

ShadowStats Flash Commentary, Issue No. 1436

April 2020 Cass Freight Index®

May 13, 2020

**April 2020 Cass Freight Index®
Collapsed by 22.7% (-22.7%) Year-to-Year**

**Level of Activity and Annual Decline Both Sank to
Lows Last Seen at the Depths of the Great Recession**

**Deepening Declines in Annual Freight Activity
Remain Inconsistent With a Pre-Pandemic Booming Economy**

**Consistent With Fourth-Quarter 2019 and First-Quarter 2020
Contractions in Industrial Production and Real Retail Sales the
Pandemic Savaged What Already Was an Unfolding Recession**

April 2020 Cass Freight Index®

April Freight Activity and Annual Growth Plunged to Levels Last Seen at Depths of the Great Recession

Freight Volume Patterns Confirm the Pandemic-Driven Business Collapse Exacerbated What Already Had Been the Early Stages of an Economic Contraction

Rivalling Great Recession Activity, the April 2020 Cass Freight Index® Dropped Year-to-Year by 22.7% (-22.7%), following declines of 9.2% (-9.2%) in March and 7.5% (-7.5%) in February. Reported today, May 13th, a continuing and steepening annual plunge, seen in the April 2020 *Cass Freight Index*® year-to-year decline of 22.7% (-22.7%), was the deepest drop since the 25.0% (-25.0%) April 2009 trough of year-to-year activity during the Great Recession. The headline, not-seasonally-adjusted Cass Index® reading of 0.923 (January 1990 = 1.000) was the lowest since January 2010, also at the depths of the Great Recession.

Discussed last month, as viewed by *ShadowStats*, the continuing, deteriorating annual collapse in freight activity has been much more consistent with an unfolding Pre-Pandemic “Recession,” than with what had been Wall Street’s “Booming Economy” and the Fed’s attainment of “Sustainable Moderate Economic Growth,” used to alibi no more rate cuts as late as the January 29th FOMC Meeting. Given subsequent, unfolding Coronavirus Pandemic impact, the FOMC cut rates to 0.0% by mid-March. Today, Fed Chairman Jerome Powell issued continued warnings on bleak economic conditions ahead.

In contrast, on a happier note, given some indications of parts of the economy starting to reopen, the Cass report concluded, “... we believe this will be the bottom.” See the [*Cass Transportation Index Report April 2020*](#) of Cass Information Systems, Inc., reviewing its indices and assessing economic and industry conditions related to their surveys.

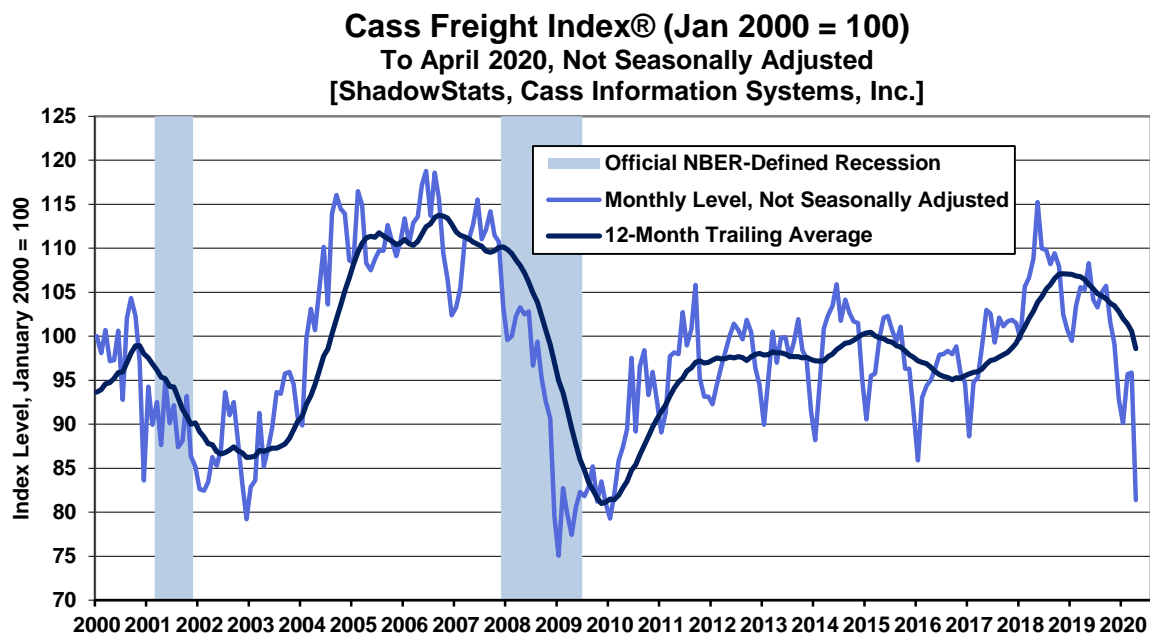
Reflected in *Graphs 1 to 4*, beginning on the next page, again, recent freight activity has been consistent with a less-than-robust, pre-Pandemic economy, reflected in successive quarterly declines in Fourth-Quarter 2019 and First-Quarter 2020 (downtrending before one month’s Pandemic negative impact) Real Retail Sales and Industrial Production. Monthly year-to-year declines and month-to-month declines in the 12-month trailing average of the Cass Index® have held in place now for seventeen consecutive months. Those year-to-year and 12-month-moving-average metrics neutralize seasonality in this unadjusted series.

