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

## ShadowStats Special Economic Commentary, Issue No. 1444

**Unfolding Economic Collapse and Mounting Risks of Hyperinflation**

**July 29, 2020**

---

**FOMC Continues to Hold Its Extraordinary Interest-Rate and Liquidity Policies in Place for Duration of the Pandemic-Disruption, Amidst Signs of Renewed Slowing in Economic Activity**

**Exploding Gold and Silver Prices, and a Weakening U.S. Dollar Are Sounding the Hyperinflation Klaxon**

**Major Inflation and Systemic Instabilities Lie Ahead**

**Reporting of Deepest-Ever GDP Decline Looms on July 30th**

**Annualized 49.1% (-49.1%) Quarterly Plunge in Household Survey Employed Was Consistent With a Real Second-Quarter 2020 GDP Annualized Collapse of 50% (-50%) and Year-to-Year Drop of 16.1% (-16.1%)**

**Potential Third-Quarter 2020 GDP Annualized 20% Rebound Still Would Be Down 12.7% (-12.7%) Year-to-Year, Rivaling Great Depression Depths and Post-World War II Readjustment**

**Economic Recovery Will Be Protracted**

**Not Credible! June Real Retail Sales Recovered Pre-Pandemic Levels, Contrary to Better-Quality Numbers; Yet Second-Quarter Real Sales Still Fell at an Annualized 24.2% (-24.2%) Pace**

**June Cass Freight Index® Fell 17.8% (-17.8%) Year-to-Year, Its 19th Consecutive Annual Decline**

**Second-Quarter Industrial Production Annualized Plunge of 42.6% (-42.6%) Was Worst Since the Post World-War II Production Readjustment**

---

## Contents – Special Economic Commentary (Issue No. 1444)



---

# ShadowStats Ongoing Outlook and Background Information

[Please Note: Prior ***Flash Commentary, Issue No. 1443*** previewed elements of today's ***Economic Commentary, Issue No. 1444***. Previewed as ***Surging Gold and Silver Prices Signal Inflation Fears***, today's ***Record Gold Price Forewarns of Surging Inflation Risk*** (page 8), has been updated. Other than for minor revisions, though, the text and graphs of ***Pending Record GDP Plunge in Second-Quarter GDP*** (beginning on page 8 through ***Graph 8*** on page 15) are as previously published, but with supplemental new material following in ***Latest Estimates of Initial Second-Quarter 2020 GDP Reporting*** beginning on page 16. All other material in today's ***Commentary*** is new or otherwise updated from prior writings or graphs, in order to reflect the latest circumstances.]

**Ongoing ShadowsStats Outlook: Economic and Systemic Crashes Should Intensify, Continuing to Move Towards a Hyperinflationary Economic Collapse.** FOMC monetary and U.S. Government fiscal policies, and economic, financial-market, political and social circumstances continue to evolve along with the Coronavirus Pandemic, but the evolving broad ShadowStats Outlook has not changed meaningfully. Unfettered money creation and eventual U.S. Dollar hyperinflation, continue to unfold in the context of an economy already in the midst of unprecedented collapse and accelerating U.S. Dollar debasement, against precious metals—gold and silver—and in the global currency markets.

Systemic turmoil likely is just beginning, with the Federal Reserve and the U.S. Government driving uncontrolled U.S. dollar creation. Monthly year-to-year growth in the domestic Money Supply continues to soar, setting successive monthly record highs up through the latest June 2020 reporting (see ***Updated Monetary Conditions*** on page 25, with extended background discussion in ***Special Hyperinflation Commentary, Issue No. 1438*** and ***Flash Commentary, Issue No. 1440***). Conditions continue to be exacerbated by the ongoing Pandemic-induced economic shutdown/collapse, which faces a troubled and much slower than commonly hyped or hoped for economic rebound, as partially confirmed by Federal Reserve Chairman Jerome Powell at his July 29th FOMC Press Conference.

Today's ***Economic Commentary, Issue No. 1444*** fully updates the economic outlook for tomorrow's July 30th release of Second-Quarter 2020 GDP, incorporating the latest headline economic numbers, along with the nature of likely downside GDP historical benchmark revisions, coincident with the initial second-quarter GDP reporting.

***Irrespective of Any Short-Lived Central Bank Interventions to Suppress the Gold Price, Gold Will Protect the Long-Term Purchasing Power of Invested U.S. Dollars.*** The upside movement in Gold and Silver prices has accelerated, with the Gold price at or near a record high in recent days. The markets have seen increasingly unrestrained money creation and mounting inflation risks, where the Federal Reserve's post-Pandemic monetary policies have driven continual, record monthly surges in annual growth for the Money Supply M1, M2 and the Ongoing ShadowStats M3 money stock measures through June. The latest market conditions are reflected in ***Updated Financial Market Graphs*** (beginning on page 54).

Central Banks and Treasury Departments—particularly the dollar-based U.S. Federal Reserve and the U.S. Treasury—abhor surging gold prices. Financial-market flight-to-safety in the precious metals is a circumstance that signals serious Fed and/or U.S. Treasury malpractice and mismanagement of monetary and/or fiscal policy. At present, both the Fed and the Treasury are running panicked, with their respective policies out of control (see ***Special Hyperinflation Commentary, Issue No. 1438***). That said, such also is an environment where those institutions may intervene, temporarily, to suppress or to attempt to slow, the warning siren of rising gold prices. Yet, where neither institution at present has politically practical, alternative approaches to current monetary and fiscal policies, any market interventions seen should be fleeting and remain of temporary, short-lived impact.

With some evolution, 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 recovery, reflected in
- Continued flight to safety in precious metals, with accelerating upside pressures on gold and silver prices,
- Mounting selling pressure on the U.S. dollar, against the Swiss Franc, and
- Despite recent extreme Stock Market volatility, continuing high risk of major instabilities and 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"), 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.**

**John Williams (707) 763-5786, johnwilliams@shadowstats.com**

---

**For the Benefit of Subscribers: New Circumstances, Breaking News and Schedule Changes Are Highlighted in the *Daily Update*.** Rapidly shifting headlines, reporting details, intervening events, unusual developments in the markets, with the FOMC or the economy, and ShadowStats scheduling—all are covered in the ***Daily Update*** section of the ***ShadowStats Home Page***. For example, an initial assessment of headline details and any unusual twists in regular economic reporting always is highlighted in the ***Daily Update***, usually within a couple hours of the reporting authority posting its economic release.

For recent economic and the latest market and systemic assessments, see ***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), ***Flash Commentary, Issue No. 1440*** (FOMC and Inflation) and ***Economic Commentary, Issue No. 1441*** (Economic Update), ***Flash Commentary, Issue No. 1442*** (Gold, Money Supply GDP) and ***Flash Commentary, Issue No. 1443*** (GDP and Gold). Today's ***Economic Commentary, Issue No. 1444*** fully updates the economic outlook for the Second-Quarter 2020 GDP, incorporating the latest headline monthly economic reporting. It also looks at the latest systemic, economic and financial-system disruptions, particularly as reflected in the price of gold.

---

# Opening Financial-Market Comments

## July FOMC Continued Pandemic-Shutdown Emergency Policies for the Duration

## Fed Funds Held at 0.00% to 0.25%

### Expansive Money Supply and Liquidity Policies Continue

## Record Gold and Surging Silver Prices Forewarn of Inflation Risk and Potential Systemic Instabilities

## U.S. Trade- and Financial-Weighted Dollars Turn Increasingly Negative

### Time to Sound the Hyperinflation Klaxon?

**Gold and Silver Prices Hit Record or Near Multi-Year Highs as the U.S. Dollar Turned Increasingly Negative Year-to-Year—Mounting Inflation Fears Are a Primary Driving Factor.** Discussed in ***Special Hyperinflation Commentary, Issue No. 1438*** (Risks of a Hyperinflationary Economic Collapse), a rising gold price tends to lead a pick-up in inflation**.** In the context of soaring gold and silver prices and a weakening U.S. dollar, those mounting inflation concerns have been generated by explosive, uncontrolled Money Supply creation by the Federal Reserve, and by soaring, uncontrolled Deficit Spending by the Federal Government. Those official acts of U.S. dollar debasement were designed to prevent or to mitigate systemic, economic and financial-market collapse, in the wake of the Coronavirus-Pandemic shutdown of the economy and regular social functioning in the United States.

At today's Press Conference, Chairman Powell reassured those fearing inflation that oil prices (as in the recent Oil-Price War) would keep it contained, yet oil prices have started to move higher, while Money Supply annual growth (see ***Graph 17***) has soared to unprecedented, record levels, consistent with movement in the gold price.

