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

ShadowStats Economic Commentary, Issue No. 1455

Employment and Unemployment, Retail, Production, Freight, Trade, Construction, FOMC. Inflation, Money Supply, Financial Markets

January 27, 2021

Key Monthly Economic Numbers Turned Negative Anew in Fourth-Quarter 2020

Narrowing Annual Declines in October and November Payrolls Stalled at 6.0% (-6.0%), But the Year-to-Year Drop in December 2020 Payrolls Deepened to 6.2% (-6.2%)

An Increasing Number of Unemployed People Were Misclassified as Employed; Corrected December Unemployment Would Have Jumped, Instead of Holding at 6.7%

December 2020 Real Retail Sales Declined for the Third Straight Month, and Fourth-Quarter 2020 Activity Relapsed into Quarterly Contraction

December 2020 Cass Freight Index® Jumped Year-to-Year by 6.7%, but Its Two-Year Change Was Down 1.8% (-1.8%) from December 2018, Due to FOMC Tightening Contracting Intervening 2019 Activity

Momentum of Fourth-Quarter Data Suggests a First-Quarter 2021 GDP Contraction, As the Pandemic and Political Tumult Take on Negative New Dimensions

Federal Reserve Chairman Powell: "We Are a Long Way from Full Recovery"

Latest Weekly Money Supply M1 Jumped an Unprecedented 72.3% Year-to-Year

Severe, U.S. Dollar-Debasing Inflationary Pressures from Existing, Extreme Monetary and Fiscal Policies Are About to Get Much Worse

Risk of Hyperinflationary Economic Collapse Has Accelerated With Democrats Taking Control of Both the White House and Congress

Holding Physical Precious Metals Remains the Best Hedge Against Coming Inflation and Market Turmoil

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Contents – Flash Economic Commentary (Issue No. 1455)

Note to Subscribers

Evolving Circumstances and *ShadowStats Commentaries*. In the context of unfolding economic reporting and data revisions, and monetary and political developments, ***Flash Commentary, Issue No. 1455*** evolved into today's full ***Economic Commentary, Issue No. 1455***. Observations in recent ***Commentaries***, as to deteriorating economic, Pandemic and political circumstances continue to evolve, but broadly remain in play, despite the transition to a new Administration in Washington. The long-planned ***Special Benchmark Commentary*** should post in the week of February 8th. It will provide a broad review of the economy, inflation and the financial markets, with an updated ***ShadowStats Outlook*** for 2021 and beyond. Specifically covered will be the continuing movement towards a U.S. hyperinflation, along with an updated assessment of the evolving political and Pandemic circumstances as they affect the economy and the markets.

While the broad ***ShadowStats Outlook*** continues to evolve, again. it has not changed dramatically. The general themes and elements of the outlook for the U.S. economy, inflation and financial markets, including Federal Reserve Monetary and Federal Government Fiscal Policies, still foreshadow rapidly escalating risk of a ***Hyperinflationary Depression***. The Pandemic already has inflicted lingering, massive structural damage on the United States' economy and on the lives and psyche of its people. Renewed, intensifying economic damage from Pandemic appears likely in at least the next quarter or two. Although can hope that circumstances will begin to stabilize, as vaccines and treatments begin to tame the Pandemic, continuing major, expansive Federal Reserve Monetary Policies already in place, and further, expansive new Federal Government Fiscal Policies already promised, likely will be needed and will continue well into 2022 and beyond. Increasing risk of a hyperinflationary economic collapse by the end of 2021, early 2022 is uncomfortably high. – **WJW**

Background ShadowStats Features: New circumstances, breaking economic news and ShadowStats Schedule Changes are highlighted, as they happen, in the ***Daily Update*** Section of the ***ShadowStats Home Page***. Covered are rapidly shifting headlines, reporting details, intervening events, unusual developments in the markets, with the FOMC or the economy, and ***ShadowStats*** scheduling. Initial assessments are reviewed there usually within a couple hours of the official posting of a given news development.

General background to the current ***ShadowStats Outlook*** includes key economic, market and systemic assessments of the last year, including ***Special Commentary, Issue No. 1429*** (FOMC Panic), ***Special Commentary, Issue No. 1430*** (Systemic Solvency), ***Flash Commentary, Issue No. 1433*** (Retail Sales Benchmarking), ***Flash Commentary No. 1434*** (1q2000 GDP), ***Special Economic Commentary, Issue No. 1437*** (Economic Update), ***Special Hyperinflation Commentary, Issue No. 1438*** (Risks of a Hyperinflationary Economic Collapse), ***Flash Commentary No. 1439*** (Distorted May Labor Conditions, NBER Recession Call, FOMC Outlook), ***Economic Commentary, Issue No. 1441*** (Economic Update).

Consider as well, ***Special Economic Commentary, Issue No. 1444***, which examined Systemic, Economic and Financial-system disruptions, particularly as reflected in the price of Gold. ***Flash Commentary, Issue No. 1445*** reviewed the GDP annual benchmarking and an updated outlook for Gold and Silver following the August 11th sell-off. ***Special Economic Commentary, Issue No. 1446*** assessed current and prospective economic and inflation conditions, with initial ***ShadowStats*** GDP forecasts for the balance of 2020. ***Flash Commentary, Issue No. 1447*** reviewed and updated ongoing statistical shenanigans with the New Claims for Unemployment Insurance for the week ended August 29th, and assessed economic implications of the August 2020 Payrolls and Unemployment and Employment reporting, along with the July 2020 Merchandise Trade Deficit. ***Flash Commentary, Issue No. 1448*** reviewed the New Claims for Unemployment, August 2020 CPI- and PPI-Inflation and the Money Supply. ***Flash Commentary, Issue No. 1449*** reviewed developments from the September 2020 FOMC Meeting, with ***Flash Commentary, Issue No. 1450*** covering the Third-Quarter 2020 GDP and related unfolding economic circumstances. ***Flash Commentary, Issue No. 1451*** updated the November FOMC, along with ***Flash Commentary, Issue No. 1452***, ***Economic Commentary, Issue No. 1453*** and ***Issue No. 1454*** updating the latest economic and inflation numbers, and reviewing rapidly evolving U.S. political and Pandemic circumstances.

ShadowStats Broad Outlook for the Economy, Inflation and the Markets

In context of the changes to the U.S. Government and the evolving COVID-19 crisis, the ShadowStats broad outlook in the weeks and months ahead remains for:

- A continuing and potentially hyperinflationary U.S. economic collapse, with significant bottom bouncing and an unfolding, troubled and protracted “L”-shaped non-recovery, reflected in
- Continued flight to safety in precious metals, with accelerating upside pressures on gold and silver prices, likely headed for new record high levels, irrespective of any temporary market interventions, machinations or corrections to the contrary,
- Continued mounting selling pressure on the U.S. dollar, against the Swiss Franc and as more broadly measured by the ShadowStats Financial-Weighted Dollar (FWD) and the Federal Reserve’s Trade-Weighted Advanced-Foreign-Economies (AFE) Dollar.
- Despite recent extreme Stock Market volatility and current record or near-record high levels in the popular U.S. stock-market indices, ongoing high risk of major instabilities and a pending massive liquidation of U.S. equities,
- Complicated by ongoing direct, supportive market interventions arranged by the U.S. Treasury Secretary, as head of the President's Working Group on Financial Markets (a.k.a. the “Plunge Protection Team”), and/or as otherwise gamed by the FOMC.

Your questions and comments always are welcomed. Please call or e-mail me any time. Leave a message if your call goes to Voicemail. I shall be back to you.

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OVERVIEW

As It Advanced, the Fourth-Quarter Economy Flattened Out and Then Turned Lower

Weakness in Payrolls, Unemployment and Real Retail Sales Reflected Mounting Consumer Problems

December 2020 Annual Growth in and Dollar Levels of Existing M1 and M2 Set Record Highs, With Continued Soaring Growth in January

December 2020 Cass Freight Index® Gained Year-to-Year for a Third Month

Yet It Remained Down for the 15th Stright Month, by 1.8% (-1.8%) From Two Years Ago, As Economic Activity Was Tanking Due to Excessive Federal Reserve Tightening in 2018

Also Down from Two Years Ago, Manufacturing, Mining and Aggregate Industrial Production Never Have Recovered

Both CPI and PPI Inflation Have Begun to Show Some Inflation Pick-Up, Given a Sharply Weakening U.S. Dollar and Some Rebound in Oil Prices

Holdings of Physical Gold and Silver Help Investors Preserve the Purchasing Power of Their U.S. Dollars Against Dollar-Debasing Inflation

The Initial Estimates of Fourth-Quarter and Annual 2020 Gross Domestic Product Will Be Published Within Several Hours of Your Receipt of this Commentary. The numbers should show a significant slowing in the recovery from the Pandemic collapse, with an increasing likelihood of First-Quarter 2021 relapsing into quarterly contraction. Accordingly, a brief preview follows, while the bulk of the independent underlying economic detail that is driving that slowdown is reviewed here. The extended outlooks for the economy and inflation, in the context of the evolving COVID-19 Pandemic and political conditions are not happy ones, and will be detailed fully in the ***ShadowStats Benchmark Commentary***, pending in the next week or two. Again, the ShadowStats basic outlook has not changed, remaining for a hyperinflationary economic collapse, fueled on the inflation front by unfettered, extreme, albeit otherwise necessary, Monetary stimulus from the Federal Reserve and Fiscal Stimulus from the Federal Government.

Fourth-Quarter GDP. U.S. economic activity flattened out in October and November, then faltered—contracting in December—at least as reflected in Payrolls, Unemployment and Retail Sales. Continued deterioration is likely in January and months ahead. The first estimate of Fourth-Quarter 2020 GDP will be reported by the Bureau of Economic Analysis (BEA) at 8:30 a.m. ET, on Thursday. January 28th,. Details will follow within a couple of hours of release in the ***Daily Update Section*** on the [***www.ShadowStats.com***](http://www.ShadowStats.com) home page, followed within a day or so with a detailed ***Flash Update.***

Expectations are relatively flat, following the First-Quarter 2020 annualized real GDP decline of 5.0% (-5.0%), the Second-Quarter 2020 GDP plunge of 31.4% (-31.4%) and the Third-Quarter 2020 annualized real rebound of 33.4%. Consensus expectations are running around a 4.0% gain, with the Atlanta Fed Model projecting 7.2%, and the New York Fed Model at 2.6%. The Atlanta forecasts appear to be followed by the BEA, but my expectations are around a minimal gain. Wherever the growth comes in, year-to-year change will hold in negative territory, with full-year activity down by 3.3% (-3.3%) to 3.6% (-3.6%) depending on the model. Again, separately, headline GDP likely is headed for a First-Quarter 2021 GDP real quarterly contraction. More detail follows in the week ahead.

At the same time, headline inflation has begun to notch higher, and given rapidly expanding Monetary and Fiscal Stimulus in the year ahead, risk remains in play for a hyperinflationary economic depression.

What Had Begun As a Faltering "L"-Shaped Fourth-Quarter 2020 Economic Recovery Indeed Has Flattened Out or Turned Down, No Longer Showing a Pattern of Economic Rebound. Today's ***Commentary*** opens with ***Sections 1*** to ***6*** reviewing most of the key measures of U.S. economic activity for 2020, with ***Sections 7*** to ***9*** covering headline CPI and PPI inflation, the latest policies of Federal Reserve's Federal Open Market Committee (FOMC) meeting of January 26th and 27th and the most-recent Money Supply and Financial Market activity, all ahead of tomorrow's (January 28th) "Advance" Estimate of Fourth-Quarter 2020 GDP.

Section 1 – Payrolls, Employment and Unemployment – December 2020, beginning on page 11, suggested a contacting economy.

Section 2 – Cass Freight Index® – December 2020, beginning on page 20, introduces a seasonally adjusted series, and a plot of two-year as well as year-to-year change.

Section 3 – Index of Industrial Production – December 2020, beginning on page 26, also remains down with its two-year change.

Section 4 – Real Retail Sales – December 2020, beginning on page 36, showed a quarterly contraction in Fourth-Quarter 2020.

Section 5 – Real Merchandise Trade Deficit – November 2020, beginning on page 42 , remained on track for the deepest-ever quarterly U.S. trade deficit.

Section 6 – Construction Spending – November 2020, beginning on page 44, showed that residential construction remains the supporting element of the industry,

Section 7 – Consumer and Producer Price Indices – December 2020, beginning on page 47, inflation has started to pick up, along with rising oil prices and a declining U.S. Dollar.

Section 8 – January 2021 FOMC and December Money Supply, beginning on page 49; the Fed sees no imminent economic relief and will continue its extraordinary monetary stimulus.

Section 9 – Financial Market Graphs Updated to January 27, 2021 beginning on page 58, show a deepening decline in the level and annual downturn in the U.S. dollar, particularly against the Swiss Franc, the Euro and the Australian Dollar. The weakening U.S. dollar and rising oil price suggest rising inflation in the United States, which tends to be bullish for the precious metals. Despite both the S&P 500 and the Dow Jones Industrial Average being near historic highs, the price of Gold and Swiss Franc have continued to outperform those stock-market measures since their February 2020 Pandemic-driven crashes from then record-high levels. Combine the negative dollar, with soaring oil prices and with Federal Reserve monetary and U.S. Government fiscal malfeasance, and the broad outlook for the price of gold could not be much stronger.

[Section 1 – December 2020 Payroll and Employment and Unemployment begins on the next page.]

Section 1 – Payrolls, Employment and Unemployment –December 2020

Decelerating/Declining Monthly Economic Activity and Deteriorating Labor Conditions Foreshadow Weakening 4th-Quarter GDP

Year-to-Year Decline in Payrolls Stalled at 6.0% (-6.0%) in October and November 2020, Deepened to 6.2% (-6.2%) in December 2020

Weakness in Short-Term Payroll Activity Should Reflect Related Short-Term GDP Weakness in Key Industrial Sectors

For the 10th Straight Month, Bureau of Labor Statistics Still Cannot Count All the Unemployed, and the Missed Reporting Is Exploding Anew

From Pre-Pandemic Headline U.3 Unemployment of 3.6% in January 2020, Headline December 2020 U.3 Unemployment Rate Held at 6.7% for a Second Month

Pandemic-Distorted U.3-PD Increased to 17.4% in December 2020, Up from 15.4% in November

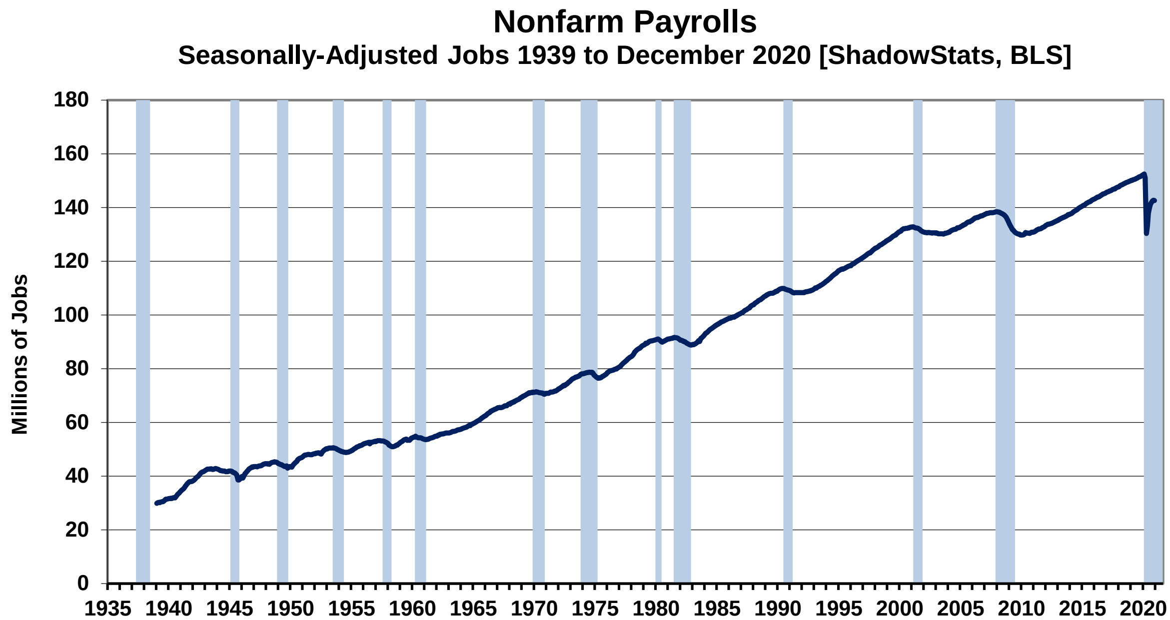
PAYROLL SURVEY - Deteriorating December 2020 Payrolls Showed a Stalled, Non-Recovering Economic Downturn. As has been suggested here in recent months, "recovery" from the Pandemic-driven economic collapse not only has stalled, but also it has suffered some relapse, due to still-intensifying COVID-19 issues. Consider that the year-to-year decline in Payroll Employment troughed at 13.4% (-13.4%) in April 2020, rallying to an annual decline of 6.3% (-6.3%) in September, holding at down 6.0% (-6.0%) in October and November, but now deepening anew to 6.2% (-6.2%) in December 2020.

As reported January 8th, by Bureau of Labor Statistics (BLS), seasonally adjusted December Payroll Employment declined by 140,000 (-140,000) in the month, on top of upside revisions to October and November levels. Other than for the monthly Payroll collapses in April and May 2020, such was the first month-to-month Payroll decline since exiting the Great Recession.

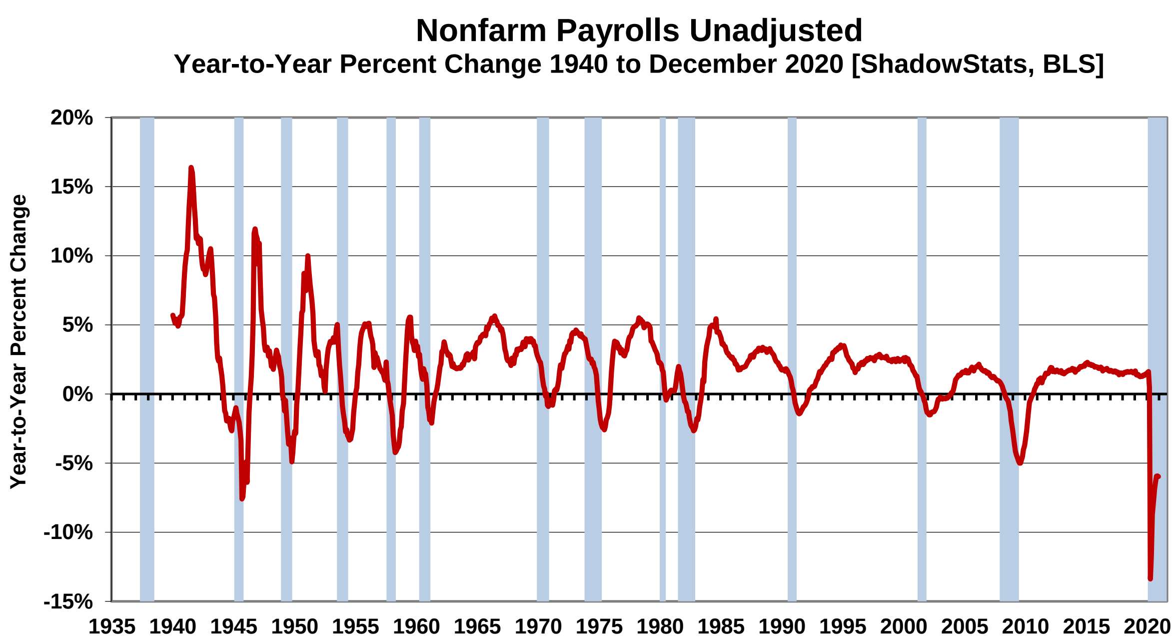
Graphs of Payroll Employment, from long-term to near-term time scale follow in ***Graphs 1*** to ***6***. Where Payroll Employment activity, in theory, should move with underlying economic activity, short-term graphs of Payroll activity against related economic activity are included in ***Section 3 – Industrial Production*** (see related ***Graphs 31*** to ***34*** tied to the Manufacturing Sector, beginning on page 32), and in ***Section 4 – Retail Sales*** (see related ***Graphs 43*** to ***48*** tied to the Retail Trade and Leisure and Hospitality Sectors, beginning on page 39).

[Graphs 1 to 6 begin on the next page.]

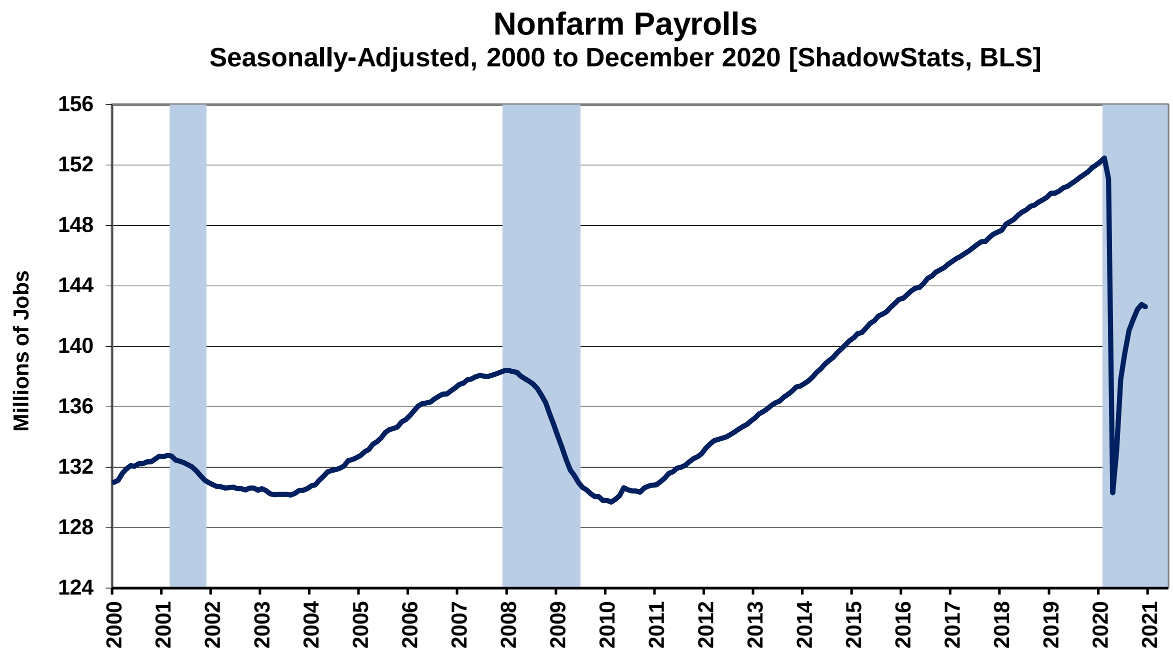
Graph 1: Total Nonfarm Payroll Employment (1939 to December 2020)



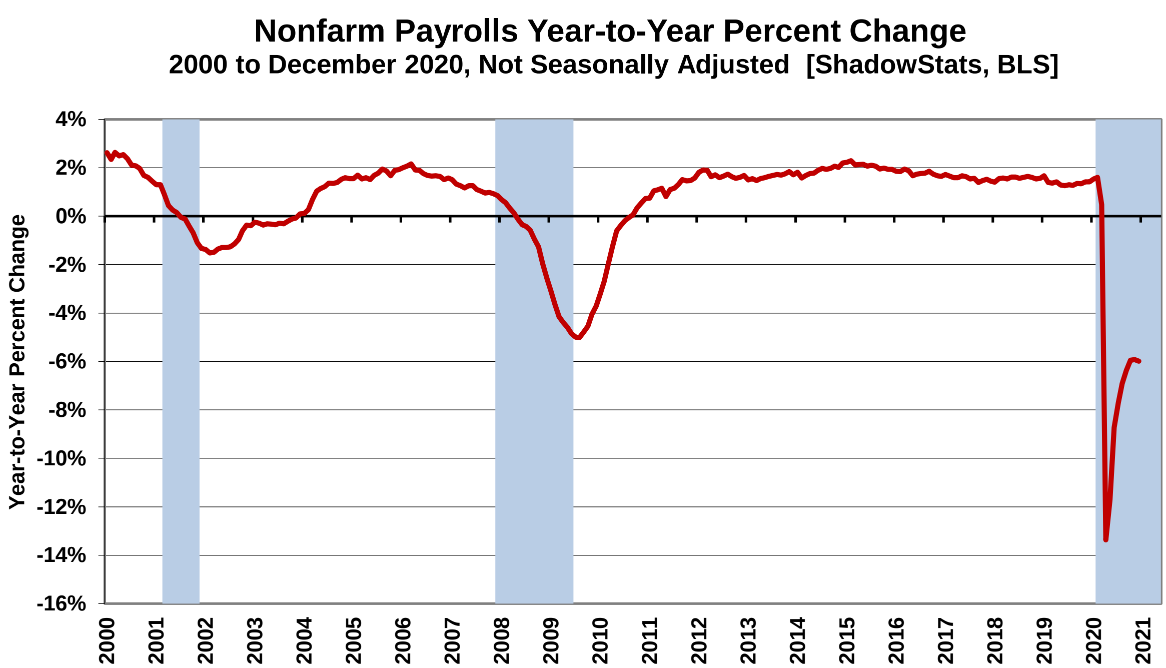
Graph 2: Total Nonfarm Payroll Employment, Year-to-Year Change (1940 to December 2020)



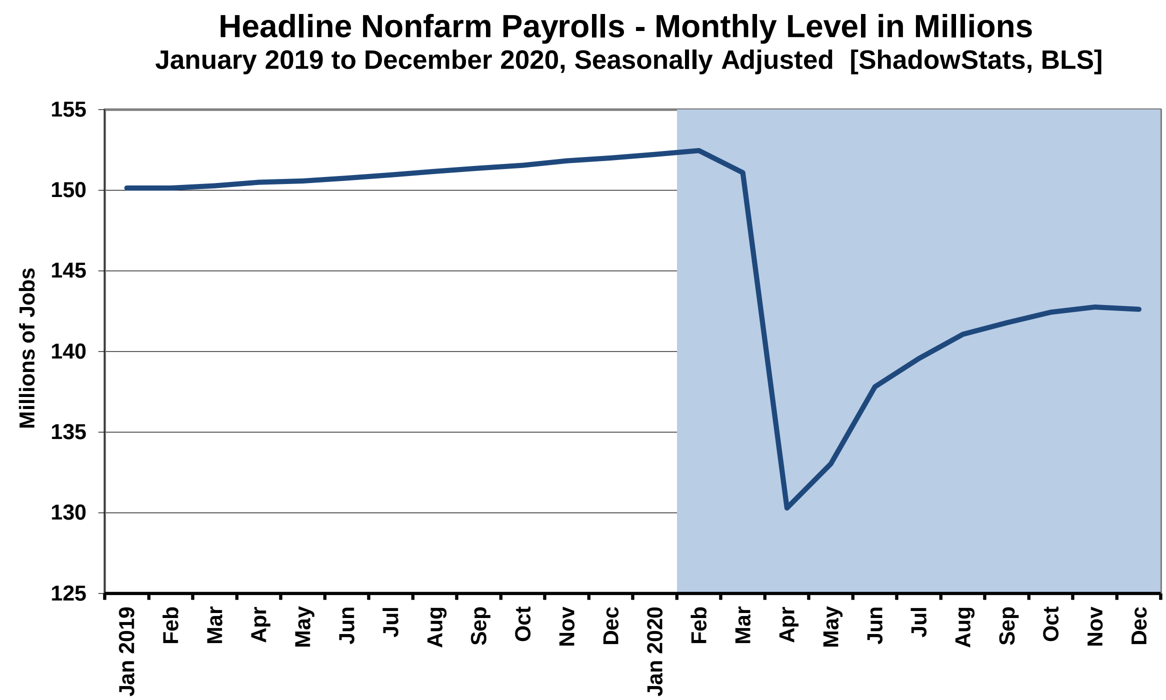
Graph 3: Total Nonfarm Payroll Employment (2000 to December 2020)



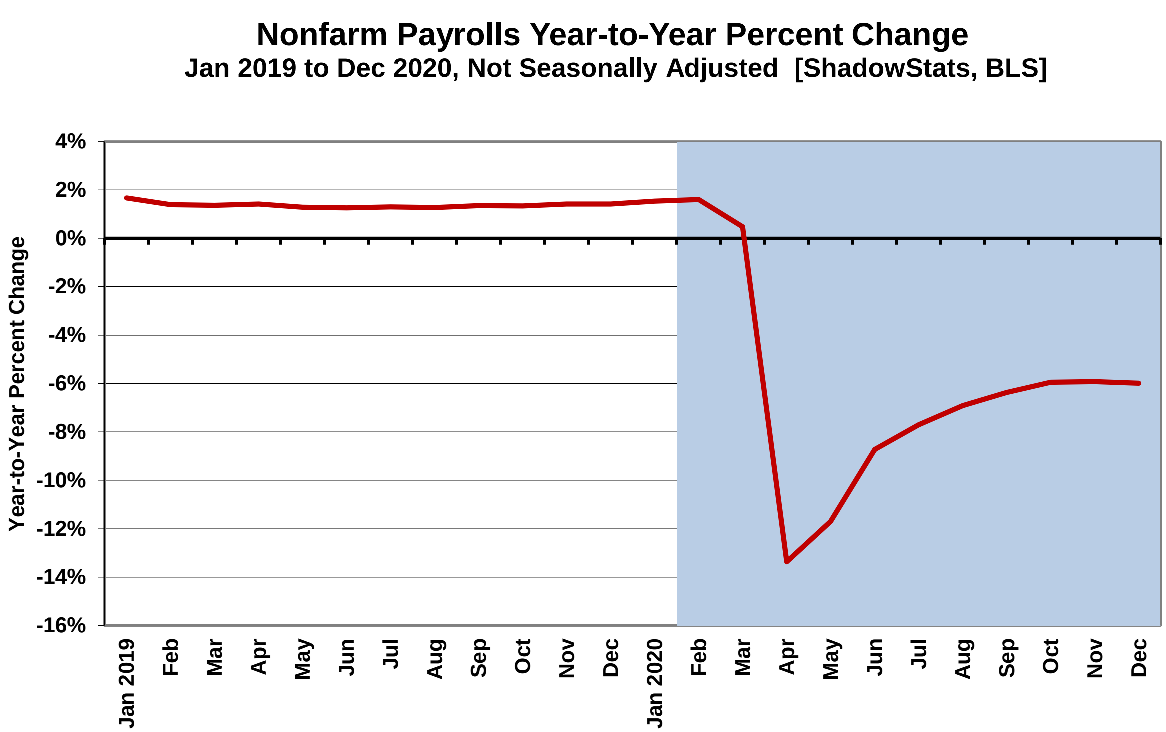
Graph 4: Total Nonfarm Payroll Employment, Year-to-Year Change (2000 to December 2020)



Graph 5: Payroll Employment (January 2019 to December 2020)



Graph 6: Payroll Employment, Year-to-Year Change (January 2019 to December 2020)



Downside 2020 Benchmark Revisions to Nonfarm Payroll Employment will be released on February 5th, along with the regular monthly Labor Statistics. As covered in ***Special Economic Commentary, Issue No. 1446*** (see page 24 there) the initial benchmarking indicated for March 2020 payroll employment knocked out 24% of the payroll growth for the year-ended March. Headline payroll employment will be restated formally and should be revised lower, both going backward and forward in time from March 2020. Per the BLS, "Not seasonally adjusted data beginning with April 2019 and seasonally adjusted data beginning with January 2016 are subject to revision."

