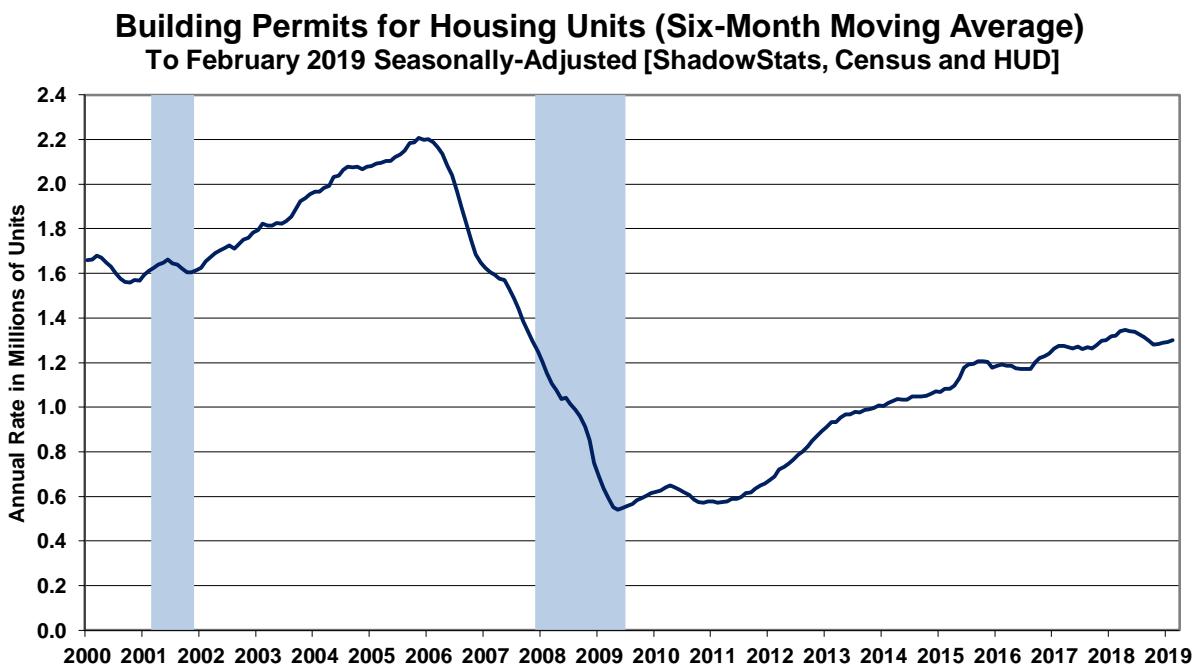
**Graph 18: New-Home Sales, Six-Month Moving Average (2000 to Date)**



**Graph 19: Building Permits, Annual Rate by Month (2000 to Date)**



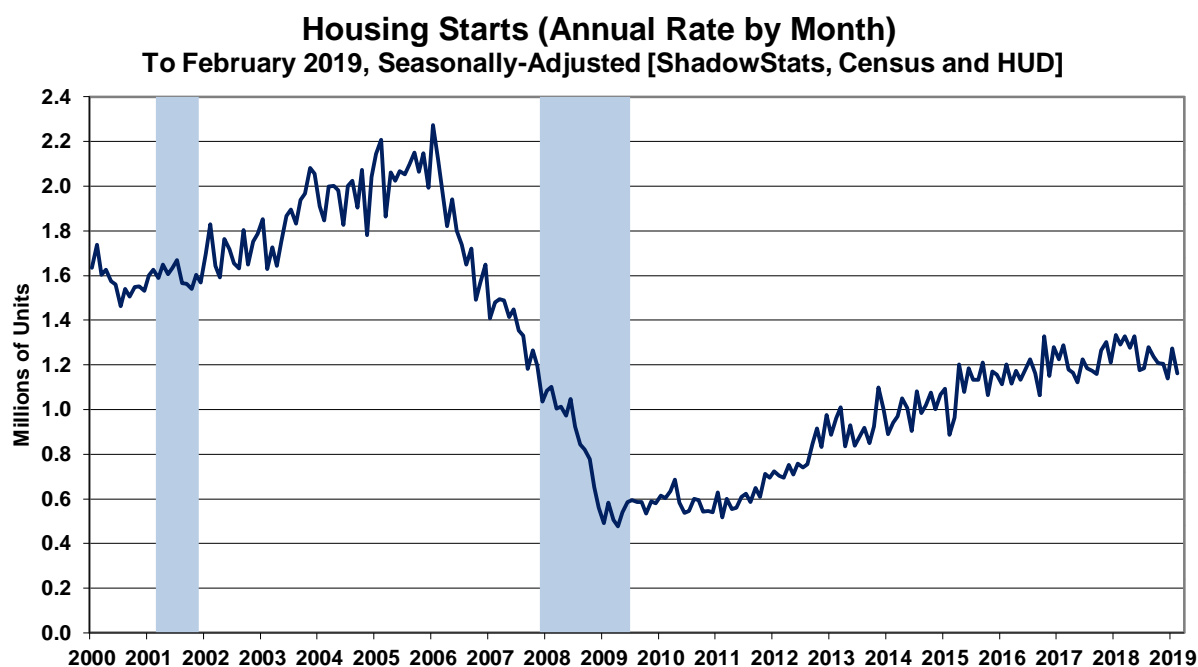
**Graph 20: Building Permits, Six-Month Moving Average (2000 to Date)**