***Oil Prices Have a Relatively Short Lead-Time to Inflation; Money Supply Impact Is Longer Term.*** In the wake of today's July 29th FOMC announcements, New York gold and silver prices continued to rally, closing at a respective record-high of $1,970.90 and near a multi-year high of $24.89 per troy ounce (see ***Graphs 63* to *70*** beginning on page 54. Again, with gold up about 40% year-to-year, that is pretty close to the unprecedented annual gain seen in June 2020 Money Supply M1 of 37% (see ***Graph 17***). Consider the expanded inflation story as laid out in ***Underlying Inflation Reality***, particularly in the context of ***Graphs 14*** and ***15*** there.

***Increasing Flight from the U.S. Dollar Exacerbates the Domestic Inflation Risks.*** The mounting flight from the U.S. dollar into precious metals also has been mirrored in intensified U.S. Dollar weakness in the foreign exchange markets, creating upside domestic inflation pressures from the rising cost of imported goods. The ***ShadowStats Financial-Weighted U.S. Dollar*** turned negative year-to-year in June 2020, with the ***Federal Reserve's (AFE) Trade-Weighted U.S. Dollar*** dropping to flat year-to-year change in June, with both measures turning sharply negative year-to-year into July 2020 trading, to date, for the first time in two years. The variety of factors at play here range from impaired economic activity, media-hyped mounting political instabilities, as well as to the rapidly accelerating physical debasement of the U.S. currency from the Pandemic-induced monetary and fiscal policy excesses.

The general concept behind a financial- or trade-weighted currency index is to provide an overall measure of a nation's relative currency performance, based on component currencies weighted for respective financial-market or trade volume between the involved countries.

The Shadow Government Statistics' Financial-Weighted U.S. Dollar index (FWD) provides a dollar measure that is weighted for the volume of global currency trading patterns, in contrast to the Federal Reserve's AFE Trade-Weighted Dollar (TWD) index with its components weighted for trading volume in goods and services. While the financial-weighted and trade-weighted indices have similar components, but different weightings, they still are highly correlated, as would be expected. Nonetheless, the differences between the series have implications for financial market activity, with the current currency-volume weighting (incorporates financial flows), suggesting somewhat weaker annual change in the weighted U.S. Dollar, than the trade-volume weighting (see ***Graphs 66*** and ***67*** on page 56).

Details on the latest numbers and related graphs follow in the ***June 2020 Inflation*** section beginning page 27, the ***Updated Monetary Conditions*** section beginning page 25 and the ***Updated Market Graphs to July 29, 2020*** beginning page 54. Also, see extended prior discussions in ***Special Hyperinflation Commentary, Issue No. 1438***, ***Flash Commentary, Issue No. 1440*** and ***Flash Commentary No. 1442***.

## Subscriber Comments: Time to Sound the Hyperinflation Klaxon?

**Recent Subscriber Comments Have Ranged from "Where's the Hyperinflation?" to "Literal Cost of Living" and "It's Time to Sound the Hyperinflation Klaxon!"** ShadowStats invites and welcomes Subscriber observations and comments (see details at the end of these ***Opening Comments*** on page 15). I have had several particularly interesting communications from subscribers in the last couple of weeks, which will be laid out and discussed in the next ***Commentary*** or so, where I shall introduce a regular column for ***Subscriber Questions and Comments***. One query effectively as to "Where's the Hyperinflation" led to my earlier comments as to the varying leading relationships of oil and gold prices to the CPI. Another offered some unique insights into elements of the Weimar Republic Hyperinflation, from new subscriber in Germany. Separately, a long-time subscriber has been reviewing real world circumstances and concluded that the time was at hand to sound the Hyperinflation Klaxon, a warning siren that catches your attention. Indeed, that time appears to be upon us, but the Klaxon already has been sounded—if you recognize it— by the explosive increase in the gold price. These areas all will be expanded upon in the near future.

## Opening Comments on the Economic Outlook

[**Please Note:** Prior ***Flash Commentary, Issue No. 1443***, previewed today's text and graphs of ***Pending Record GDP Plunge in Second-Quarter GDP*** (pages 10 through 15, including ***Graphs 1*** to ***8***). The subsequent section ***Latest Estimates of Initial Second-Quarter 2020 GDP Reporting*** is completely new and begins on page 16.]

## Pending Record GDP Plunge in Second-Quarter GDP

### Economic Conditions Continue to Falter

### Some Rebound in Third-Quarter, With a Very Slow, Protracted Recovery Ahead

**Headline Second-Quarter 2020 GDP Will See Collapsing Quarterly and Annual Real Gross Domestic Activity, Followed by Some Third-Quarter Rebound in a Relatively Flat Recovery.** The best coincident indicator I have found for the quarterly Gross Domestic Product (GDP), the theoretical broadest measure of U.S. Economic Activity, is the Bureau of Labor Statistics' (BLS) Household Survey of "employed" individuals.

***Tables I and II: Second-Quarter 2020 Annualized and Annual Counts of Employed and GDP Implications***

**Table I: Annualized Quarter-to-Quarter Percent Change in Headline Employed Count versus Real GDP**

| Quarter | Household Survey Count of Employed[1] | Headline Real GDP |
|---|---|---|
| 3q2019 | 2.4% | 2.1% |
| 4q2019 | 2.0% | 2.1% |
| 1q2020 | -4.7% | -5.0% |
| 2q2020 | -49.1% | -50.0%[2] |

[1] Prepared using consistent monthly and quarterly reporting.
[2] ShadowStats Estimate based on Household Survey employed count.

Sources: ShadowStats, BLS, BEA

**Table II: Year-to-Year Percent Change in Headline Employed Count versus Real GDP**

| Quarter | Household Survey Count of Employed[1] | Headline Real GDP |
|---|---|---|
| 3q2019 | 1.4% | 2.0% |
| 4q2019 | 1.6% | 2.3% |
| 1q2020 | 0.0% | 0.3% |
| 2q2020 | -15.6% | -16.1%[2] |

[1] Prepared using consistent monthly and quarterly reporting.
[2] ShadowStats Estimate based on Household Survey employed count.

Sources: ShadowStats, BLS, BEA

***Tables I*** and ***II*** show the "employed" activity versus headline GDP activity into First-Quarter 2020. The GDP numbers are as headlined, the employed are corrected/adjusted for the formal BLS undercounts of

"Unemployed" in 2020 surveying, on top of annual adjustments to the BLS population estimates at the end of each calendar year.

Based on the "employed" indicator, headline Second-Quarter 2020 GDP should show an annualized real quarterly contraction of about 50% (-50%), down year-to-year by about 16% (-16%), which effectively would wipe out all the headline GDP growth since the Great Recession economic recovery (see ***Table III***). Keep in mind that the collapse here was forced by a Pandemic shutdown, not otherwise by collapsing economic activity, which earlier had been driven by FOMC tightening.

***ShadowStats*** estimates in that circumstance that Third- and Fourth-Quarter activity, respectively, could rebound by annualized quarterly GDP growth of 20% and 5% (see ***Table III***), where the greatest-ever 20% gain would be released in late-October, just six days before the November 3rd Presidential Election. Annual growth rates would hold in annual decline respectively of about 12.0% (-12.0%) and 12.7% (-12.7%), a flat, not V-shaped recovery.

Consensus forecasts are suggesting a Second-Quarter 2020 annualized decline in the range of 30% (-30%) to 35% (-35%), where a Third-Quarter 2020 bounce-back would tend to be weaker, in aggregate than the ShadowStats estimate, with real annual declines of around 9% (-9%) to 10% (-10%).

All that said, the BEA has the flexibility with its surveying and underlying assumptions, in current circumstances to bring in the GDP reporting much stronger than consensus estimates, if it so chooses.

***Table III: ShadowStats GDP Forecasts***

**Table III:**
**Real U.S. Gross Domestic Product**
**Annualized and Year-to-Year**
**Quarterly Growth, Seasonally Adjusted**