HOUSEHOLD SURVEY - Flattening Out, Deep in Non-Recovery Territory, "Headline" Unemployment U.3 Was Understated for the Tenth Straight Month. In the context of negligible benchmark revisions to the seasonally adjusted unemployment, the December 2020 U.3 unemployment rate stalled at 6.7%, against 6.7% in November, down from 6.9% in October. The BLS acknowledged continuing misclassification of some "unemployed" persons as "employed," in the Household Survey. An "upside limit" of 952,000 persons in December, up from 629,000 persons in November and 562,000 in October, was indicated as the potential number of "employed," who more properly should have been counted as "unemployed." That reduced a potential December 2020 U.3 headline unemployment rate of 7.3% to the headline 6.7%.

Broader December 2020 headline U.6 unemployment, including short-term discouraged workers and those employed part-time for economic reasons, eased to 11.7% from 12.0% reported in both November and October. Including long-term discouraged/displaced workers, the December 2020 ShadowStats Alternate Measure—moving on top of U.6—eased to 26.2%, having held at 26.3% in November and October. ***Graphs 7*** and ***8*** plot the headline U.3, U.6 (U.3 plus marginally attached workers) and the ShadowStats Alternate Unemployed (U.3 plus the long-term discouraged and displaced workers), and those same series corrected for the respective March to December 2020 Household Survey "misclassifications" of unemployed persons as "employed" (in millions per BLS): 1.5, 7.7, 4.9, 1.9, 1.3, 1.1, 0.8, 0.6 and 0.6 and 1.0 million. Consider as well ***Graphs 9*** and ***10*** of the headline U.3 and U.3 plus "missclassifed." ***Graph 10*** is ***Graph 9*** with an inverted scale, showing the unfolding "L"-shaped non-recovery.

The Benchmark Revised Unemployment Rates have been posted to the ***Unemployment ALTERNATE DATA*** tab on the ***www.ShadowStats.com*** home page. See ***Graphs 7*** to ***12***.

COVID-19 Pandemic-Distorted U.3-PD Unemployment Jumped to 17.4% in December 2020 from an Upwardly Revised 15.4% in November. Initially defined by ***ShadowStats*** in ***No. 1453***, and as suggested by ***Graphs 11*** and ***12*****,** the series was intended to reflect the headline U.3 unemployment rate, adjusted for disruptions and distortions due specifically to the Pandemic, not to normal economic activity. That series has been upgraded to incorporate and adjust for supplemental data surveyed by the ***Bureau of Labor Statistics*** (BLS), reported on page 3 of the January 8, 2021 ***Employment Situation – December 2020*** (available at ***bls.gov***):

Household Survey Supplemental Data

In December, 23.7 percent of employed persons **teleworked because of the coronavirus pandemic**, up from 21.8 percent in November. These data refer to employed persons who teleworked or worked at home for pay at some point in the last 4 weeks specifically because of the pandemic.

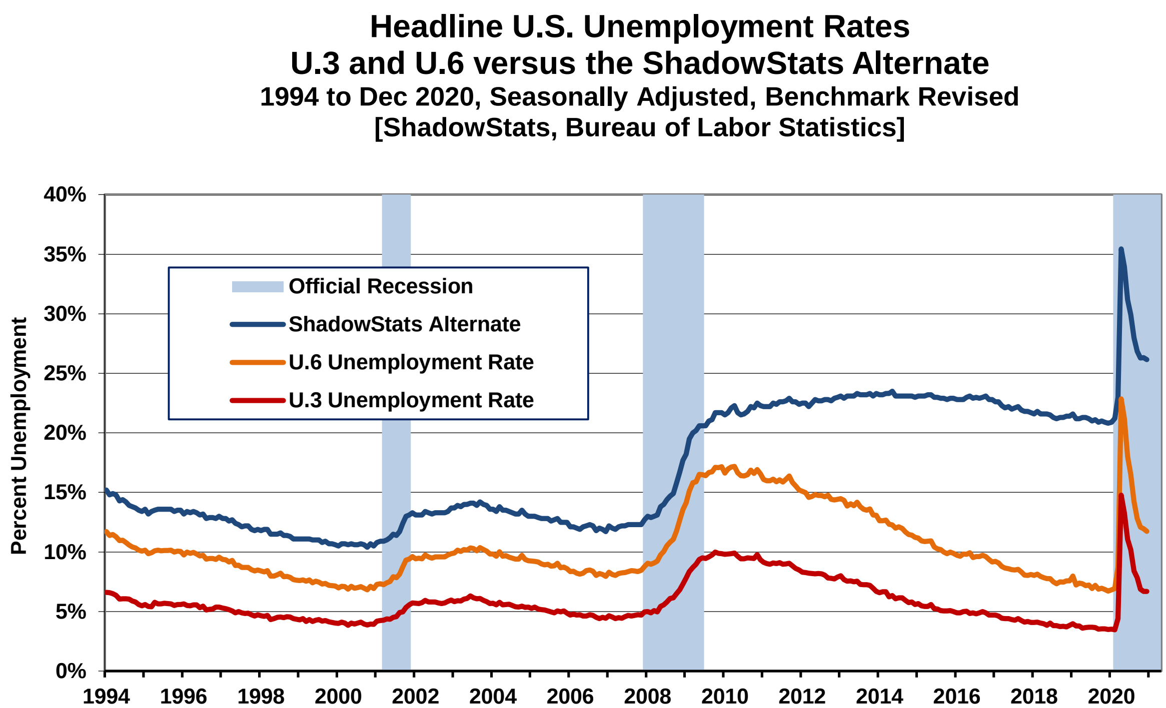
In December, 15.8 million persons reported that they had been **unable to work because their employer closed or lost business due to the pandemic**—that is, they did not work at all or worked fewer hours at some point in the last 4 weeks due to the pandemic. This measure is 1.0 million higher than in November. Among those who reported in December that they were unable to work because of pandemic-related closures or lost business, 12.8 percent **received at least some pay from their employer** for the hours not worked, little changed from November.

Among those not in the labor force in December, 4.6 million persons were **prevented from looking for work due to the pandemic**. This measure is up from 3.9 million in November. (To be counted as unemployed, by definition, individuals must be either actively looking for work or on temporary layoff.)

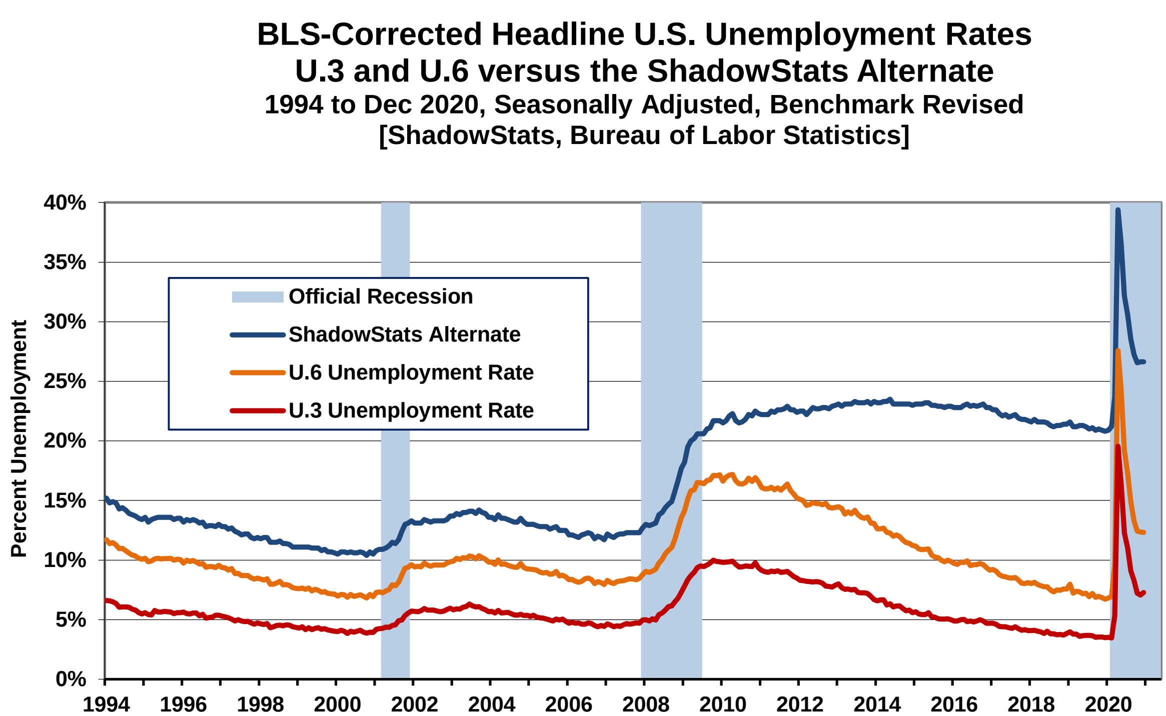
Further detail and methodology will be expanded along with the coverage of the January labor data to be released on February 5th.

[Graphs 7 to 12 begin on the next page.]

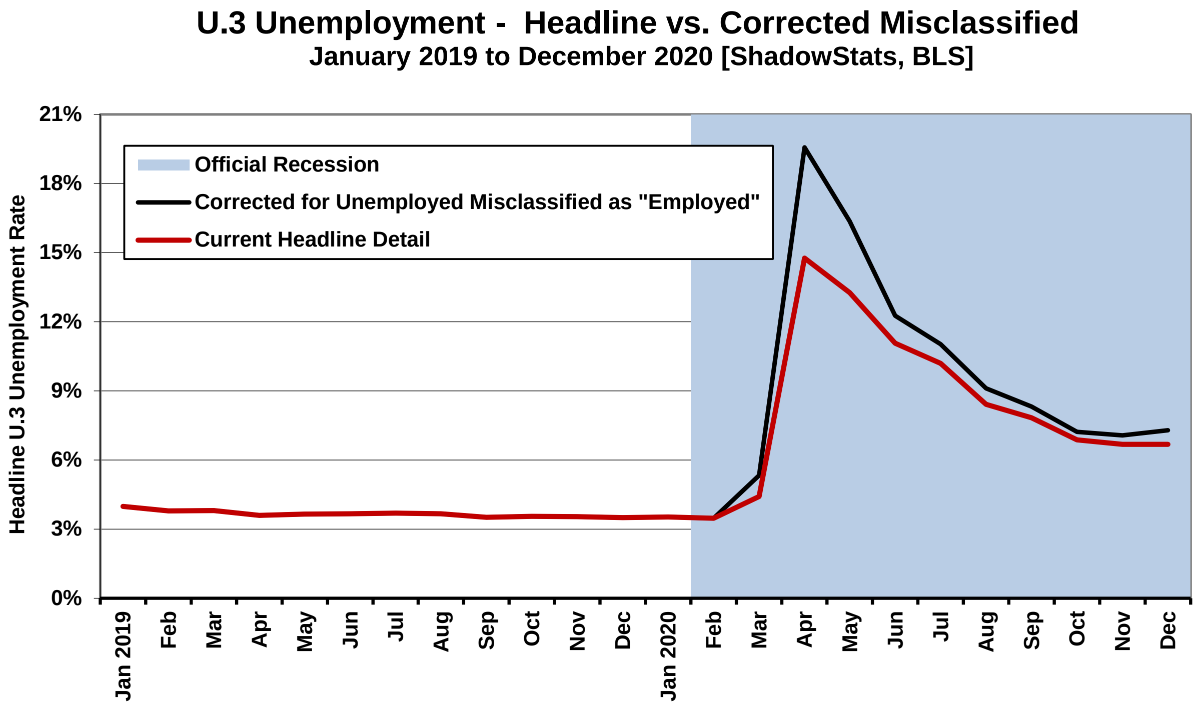
Graph 7: Headline Unemployment Rates, Full History Current Series (1994 to December 2020)



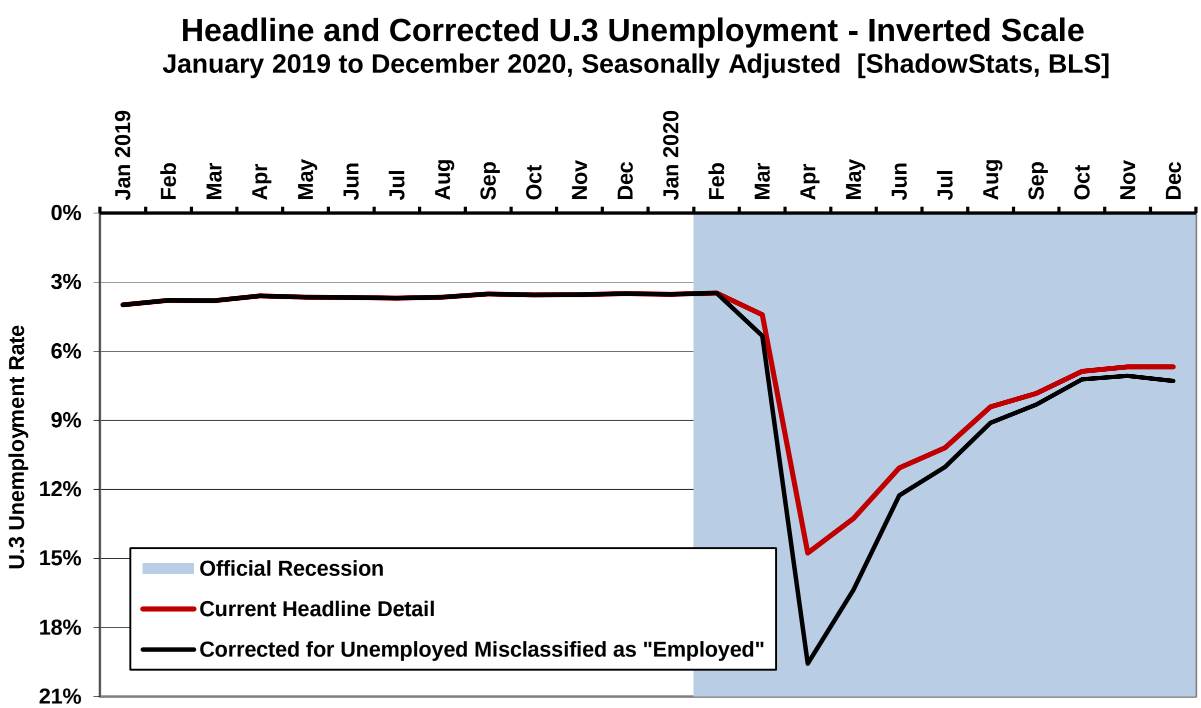
Graph 8: Unemployment (1994 to Dec 2020) – Corrected for Unemployed Misclassified as "Employed"



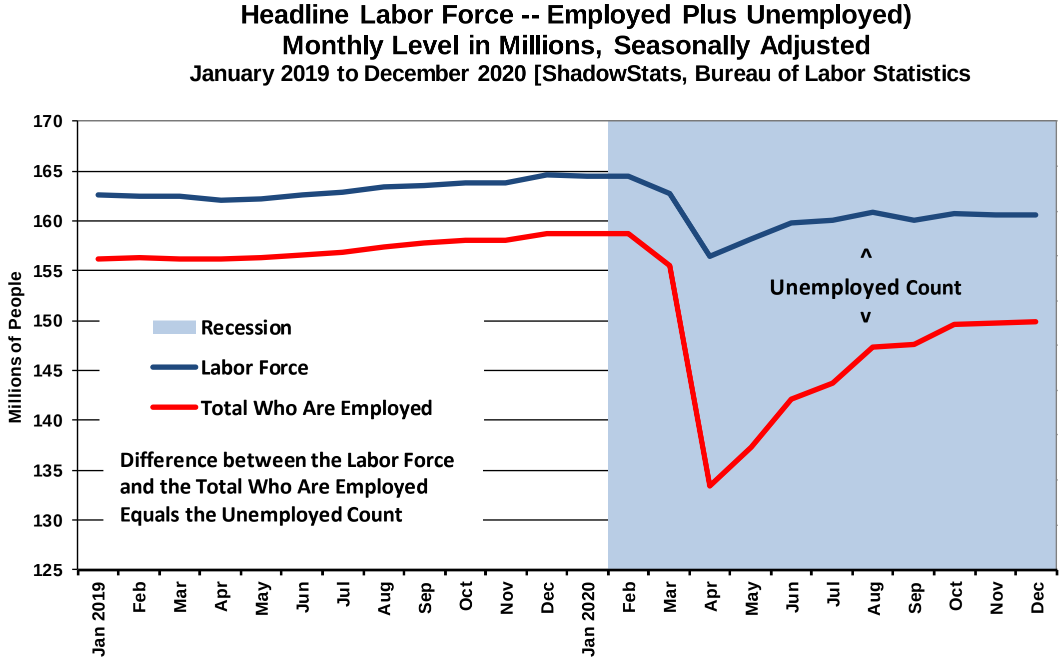
Graph 9: Unemployment Rates (January 2019 to December 2020) – Headline vs. Corrected U.3



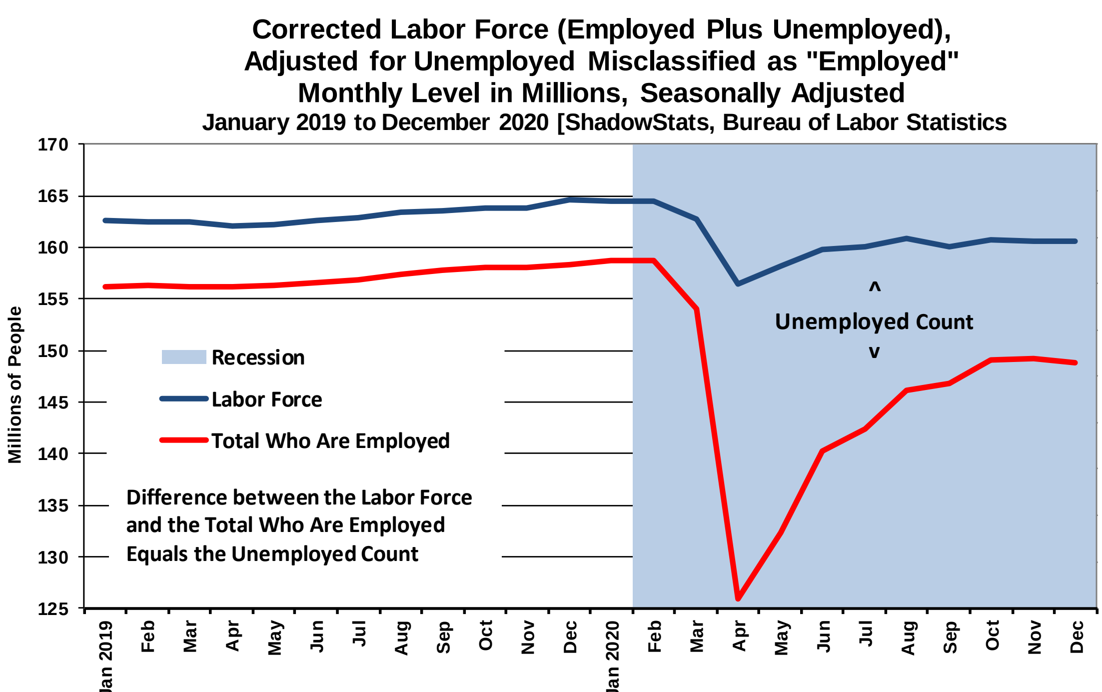
Graph 10: Unemployment Rate (Jan 2019 to Dec 2020) – Headline vs. Corrected U.3, Inverted Scale



Graph 11: Headline Labor Force, and Missing Unemployed, January 2019 to December 2020



Graph 12: Headline Labor Force, and "Misclassified" Missing Unemployed, January 2019 to December 2020



[Section 2 – December 2020 Cass Freight Index® begins on the next page]

Section 2 – Cass Freight Index® – December 2020

Excessive FOMC Tightening in 2018 Pummeled Consumer Liquidity and the Economy for the 15 Months Preceding the March 2020 Pandemic-Driven Collapse

While the Cass Freight Index® Has Recovered Its Pre-Pandemic Activity, It Remains Below Where It Was Two Years Ago

The Industrial Production Series and its Dominant Manufacturing and Mining Sectors Also Never Have Recovered Levels of Activity Seen Two Years Ago

The December 2020 Freight Index Was Up by 6.7% Against December 2019, but Still Is Down by 1.8% (-1.8%) Against December 2019

December 2020 Cass Freight Index® Gained 6.7% from December 2019, Having Regained Pre-Pandemic Levels, but Remained Down by 1.8% (-1.8%) from the FOMC Strangled Economy of December 2018. As reported January 14th by CassInfo.com (https://www.cassinfo.com/freight-audit-payment/cass-transportation-indexes/december-2020), the unadjusted year-to-year change in December 2020 freight activity was 6.65%, following gains of 2.67% and 2.43% in November and October, and a 1.84% (-1.84%) annual decline in September. Those year-to-year increases were the first seen in the Cass index since the Federal Reserve tightening in November 2018 began strangling U.S. economic activity, as reported January 14th by CassInfo.com (https://www.cassinfo.com/freight-audit-payment/cass-transportation-indexes/december-2020).

December 2020 Freight Activity Was Down 1.8% (-1.8%) from December 2018. While increasingly positive annual growth in freight activity usually signals positive economic growth, the annual gains in October, November and December 2020 freight were boosted on a relative basis against unseasonably sharp declines in 2019 freight volume, again, triggered by FOMC tightening aimed at depressing U.S. business activity. While the Cass Freight Index® has regained pre-Pandemic levels (see ***Graphs 14*** and ***15***), it remains shy of recovering the pre-FOMC tightening levels (see ***Graphs 14*** and ***16***).

Coinciding with the shift to positive annual growth in freight, the prior 12-month moving average of the Cass Freight Index® notched higher for the third month. Those year-to-year and 12-month-moving-average metrics tend to neutralize seasonality in this unadjusted series. Again, both measures turned negative in December 2018, in response to the impact of the Fed's tightening move on business activity. The March 2020 Pandemic-driven economic collapse quickly dominated and supplanted what already was an unfolding recession.

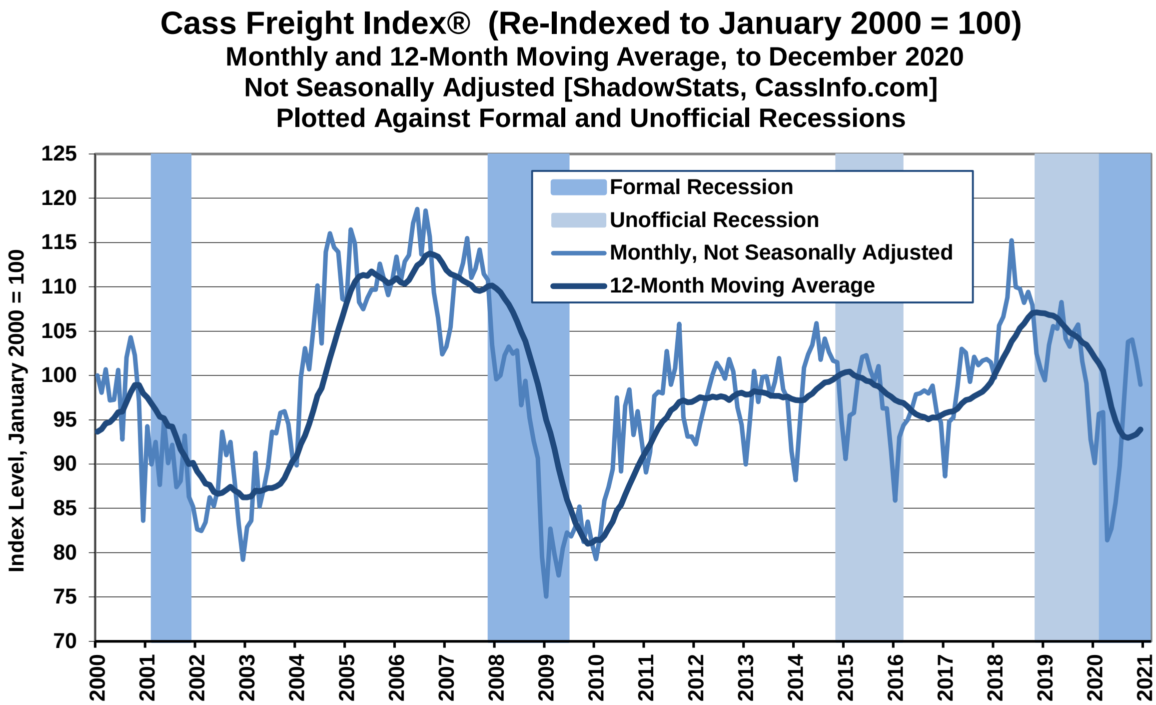
With both freight metrics having reversed their recession signals, circumstances suggest the Pandemic-collapsed economy has bottomed out, although there are indications of a re-intensifying downturn tied to re-expanding COVID-19 issues. ShadowStats regularly follows and analyzes the Cass Freight Index® as a highest-quality coincident and leading indicator of underlying economic reality. We thank Cass for their permission to graph and to use their numbers in our Commentaries.

Graphs 13 and ***15*** plot the unadjusted level of the Cass Freight Index® along with its 12-month trailing or moving average, plus the year-to-year change in the Index, against formal recessions since 2000 (darker-blue shading), as well as against prospective or "missed" recessions (lighter-blue shading) of recent decades, discussed frequently here. ***Graphs 14*** and ***16*** are new graphs, respectively of the seasonally-adjusted Freight Index, and a plot of Two-Year Change in activity. ***Graphs 17*** to ***20*** plot a variety of measures tied to Industrial Production and related Capacity Utilization, where peaks and troughs in Utilization traditionally have been used to establish the timing of the U.S. business cycle, specifically recessions. Those latter measures have yet to recover pre-Pandemic or pre-2019 FOMC action highs.

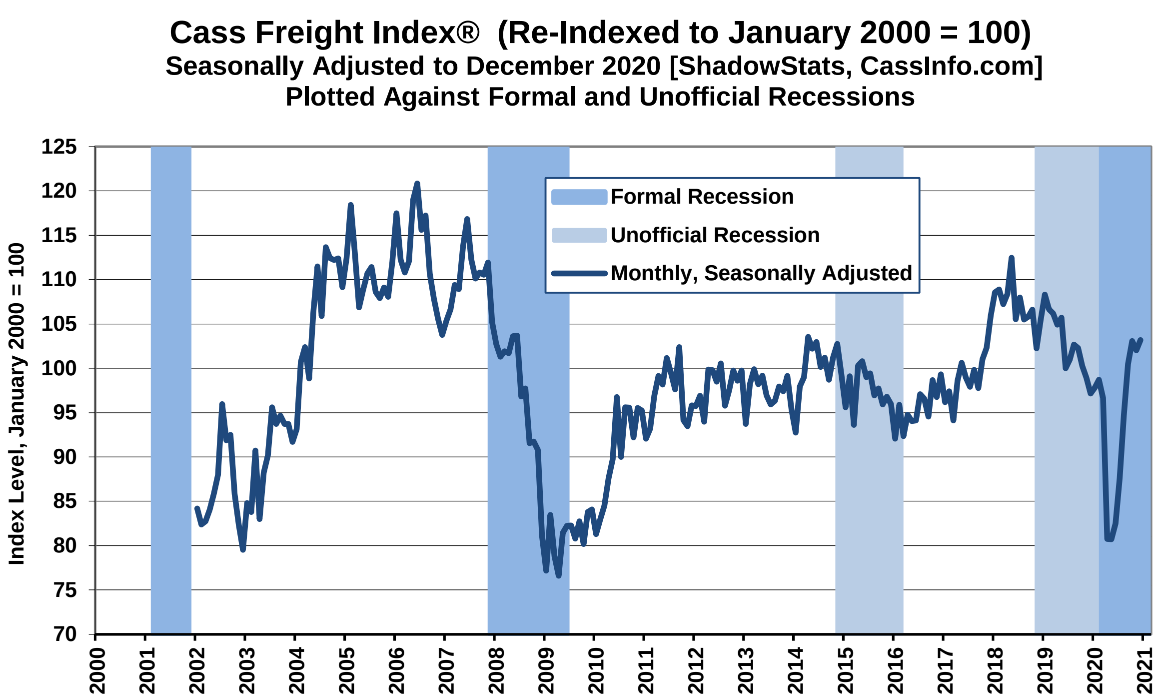
ShadowStats regularly follows and analyzes the Cass Freight Index® as a highest-quality coincident and leading indicator of underlying economic reality. We thank Cass for their permission to graph and to use their numbers in our Commentaries.

[Graphs 13 to 20 begin on the next page.]