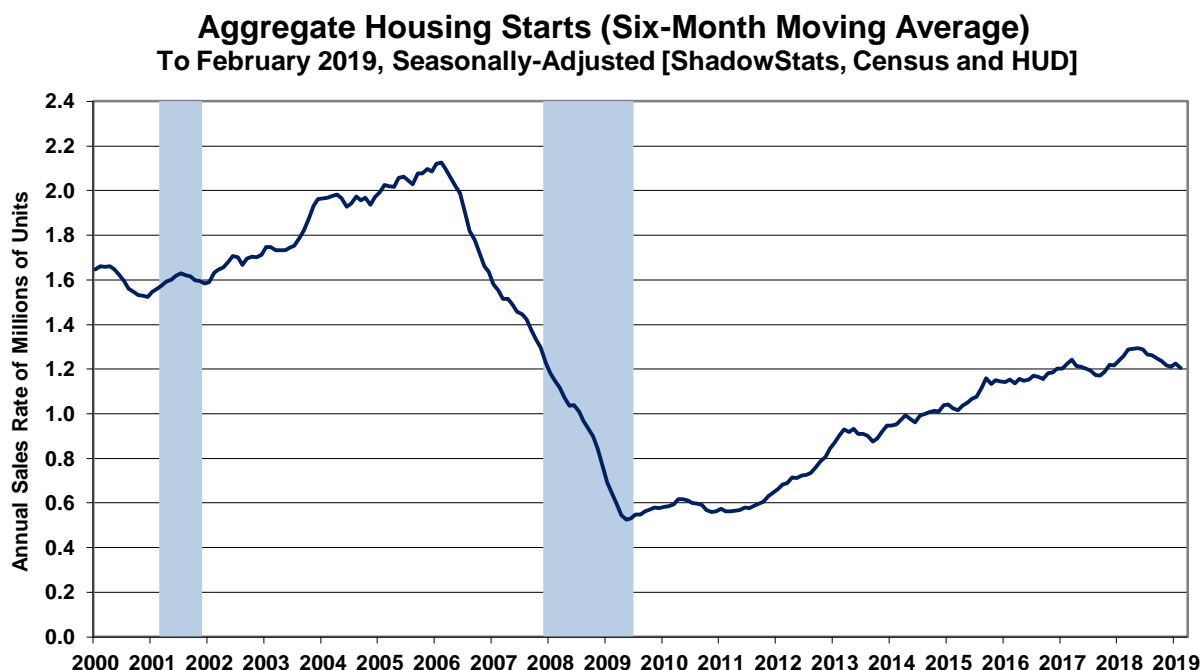
(... Continued from page 18 ) More-stable February 2019 Building Permits showed statistically significant, monthly and annual declines of 1.6% (-1.6%) and 2.0% (-2.0%), with January Permits down

month-to-month by a revised 0.7% (-0.7%) [previously up by 1.4%], down year-to-year by 3.6% (-3.6%) [previously 1.5% (-1.5%)]. February 2019 Housing Starts remained shy by 48.9% (-48.9%) and Building Permits shy by 42.7% (-42.7%) of ever recovering their levels of pre-recession peak activity.