Graphs 1 and 2 plot the level of the Cass Index®, along with its 12-month trailing or moving average, against formal recessions since 2000, plus the year-to-year change in the Index. *Graph 3* plots the level of the Cass Index®, along with its 12-month trailing or moving average, against formal recessions, as well as against prospective or “missed” recessions as discussed in [*Flash Update No. 22*](#), and as seen against *Graph 4* of March 2020 Industrial Production Capacity Utilization, traditionally used to time formal recessions. *Graph 4* will be updated through April 2020 in the pending *ShadowStats Flash Commentary, Issue No. 1437* planned for May 16th.

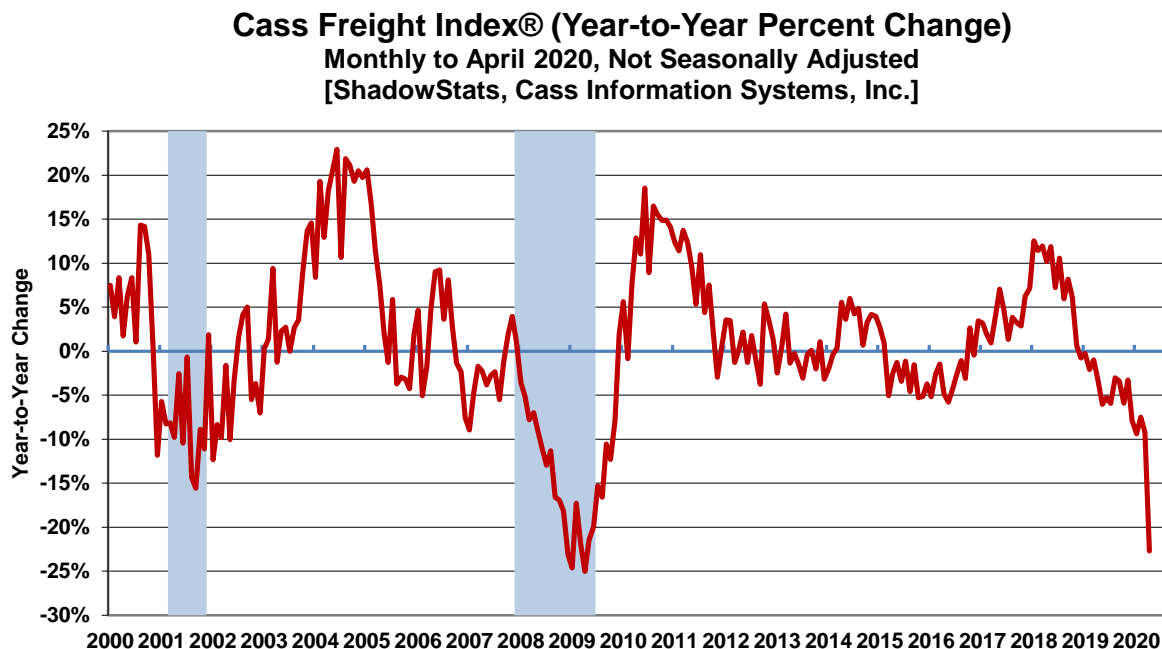
ShadowStats regularly follows and assesses the Cass Freight Index® as a highest-quality coincident/leading indicator of underlying economic reality. We thank Cass for their permission to graph and to use their numbers in our Commentaries.

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Graph 1: Cass Freight Index®, Monthly Level of Unadjusted Activity vs. 12-Month Trailing Average