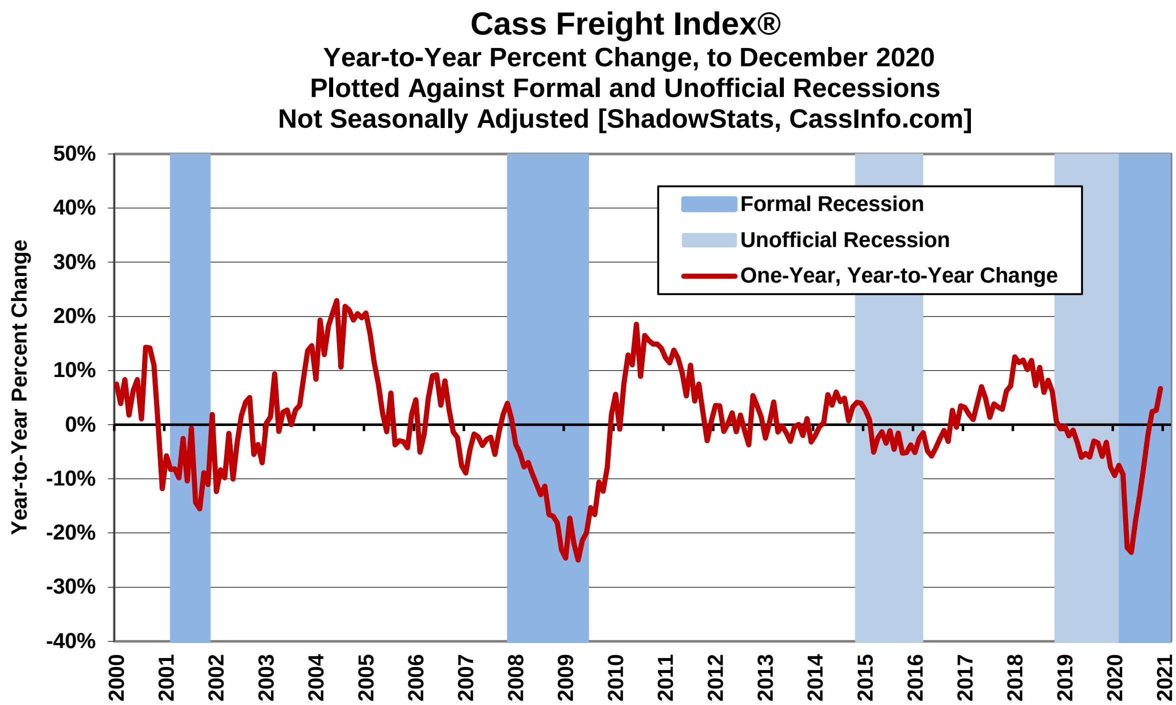
Graph 13: Cass Freight Index®, Re-Indexed to Jan 2000 = 100, Unadjusted, (2000 to Dec 2020)



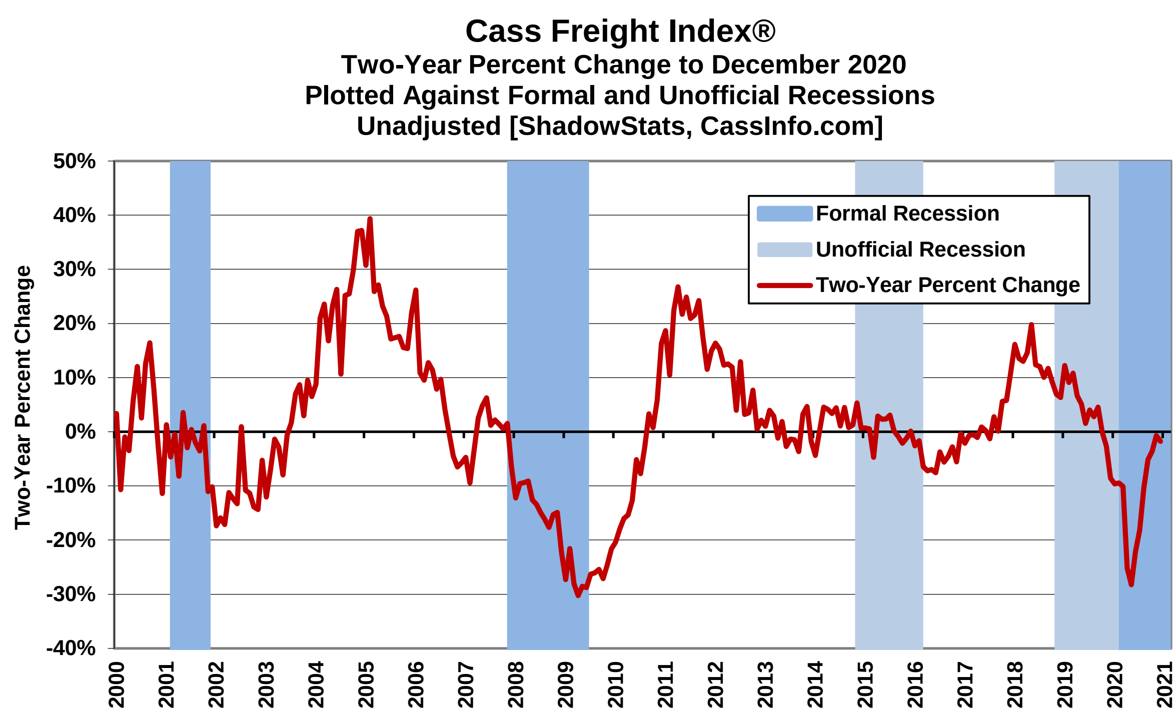
Graph 14: Cass Freight Index®, Seasonally Adjusted , Re-Indexed to Jan 2000 = 100 (2000 to Dec 2020)



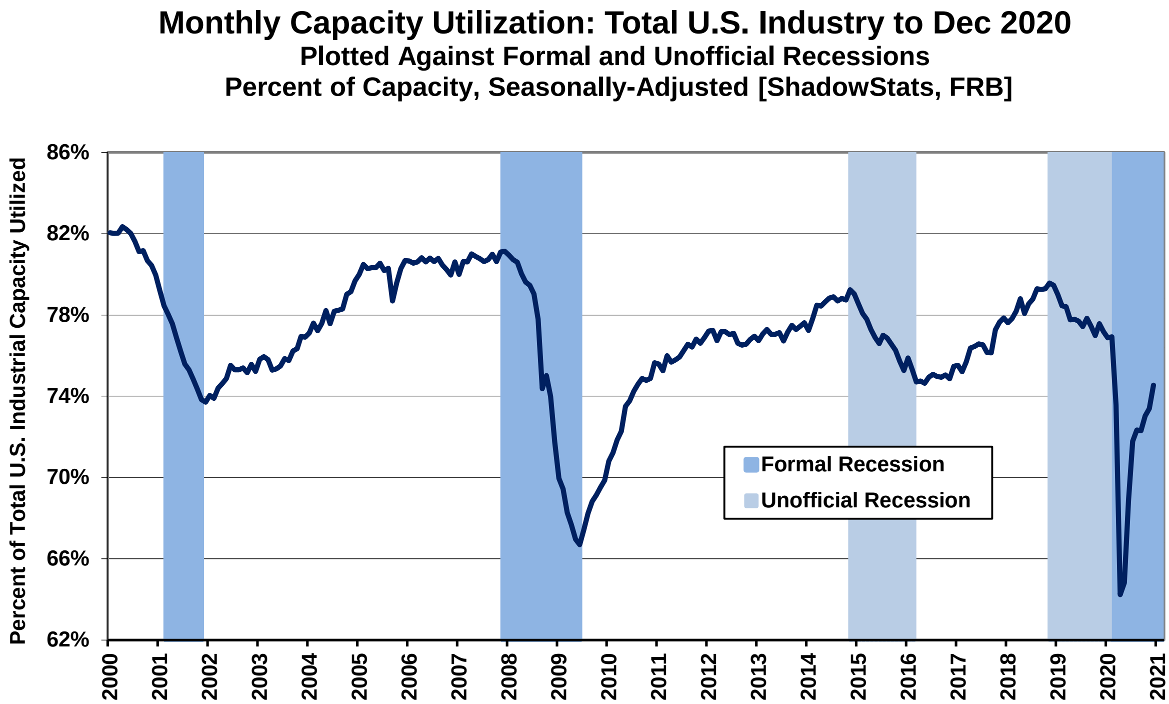
Graph 15: Cass Freight Index®, Year-to-Year Percent Change (2000 to December 2020)



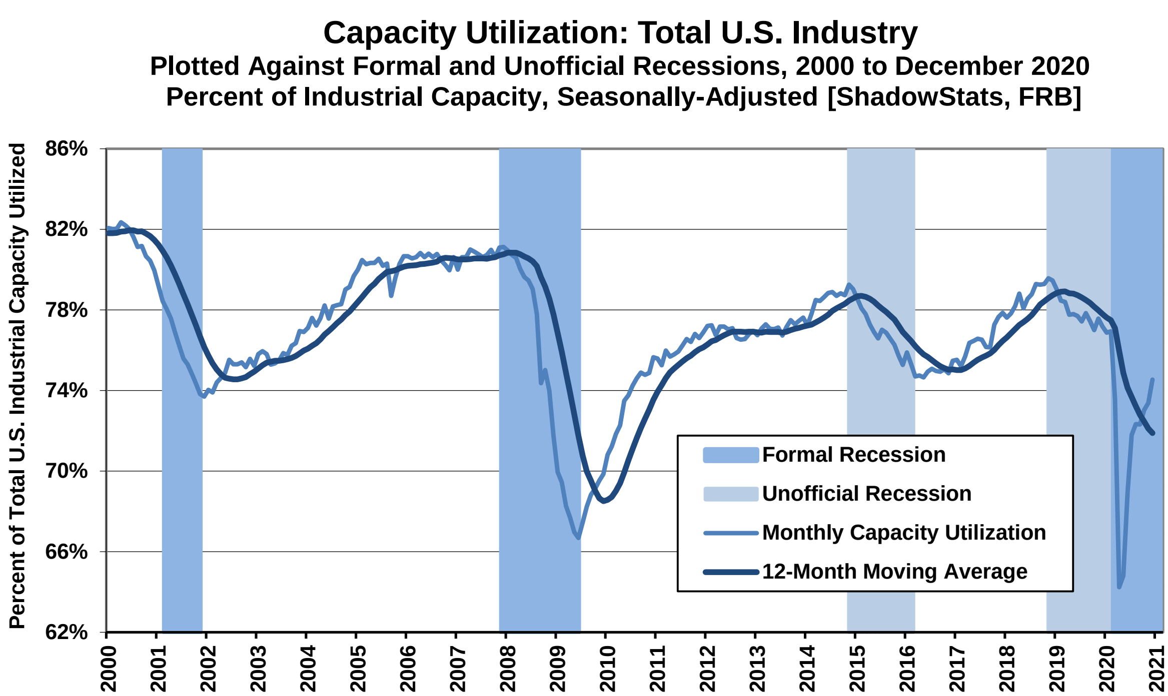
Graph 16: Cass Freight Index®, Two-Percent Change (2000 to December 2020)



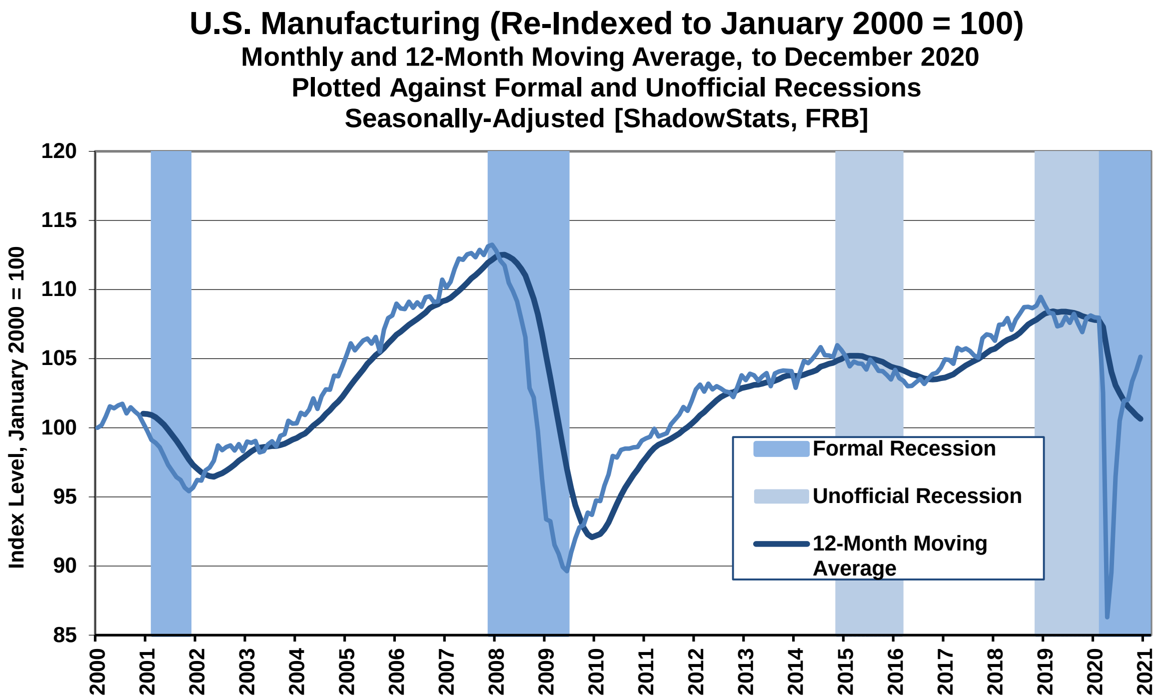
Graph 17: Capacity Utilization (2000 to December 2020)



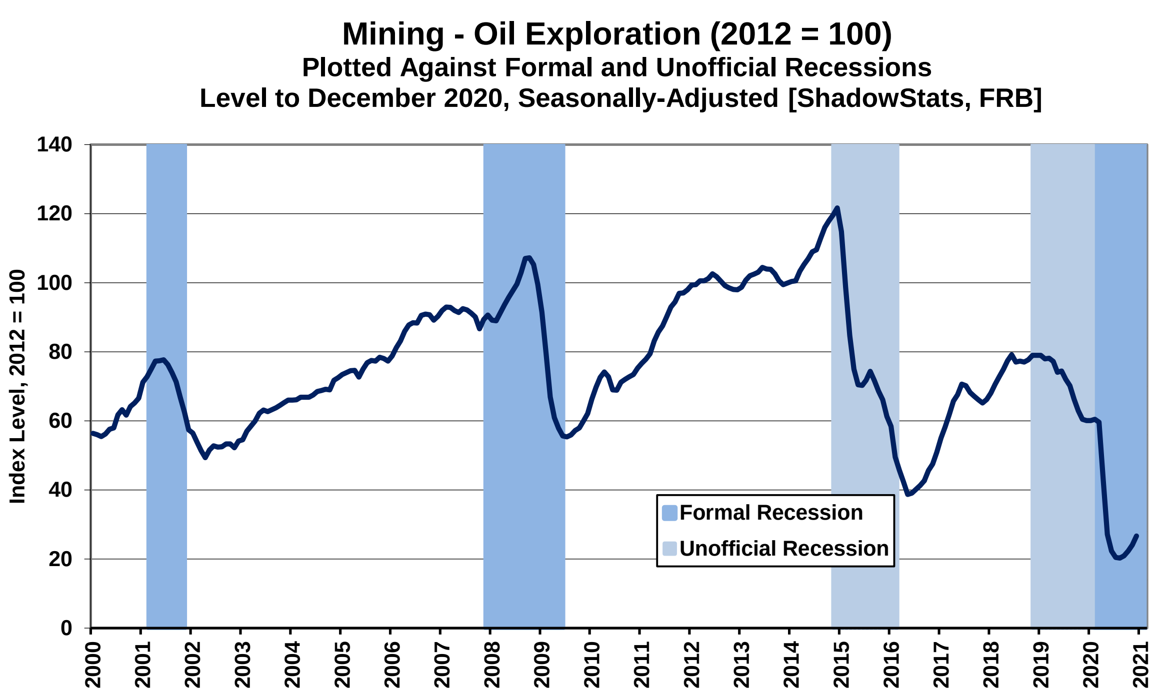
Graph 18: Capacity Utilization, Headline and Smoothed 12-Month Moving Average (2000 to December 2020)



Graph 19: Manufacturing, Headline and Smoothed 12-Month Moving Average (2000 to December 2020)



Graph 20: Mining – Oil Exploration (2000 to December 2020)



Section 3 – Industrial Production – December 2020

Annual Decline Narrowed Minimally in "L"-Shaped Economic Non-Recovery

Annual Declines Narrowed Minimally for December 2020 Manufacturing and Mining, Despite a Weather-Driven, Randomly Wild Boost in Utilities Activity

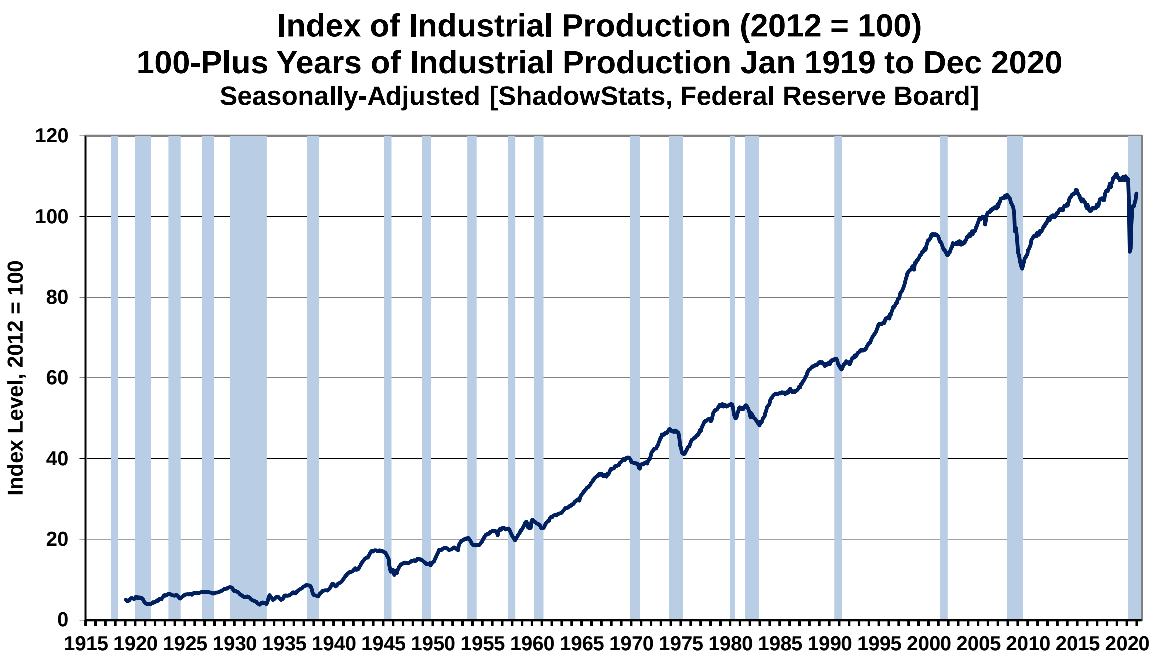
The headline monthly gain of 1.57% in December 2020 Industrial Production was boosted by a random, weather-driven December 2020 surge in Utility usage of 6.23% against a weather-driven monthly plunge of 4.50% (-4.50%) in November Utilities. That said, the headline monthly gain in December Manufacturing was 0.92%, against 0.80% in November, with Mining up by 1.62% in December, down from a 2.78% gain in November (both months boosted as a side effect of rising oil prices). Still, the year-to-year annual decline in the dominant Manufacturing sector narrowed to 2.76% (-2.76%) in December 2020, from 3.47% (-3.47%) in November, with the December annual decline in Mining narrowing to 12.30% (-12.30%) from 12.93% (-12.93%) in November, as reported January 15th by the Federal Reserve Board – FRB. Driven by random weather circumstances, Utilities jumped to a 2.72% annual gain from an 8.83% (-8.83%) drop in November.

Keep in mind the year-to-year change in aggregate Production already had turned negative in September 2019, thanks to the Fed's excessive tightening efforts to slow the economy. As a result, Industrial Production has been in annual decline for fifteen straight months. On a more-positive note, than the following Retail Sales headlines, year-to-year change in the Production of total Consumer Goods turned positive in December 2020 for the first time since May 2019.

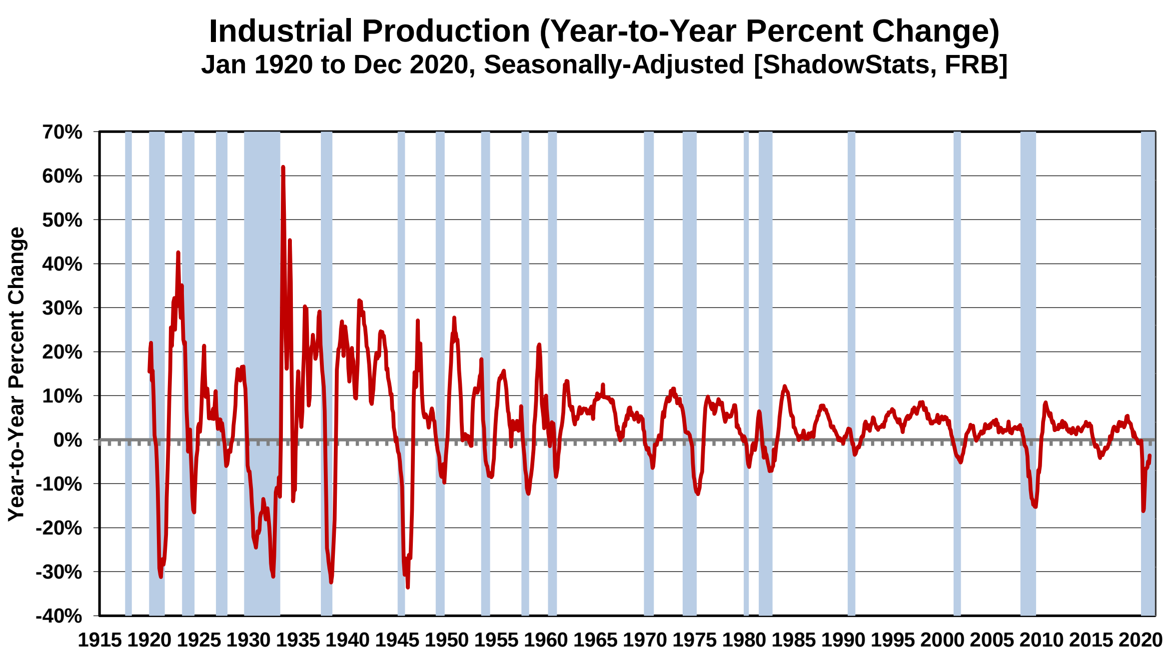
The following series of graphs show successively shorter time frames for Industrial Production and its dominant Manufacturing Sector, down to the most recent twenty-four-month period, with related employment detail tied to the short-range Manufacturing plots, along with standard plots of Mining and Utilities since 2000.

[Graphs 21 to 38 begin on the next page.]

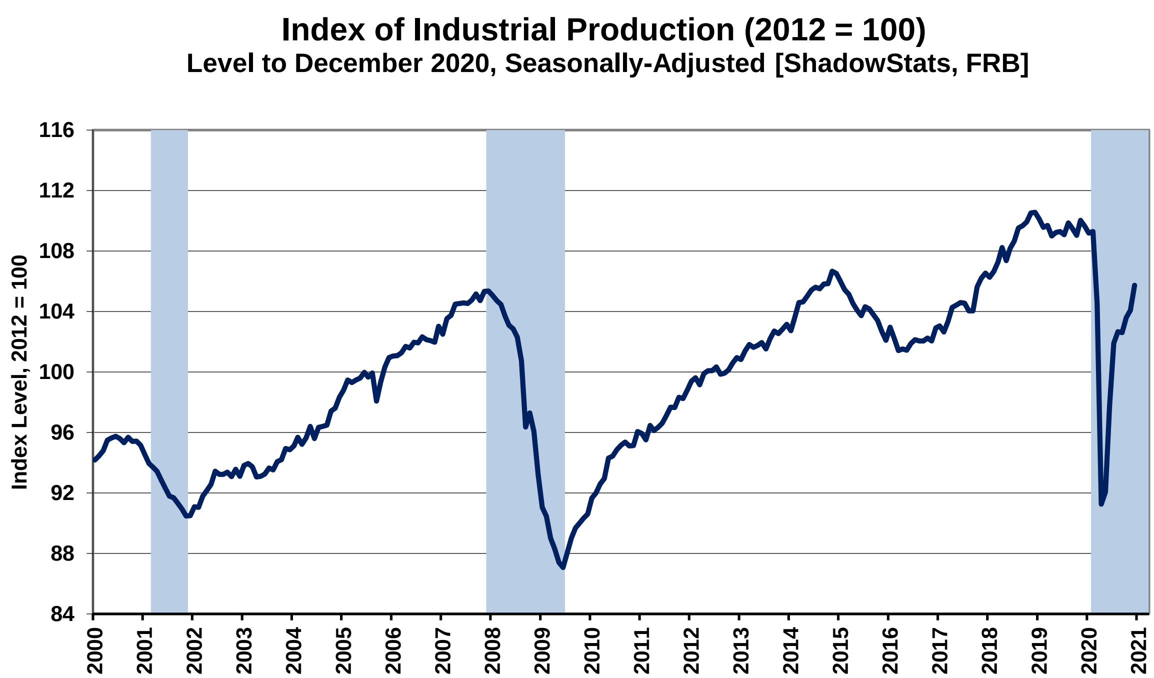
Graph 21: Industrial Production (1919 to December 2020)



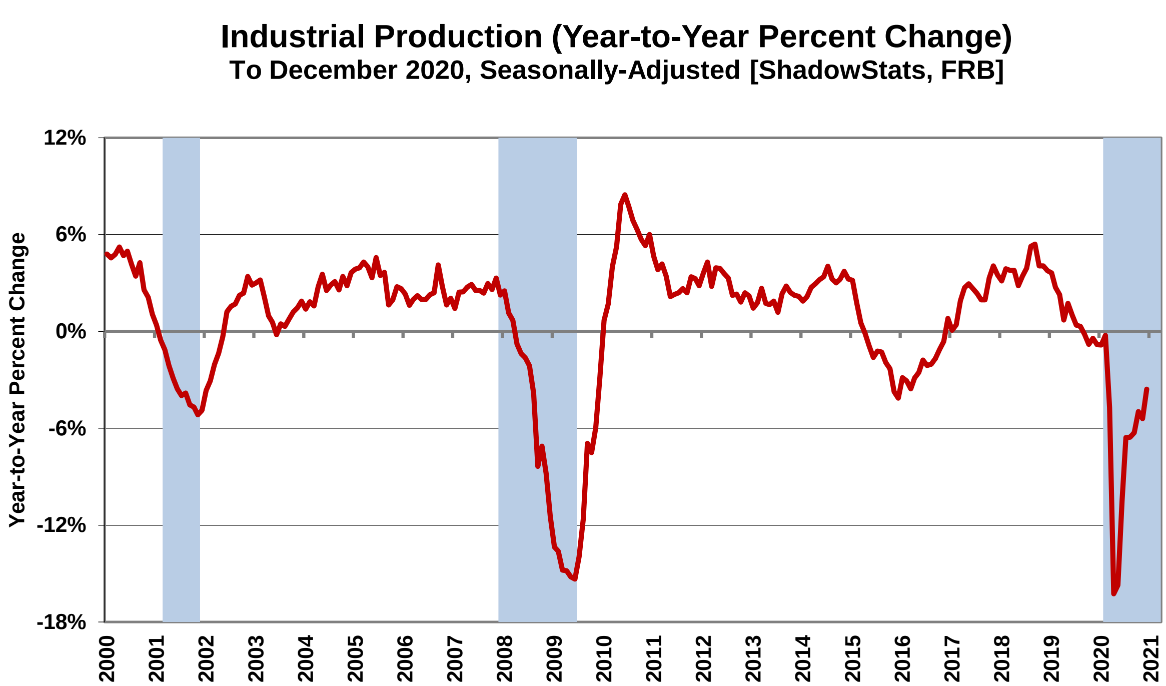
Graph 22: Industrial Production, Year-to-Year Percent Change (1920 to December 2020)



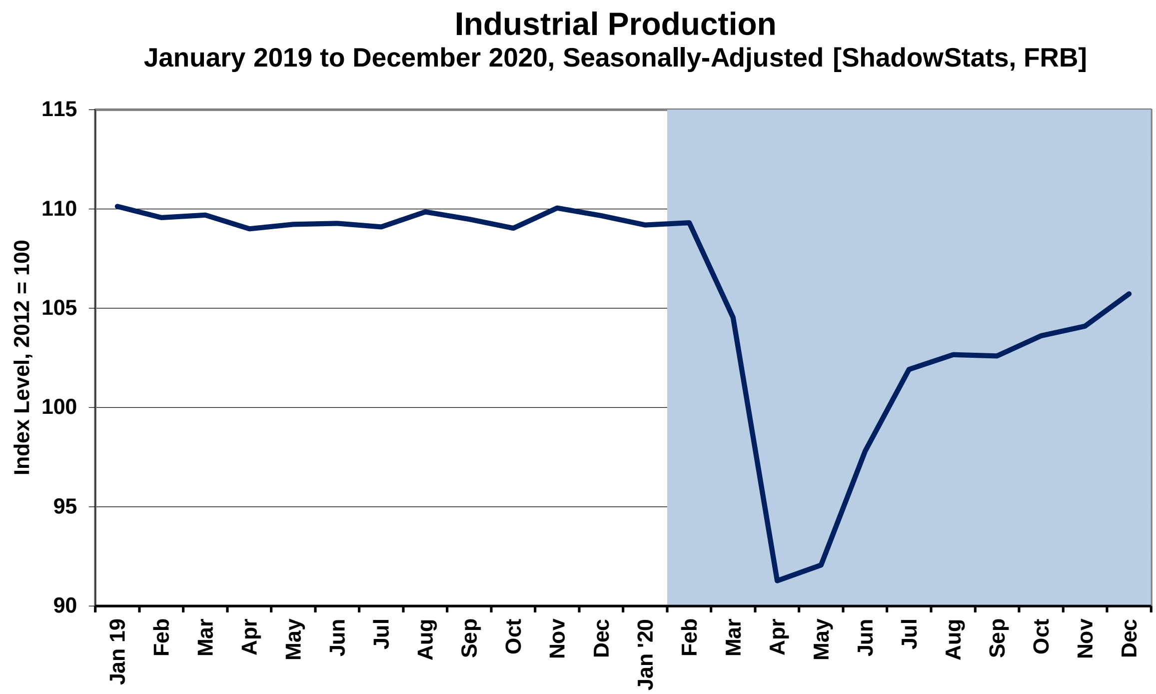
Graph 23: Industrial Production (2000 to December 2020)



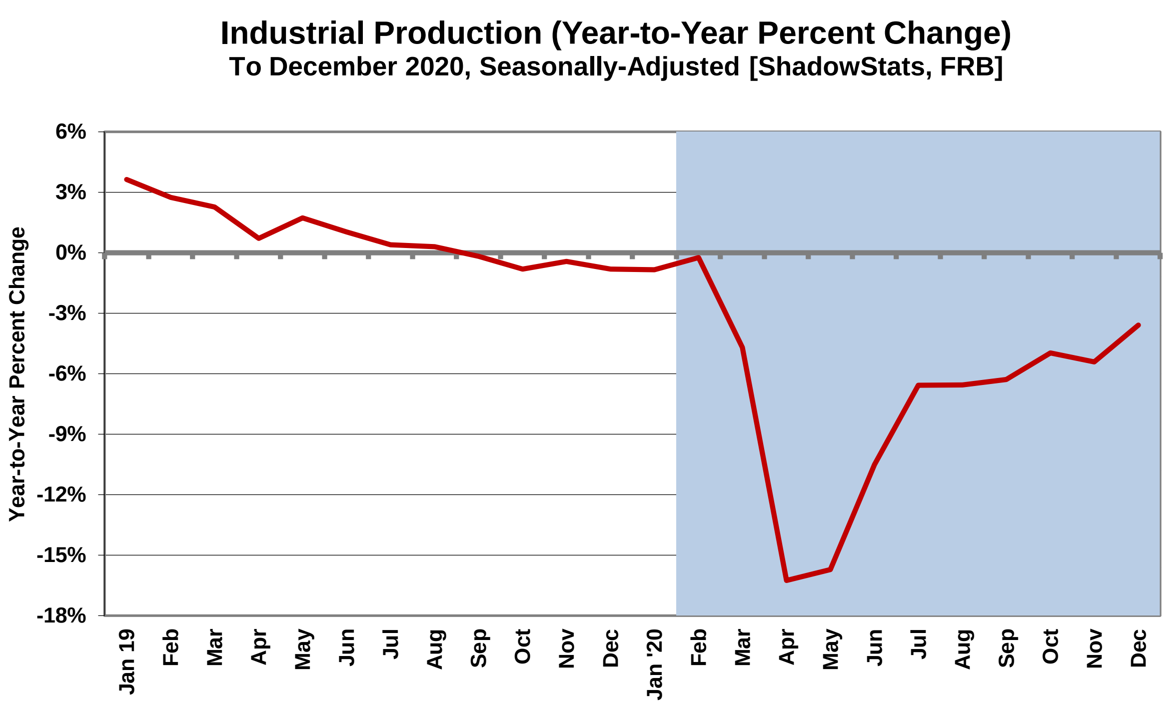
Graph 24: Industrial Production, Year-to-Year Change (2000 to December 2020)