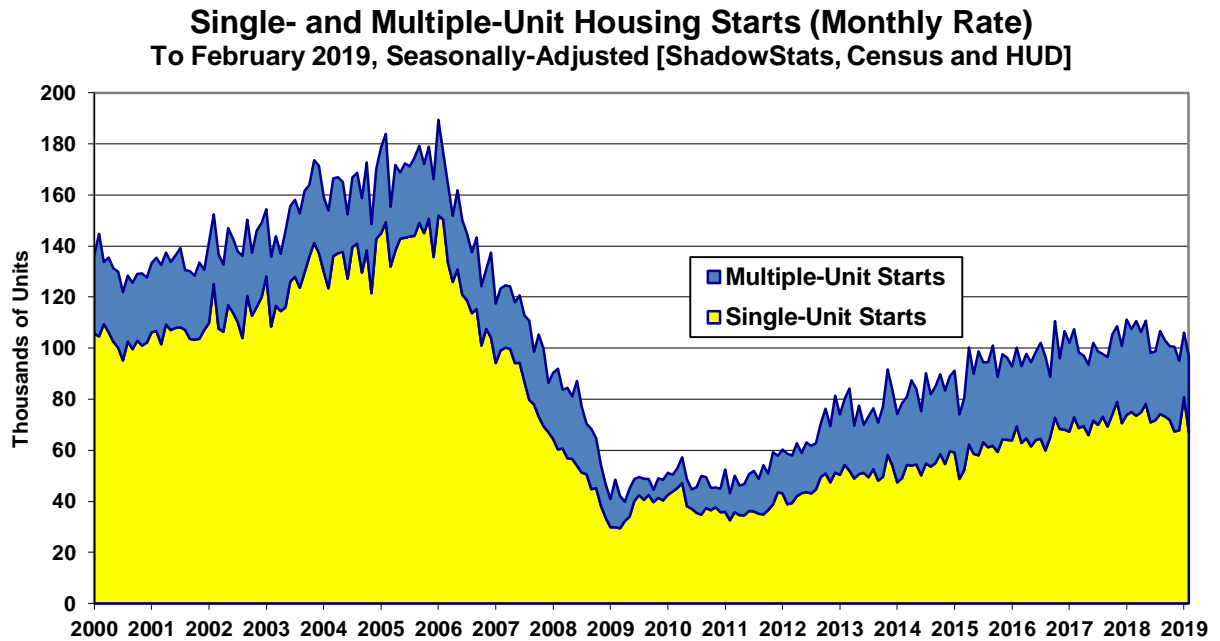
**Graph 21: Housing Starts, Annual Rate by Month (2000 to Date)**



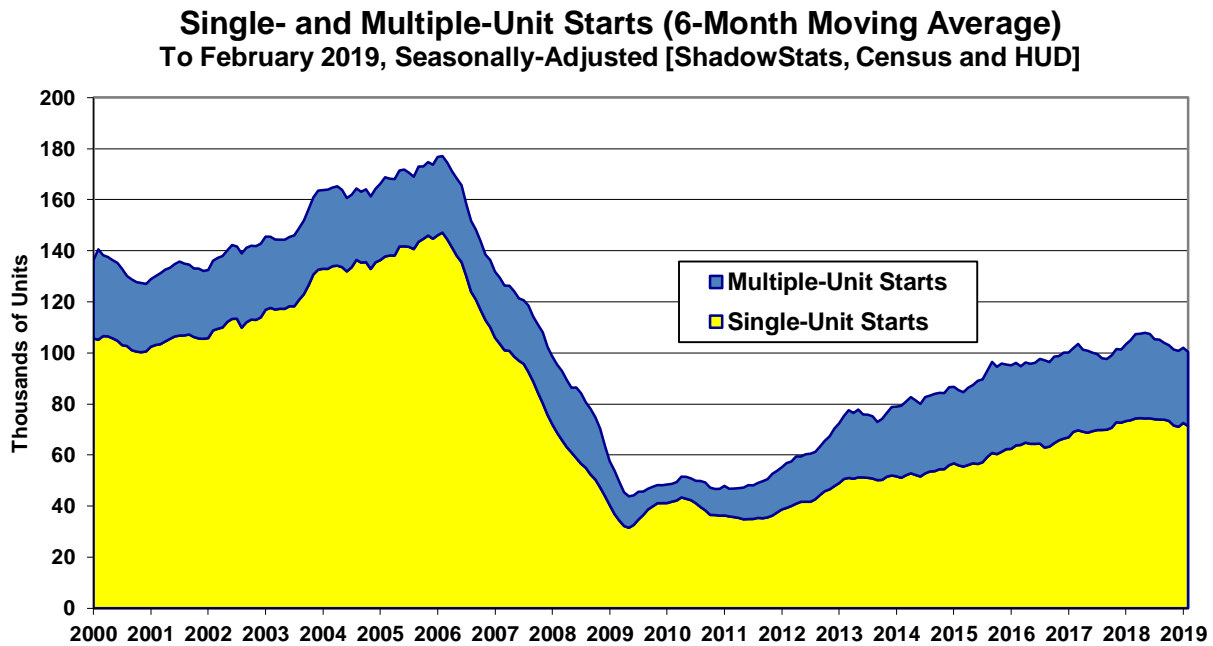
**Graph 22: Housing Starts, Six-Month Moving Average (2000 to Date)**