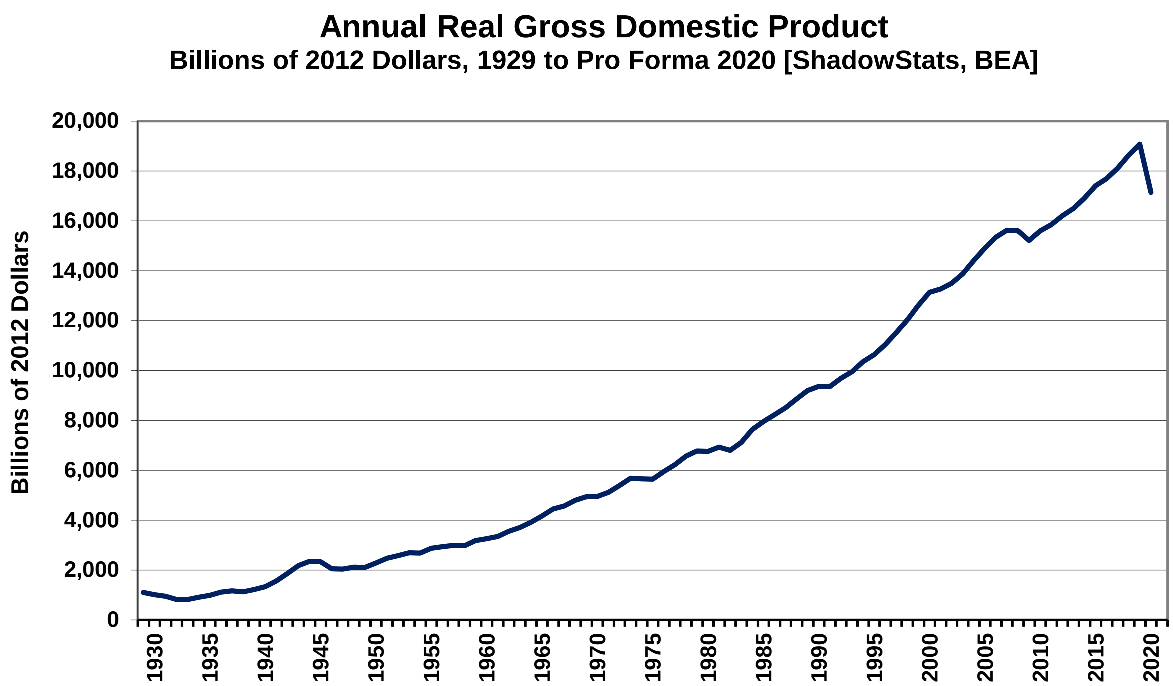
| Quarter | Q/Q | Y/Y |
|---|---|---|
| 1q2019 | 3.1% | 2.7% |
| 2q2019 | 2.0% | 2.3% |
| 3q2019 | 2.1% | 2.1% |
| 4q2019 | 2.1% | 2.3% |
| 1q2020 | -5.0% | 0.3% |
| 2q2020 f | -50.0% | -16.1% |
| 3q2020 f | 20.0% | -12.7% |
| 4q2020 f | 5.0% | -12.0% |

**f - ShadowStats forecast**
**Sources: ShadowStats, BEA**

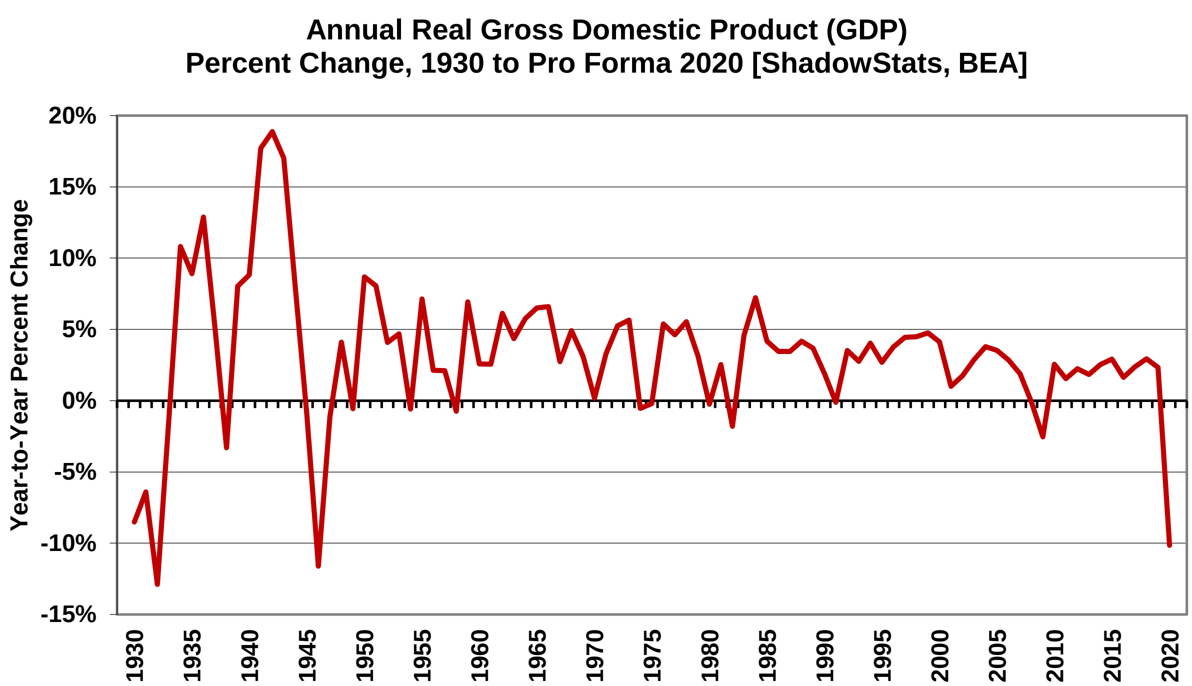
Please Note: ***Graphs 1*** to ***8*** plot the ShadowStats GDP forecasts. The plots reflect headline GDP quarterly and annual data through First-Quarter 2020; Annual 2020 and Second- to Fourth-Quarter 2020 numbers are ShadowStats forecasts (see ***Table III***), as discussed in this section.