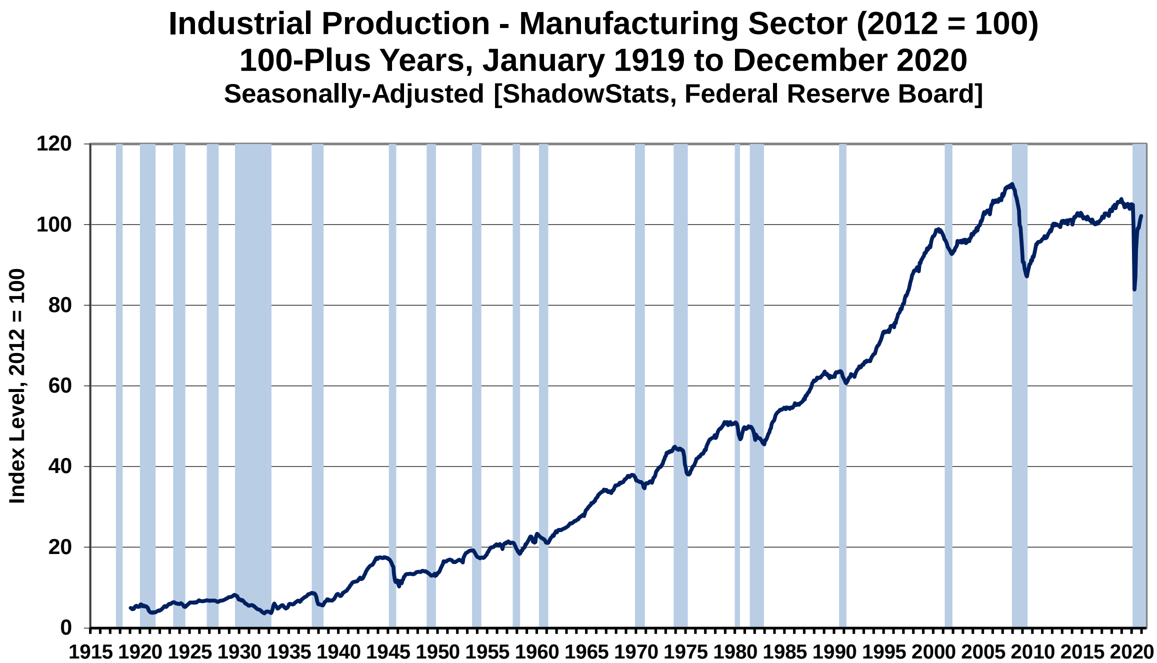
Graph 25: Industrial Production (January 2019 to December 2020)



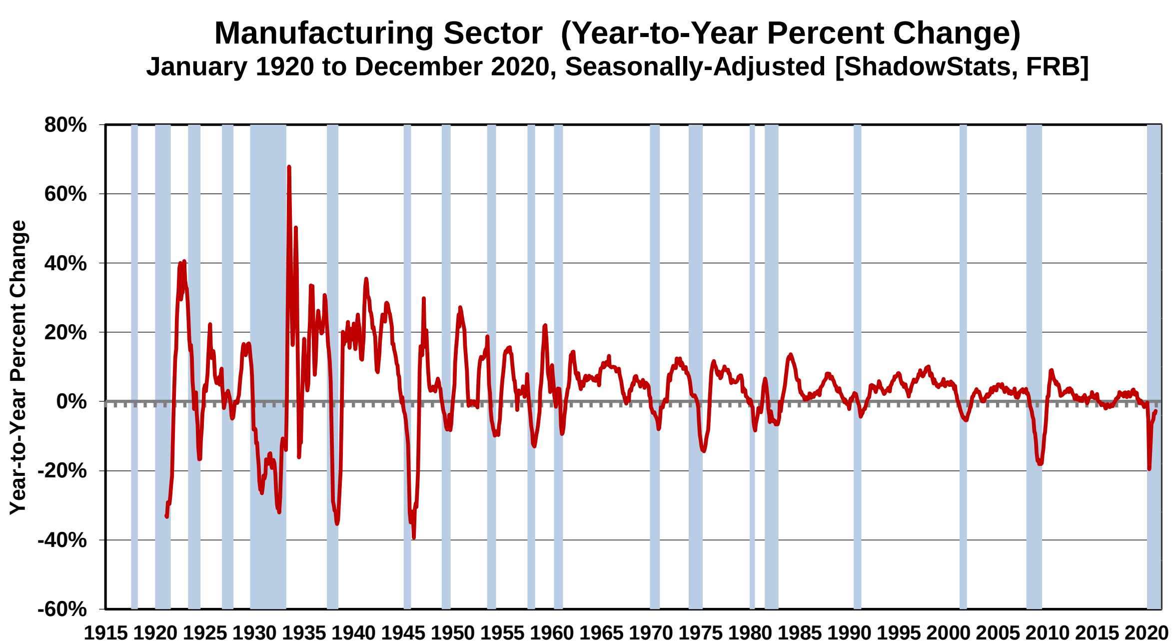
Graph 26: Industrial Production, Year-to-Year Change (January 2019 to December 2020)



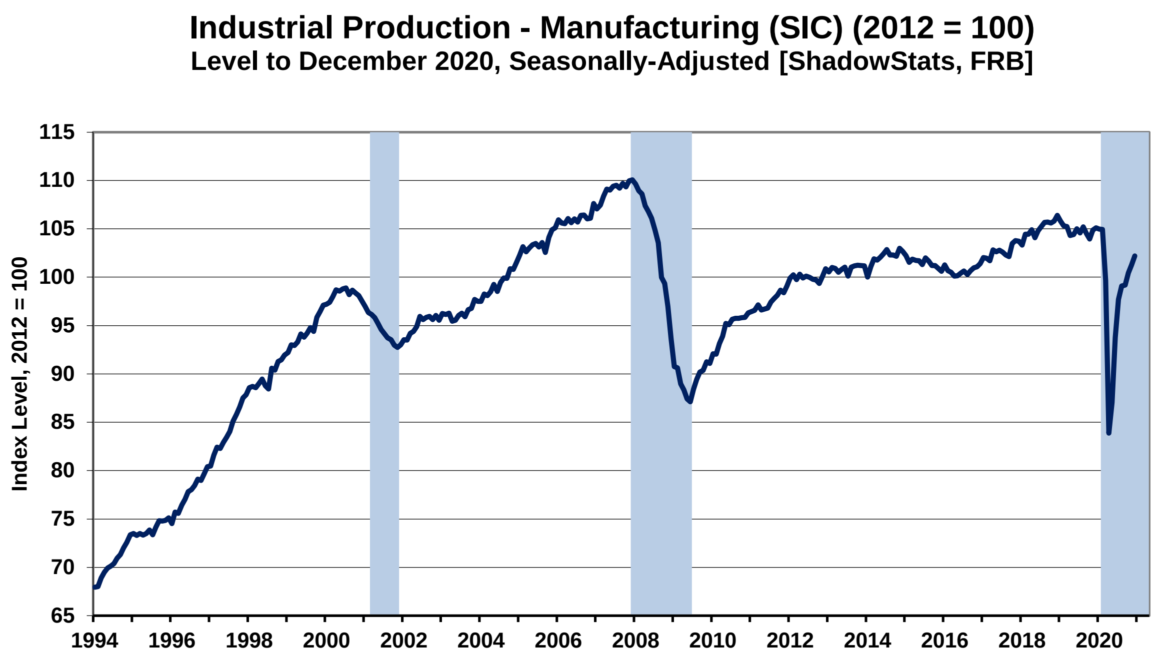
Graph 27: Manufacturing Level (1919 to December 2020)



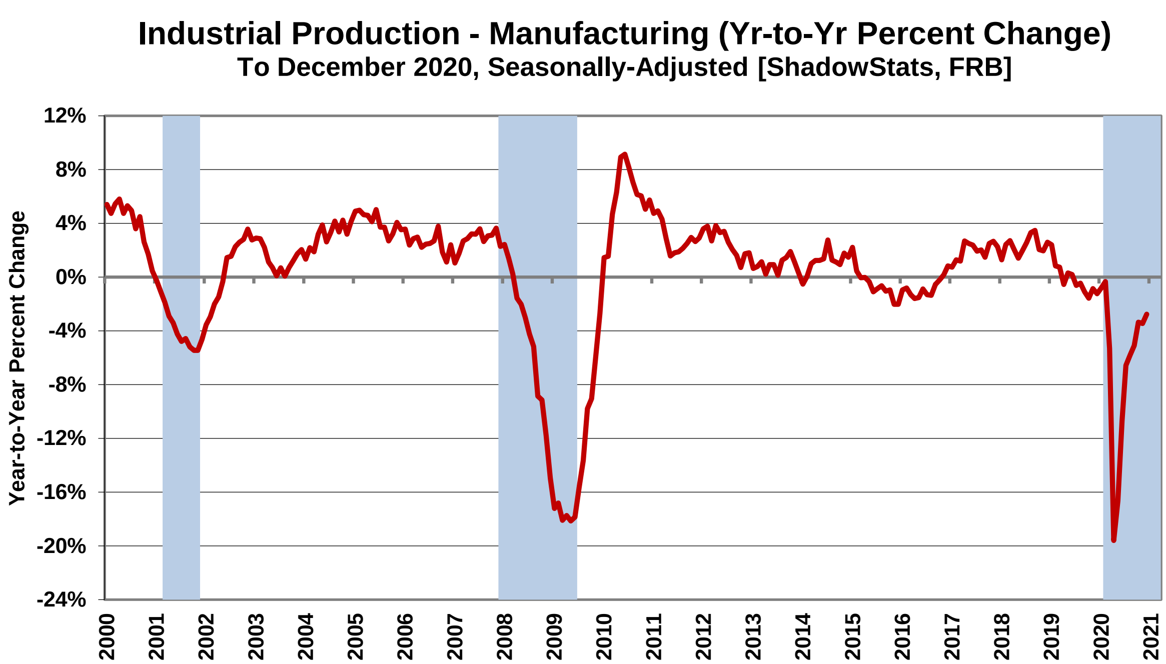
Graph 28: Manufacturing, Year-to-Year Percent Change (1920 to December 2020)



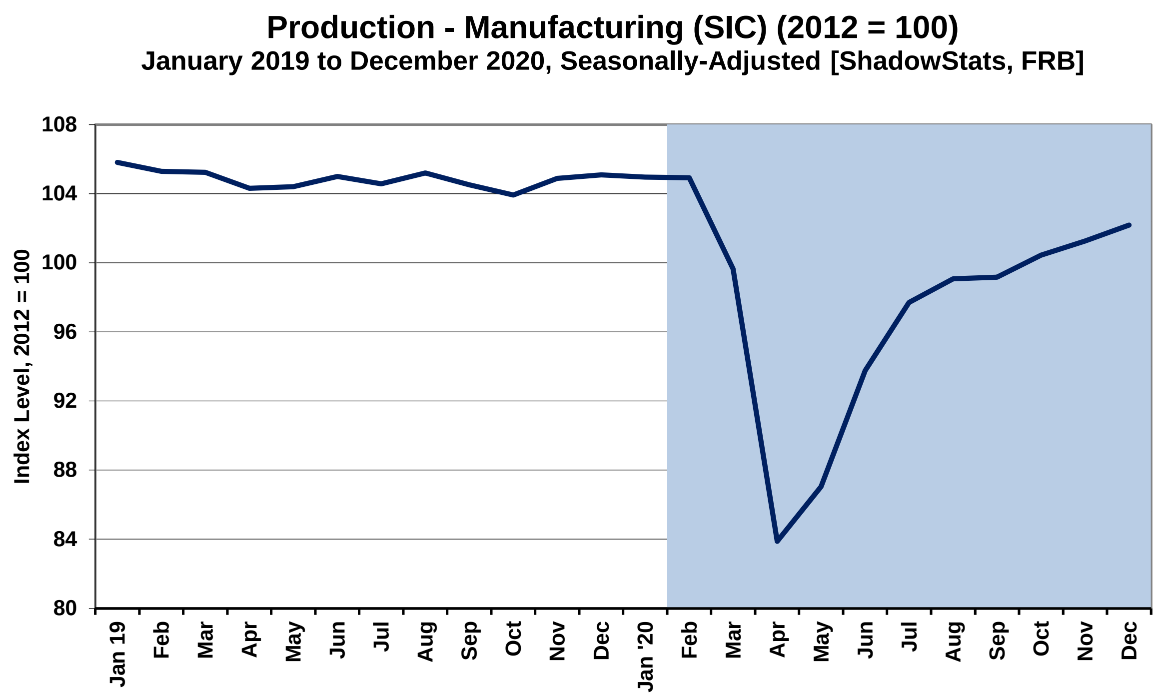
Graph 29: Manufacturing Level (2000 to December 2020)



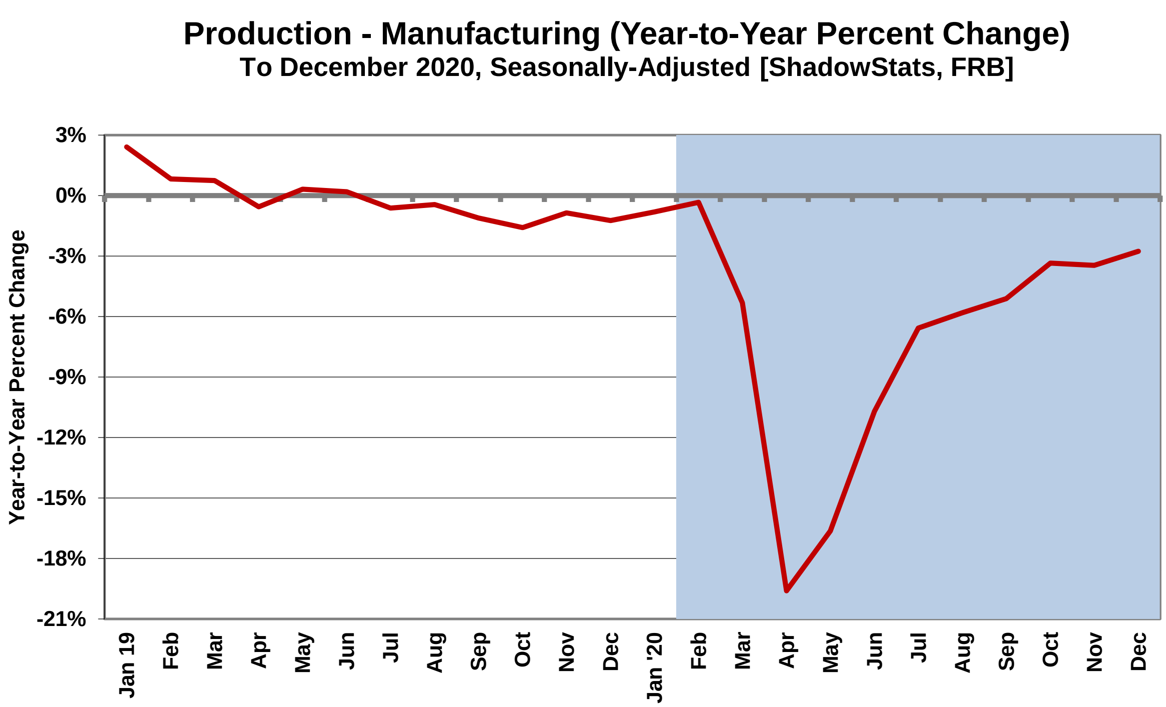
Graph 30: Manufacturing, Year-to-Year Percent Change (2000 to December 2020)



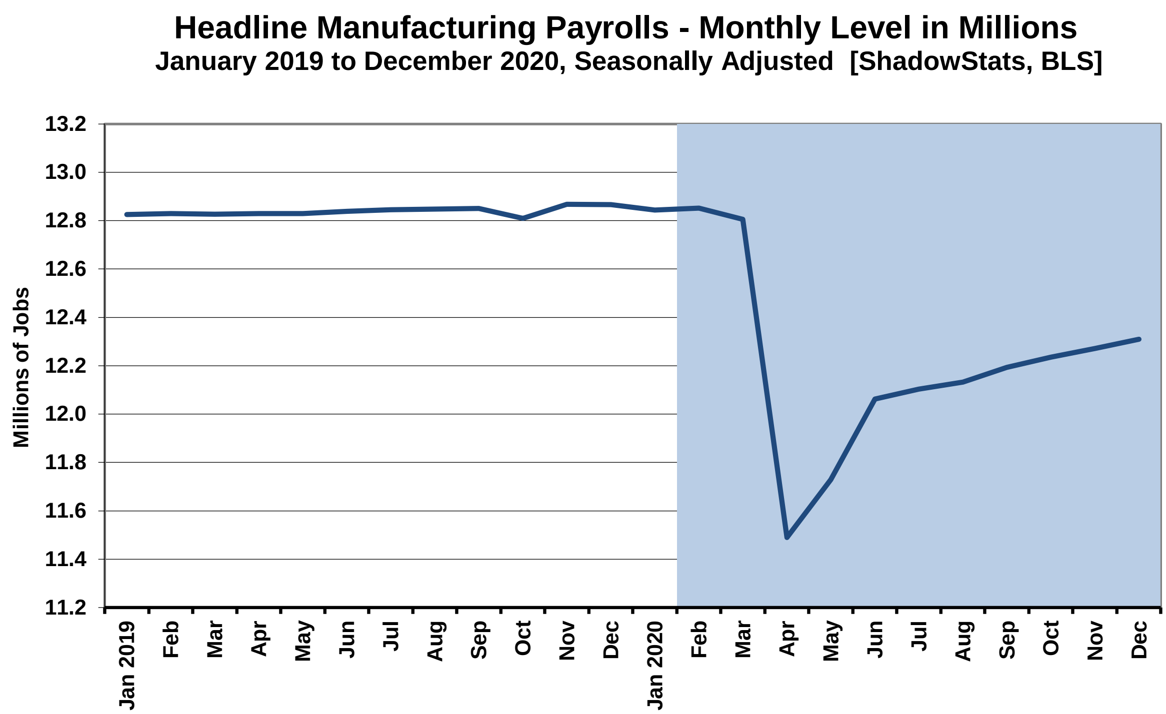
Graph 31: Manufacturing Level (January 2019 to December 2020)



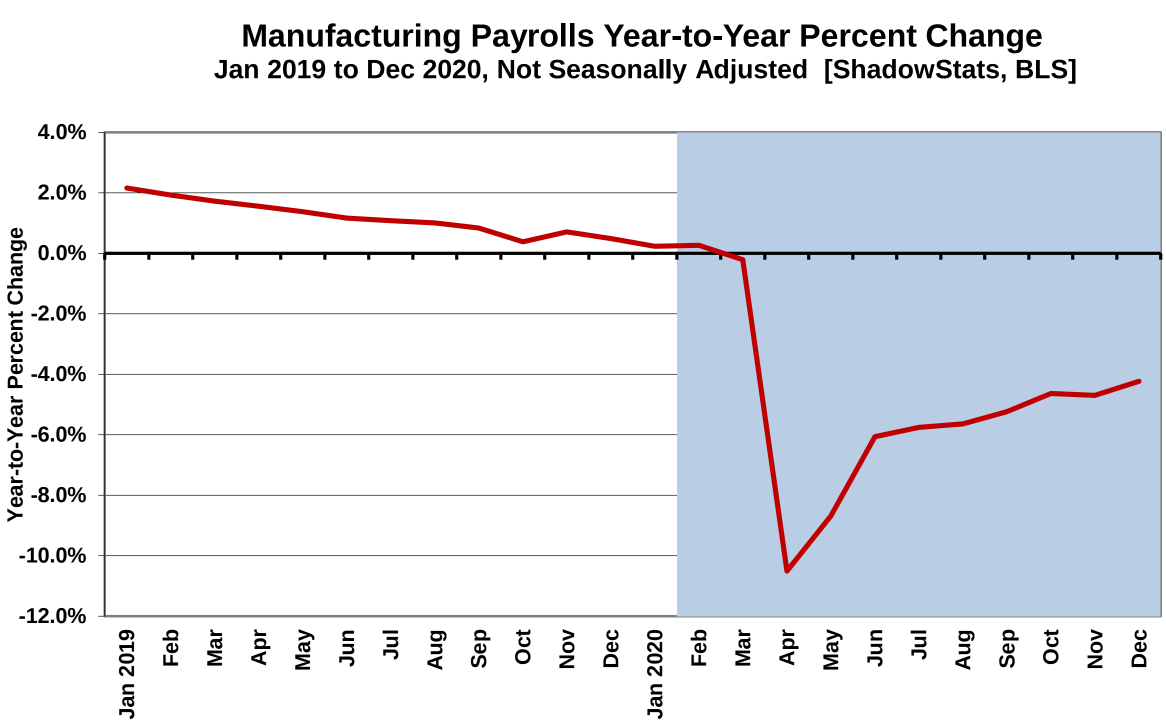
Graph 32: Manufacturing, Year-to-Year Percent Change (January 2019 to December 2020)



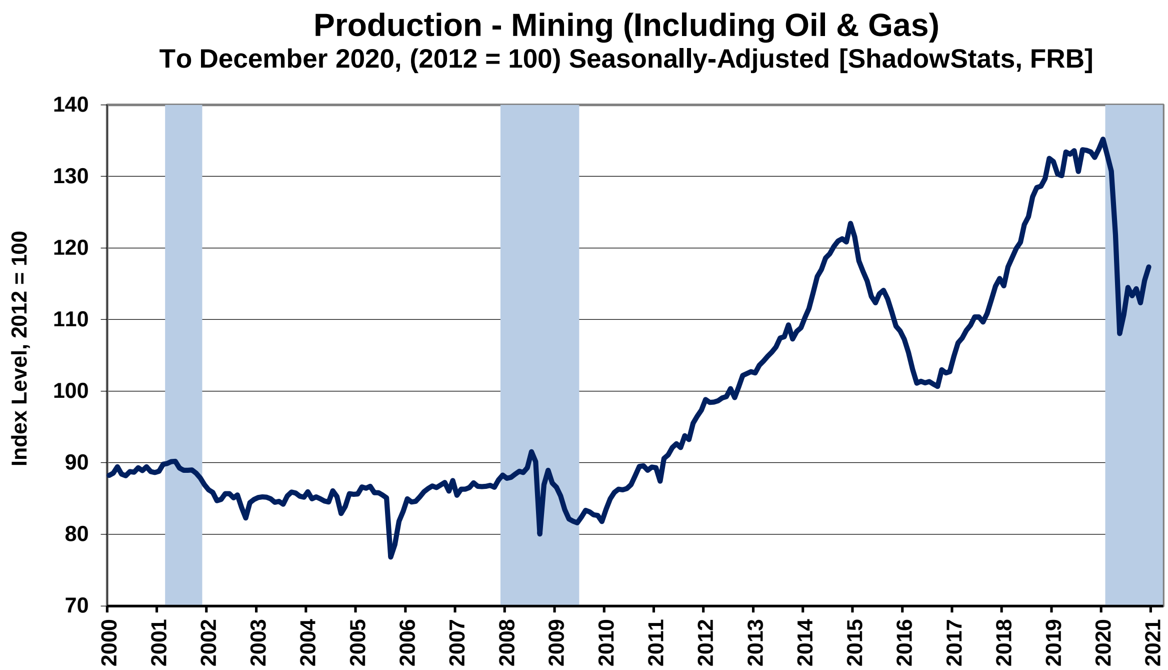
Graph 33: Manufacturing - Payroll Employment (January 2019 to December 2020)



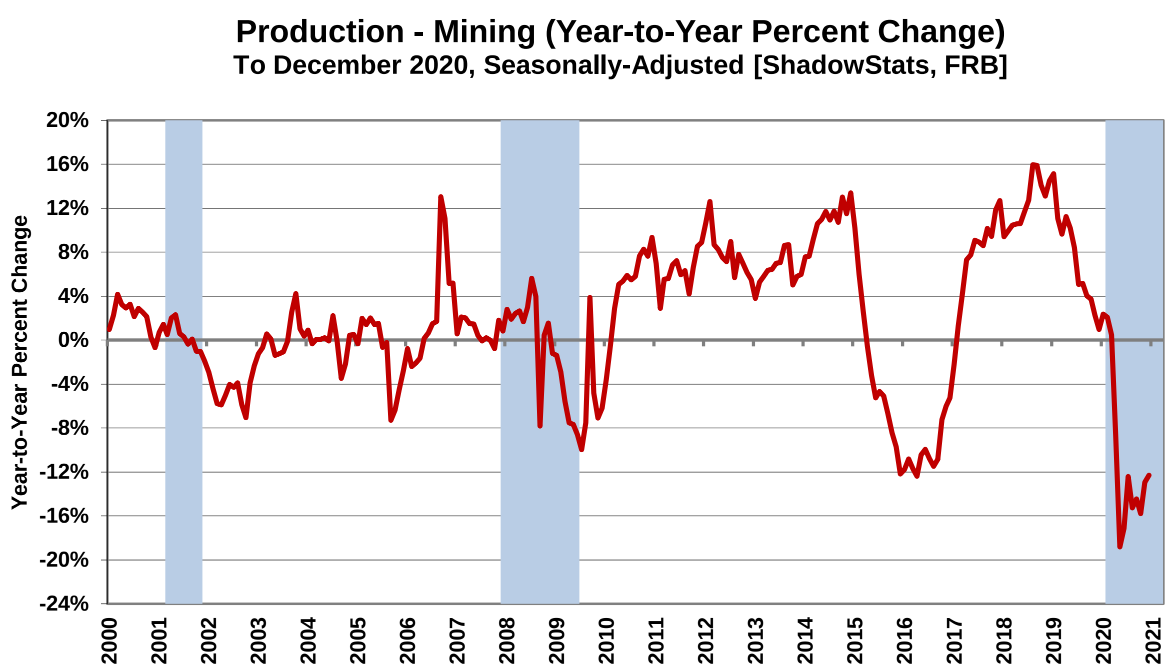
Graph 34: Manufacturing - Payroll Employment, Year-to-Year Change (January 2019 to December 2020)



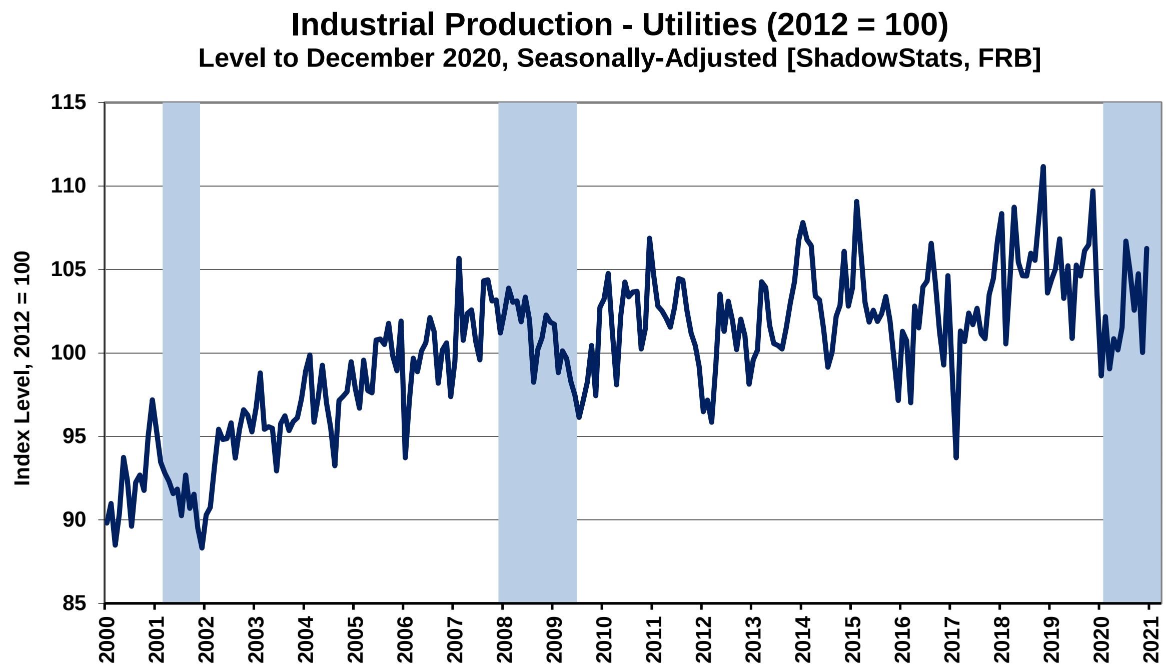
Graph 35: Mining Level (2000 to December 2020)



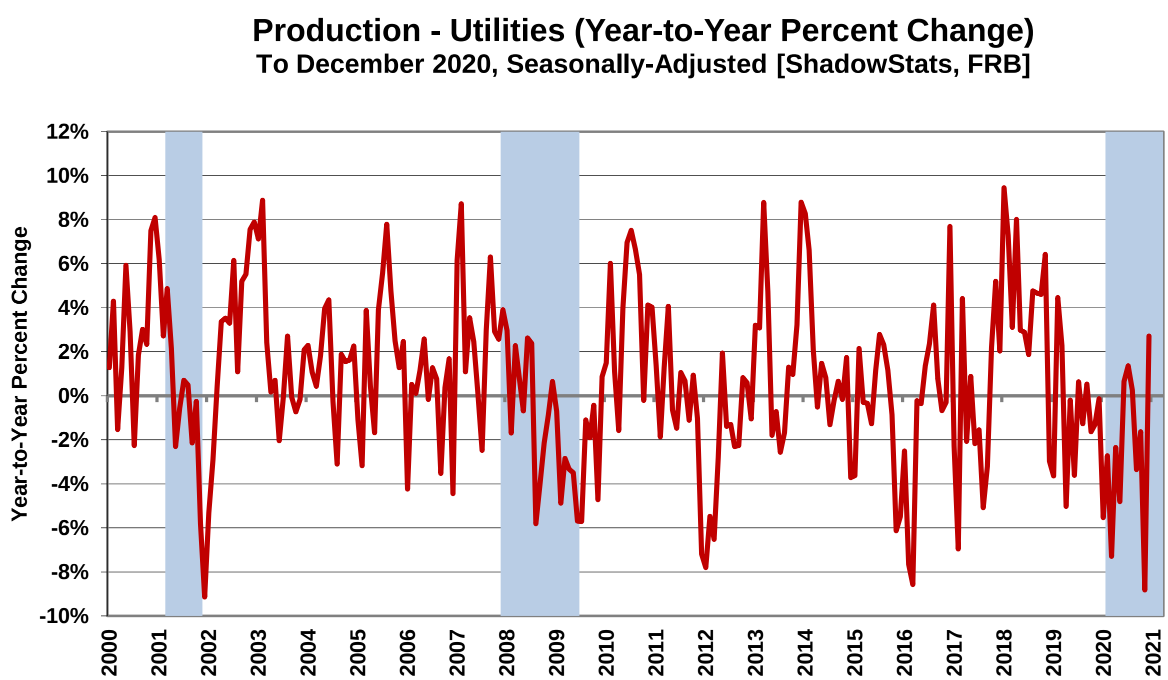
Graph 36: Mining, Year-to-Year Percent Change (2000 to December 2020)



Graph 37: Utilities (2000 to December 2020)



Graph 38: Utilities, Year-to-Year Percent Change (2000 to November 2020)



Section 4 – Real Retail Sales – December 2020

Real Fourth-Quarter 2020 Retail Sales Contracted at an Annualized 0.8% (-0.8%) Pace

Real December 2020 Retail Sales Declined for Third Straight Month

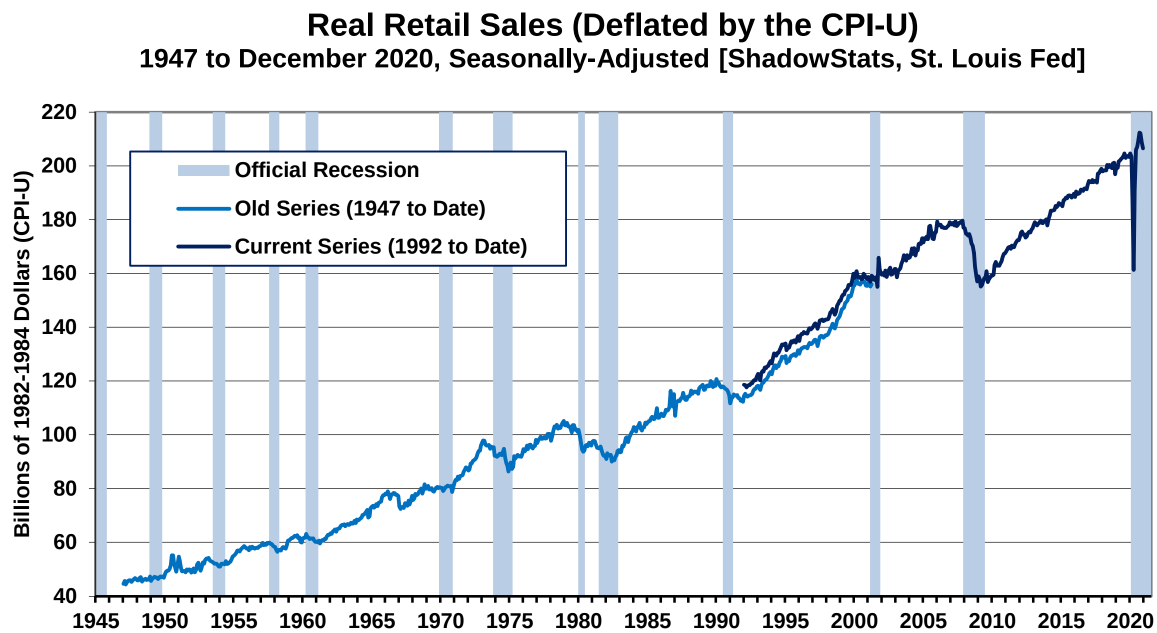
Fourth-Quarter 2020 Real Retail Sales Contracted at an Annualized Quarterly Pace of 0.8% (-0.8%), versus Third-Quarter 2020 Activity. As reported January 15th by the Census Bureau, December 2020 headline nominal Retail Sales declined in the month by 0.7% (-0.7%), by more than the expected 0.1% (-0.1%), and that was on top of downside revisions to prior months' activity and rising monthly CPI inflation. After having surged at an inflation-adjusted annualized quarterly pace of 61.0%, in Third-Quarter 2020, recovering pre-Pandemic levels, Fourth-Quarter 2020 Real Retail Sales faltered anew, declining at an annualized pace of 0.8% (-0.8%), having declined month-to-month in each of October, November and December 2020, both before and inflation adjustment. The intensifying, near-term pull back was broadly consistent with renewed weakness seen in the December 2020 labor data, as discussed earlier.