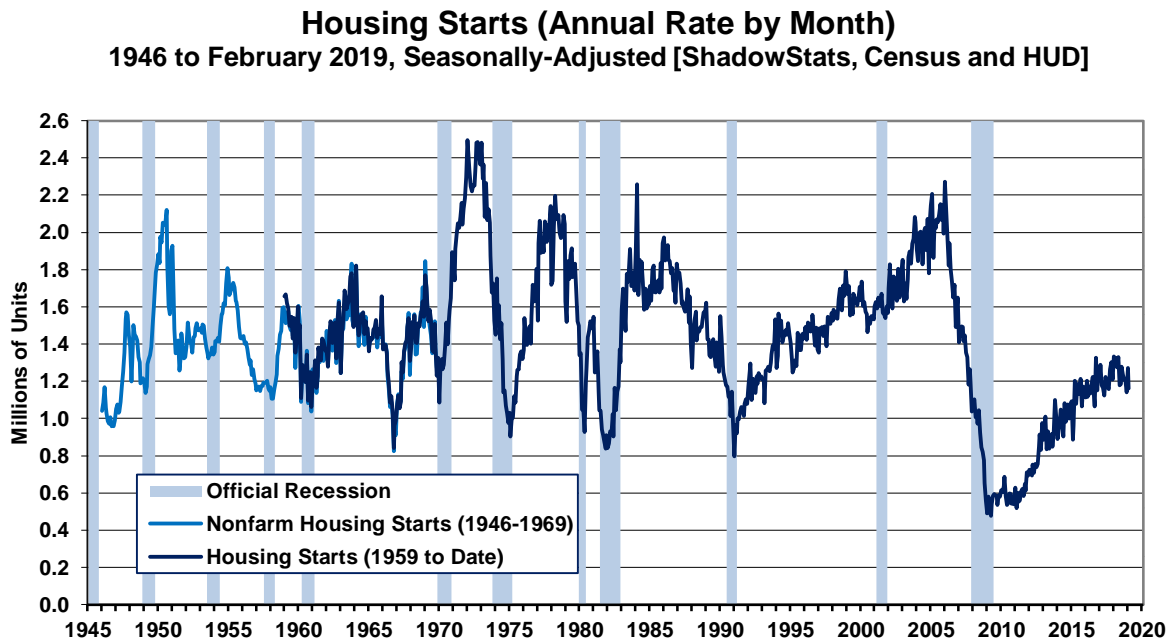
**Graph 23: Single- and Multiple-Unit, Monthly Rate (2000 to Date)**