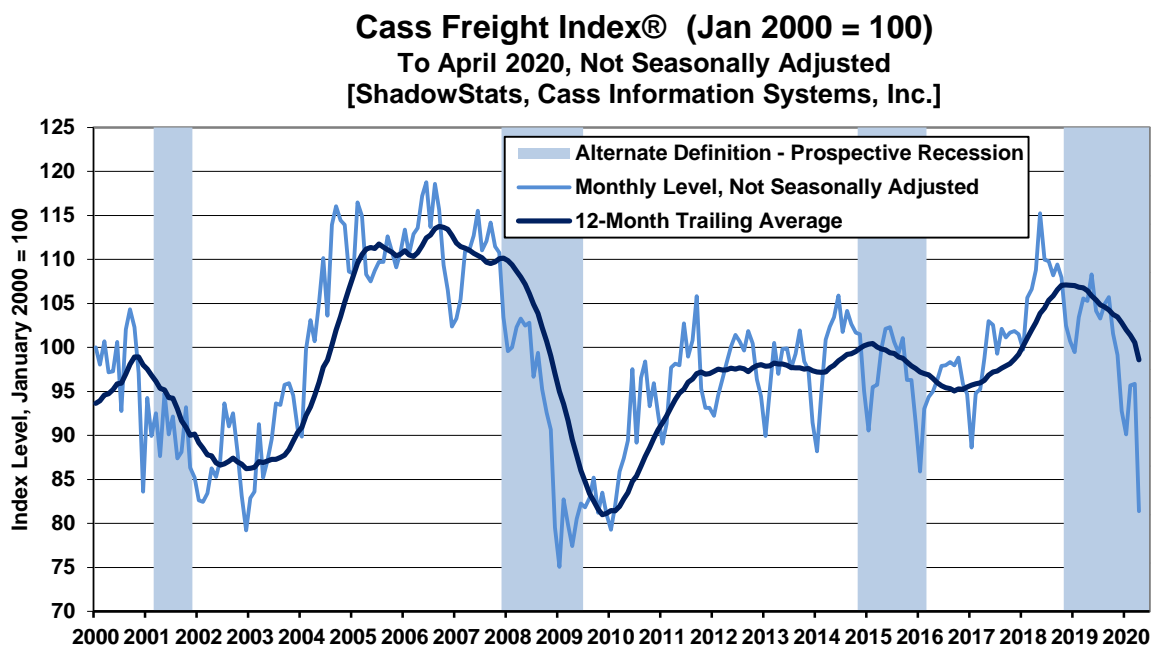


Graph 2: Cass Freight Index®, Year-to-Year Percent Change

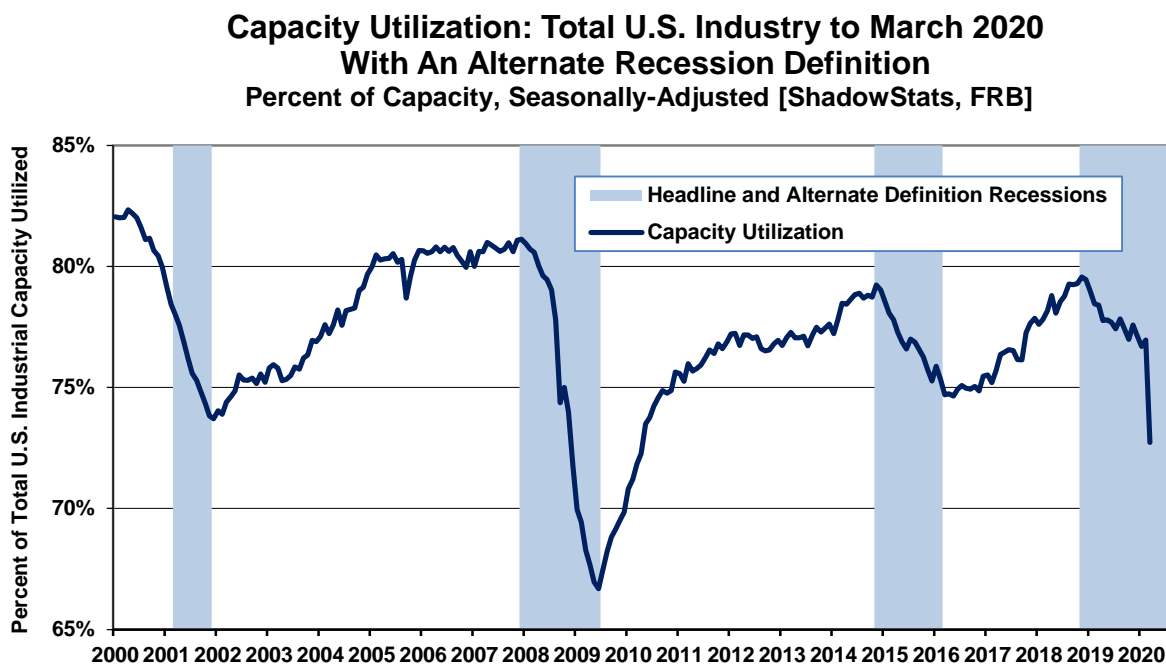


AGAINST ALTERNATE RECESSION MEASURES

Graph 3: Cass Freight Index®, Monthly Level of Unadjusted Activity vs. 12-Month Trailing Average



Graph 4: Total Industrial Capacity Utilization, Versus Recessions (2000-to-Date)



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