ShadowStats always assesses Retail Sales in "real" terms, net of growth due to CPI-U inflation, and as otherwise calculated by the St. Louis Fed. December 2020 Real Retail Sales dropped month-to-month by 1.1% (-1.1%), following a downwardly revised 1.6% (-1.6%) in November, a decline of 0.1% (-0.1%) in October and a 1.5% gain in September. In parallel, real annual growth slowed to 1.6% in December 2020, from 2.5% in November, 4.2% in October and 4.6% in September.

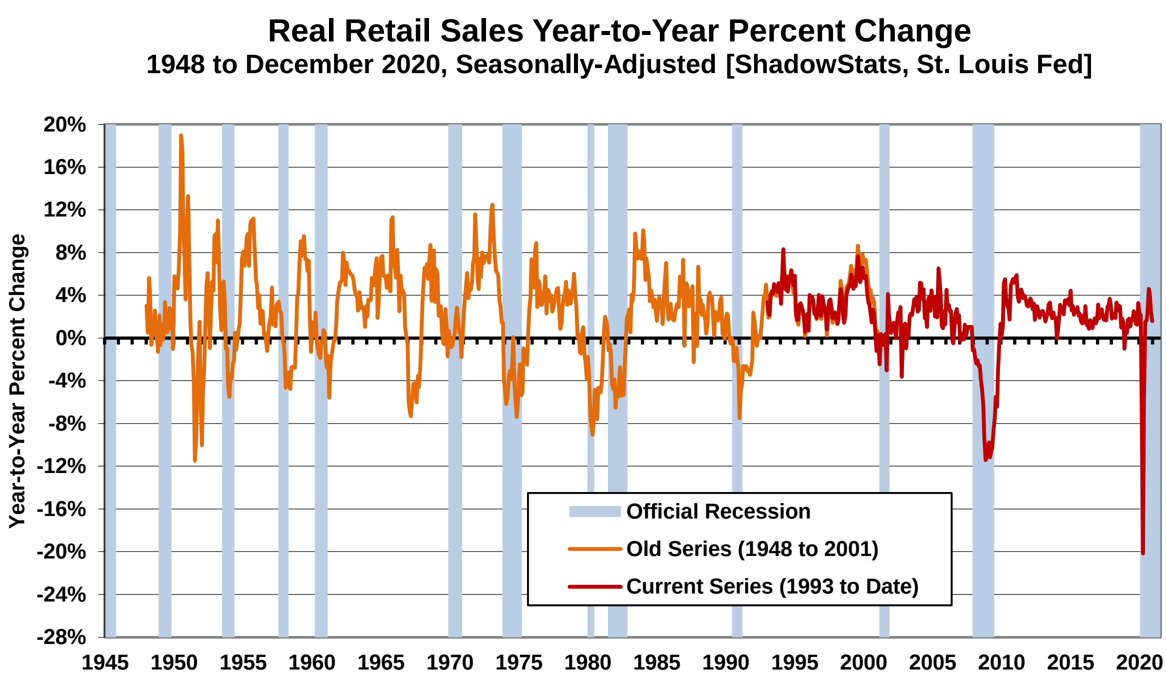
The following series of graphs show successively shorter time frames for the Real Retail Sales series, down to the most recent twenty-four month period, with related employment detail tied to the short-range Retail Trade and Leisure and Hospitality sectors encompassed by the Retail industry.

[Graphs 39 to 48 begin on the next page.]

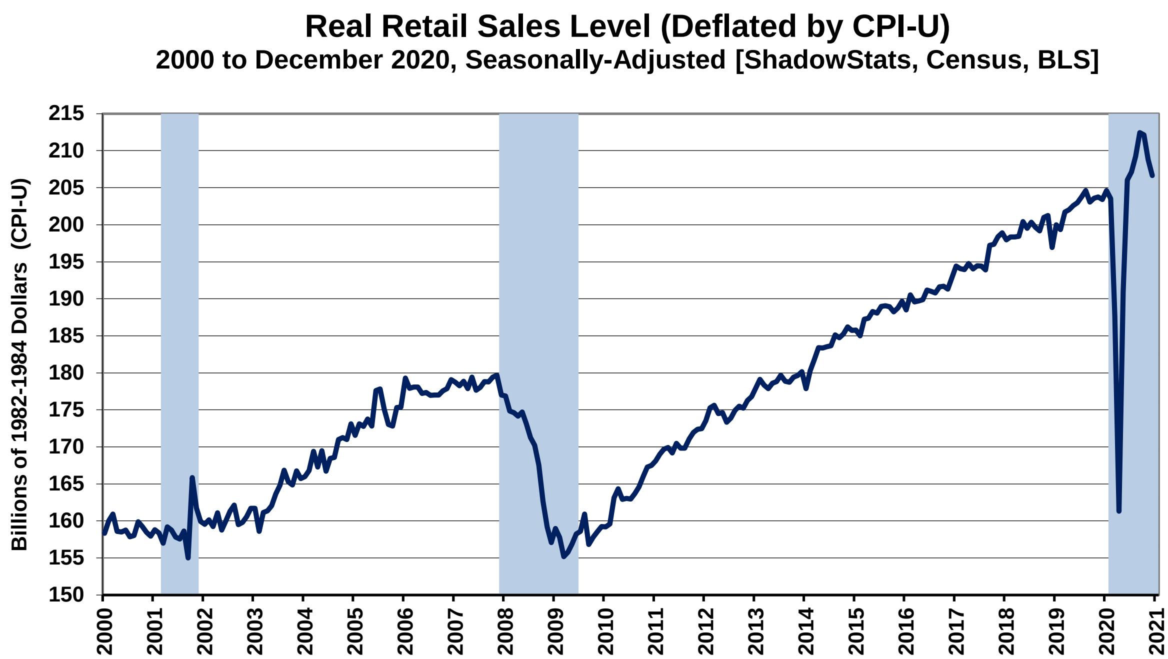
Graph 39: Real Retail Sales (1947 to December)



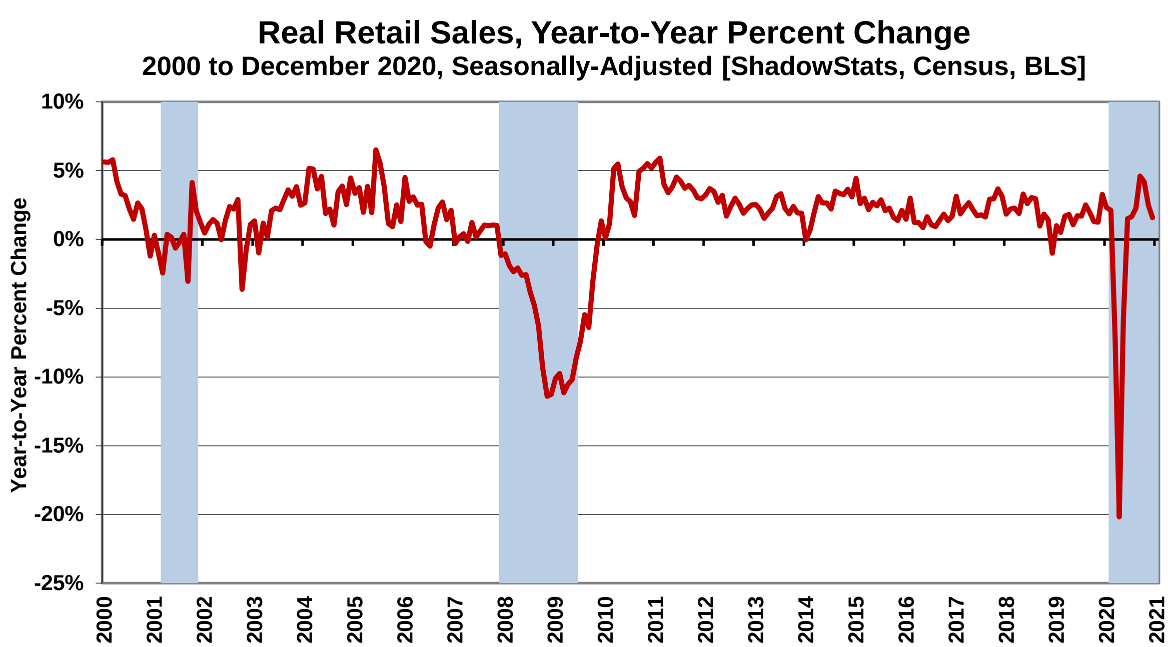
Graph 40: Real Retail Sales, Year-to-Year Change (1948 to December 2020)



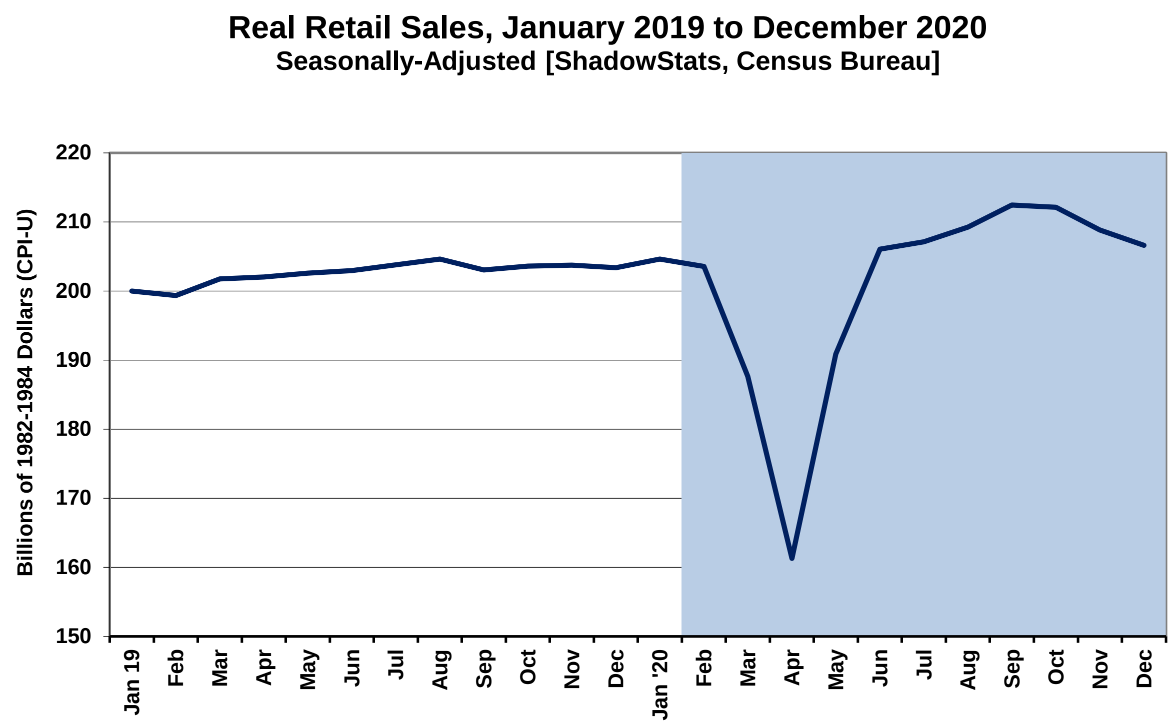
Graph 41: Real Retail Sales (2000 to December 2020)



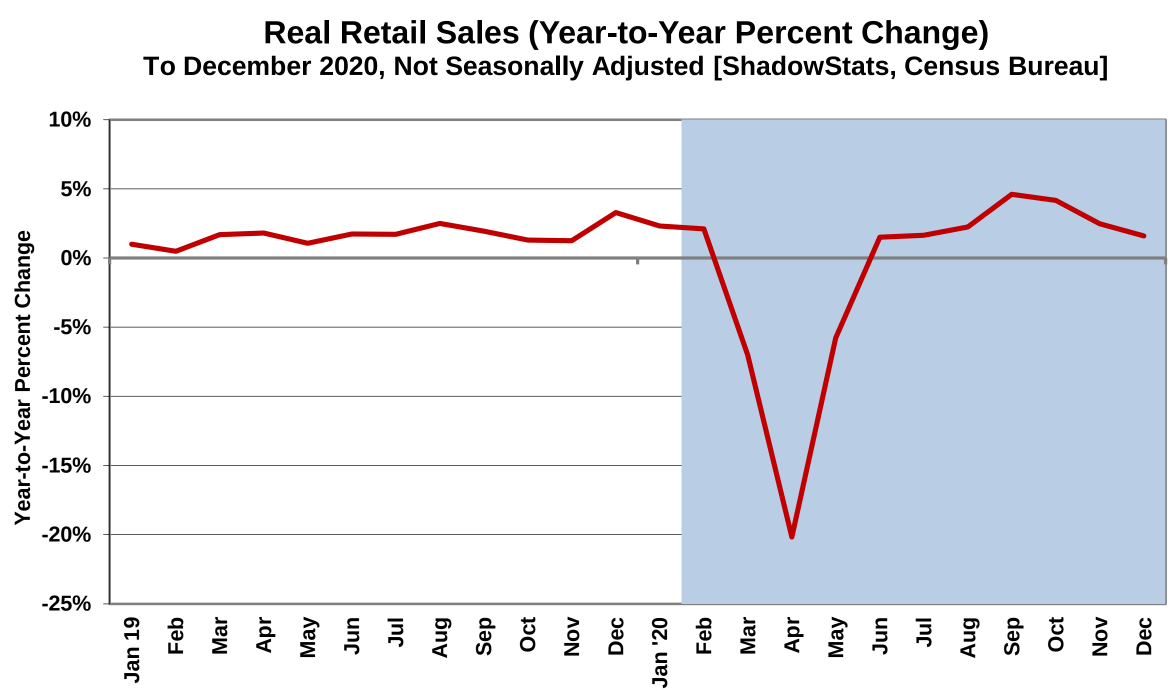
Graph 42: Real Retail Sales, Year-to-Year Percent Change (2000 to December 2020)



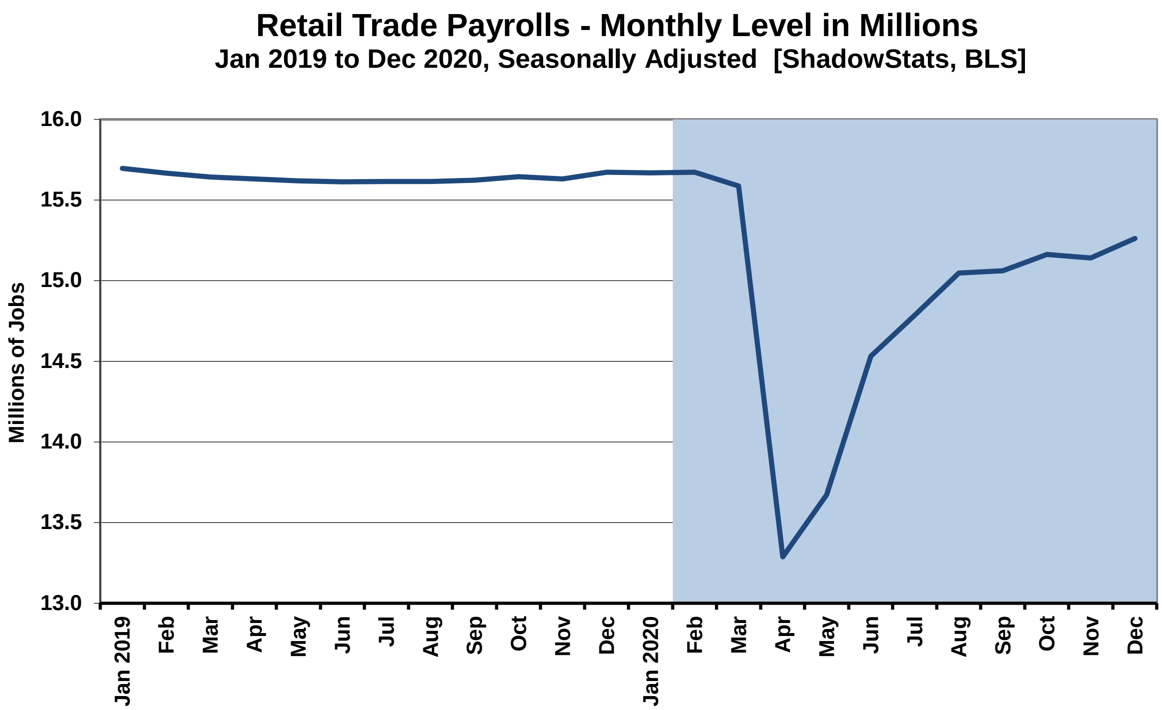
Graph 43: Real Retail Sales (January 2019 to December 2020)



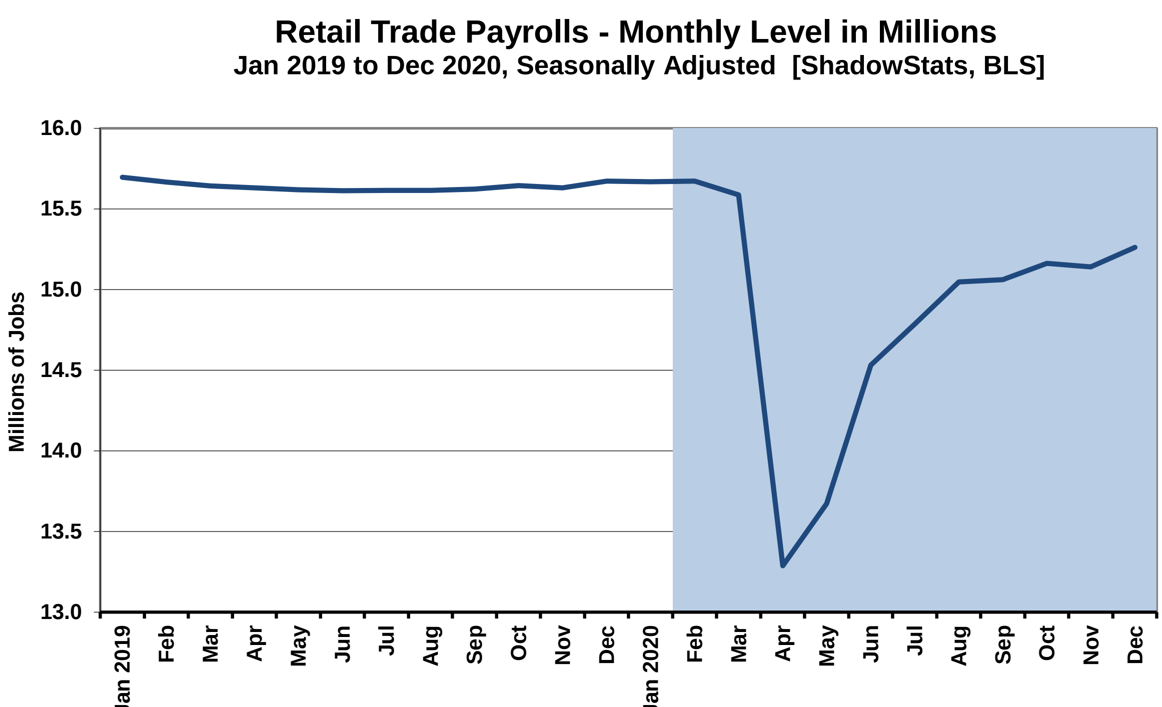
Graph 44: Real Retail Sales, Year-to-Year Percent Change (January 2019 to December 2020)



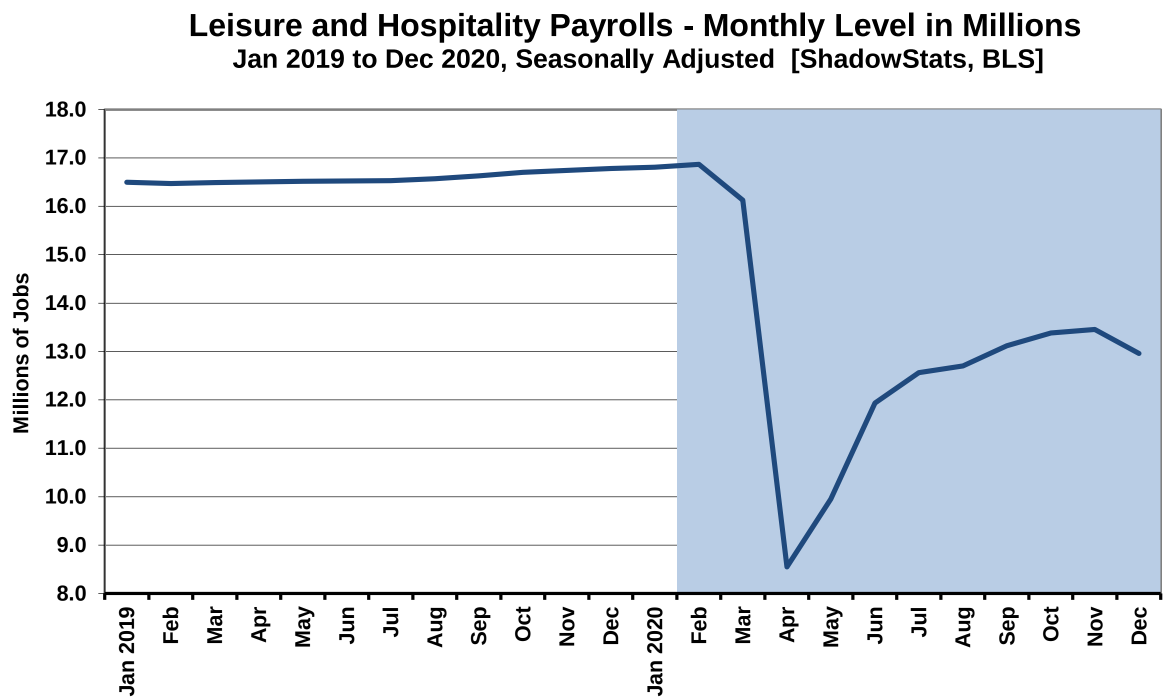
Graph 45: Retail Trade Payroll Employment (January 2019 to December 2020)



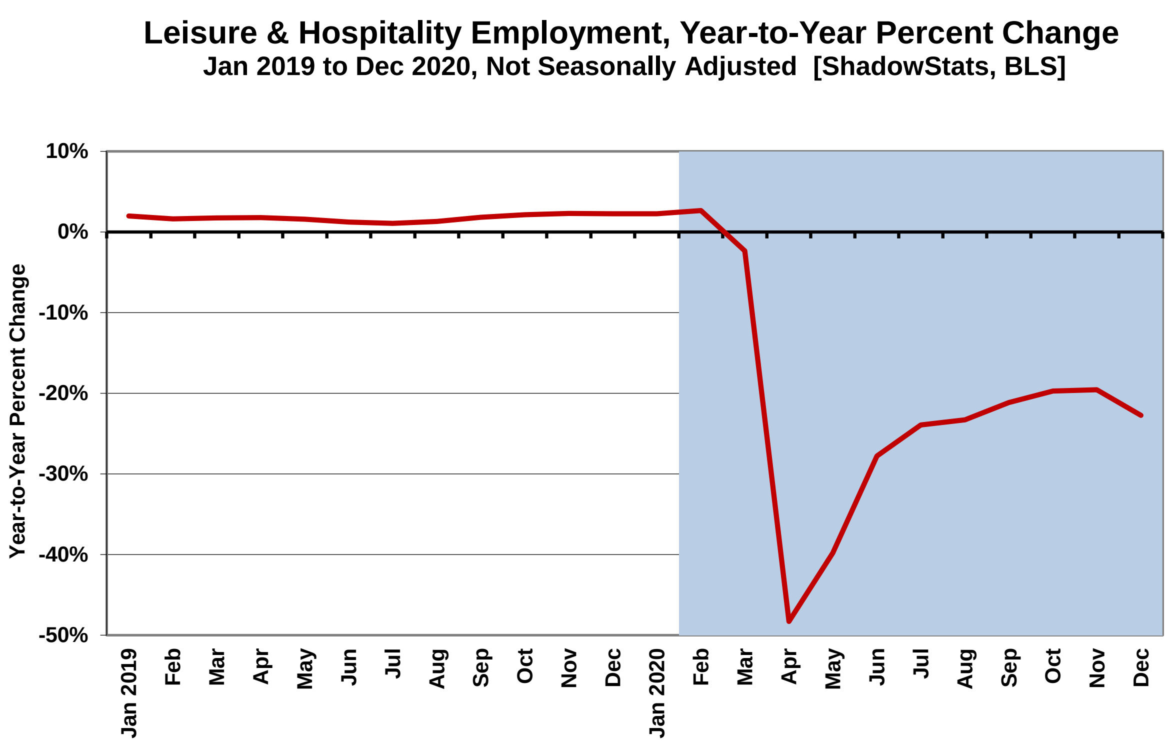
Graph 46: Retail Trade - Payroll Employment, Year-to-Year Change (January 2019 to December 2020)



Graph 47: Leisure & Hospitality - Payroll Employment (January 2019 to December 2020)



Graph 48: Leisure & Hospitality - Payroll Employment, Year-to-Year Change (January 2019 to December 2020)



Section 5 – Real Merchandise Trade Deficit – November 2020

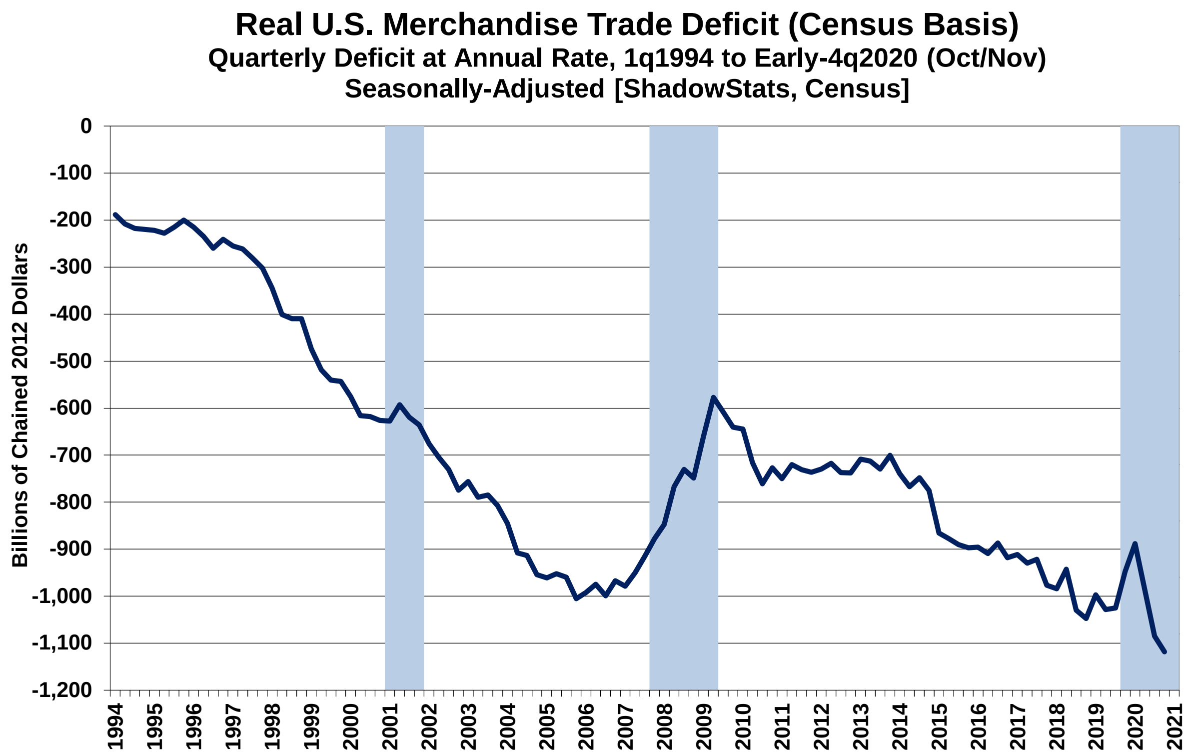
The November 2020 and implied Fourth-Quarter 2020 Real U.S. Merchandises Trade Deficits were the deepest in history, with sharply negative implications for Fourth-Quarter 2020 GDP growth. Released January 7th by the Census Bureau and Bureau of Economic Analysis, the seasonally- and inflation-adjusted November 2020 Real Merchandise Trade Deficit of $96.540 billion was the worst-ever monthly shortfall.