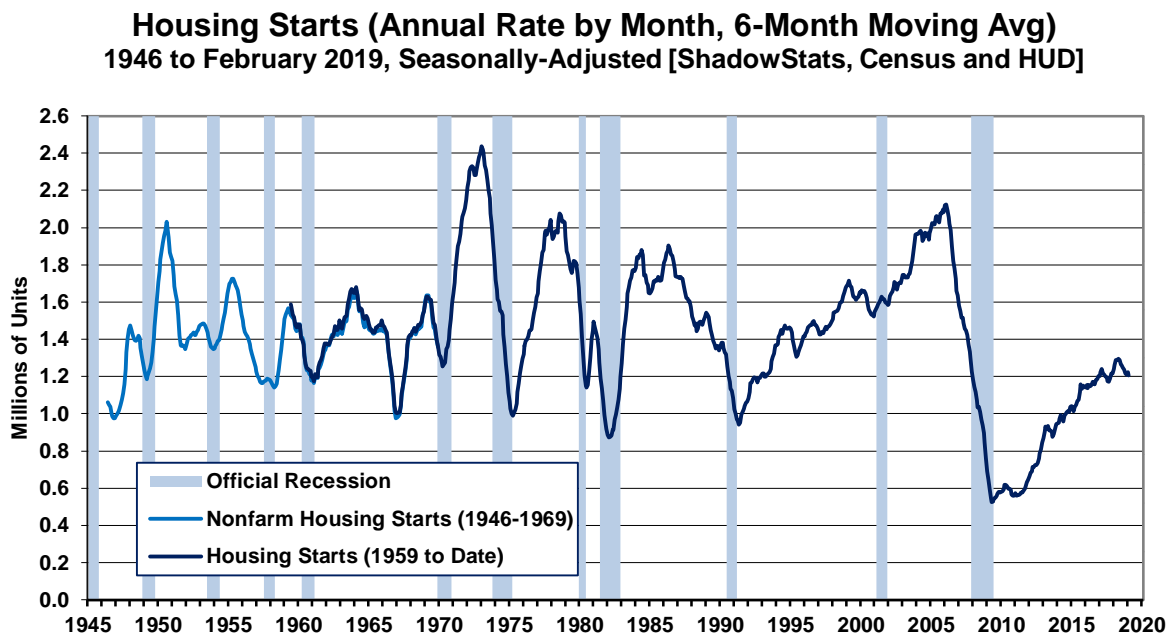
**Graph 24: Single- and Multiple-Unit, Six-Month Moving Average (2000 to Date)**



**Graph 25: Housing Starts, Annual Rate by Month (1946 to Date)**



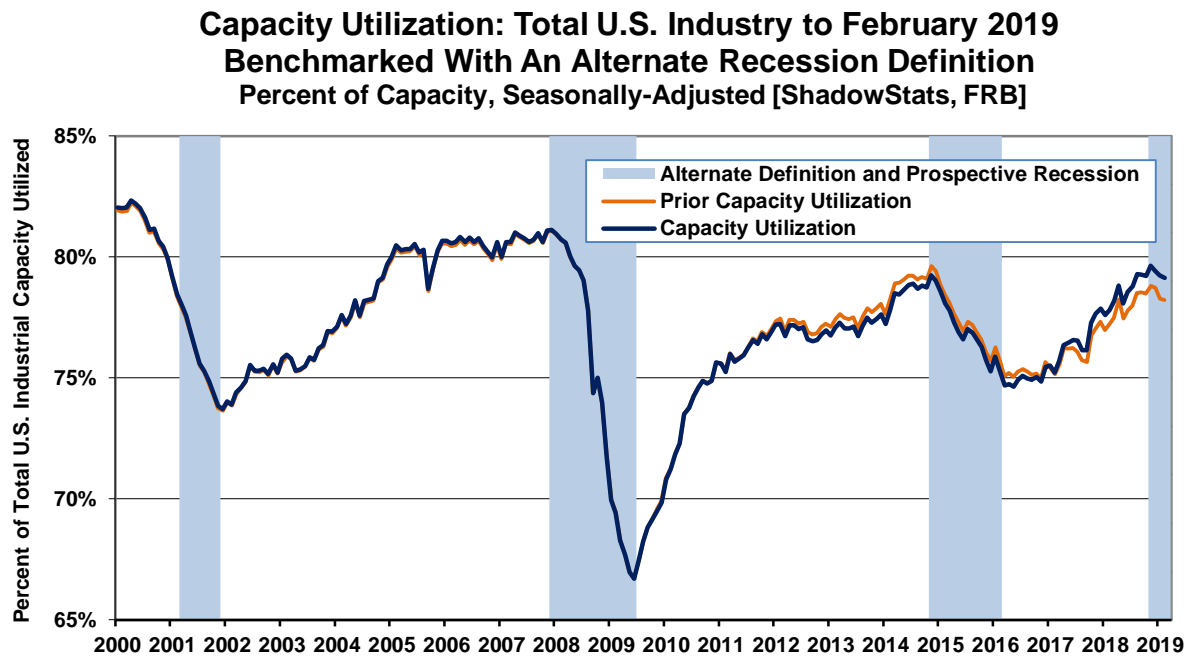
**Graph 26: Housing Starts, Annual Rate, Six-Month Moving Average (1946 to Date)**