***Graph 1: Full Historical Series, Annual Real GDP to Date and ShadowStats Forecast for Full-Year 2000***

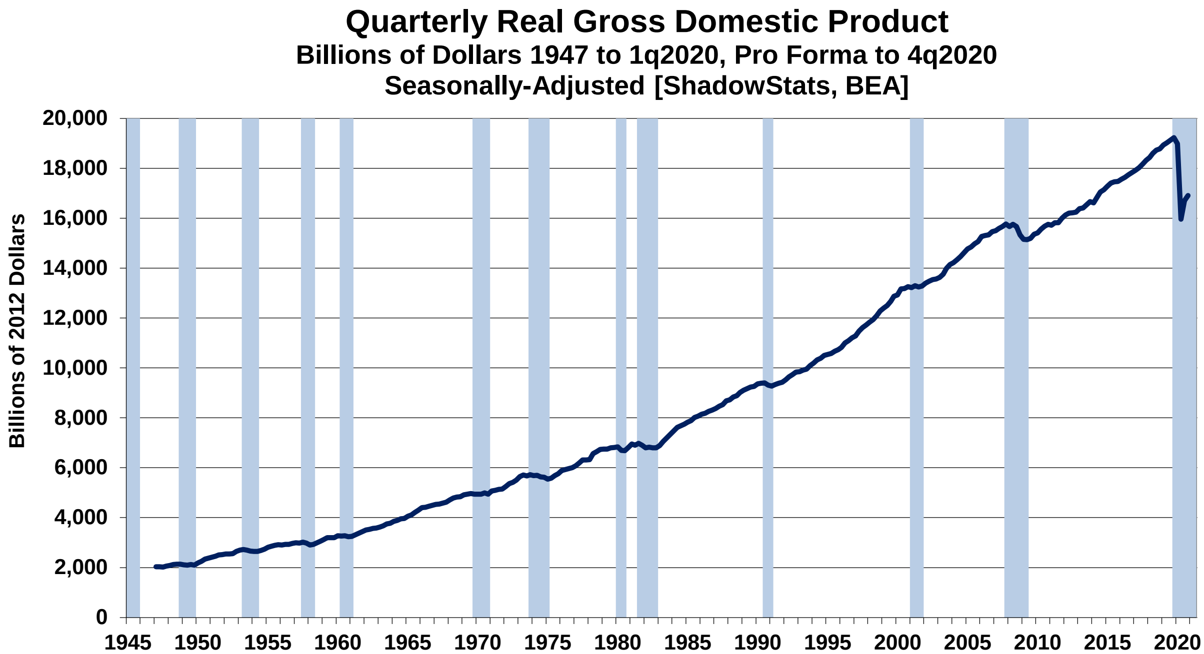



***Graph 2: Full Historical Series, Annual Real GDP Growth to Date and ShadowStats Forecast for Full-Year 2000***

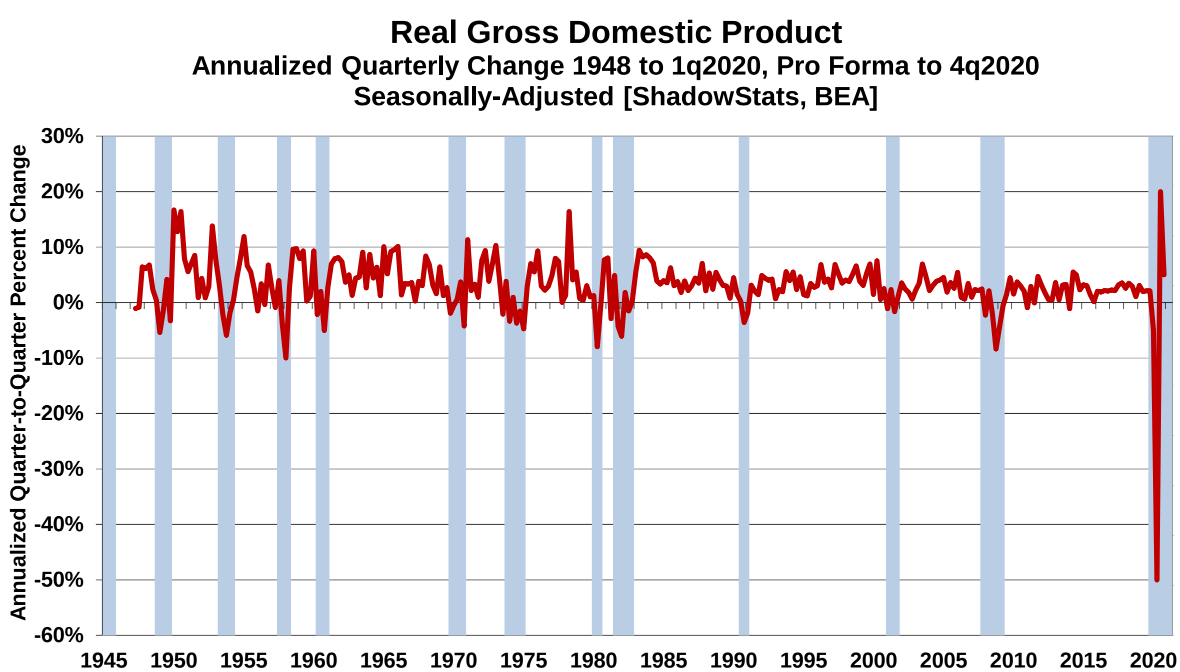


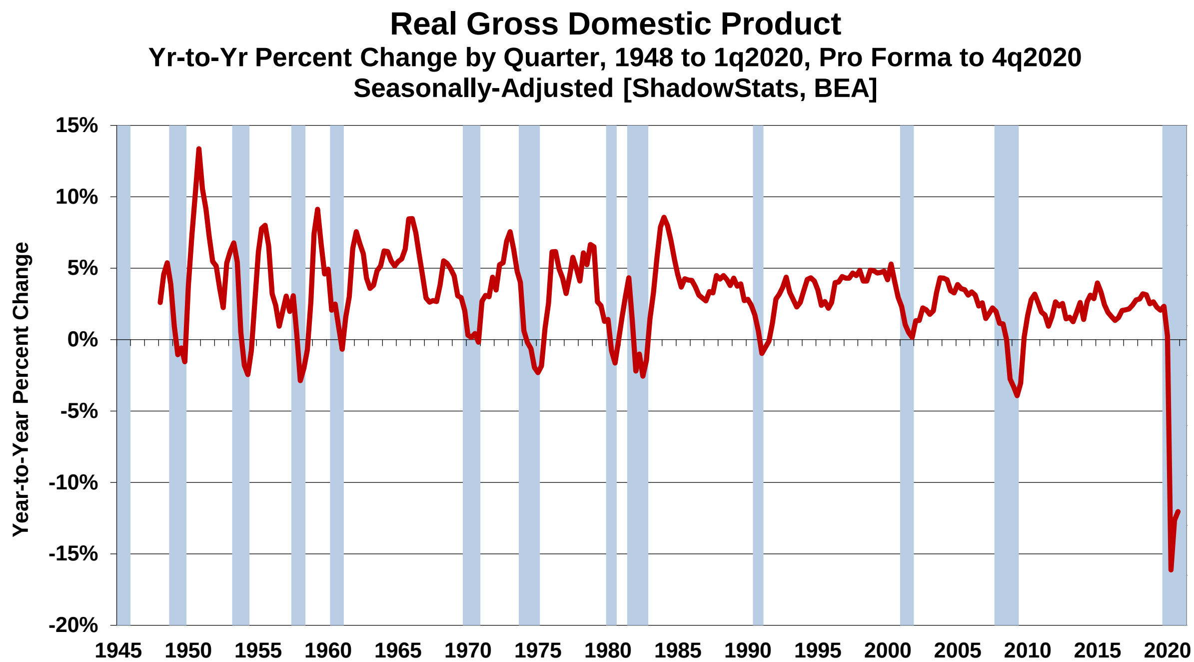
***Graph 3: Full Historical Series, Quarterly Real GDP to 1q2020 and ShadowStats Forecast to 4q2020***