Combining the November deficit with the revised October deficit of $89.854 [previously $89.939] billion, the Fourth-Quarter 2020 Real Merchandise Trade Deficit is on early track for its worst showing ever of $1,118.4 billion, against the prior record quarterly shortfall of $1,085.3 billion seen in the prior Third-Quarter 2020. The deepening quarterly deficit in the Trade Balance has parallel negative implications for the pending Fourth-Quarter 2020 "Advance" GDP estimate (related Net Exports account) on January 28th.

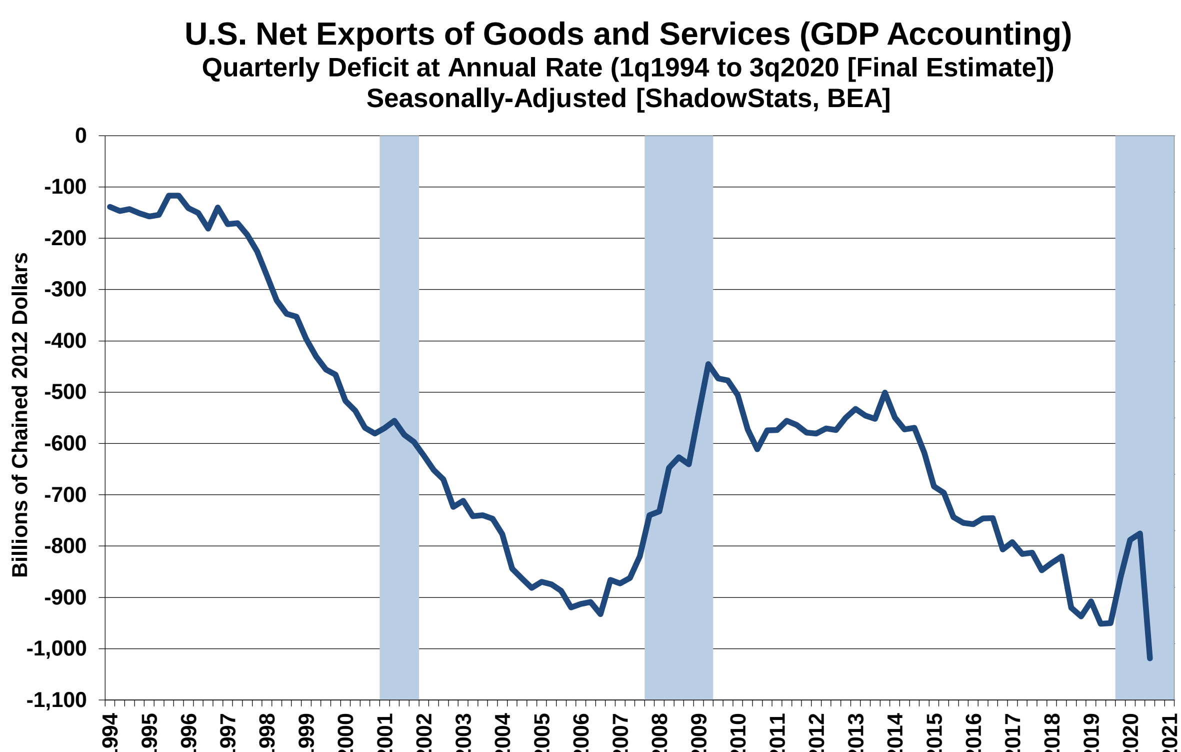
Fourth-Quarter GDP Net-Exports will be available with January 28th release of Fourth-Quarter 2020 GDP reporting (see pending ***Flash Commentary, Issue No. 1456*****)**; the December 2020 Real Merchandise Trade will be published February 5th.

[Graphs 49 and 50 follow on the next page.]

Graph 49: U.S. Real Merchandise Trade Deficit (First-Quarter 1994 to Early-Fourth-Quarter 2020)



Graph 50: Real U.S. Net Exports (First-Quarter 1994 to Third-Quarter 2020 – GDP Accounting)



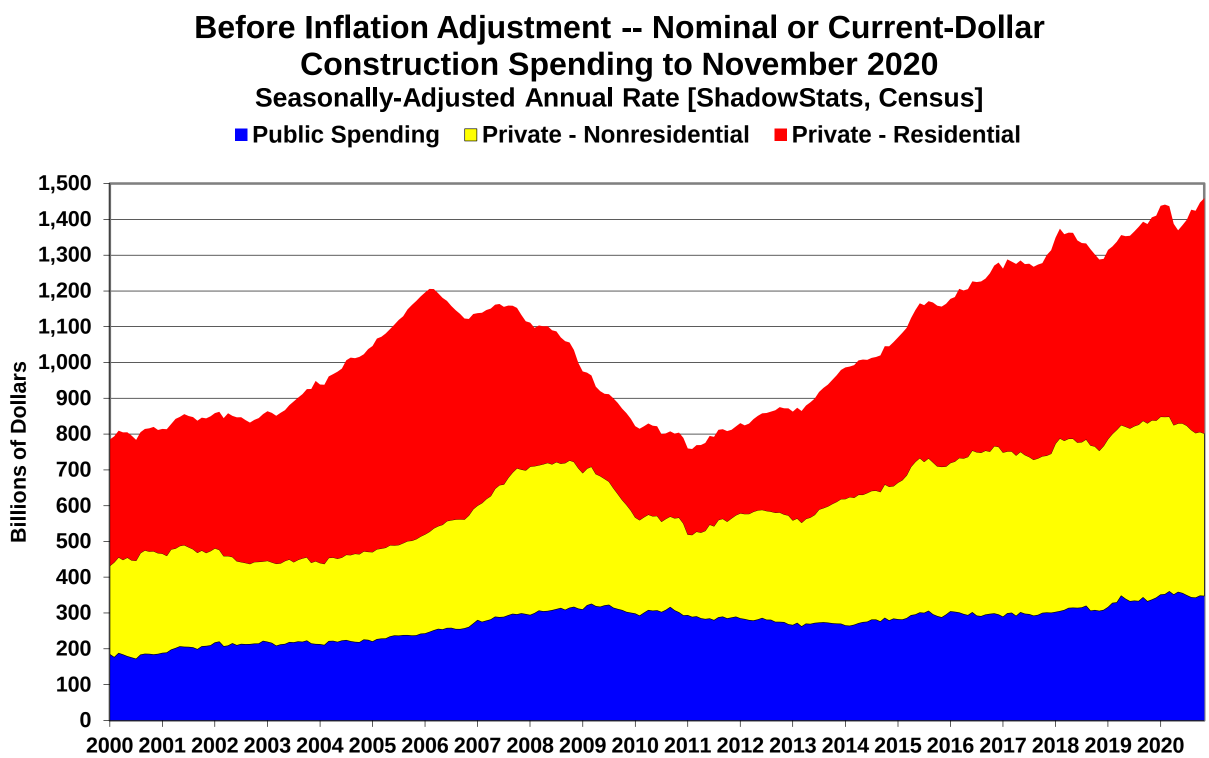
Section 6 – Construction Spending – November 2020

Dominated by rapidly softening strength in upside revisions to Residential Construction, November 2020 Nominal Aggregate Construction Spending gained 3.8% in the year, slowing against an upwardly revised 4.3% (previously 3.7%) in October, up for the month by 0.9%, against a revised 1.6% (previously 1.3%) monthly gain in October. Reported January 4th by the Census Bureau, the repetitive pattern of increasingly strong and upwardly revised monthly activity in Residential Construction in recent months tapered off in the headline November details.

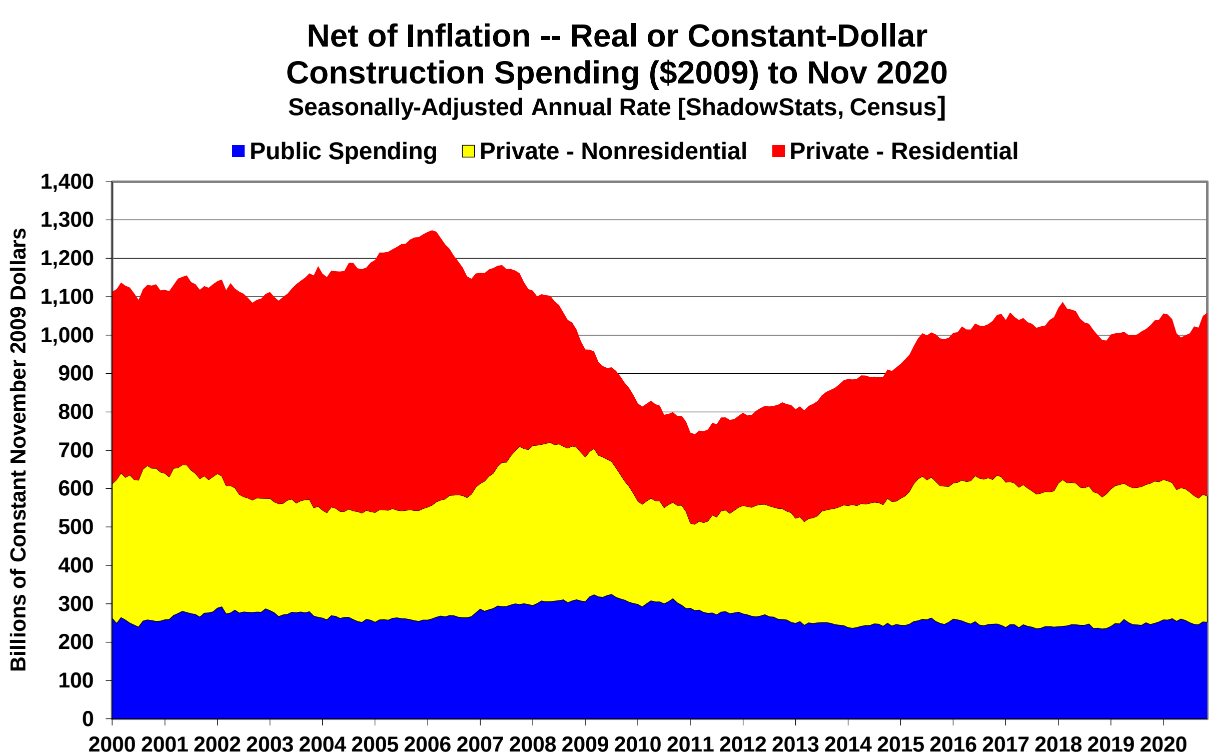
Consider that in real terms, net of growth in inflation, with total Private Construction up 1.1% in the month, the dominant Private Residential Construction sector gained 2.6%, which more than offset the 0.9% (-0.9%) in the Nonresidential sector. Total Public Constriction was down by 0.31% (-0.31%), despite a negligible gain in the Residential Construction sector. Related coverage of New- and Existing - Home will follow in pending ***Flash Commentary, Issue No. 1456***.

[Graphs 51 to 54 begin on the next page.]

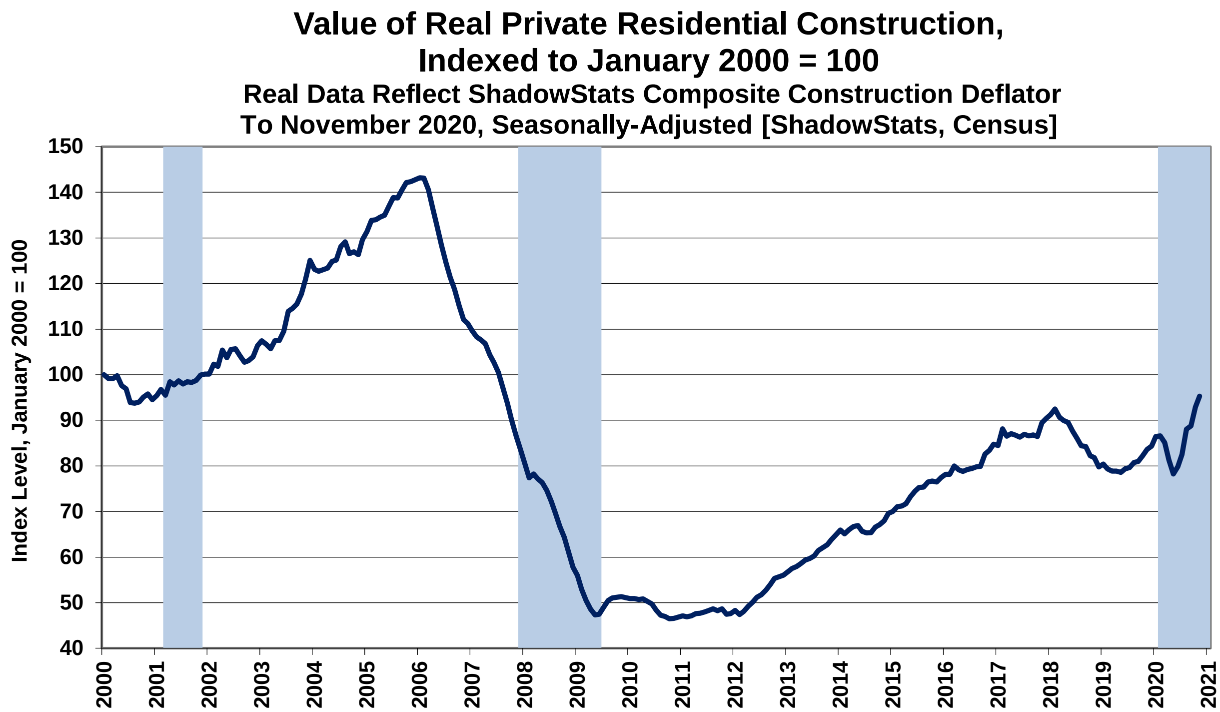
Graph 51: Nominal Construction Spending by Major Sector (2000 to November 2020)



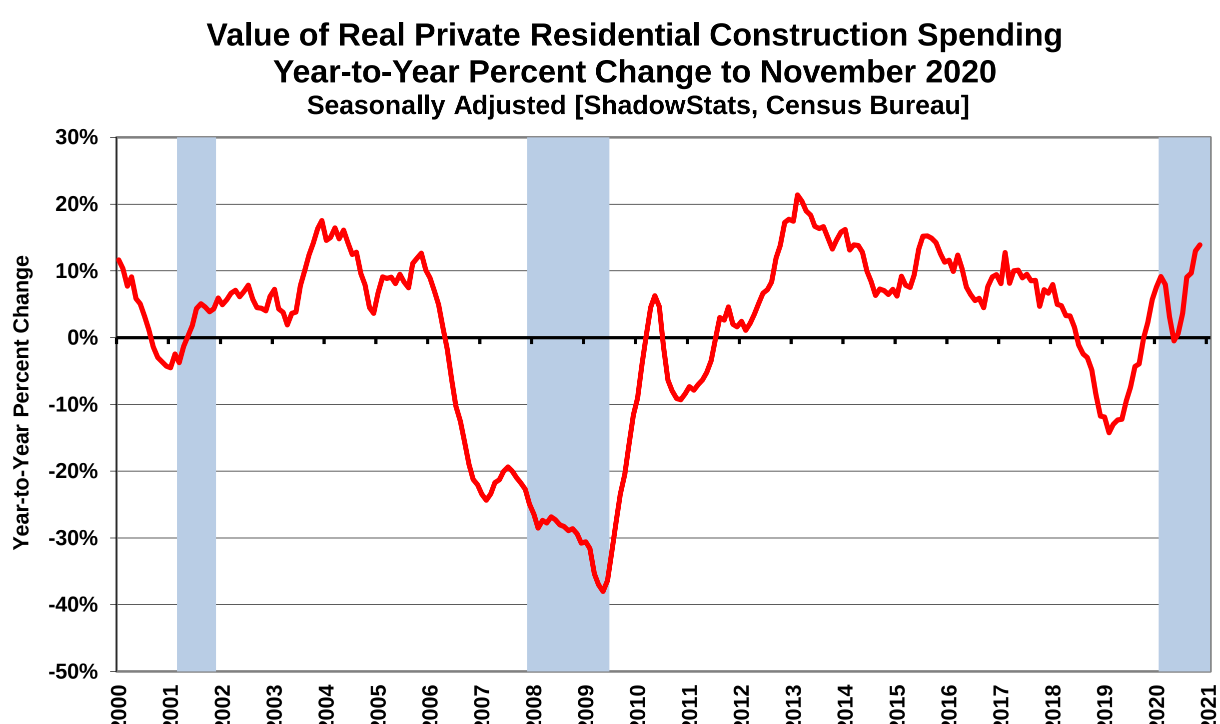
Graph 52: Real Construction Spending by Major Sector (2000 to November 2020)



Graph 53: Real New Residential Construction Spending (2000 to November 2020)



Graph 54: Real New Residential Construction Spending, Year-to-Year Percent Change (2000 to November 2020)



Section 7 – Consumer and Producer Price Indices – December 2020

Despite 2020 CPI Depressed by Collapsing Oil Prices, Inflation Has Started to Rebound

Mirroring spiking Oil Prices, December 2020 Consumer Price Index Inflation rebounded to 0.4% in the Month, 1.3% Year-to-Year, with January on Track for Accelerating Price Gains. Reported January 13th by the Bureau of Labor Statistics (BLS), average annual Aggregate CPI-U inflation was suppressed heavily by the Oil Price War collapse in oil prices in 2020, coming in at 1.23% for 2020, down from 1.81% in 2019 and from a seven-year high of 2.44% in 2018. On the upside, 2020 Food prices jumped to a Pandemic-driven nine-year high of 3.45%, up from 1.88% in 2019 and 1.40% in 2018, while 2020 Energy prices collapsed by 8.52% (-8.52%), versus a decline of 2.11% (-2.11%) in 2019 and a 2018 gain of 7.53%. Net of Food and Inflation "Core" CPI-U, not the Fed's targeted "Core" PCE rate [which will be reviewed in the pending ***Benchmark Commentary***] rose by 1.70% in 2020, a nine-year low, down from 2.19% in 2019 and 2.14% in 2018.

On a monthly basis, the seasonally adjusted December 2020 Consumer Price Index (CPI-U) gained 0.37% in the month, versus 0.19% in November, with respective annual gains of 1.36% and 1.17%. Gasoline jumped 8.39% in the month, having declined by 0.39% (-0.39%) in November, down year-to-year by 15.24% (-15.24%) in December, versus 19.33% (-19.33%) in November. Accordingly, Energy inflation rose monthly by 4.04% in December, having gained 0.43% in November, dropping 6.96% (-6.96%) year-to-year in December, having decline by 9.43% in November. December 2020 Food prices rose monthly by 0.37%, having declined 0.9% (-0.9%) in November, rising year-to-year by 3.93% in December, versus 3.70% in November . Net of Food and Energy, "Core" inflation rose by 0.09% in the month, having gained 0.22% in November, with annual "Core" inflation up by 1.62% in December 2020, versus 1.65% in November.

ShadowStats Alternate Annual Average Inflation Was 8.9% in 2020, Down from 9.5% in 2019. Where the 2021 Social Security Cost of Living Adjustment (COLA) formally was set at 1.3%, based on the headline year-to-year change in the September 2020 CPI-W, a more realistic number would have been 9.0%, using ShadowStats adjustments.

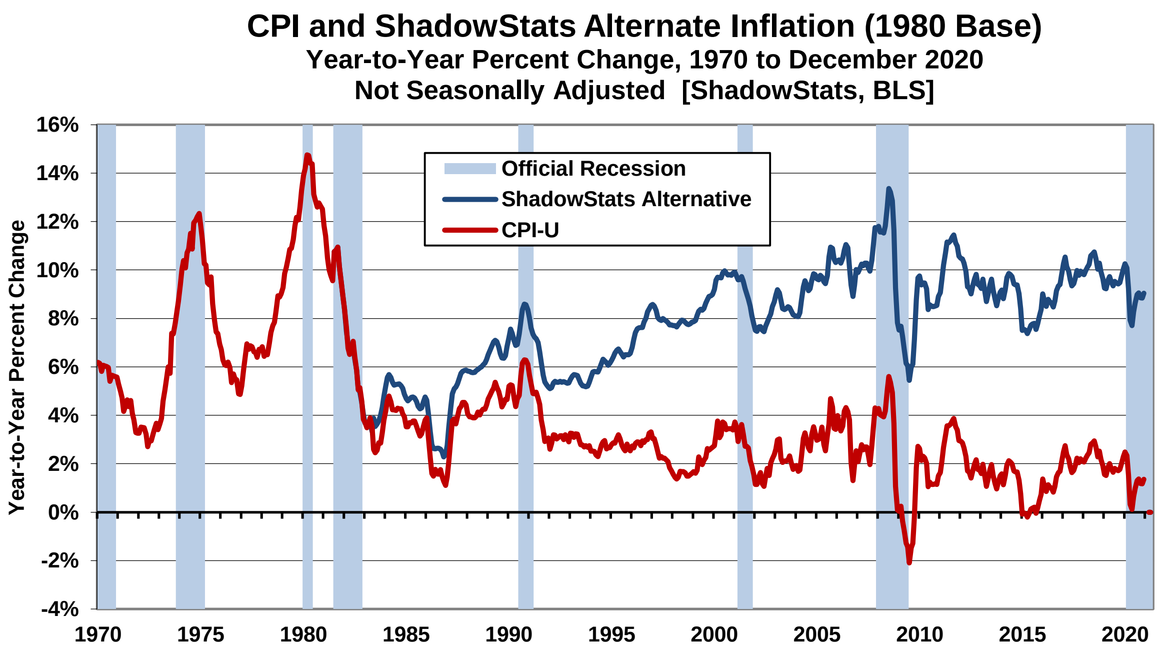
Reflected in ***Graph 55***, the December 2020 ShadowStats Alternate CPI (1980 Base) increased 9.0% year-to-year, up from 8.8% in November, 8.9% in October and against 9.1% in September. The ShadowStats Alternate CPI-U estimate restates current headline inflation so as to reverse the government's inflation-reducing gimmicks of recent decades, which were designed specifically to reduce/understate COLAs. Related graphs, data, methodology and an inflation calculator are available on the ***CPI ALTERNATE DATA*** and ***INFLATION CALCULATOR*** tabs at the ***www.ShadowStats.com*** website.

December 2020 Year-to-Year Composite PPI Inflation held at 0.8% for a second month, with December Goods Inflation jumping to 1.1%, up from 0.4% in November, otherwise artificially depressed, as usual, by the mal-defined Services Sector. Reported January 15th by the Bureau of Labor Statistics , the December 2020 Final-Demand Producer Price Index (PPI-FD) showed its fourth year-to-year monthly gain since March 2020 and early impact from the Oil-Price War. The better-quality "Goods" PPI sub-index showed a seven-month high monthly gain of 1.1%, up from 0.4% in November. The composite "Goods" index in December reflected a 5.5% jump in the Energy Sector, a 0.5% gain in "Core" Inflation, and a 0.1% (-0.1%) decline in the Food Sector.

The mal-defined "Services" PPI sub-index was down by 0.1% (-0.1%), having been "unchanged" at 0.0% in November, depressed in December, as usual, by the convoluted handling of rising energy prices as negative inflation.

Separately, the December 2020 PPI index for Construction showed monthly year-to-year inflation at a four-year low of 1.2% for the third straight month, despite continued soaring materials prices and building costs headlined in construction industry publications. Consider that ***Engineering News-Record*** reported 20-City Average prices for December 2020 2x4's, Common Plywood and Particleboard to be up year-to-year by inflation ranging from 36% to 46%.

Graph 55: Headline CPI-U versus ShadowStats Alternate Inflation, (1970 to December 2020)



[Section 9 – December 2020 Real Money Supply begins on the next page]

Section 8 – January 2021 FOMC and December 2020 Money Supply – No Recovery at Hand, No Changes in FOMC Policies

The January 2021 FOMC Meeting maintained its existing policies and outlook, amidst a Pandemic that "still provides considerable downside risks," as expressed by Federal Reserve Chairman Jerome S. Powell at the January 27th Press Conference of the Federal Reserve Board's Federal Open Market Committee (FOMC). Chairman Powell also offered that, "We are a long way from full recovery." The FOMC maintained its targeted Federal Funds rate at 0.00% to 0.25%, with heavy asset purchases likely continuing into at least 2023, based on December 2020 Meeting projections, which remain in play.

Repeated from the December FOMC statement: "[T]he Federal Reserve will continue to increase its holdings of Treasury securities by at least $80 billion per month and of agency mortgage backed securities by at least $40 billion per month [minimally $1.44 trillion per year] until substantial further progress has been made towards the Committee's maximum employment and price stability goals [meaning higher inflation]." Fed Funds targeted at 0.00% to 0.25%, would continue for the duration of the Pandemic-driven economic collapse, and until such time as the Fed's recently established policy of debasing the U.S. Dollar at a greater pace (boosting inflation) shows results. Specifically, the FOMC looks to boost headline "Core" PCE inflation above what previously had been its formal 2.0% target for an extended period time, again, with hoped-for results unlikely before 2023.

Economic, FOMC, financial-market, political and social circumstances all continue to evolve along with the Pandemic. Positive developments on COVID-19 vaccines and treatments hold out some prospect of limited economic improvement in 2021 or 2022. Still, the U.S. economy and personal circumstances have suffered severe structural damage from the shutdown. Ongoing, massive Fiscal and Monetary Stimuli will be needed and likely will expand well into 2023, per both the current FOMC Outlook and ShadowStats assessment. The new Administration in Washington is looking to put forth an aggressive Fiscal Stimulus package.

Money Supply annual growth continued to explode. (See the latest posting of monthly Money Supply on the ***Money Supply ALTERNATE DATA*** tab). Based on the Federal Reserve Board's (FRB) January 21st H.6 Money Stock Measures Press Release, seasonally adjusted week-ended January 11th Money Supply M1 soared year-to-year by an unprecedented 72.3%, up from the prior week's then-record annual growth of 70.8% and up from the record monthly-average annual growth of 66.5% in December 2020.

Based on the FRB's latest numbers and the ShadowStats Ongoing M3 estimation, Money Supply monthly average dollar levels again hit historic highs in December 2020, with record monthly annual growth in M1 and M2, all signaling intensifying inflation pressures, on top of record levels in November 2020 reporting. Monthly annual growth in M1 surged to an historic peak of 66.5% in December 2020, up from 53.2% in November and 42.3% in October. December M2 gained a monthly record-high of 25.4%, up from 25.1% in November and 24.2% in October. Annual growth in adjusted M2 for the week-ended

January 11th hit an all-time high 27.2% [see the discussion link ahead as to pending redefinitions of M1 and M2. Although the ShadowStats Ongoing Estimate of M3 softened year-to-year to a revised 22.1% [previously 22.2%] in December from 22.8% in November, down from June's record 25.9%, again, the dollar level of M3 still rose to a record high. Cash "equivalents" generally appear to be flowing towards greater liquidity (see ***Graphs 56*** to ***63***).

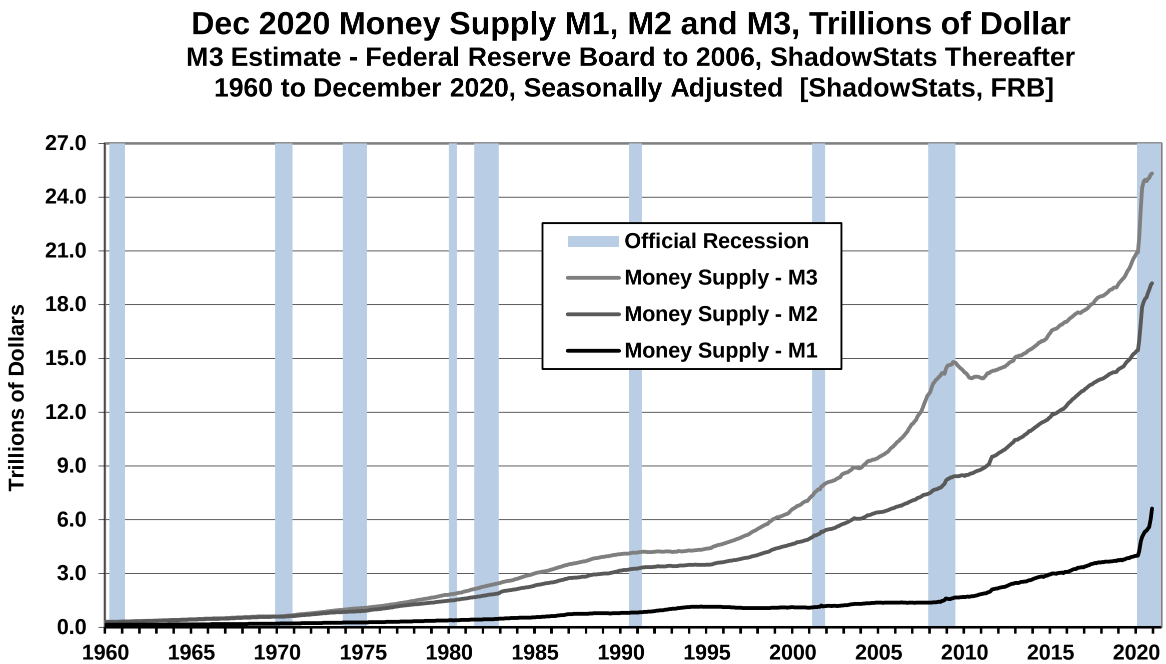
Targeted at boosting headline inflation, annual growth in the FOMC-controlled Monetary Base eased back to 52.0% in December 2020, from 53.6% in November, still off an interim near-term low of 44.2% in July, having peaked earlier at 58.7% in May 2020, as part of the Fed's initial Pandemic monetary stimulus. Separately, unadjusted annual growth in December 2020 Currency in Circulation (part of the Monetary Base) increased to 15.3% having held at 15.2% the prior two months. December annual growth was at its highest level since Alan Greenspan's extraordinary Y2K precautionary cash build-up (see ***Graphs 64*** to ***67***)
That said, systemic turmoil is just beginning, with both the Fed and U.S. Government still driving uncontrolled U.S. dollar creation, between unconstrained Money Supply growth and uncontained Deficit Spending. Again, continued extraordinary Monetary and Fiscal Stimulus will be needed into 2022, irrespective of the nature of new COVID-19 vaccines and treatments, and as likely will be expanded massively under the Biden Administration, where extreme fiscal-deficit spending and stimulus already are promised. Accelerated Hyperinflation risk should follow. Discussions on the inflation threat and re-accelerating money growth are found in ***Special Hyperinflation Commentary, Issue No. 1438***, ***Flash Commentary, Issue No. 1451*** and ***Issue No. 1454***, with a fully updated and expanded review pending in the ***Special Benchmark Economic Commentary***.