## Industrial Production Annual Benchmark Revisions

**Industrial Production Annual Revisions Notched Higher—Major Manufacturing Sector Revisions Were Missing, Yet, Recent Quarterly Data Showed Slower/Slowing Annualized Quarterly Activity.** Slowing quarterly growth in production revisions signaled weakening GDP activity. The annual [Industrial Production Benchmark Revision](#) was published March 27th.

**Graph 27: Benchmark Revised Capacity Utilization (2000 to Date)**

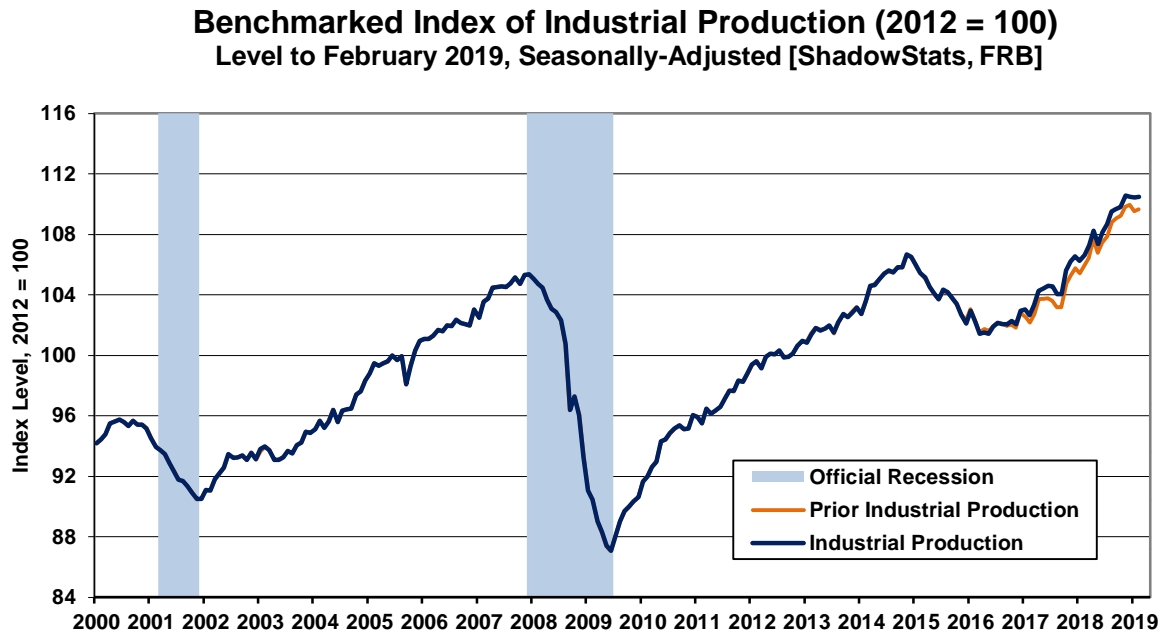


Discussed in [Bullet Edition No. 3](#), what appears to be a missing headline recession in 2014/2015 never surfaced because major, belated benchmark revisions showing the downturn did not surface until 2017/2018, as will be fully discussed and reviewed in *Special Commentary No. 983-B*. Graph 27 shows that speculative updated plot of the Alternate Recession, incorporating the just-published (March 27th) benchmarking of Capacity Utilization. While *Graphs 28 to 31* plot the benchmark-revised aggregate Industrial Production series and its Manufacturing, Mining and Utilities components, the important one for GDP revisions is *Graph 28*. Standard Manufacturing benchmarking (almost always sharply negative) for 2018/2019 was not available this time around, thanks to a budget issues at the Census Bureau.