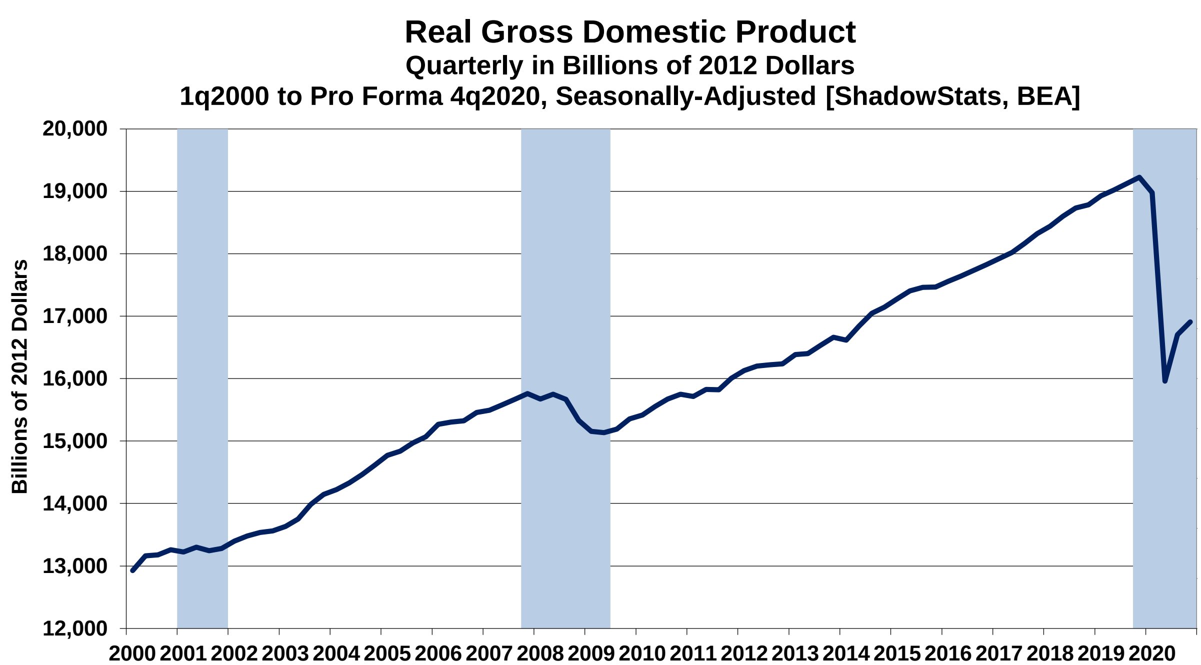

***Graph 4: Annualized Quarterly Real GDP Growth to 1q2020 and ShadowStats Forecast to 4q2020***



***Graph 5: Year-to-Year Quarterly Real GDP Growth to 1q2020 and ShadowStats Forecast to 4q2020***

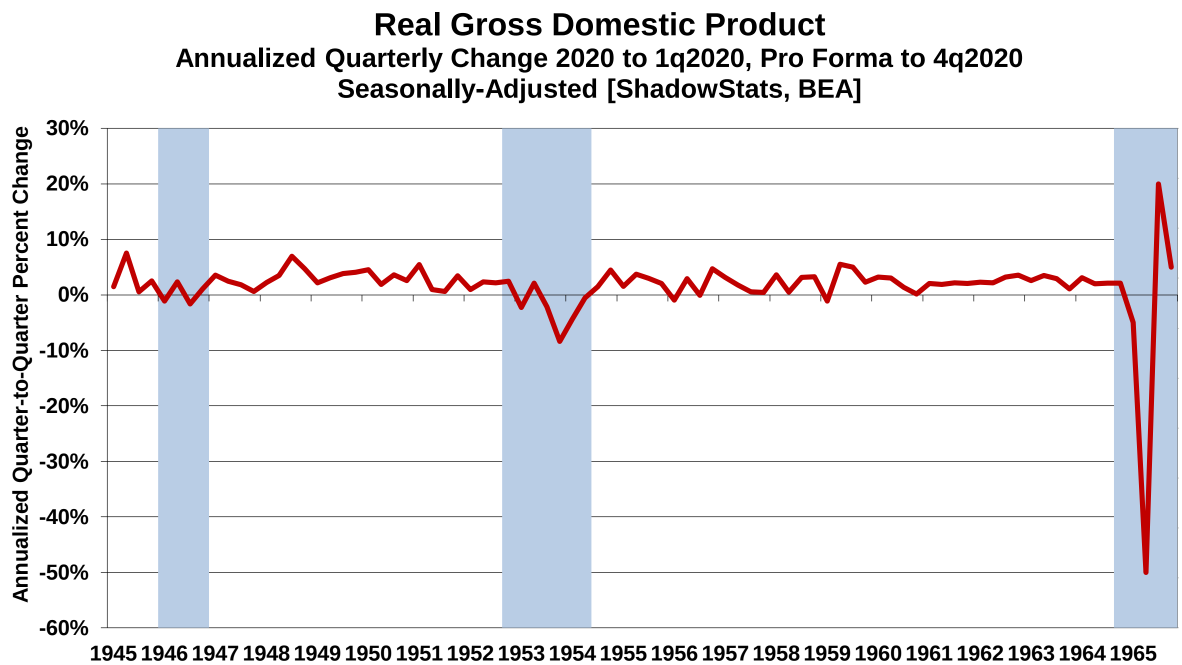



***Graph 6: Quarterly Real GDP, 2000 to 1q2020 and ShadowStats Forecast to 4q2020***

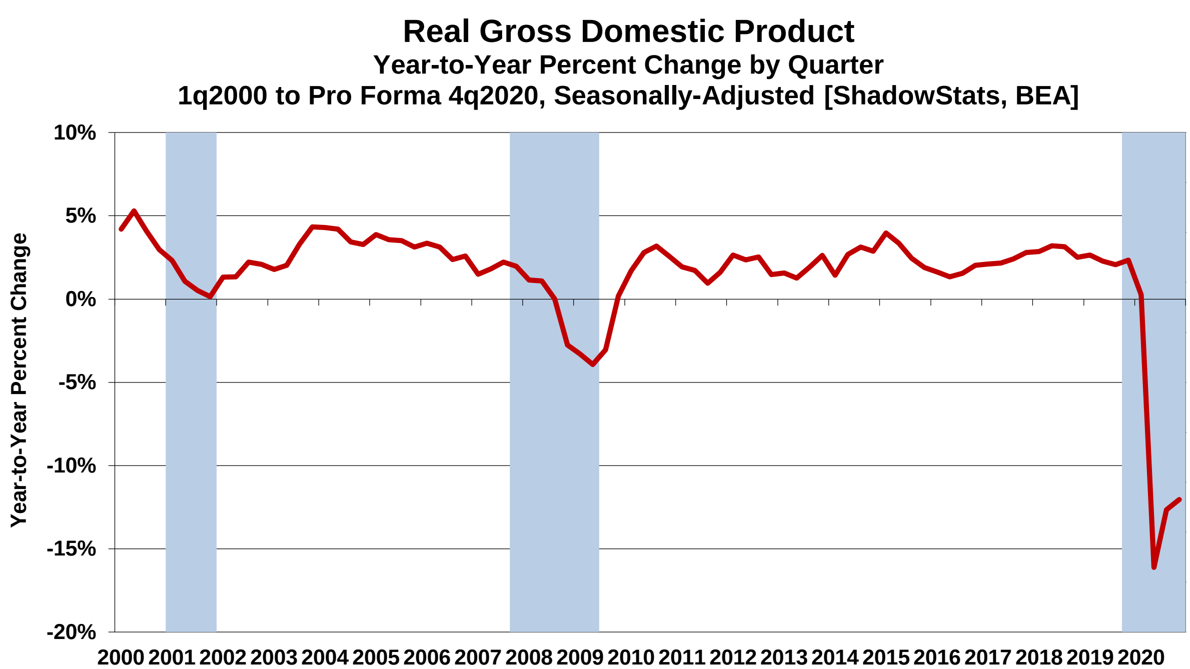


***Graph 7: Annualized Quarterly Real GDP Growth, 2000 to 1q2020 and ShadowStats Forecast to 4q2020***




***Graph 8: Year-to-Year Quarterly Real GDP Growth, 2000 to 1q2020 and ShadowStats Forecast to 4q2020***



# Latest Estimates of Initial Second-Quarter 2020 GDP Reporting

## Downside GDP Revisions Should Show Weaker Economy Coming into the Pandemic

## Upfront Severe Economic Damage from the Pandemic Shutdown and Deepening Reopening Complications Promise a Difficult Recovery

## ShadowStats Outlook Holds at Roughly a 50% (-50%) Annualized Plunge

## Consensus Estimates Holding Around a 35% (-35%) Annualized Plunge

## Final Atlanta and New York Fed Readings at 32.1% (-32.1%) and 14.3% (-14.3%)

## Most Second-Quarter Headline Data Showed Large Real Quarterly Drops

**The Pending Record, Annualized Real Second-Quarter 2020 GDP Decline, Likely Was on Top of a Previously Weaker Than Reported History.** Tomorrow's (July 30th) "Advance" Estimate of Second-Quarter 2020 GDP will be in the context of annual benchmark revisions to the series back to 2015. Based on recent annual revisions to underlying series such as Payrolls (***Flash Update No. 21***), Real Retail Sales (***Flash Commentary, Issue No. 1433***) and New Orders for Durable Goods (see ***Special Commentary, Issue No. 1437***), historical revisions should be to the downside. If the long-overdue major benchmarking of the Industrial Production (see ***Economic Commentary, Issue No. 1441***) was published, pending downside revisions here would be greater. The U.S. economy was weaker than headlined, coming into Coronavirus-Pandemic Shutdown. Accordingly, watch for some downside revisions to earlier GDP from 2018 into First-Quarter 2020.

**Final Second Quarter Forecasts from the Regional Federal Reserve Bank GDP Models.** Based solely on the wide variety of headline economic indicators, as reported by both the public and private sectors, through today, July 29th, the this morning's final ***Atlanta Fed GDPNow Model*** estimate was for a narrowed annualized Second-Quarter 2020 real quarterly decline of 32.1% (-32.1%) [previously 34.3% (-34.3%)], due to an "advance estimate" of increase in June 2020 inventories. The ***New York Fed Nowcast Model*** July 24th final estimate for initial reporting of Second-Quarter 2020 remained an outlier, reflecting an annualized quarter-to-quarter contraction of 14.3% (-14.3%). As mentioned previously, the Bureau of Economic Analysis (BEA) [Census Bureau] has a wide leeway in its initial quarterly GDP estimate, particularly in the current environment of Pandemic-disrupted economic surveying and reporting.

***Shadows Outlook for Second-Quarter GDP Holds at Around 50% (-50%), Consensus Outlook Appears to Be Holding Around an Annualized Decline of 30% (-30%) to 35% (-35%).*** The ***ShadowStats*** estimation for the initial reporting of Second-Quarter 2020 GDP is discussed in the prior ***Pending Record GDP Plunge in Second-Quarter GDP*** section, with related, preceding ***Graphs 1*** to ***8***, and reflects the latest economic series headlines as discussed and plotted in following ***Sections 1*** to ***7***. As put to bed with initial Second-Quarter 2020 reporting, consider following ***Table IV*** of the headline Second-Quarter 2020 annualized quarterly and year-to-year contractions in the major monthly economic series, except for the not seasonally adjusted Cass Freight Index®, which is shown only on a year-to-year basis.

***Table IV: Second-Quarter 2020 Major Economic Indicators***

**Table IV: Second-Quarter 2020**
**Headline, Major Economic Indicators**
**Real Quarter-to-Quarter and Year-to-Year Changes**

| Headline Series | Annualized Quarter-to-Quarter Change | Year-to-Year Change |
|---|---|---|
| Employed Individuals (BLS - Household Survey) | -49.1% | -15.6% |
| Payroll Employment (BLS - Payroll Survey) | -40.0% | -11.3% |
| Industrial Production (FRB) | -42.6% | -14.2% |
| Manufacturing (FRB) | -47.0% | -15.8% |
| Mining (FRB) | -42.7% | -13.2% |
| Production of Durable Consumer Goods (FRB) | -77.9% | -34.0% |
| Production of Non-Durable Consumer Goods (FRB) | -43.8% | -14.3% |
| Real Retail Sales (Census) | -24.2% | -8.5% |
| Real New Orders for Durable Goods (Census) | -55.0% | -21.9% |
| Cass Freight Index® (Not Seasonally Adjusted, Cass) | n.a. | -21.4% |
| Building Permits (Census) | -56.2% | -10.6% |
| Housing Starts (Census) | -75.6% | -17.1% |
| New-Home Sales (Census) | -11.6% | 2.4% |
| Existing-Home Sales (Census) | -61.5% | -18.4% |
| ShadowStats GDP Estimate | -50.0% | -16.1% |

**Sources: ShadowStats.com; BLS - Bureau of Labor Statistics;**
**FRB -Federal Reserve Board; Census - Census Bureau; Cass - CassInfo.com**

Other factors that should be at work on the downside for the initial estimate of Second-Quarter 2020 Gross Domestic Product (GDP), are a deteriorating Net Export account, in the context of collapsing global trade activity (see ***Flash Commentary, Issue No. 1442***), and likely a drawdown inventories, given excessive relative pace of Retail Sales growth in the quarter, against collapsing freight activity, orders and production.