Reflected in ***Graphs 68*** and ***69***, Federal Reserve games are being played with its Money Supply reporting, where redefinitions, again, were covered ***Issue No. 1454***. Specifically, liquidity-strapped Consumers and Businesses have been moving out of Savings (formerly not in M1) into Cash and Checking accounts. The Fed has redefined M1 to include Savings, which minimizes the apparent headline flow of Cash from M2 to M1. Again, those current and future headline numbers are reflected in ***Graphs 68*** and ***69***. M1 effectively will become M2, when the Fed begins to report the new series on February 11, 2021.

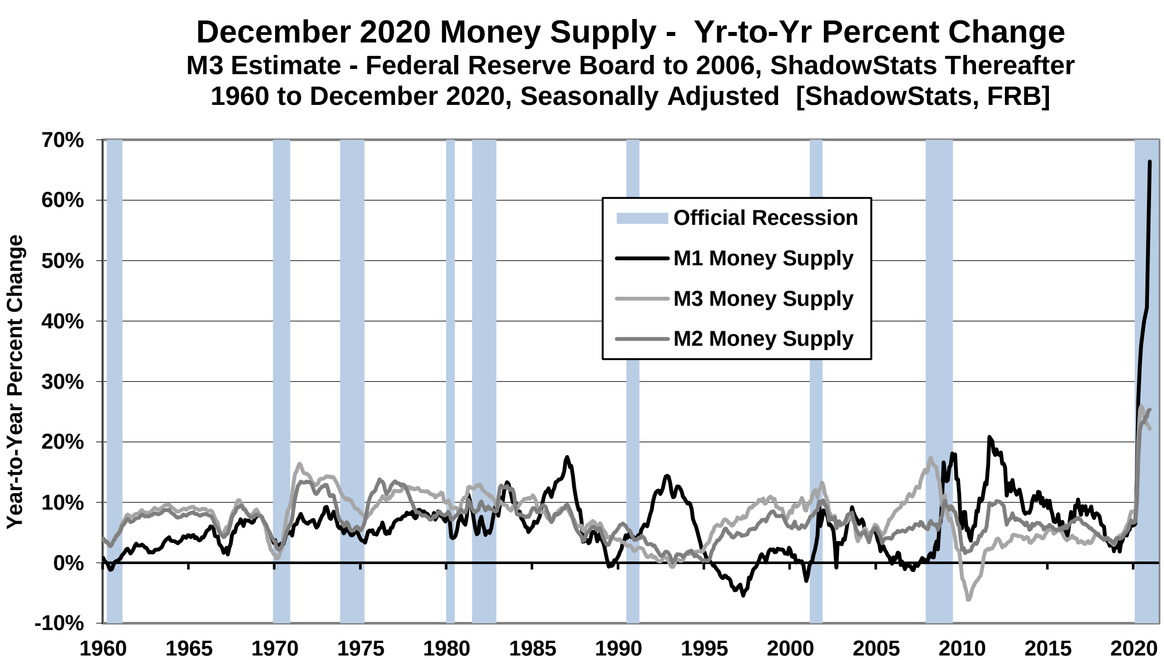
Systemic Turmoil Is Just Beginning, with Both the Fed and the U.S. Government Still Driving Uncontrolled U.S. Dollar Creation, Between Unconstrained Money Supply growth and Uncontained Deficit Spending. Continued extraordinary Monetary and Fiscal Stimulus will be needed into 2022, irrespective of the nature of new COVID-19 vaccines and treatments. Such already has been indicated by the Federal Reserve and proposed by the incoming Biden Administration, and accelerated Hyperinflation risk should follow. Expanded discussion on the inflation threat and re-accelerating money growth follow in **the pending *Special Benchmark Economic Commentary***.

[Graphs 56 to 68 of the Traditional Money Supply, Related Numbers and Pending Changes begin on the next page.]

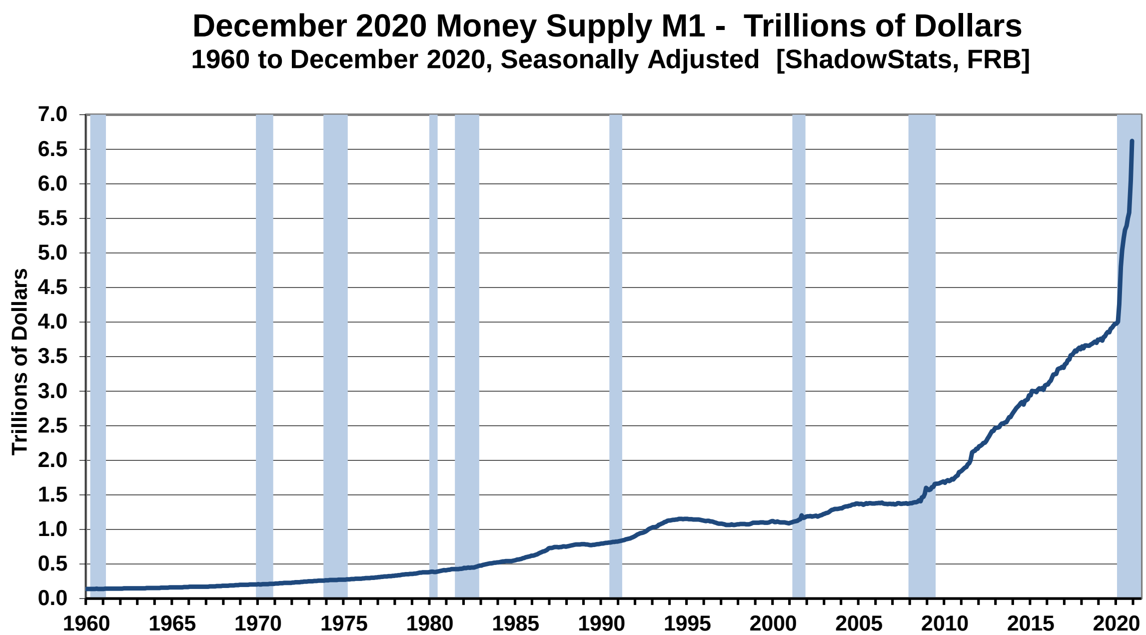
Graph 56: Traditional Money Supply M1, M2 and M3 (1960 to December 2020)



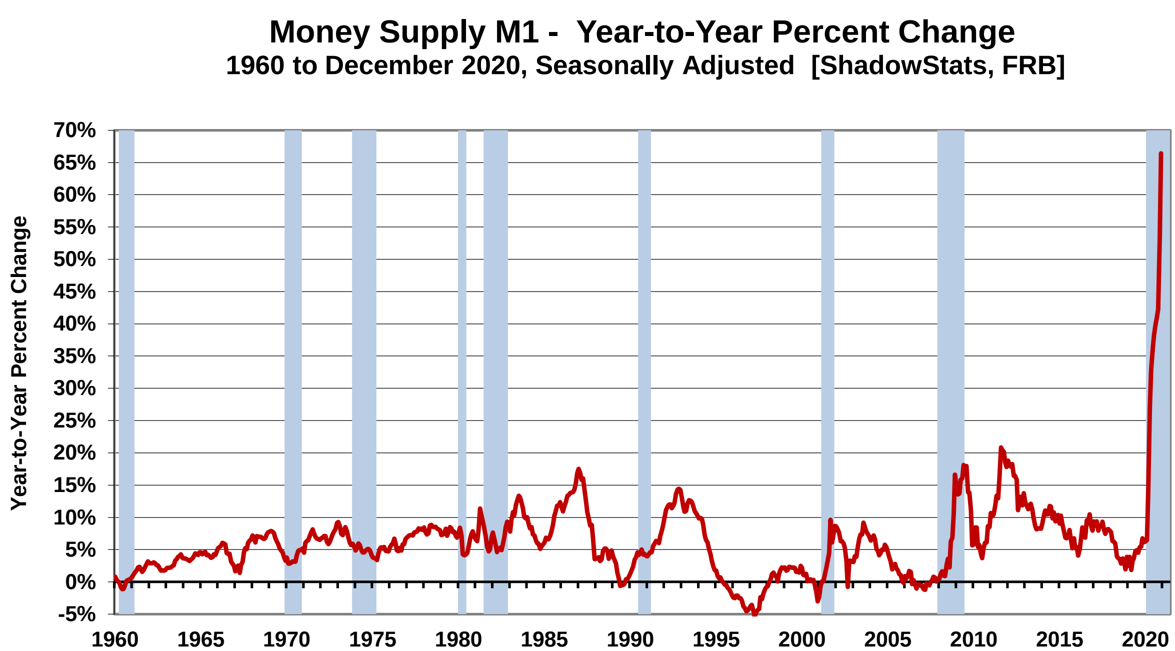
Graph 57: Traditional M1, M2 and ShadowStats M3, Yr-to-Yr Change (1960 to December 2020)



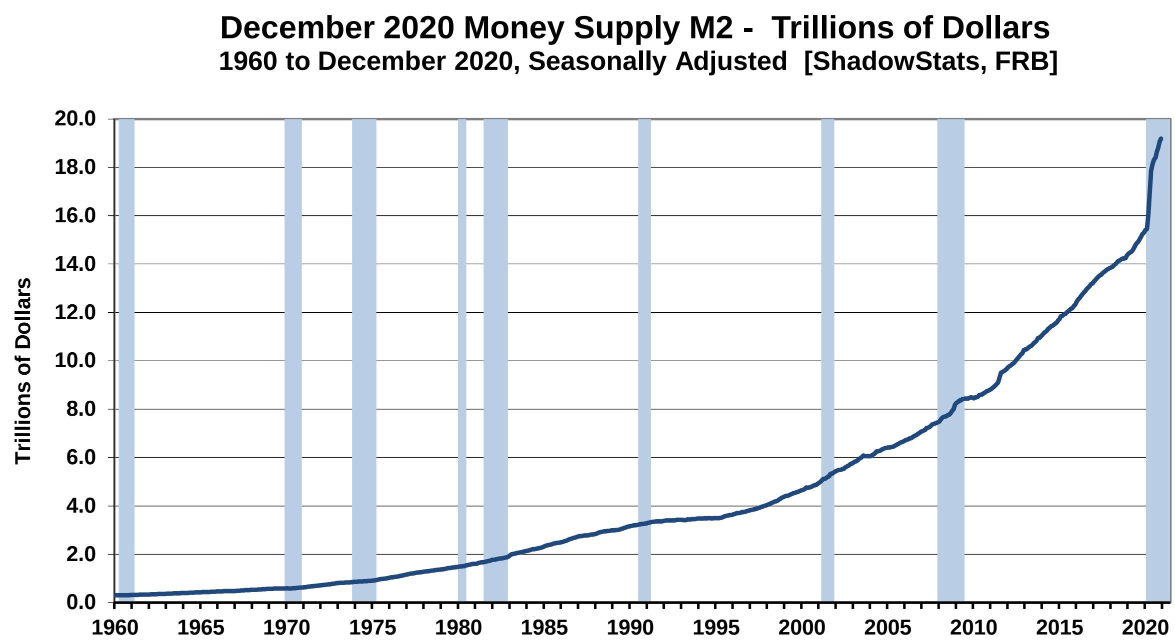
Graph 58: Traditional Money Supply M1 (1960 to Preliminary December 2020)



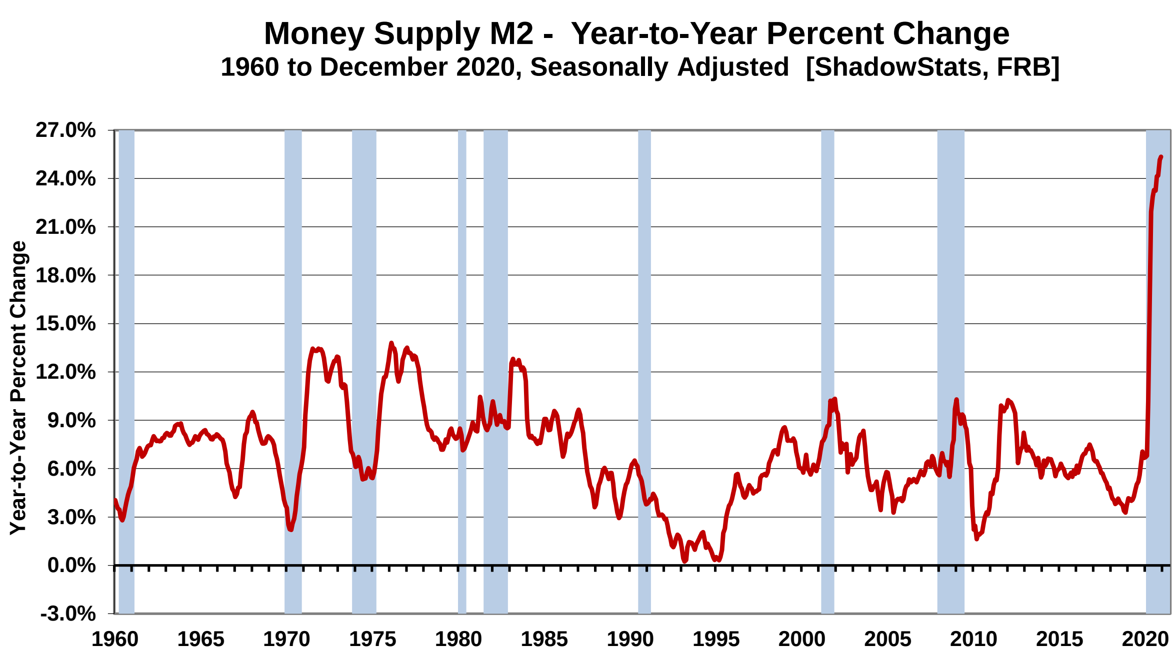
Graph 59: Traditional Money Supply M1 Year-to-Year Change (1960 to December 2020)



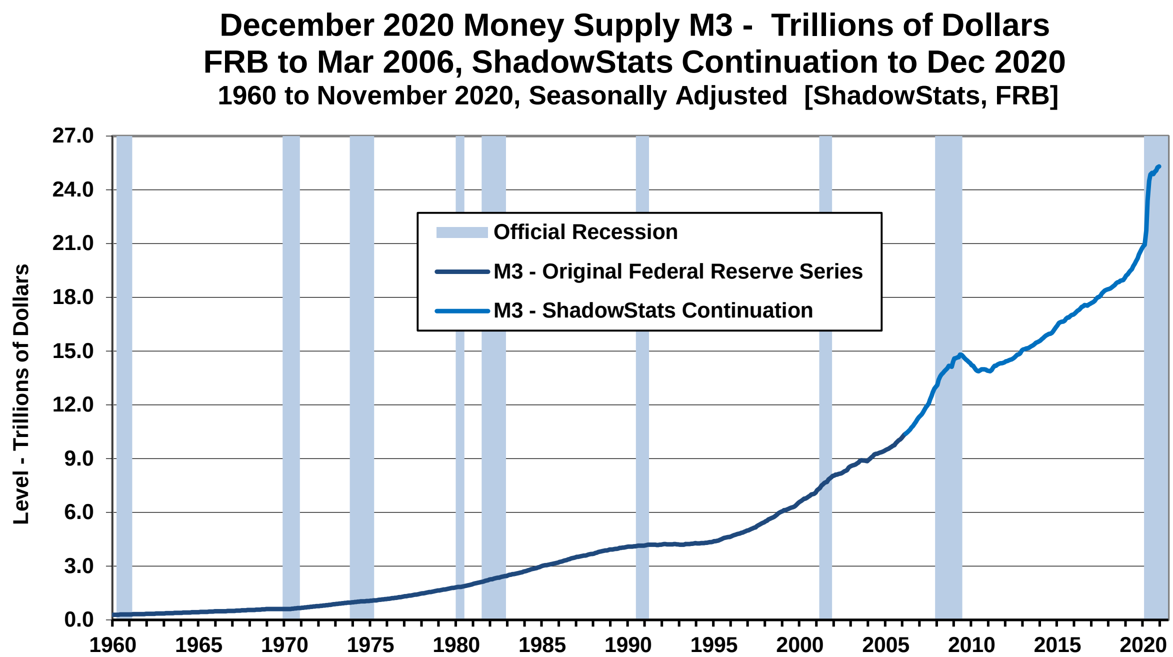
Graph 60: Traditional Money Supply M2 (1960 to December 2020)



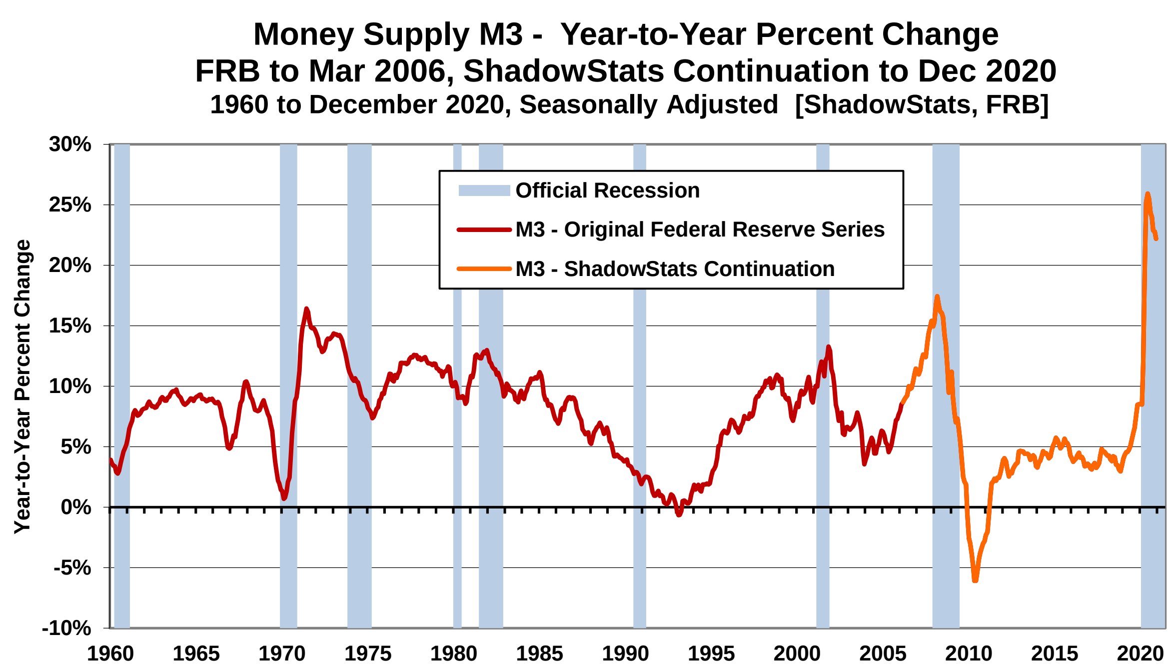
Graph 61: Traditional Money Supply M2 Year-to-Year Change (1960 to December 2020)



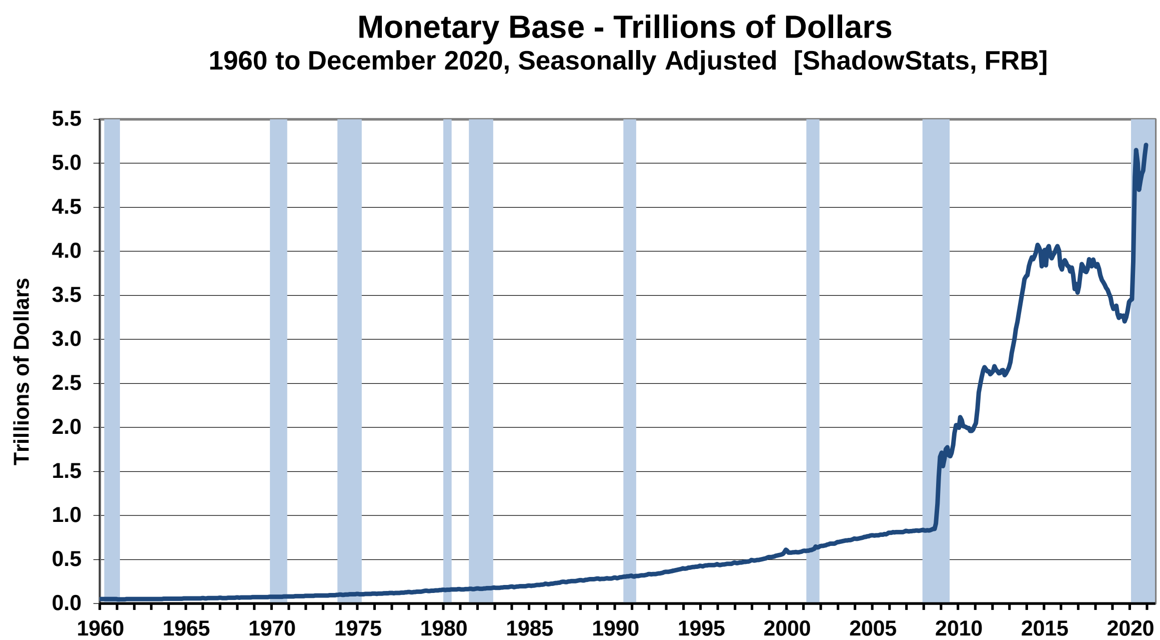
Graph 62: ShadowStats Ongoing Money Supply M3 Estimate (1960 to December 2020)



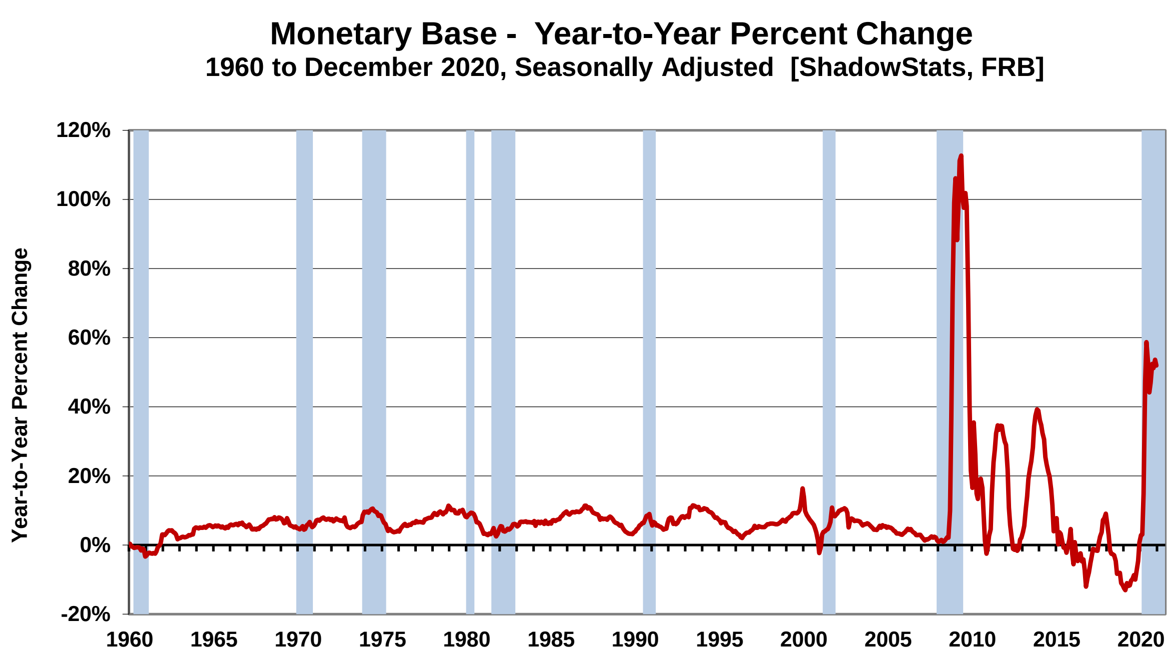
Graph 63: ShadowStats Ongoing M3 Estimate, Year-to-Year Change (1960 to Preliminary December 2020)



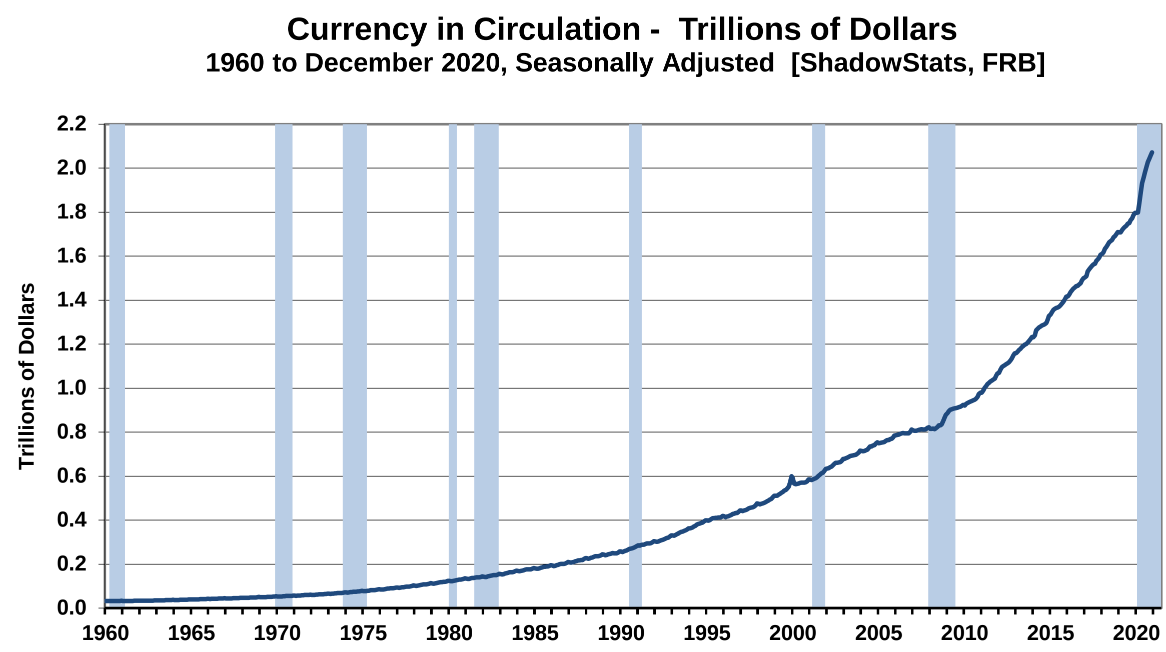
Graph 64: Monetary Base (1960 to December 2020 – All-Time High)



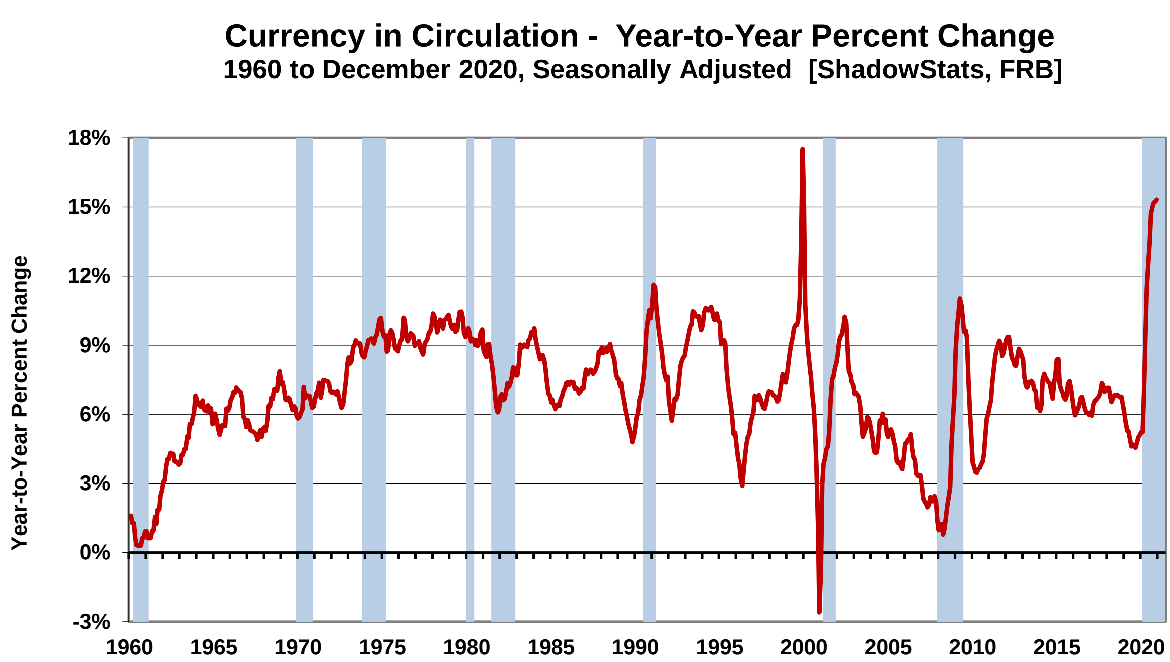
Graph 65: Monetary Base, Year-to-Year Percent Change (1960 to December 2020)



Graph 66: Currency in Circulation (1960 to December 2020)

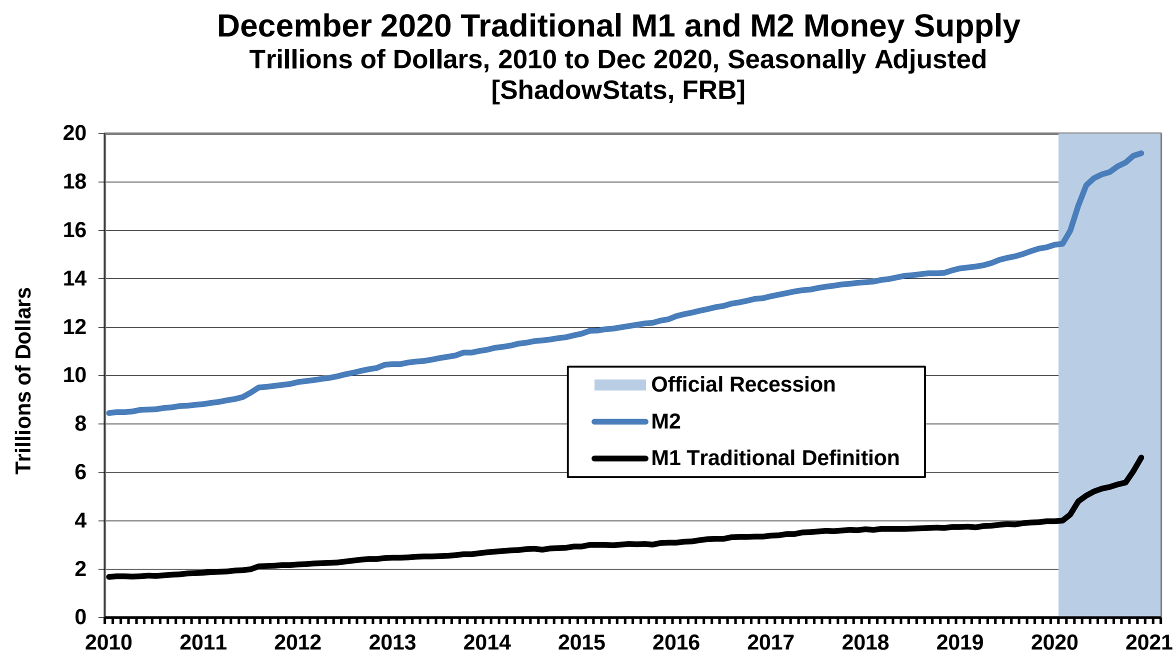


Graph 67: Currency in Circulation, Year-to-Year Percent Change (1960 to December 2020)

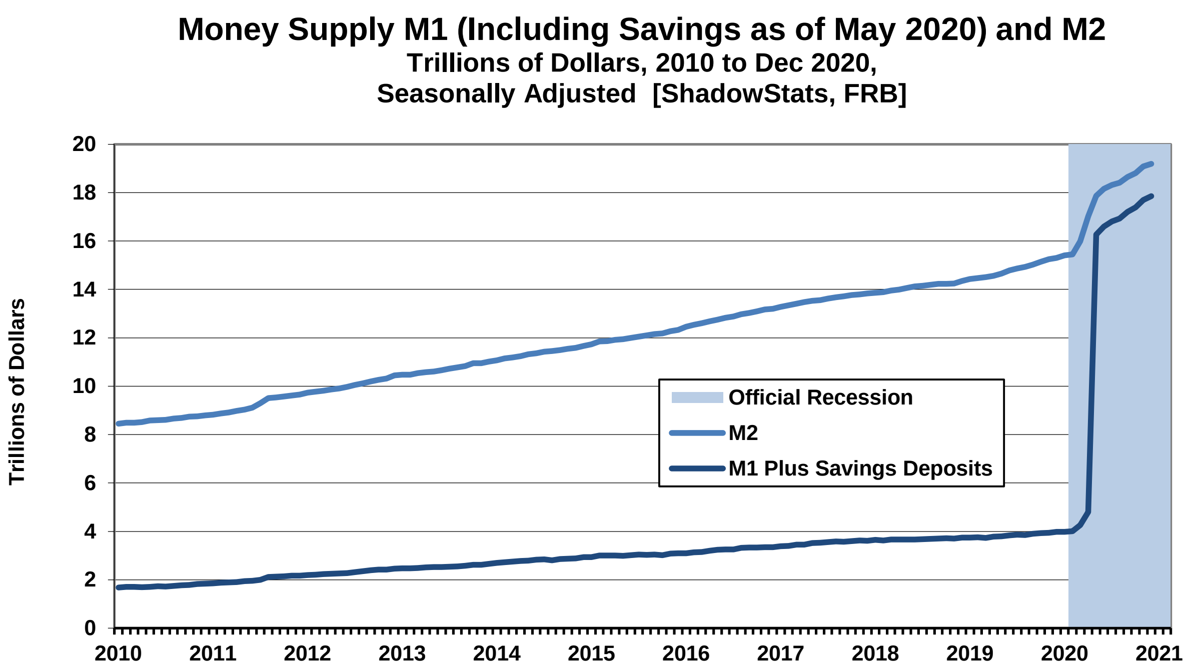


[Graphs 68 to 69 of the Pending, Redefined M1 and M2 Series follow on the next page.]