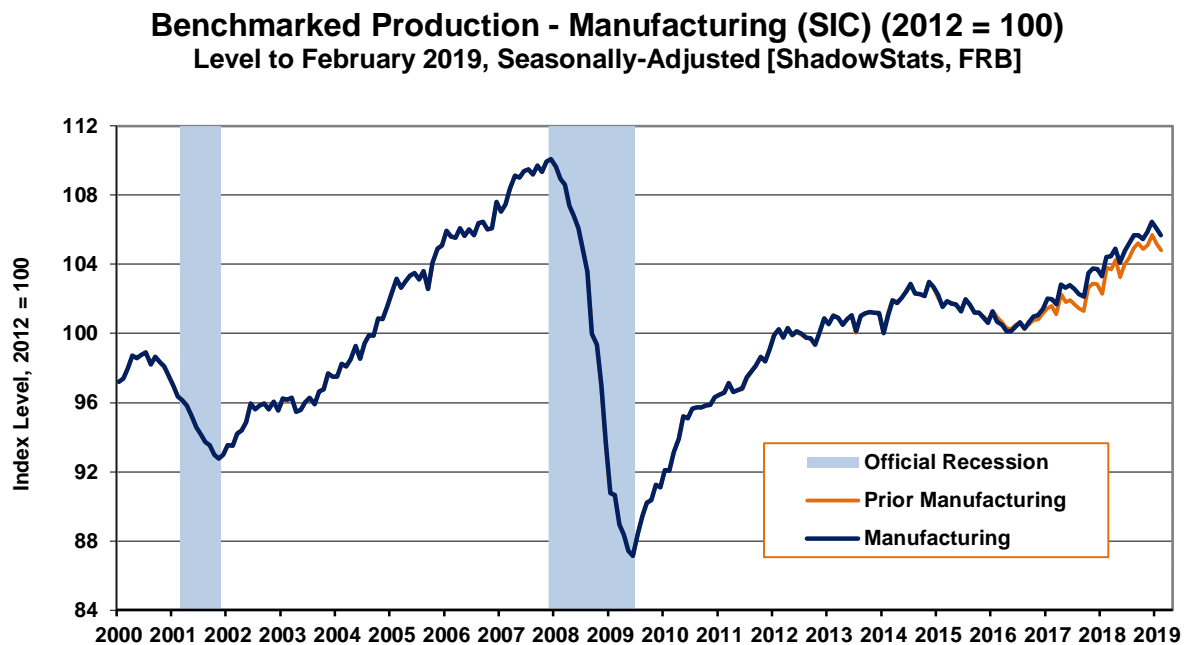
What the revisions reflect is fourth-quarter 2018 Industrial Production slowing from an annualized growth rate of 4.0% to 3.7% in revision, consistent with a downside revision in fourth-quarter 2018 GDP. Based on two months of reporting, however, first-quarter 2019 production also is on track to slow sharply, to an annualized 0.6%, which easily could fall into quarterly contraction in the next round of reporting.