# Headline Economic- and Financial-Market Numbers

## 1. June 2020 Inflation – CPI and PPI – Hyperinflation Risks

### Headline Consumer and Producer Price Indices

### June 2020 CPI-U Monthly Gain of 0.57% Was Strongest Since August 2012

### Gasoline Prices Have Moved Off Oil-Price War Bottom

### Shortage-Driven Annual Food Inflation Jumped to a 9-Year High

### June PPI Declined 0.2% (-0.2%) in the Month, Due to Rising Gasoline Prices

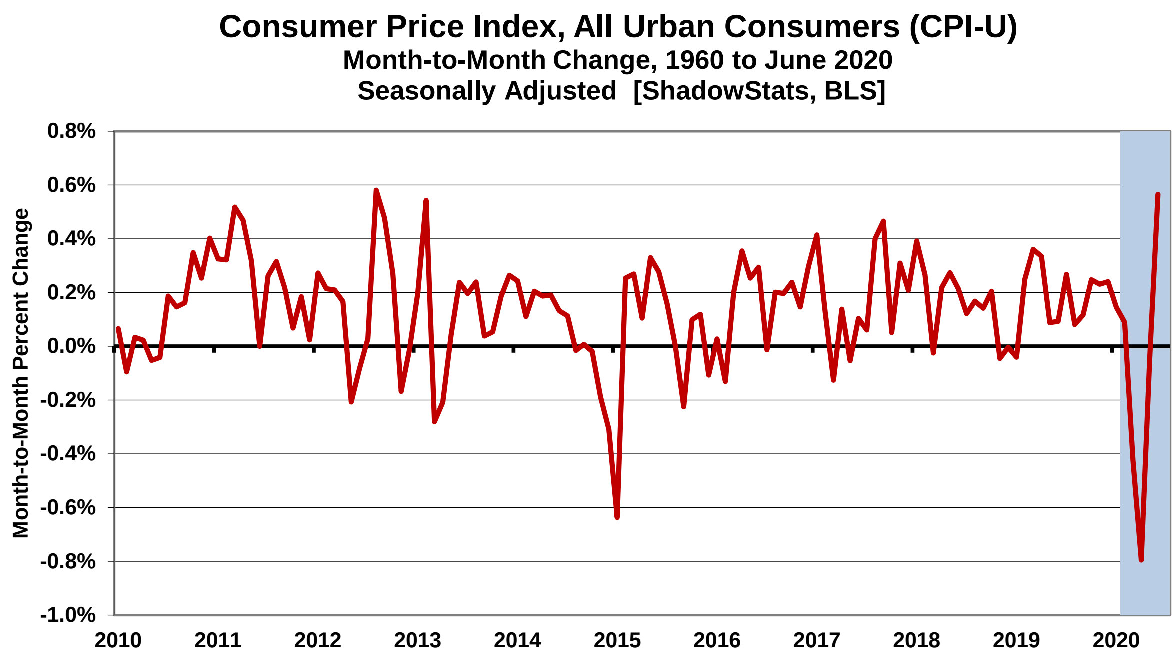
**Inflation Is on the Rise - June 2020 Consumer Price Index Monthly Rebound of 0.6% Was Strongest Since August 2012, First Monthly Gain in Four Months.** As reported July 14th by the Bureau of Labor Statistics (BLS), headline CPI inflation has begun to recover from the oil-price-war collapsed gasoline prices, with headline monthly gasoline inflation jumping by a seasonally adjusted 12.29% in June, with the unadjusted annual decline narrowing by 10.4 percentage points to 23.39% (-23.39%). Separately, still driven by shortages, Food prices jumped 4.54% year-to-year, the most since December 2011, up by 3.19% since the initial February Coronavirus impact. To the extent there is continuing stabilization in gasoline prices, CPI inflation should continue to rise, with gains now seen in each of the Food, Energy and "Core" sectors.

Headline CPI-U rose by an adjusted 0.57% in the month of June, having decline by 0.05% (-0.05%) in May. Annual CPI-U gained an unadjusted 0.65% in June, having gained a gasoline-price depressed five-year low 0.12% in May 2020 (see ***Graphs 9***, ***10*** and ***14)***.

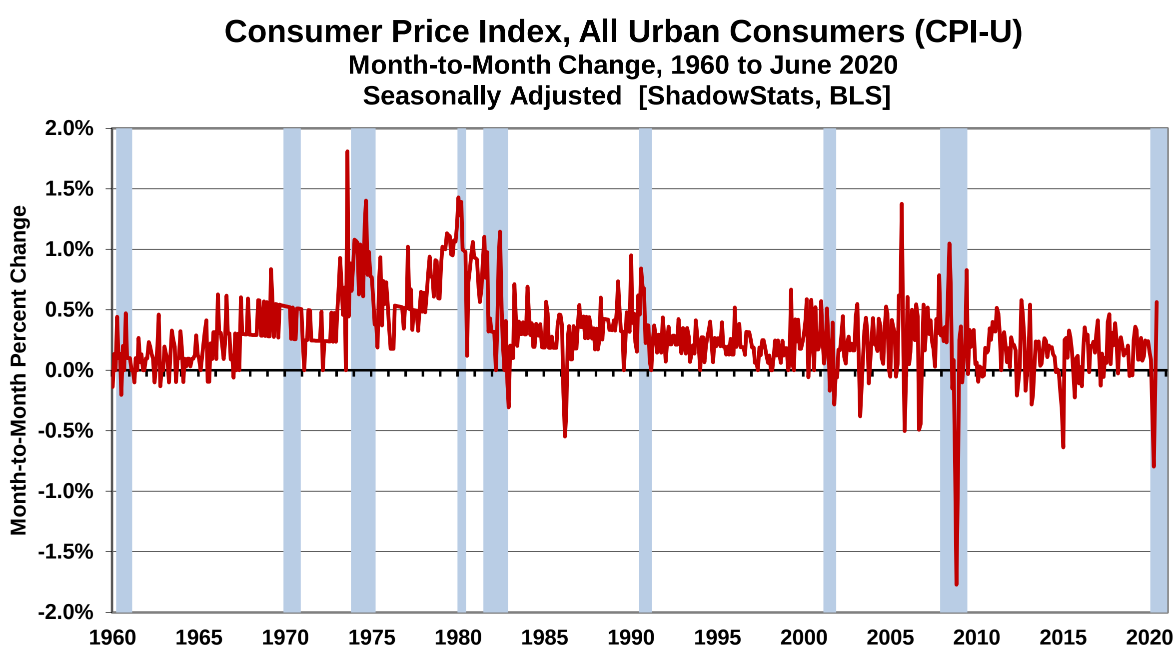
**June 2020 ShadowStats Alternate CPI (1980 Base) Rose to 8.3% Year-to-Year, from 7.7% in May.** Reflected in ***Graph 14***, the ShadowStats estimate restates current headline inflation so as to reverse the government's inflation-reducing gimmicks of recent decades (since the early 1980s). The ***Methodology*** and a comparative "Headline CPI" versus "ShadowStats-Alternate CPI" ***Inflation Calculator*** and ***Historical Data Base*** are found on the ***www.ShadowStats.com*** ***Alternate Data Tab***.

***Pandemic Distorted Real Average Weekly Earnings Continued to Somersault*.** Separately, June Real Average Weekly Earnings growth declined by 2.2% (-2.2%) in the month, having eased 0.1% (-0.1%) in May and having gained 4.2% in April, still warped by gyrating heavy layoffs and some rehiring of lower paid hourly workers. Discussed on page 21, along with ***Graph 13***, there is a significant difference over time deflating by the headline CPI-W or the ShadowStats Alternate measure. The weaker the headline inflation used for deflation, the stronger will be the deflated growth.

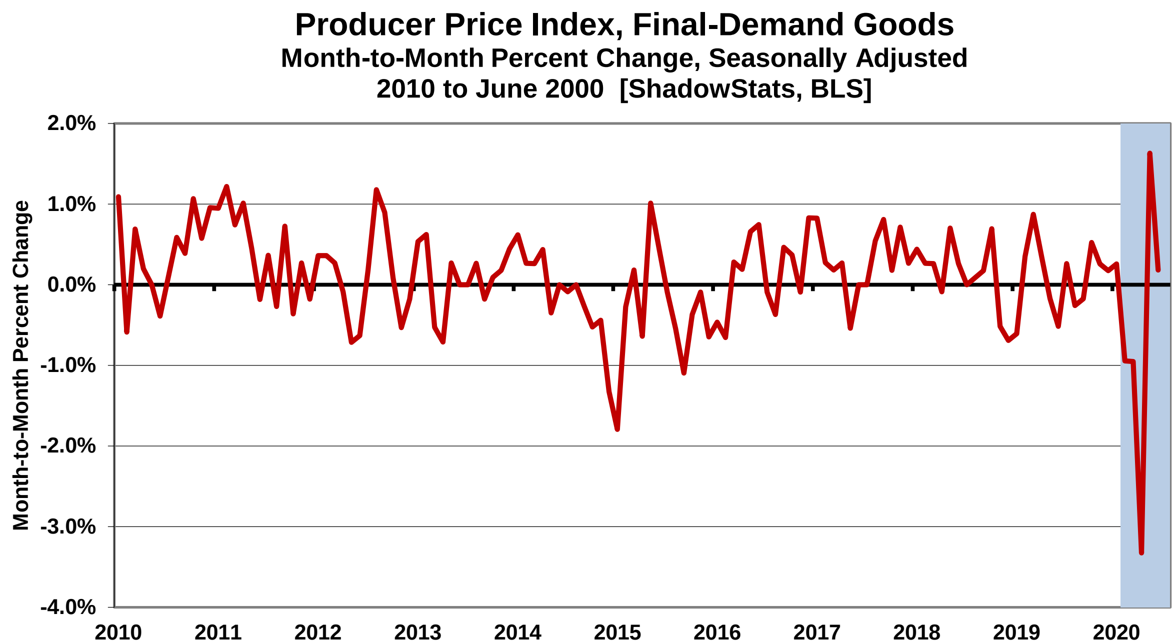
***Graph 9: Headline CPI-U Month-to-Month Change, Since 2010***