Graph 68: Traditional Money Supply M1 and M2 (1960 to Preliminary December 2020)



Graph 69: Redefined Money Supply M2 (1960 to Preliminary December 2020)



[Financial Market Graphs 70 to 78 begin on the next page.]

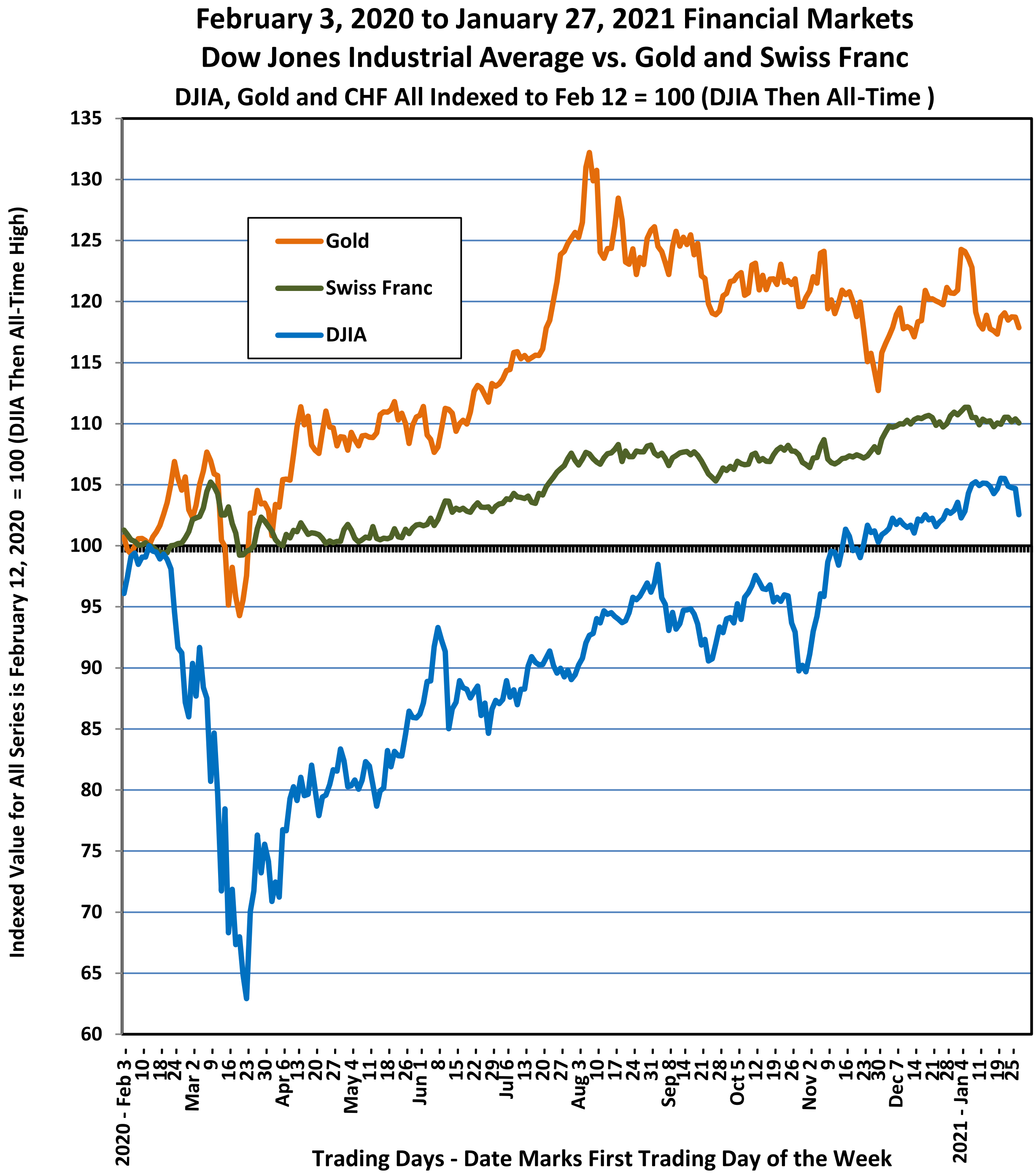
Section 9 - Financial Market Graphs Updated to January 27, 2021

Irrespective of Massive Economic Stimulus, Major Dollar Debasement Will Continue

Holding Physical Gold, Silver and the Swiss Franc Protect U.S. Dollar Purchasing Power

Collapsing Economic Activity Usually Is Not Long-Term Bullish for Equity Markets

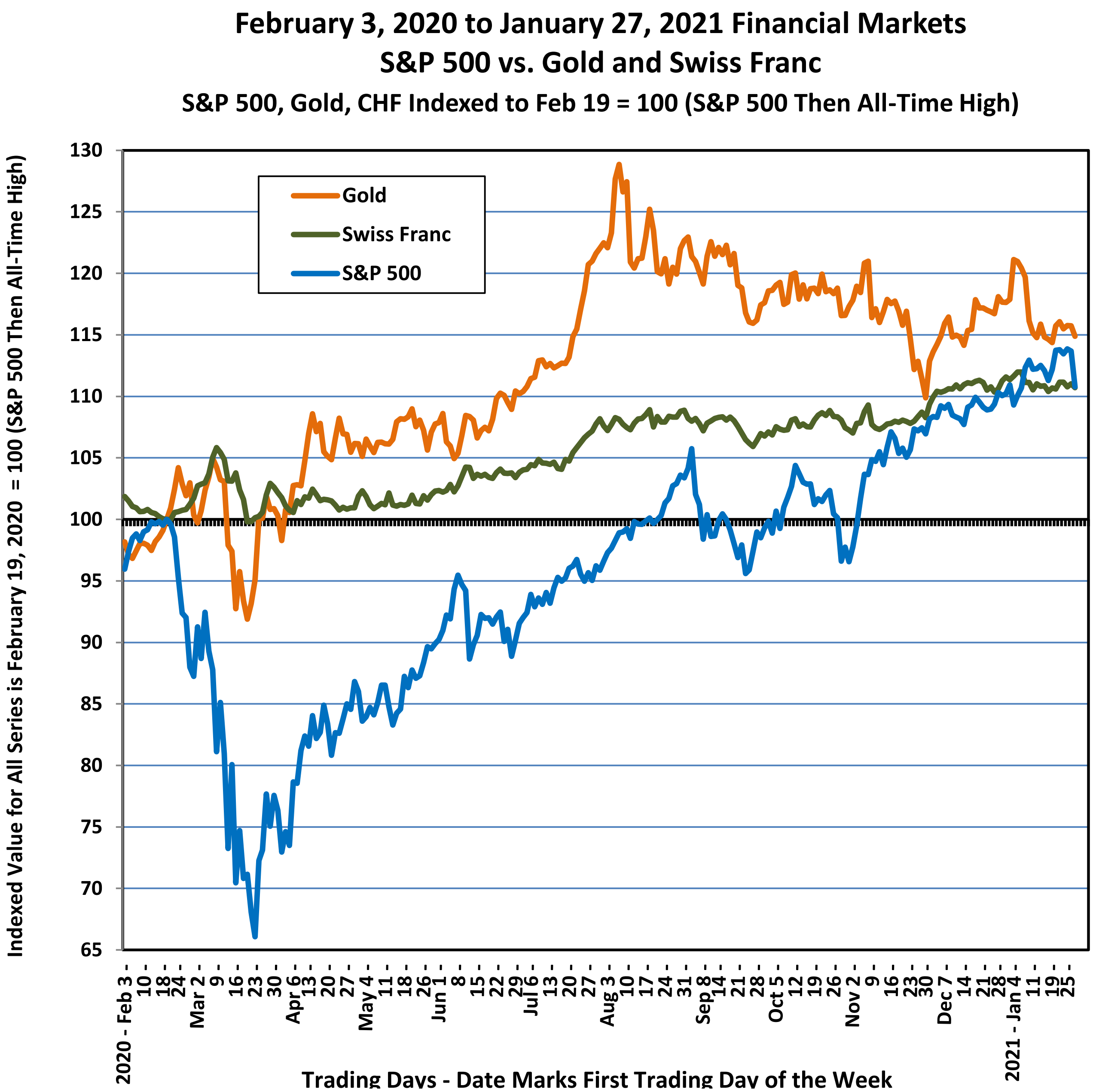
Graph 70: February 3, 2020 to January 27, 2021 Daily Financial Markets (Dow Jones Industrial Average)



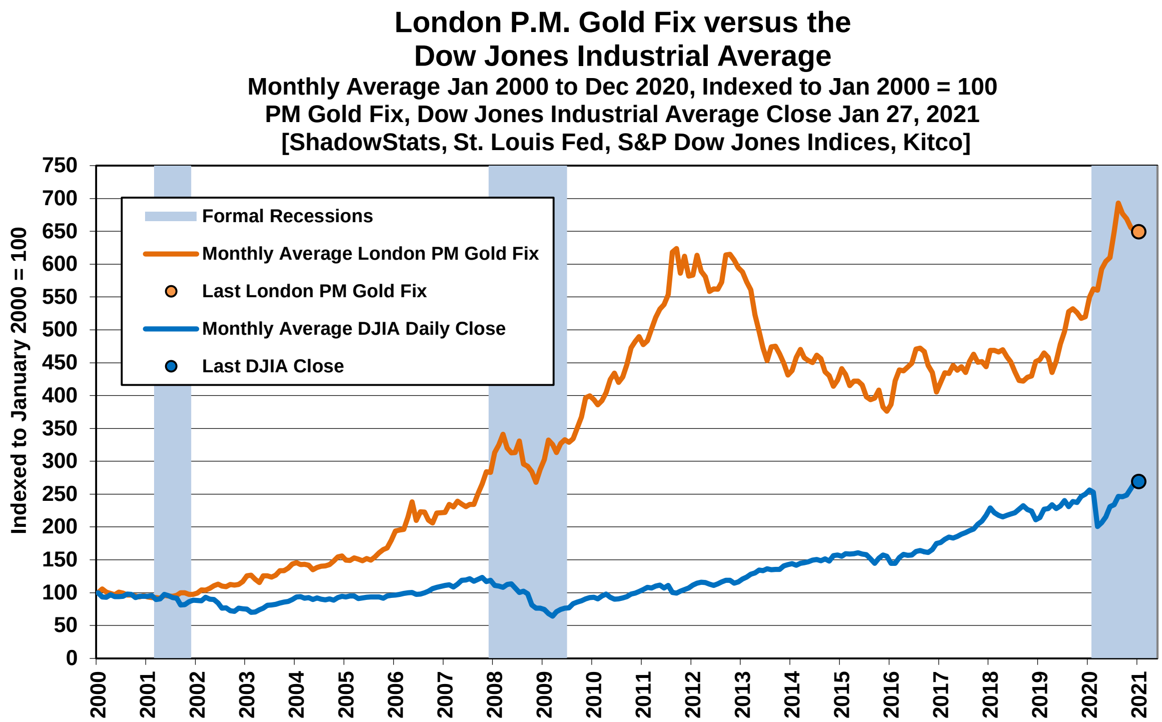
Off New Peaks, DJIA and S&P 500—Still Inconsistent With Horrific Economic Conditions

Graphs 70 and ***71*** plot the Dow Jones Industrial Average and the S&P 500 against Gold (London PM Fix, when available) and the Swiss Franc (CHF, 4 PM New York), with each instrument set equal to 100.0, coincident with the then pre-Coronavirus stock-market record closing highs in February 2020. Massive new fiscal and monetary stimuli loom for the United States economy and markets in the year ahead. Both Gold and the CHF should continue to help preserve the purchasing power of Investors' dollars. Where DJIA and S&P 500 pre-Pandemic peaks were a week apart, indexing of the pre-Pandemic peak close, and same-day Gold and Swiss Franc all to 100, varies slightly between the graphs. Extended review of potential U.S. economic, inflation and financial-market conditions (including interest rates, equities and precious metals), follows in the pending ***ShadowStats Benchmark Economic Commentary.***

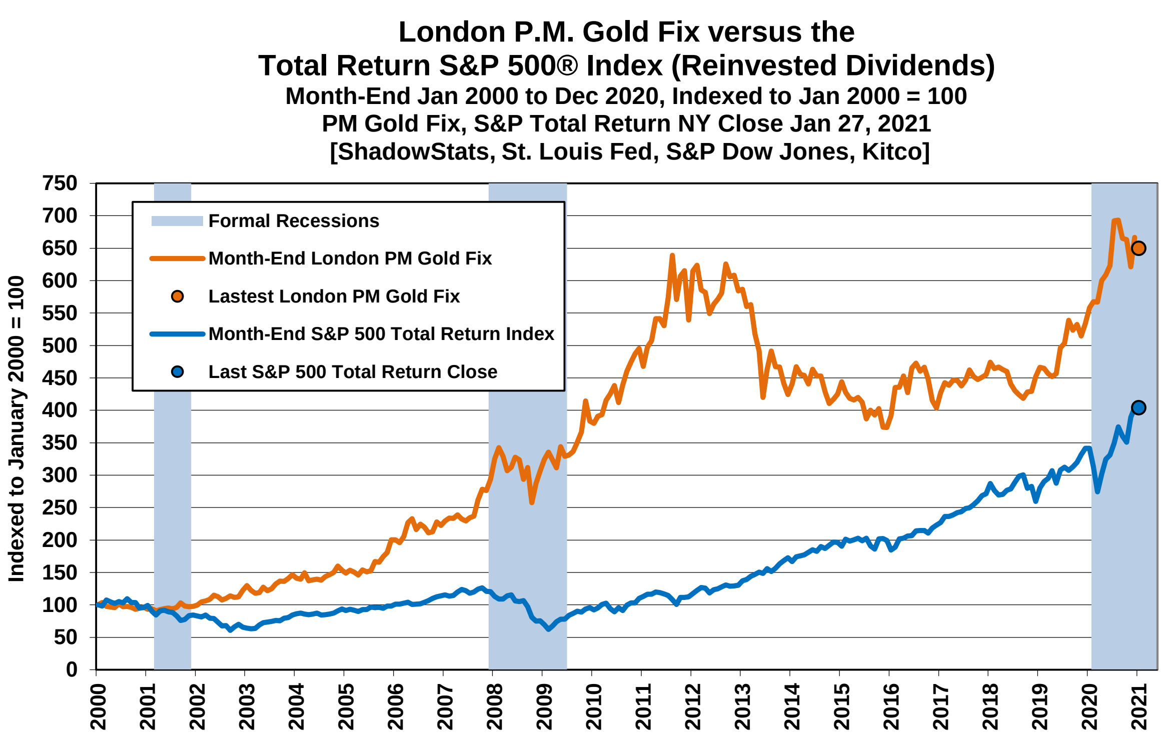
Graph 71: February 3, 2020 to January 27, 2021 Daily Financial Markets (S&P 500)



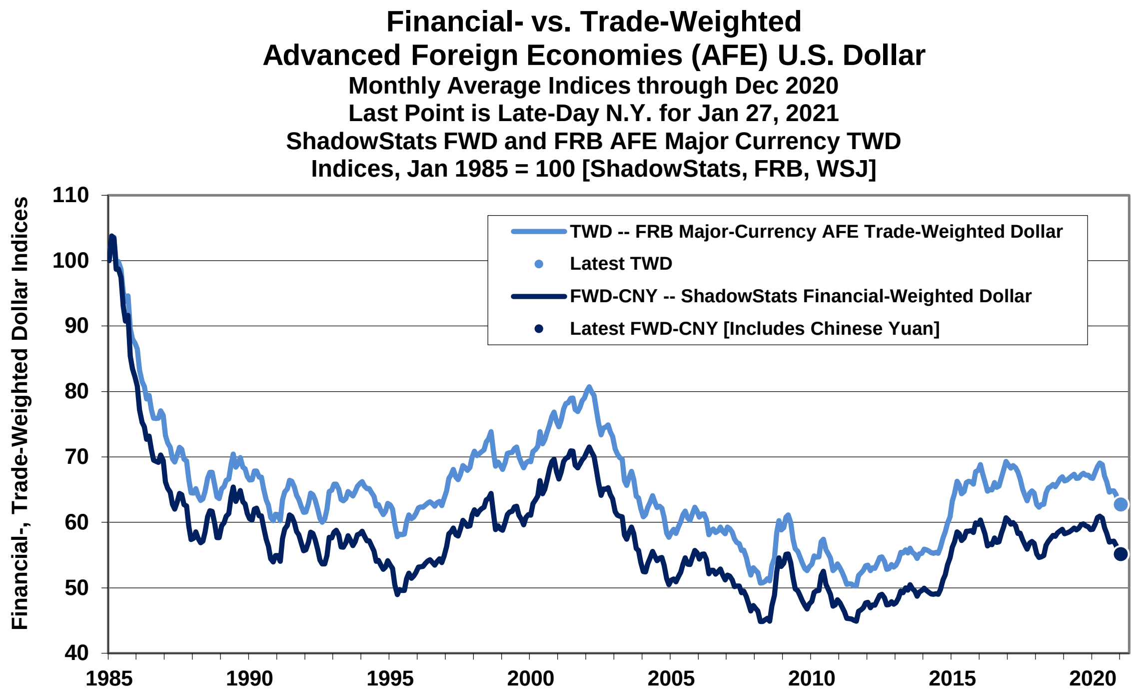
Graph 72: Dow Jones Industrial Average versus Gold (Monthly Average and Latest)



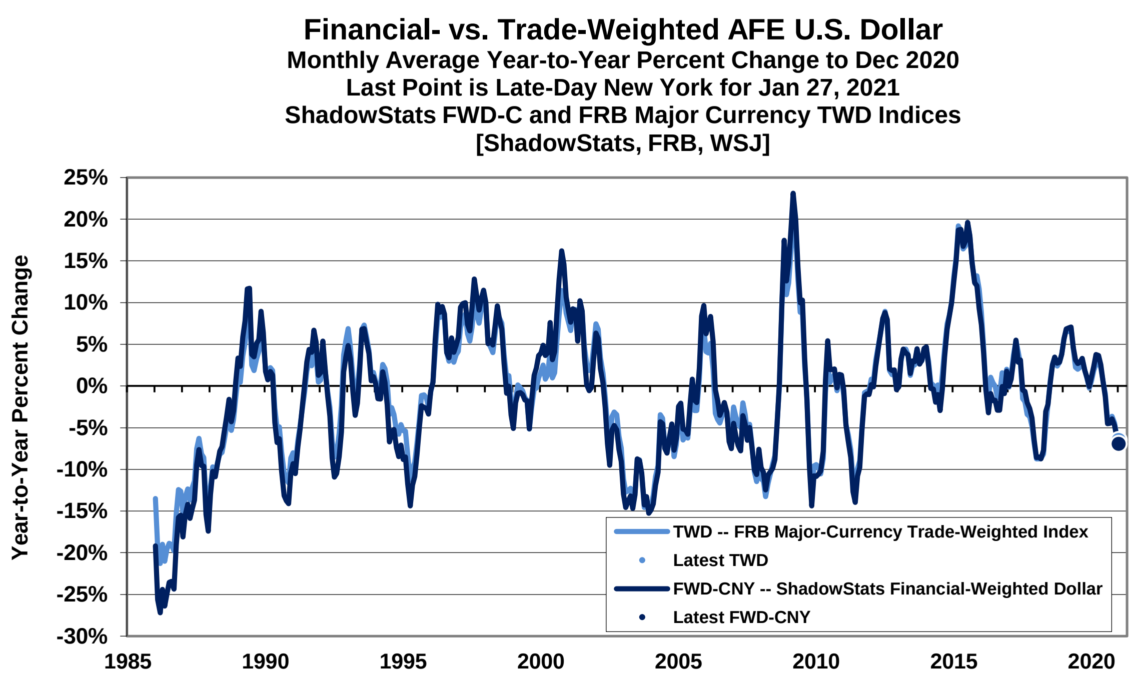
Graph 73: Total Return S&P 500® versus Gold (Month-End and Latest)



Graph 74: U.S. Financial- vs. Trade-Weighted U.S. Dollar

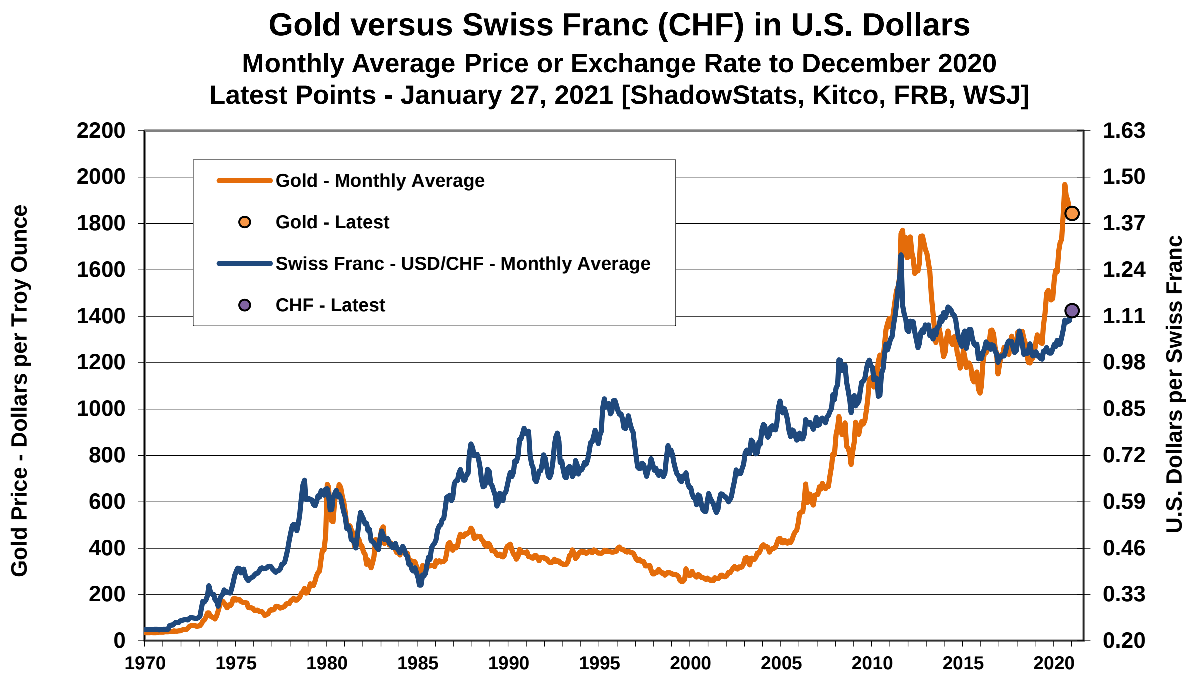


Graph 75: U.S. Financial- vs. Trade-Weighted U.S. Dollar, Year-to-Year Change

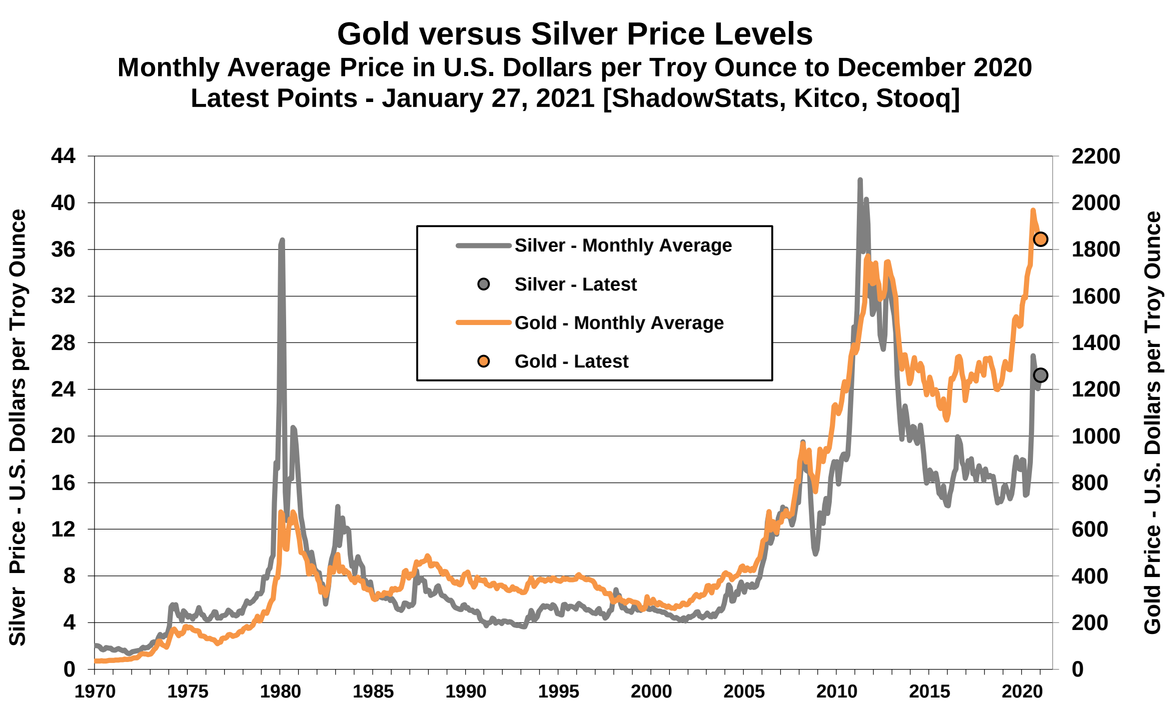


See the **Trade-/Financial-Weighted U.S. Dollar** ***ALTERNATE DATA*** tab at ***www.ShadowStats.com***.

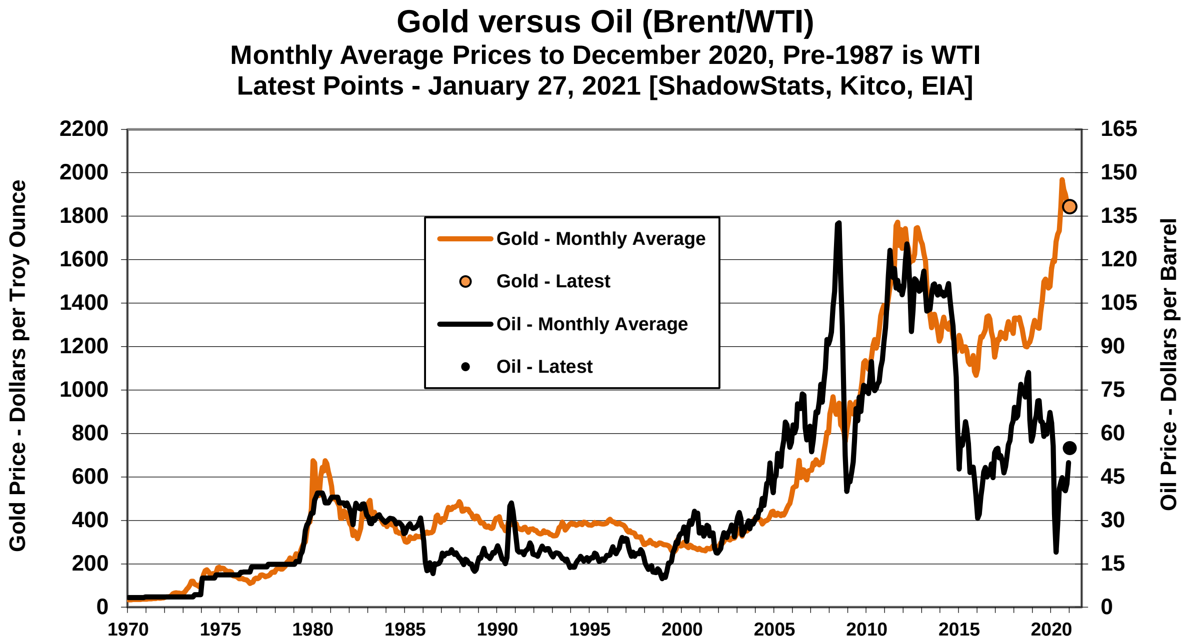
Graph 76: Gold versus Swiss Franc



Graph 77: Gold versus Silver



Graph 78: Gold versus Oil



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