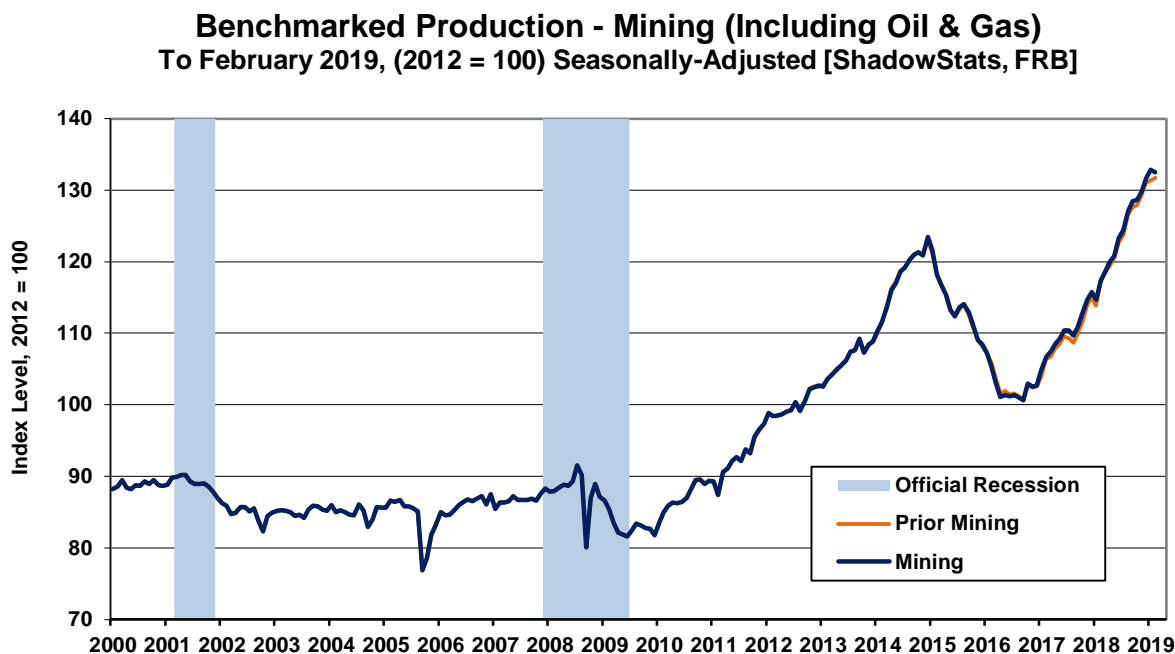
**Graph 28: Benchmark Revised Industrial Production (2000 to Date)**



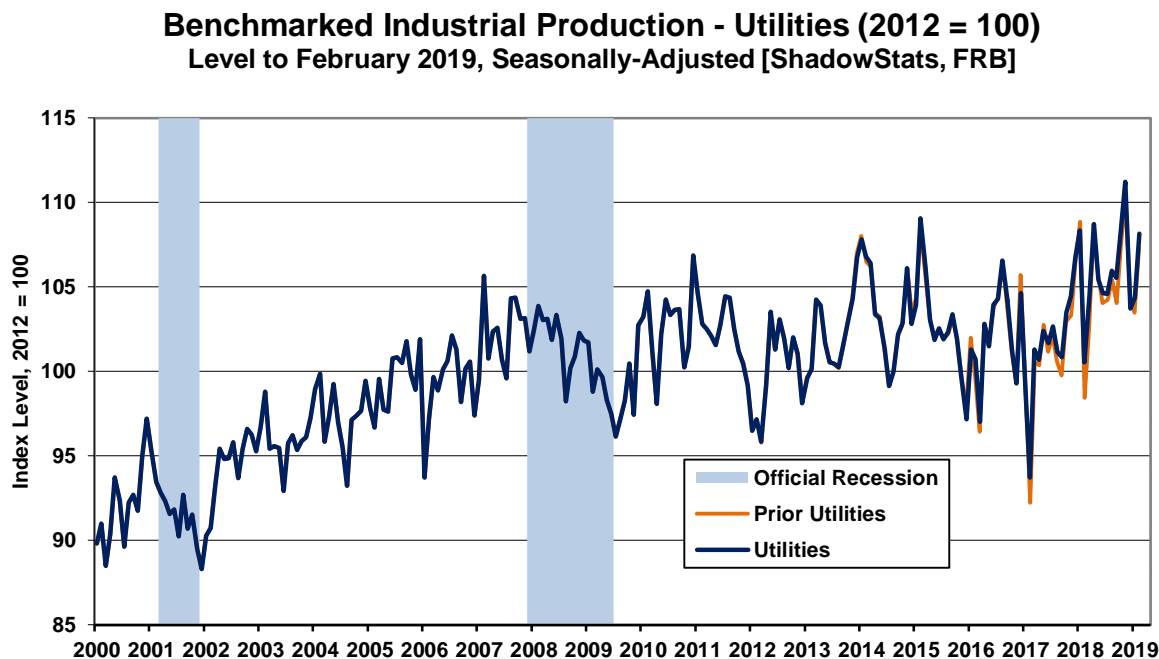
**Graph 29: Benchmark Revised Manufacturing, 75.0% of 2018 Industrial Production (2000-to-Date)**



**Graph 30: Benchmark Revised Mining, 14.6% of 2018 Industrial Production (2000-to-Date)**



**Graph 31: Benchmark Revised Utilities, 10.4% of 2018 Industrial Production (2000 to Date)**



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