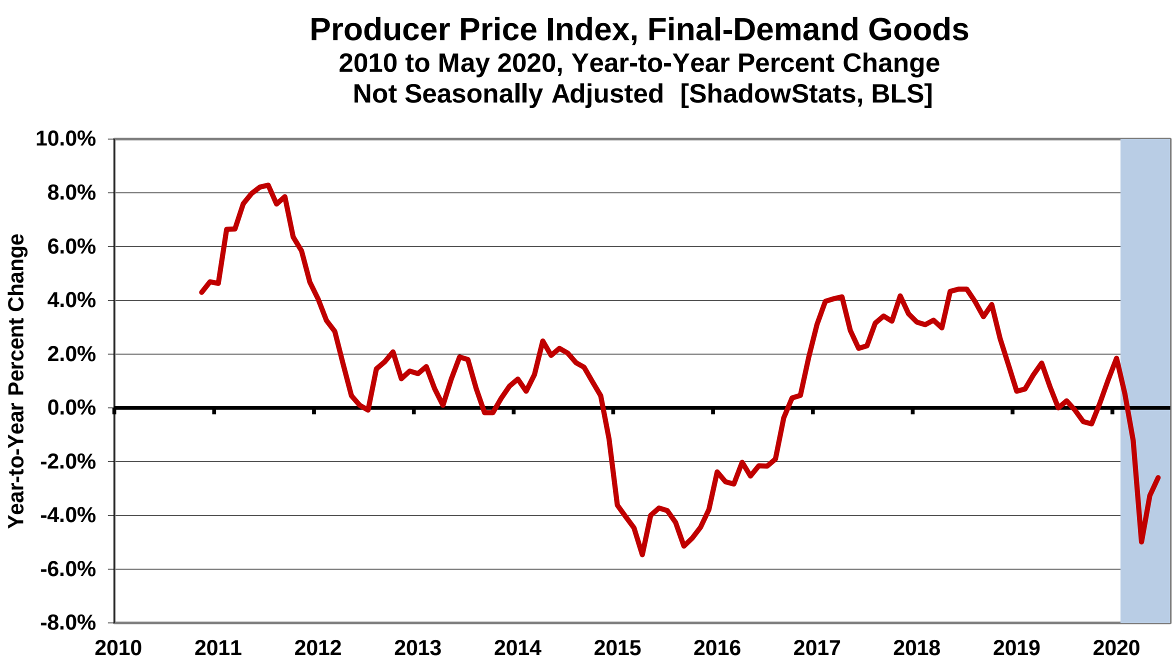

***Graph 10: Headline CPI-U Month-to-Month Change, Since 1960***



***Graph 11: Headline PPI-FD Goods, Month-to-Month Change, Full History Since 2009***




***Graph 12: Headline PPI-FD Goods, Year-to-Year Change, Full History Since 2009***



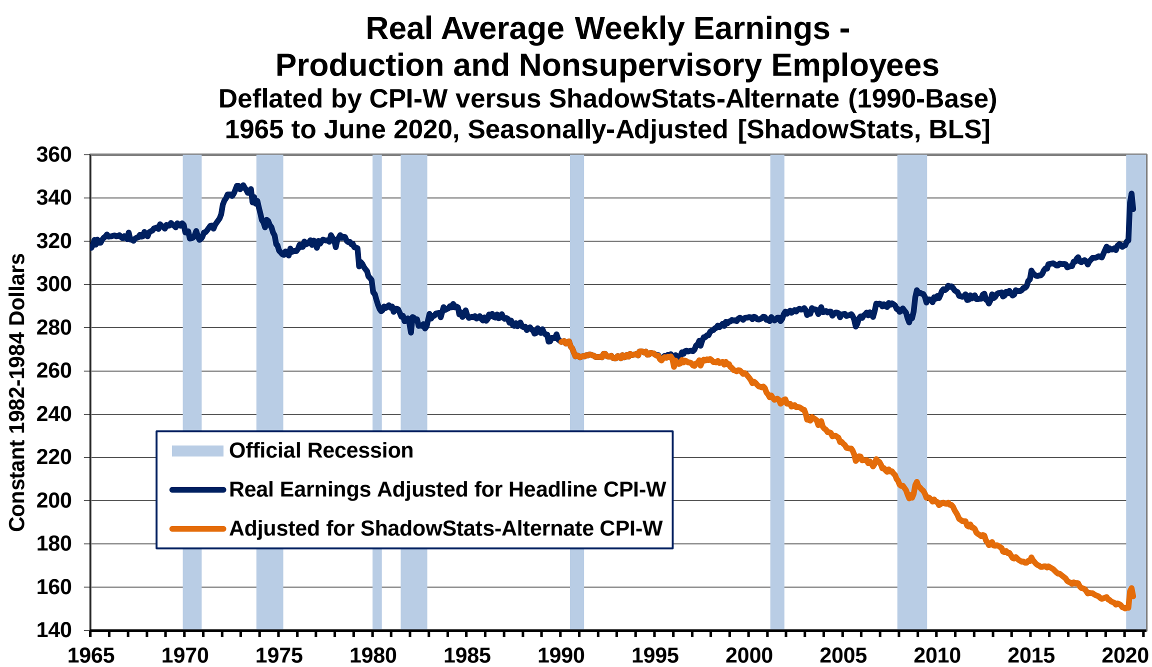

 

**June 2020 Producer Price Index-Final Demand (PPI-FD) Returned to Its Regular Nonsense Reporting, Declining Month-to-Month and Year-to-Year Due to "Surging" Gasoline Prices**. With Food prices reversing May's surge, and Gasoline prices continuing to rise, the Producer Price Index Final Demand (PPI-FD) Goods sector inflation rose 0.18% in the month, versus 1.63% in May, with annual prices down by a narrowed 2.59% (-2.59%) versus 3.26% (-3.26%) in May. Yet also reported July 10th, by the Bureau of Labor Statistics, the dominant, mal-defined PPI Services Sector, which measures profit margins, not prices in its Trade sector, declined in the month, due to rising gasoline prices, pulling down the aggregate monthly PPI-FD by a nonsensical 0.17% (-0.17%), by 0.76% (-0.76%) year-to-year.

Preceding ***Graphs 11*** and ***12*** are the more meaningful monthly and annual inflation measure out of the Final-Demand Goods Sector, which does have some meaning. The Current PPI-FD series was introduced beginning with a headline level of November 2009 = 100.0. With a limited historical series, Goods Sector inflation hit its all-time high in May 2020.

## Pandemic-Distorted Real Average Earnings Continued to Somersault

***Graph 13: Headline CPI-W vs. ShadowStats Alternate Inflation, Real Earnings and Pandemic Turmoil***




**Real Average Weekly Earnings Continued Gyrating Sharply With Pandemic-Related Layoffs and Rehirings Weighted Heavily Towards Low-Wage Employees.** Noted on page 3, of the June 2020, ***Employment Report***, "In June, average hourly earnings for all employees on private nonfarm payrolls fell by 35 cents to $29.37. Average hourly earnings of private-sector production and nonsupervisory employees decreased by 23 cents to $24.74 in June. The decreases in average hourly earnings largely reflect job gains among lower-paid workers." While the discussion and graphing here is for related series, the effects are the same.

Related to the above, reported along with the June 2020 CPI-W series, seasonally adjusted June 2020 Real Average Weekly Earnings for production and nonsupervisory employees plunged by 2.1% (-2.1%) in the month, versus a 1.2% monthly gain in May and an April 2020 surge of 5.5%, up from a 0.1% gain March. Where movement in this series usually reflects some combination of changes in inflation, wages and/or hours worked, the recent reporting indeed has been warped by gyrations in heavy layoffs, particularly in April, with some easing/rehiring in May and relative rehiring of lower-paid or minimum-wage hourly workers, largely in the Leisure and Hospitality sector in June (see ***Graphs 44** and **46*** on pages 43 and 44).

***Graph 13*** plots Real Average Weekly Earnings for Production and Nonsupervisory Employees, both as headlined and as adjusted for the ShadowStats Alternate CPI-W. Using the understated government inflation for deflation has the effect of overstating growth in the headline inflation-adjusted series.

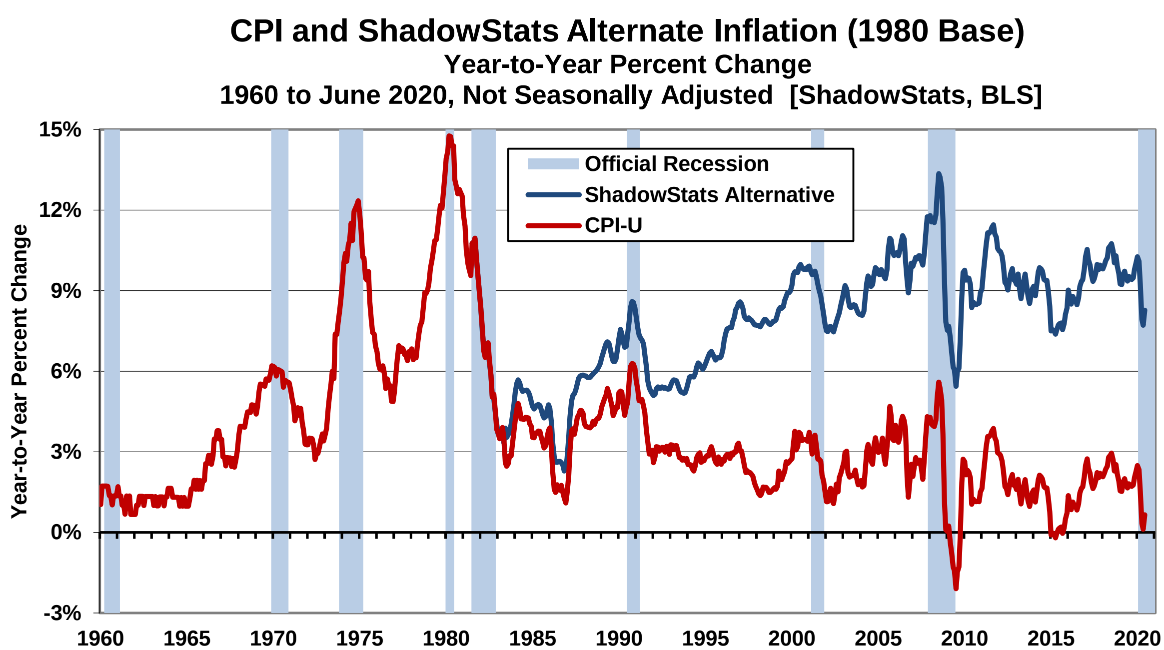
**[Underlying Inflation Reality Section begins on the next page.]**

## Underlying Inflation Reality

## Surging Gold Price Likely Will Lead an Accelerating Pace of Inflation

**June 2020 ShadowStats Alternate CPI (1980 Base) Rose to 8.3% Year-to-Year, from 7.7% in May.** Reflected in ***Graph 14***, the ShadowStats estimate restates current headline inflation so as to reverse the government's inflation-reducing gimmicks of recent decades (since the early 1980s). The ***Methodology*** and a comparative "Headline CPI" versus "ShadowStats-Alternate CPI" ***Inflation Calculator*** are found on the ***www.ShadowStats.com*** ***Alternate Data Tab***.

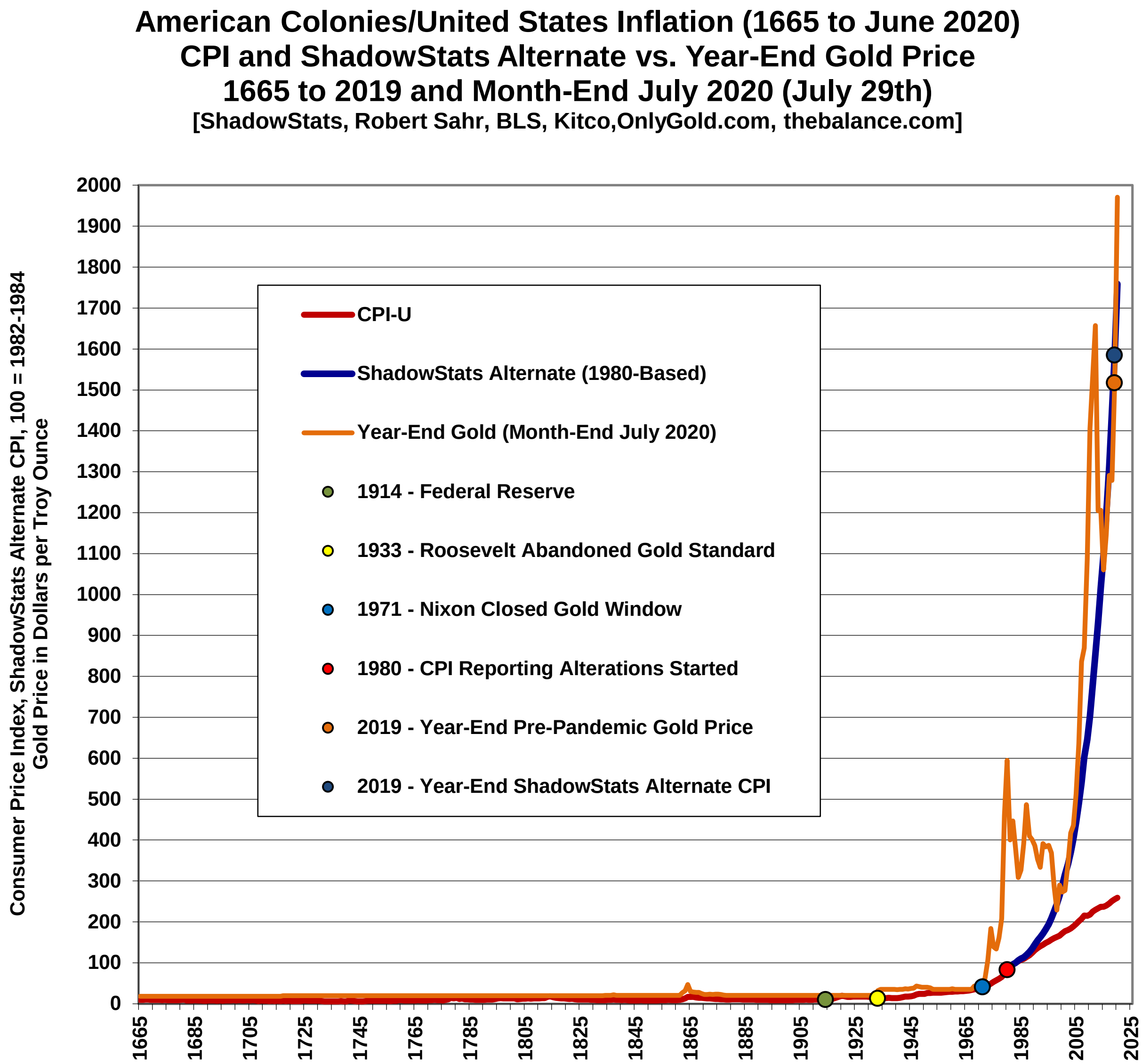
***Graph 14: Headline CPI-U vs. ShadowStats Alternate Inflation***




Discussed in ***Special Hyperinflation Commentary, Issue No. 1438*** (see ***Section II***, beginning on page 7 there), Gold Prices tend to cover "actual" inflation, as it used to be measured. As noted there, "looking at inflation since 1970, the year before President Nixon Closed the Gold Window, removing the Gold backing of the U.S. dollar, the headline CPI-U inflation has been 561%, 1970 to date [May 2020]. With inflation corrected for the government's understatement of the CPI-U, the ***ShadowStats Alternate CPI Inflation*** has been 4,257%, 1970 to date. Against those two inflation measures, the increase in the price of Gold in U.S. Dollars (1970 to date) has been 4,314%, paralleling the traditional CPI inflation measure reflected in the ShadowStats measure, as plotted in **... [**updated ***Graph 15*** here**]**."

Where ***Graph 15*** shows the July 29th New York closing price for Gold against the ShadowStats projection of what will be the July 2020 ShadowStats Alternate CPI measure, the price of Gold has been accelerating against the pace of the Alternate inflation measure, which it tends to lead.

***Graph 15: Headline CPI-U vs. ShadowStats Alternate Inflation and Gold Updated to July 29, 2020***




Further noted from ***No. 1438, "Near-Term Gold Price Strength Is Suggestive of Pending Pick Up in CPI/ShadowStats Inflation.*** As seen in **...** **[**updated ***Graph 15*** here**]**, the price of Gold tends to have some anticipatory or leading relationship to Actual Inflation (the ShadowStats Measure). At year-end 2019, the headline ShadowStats measure was ahead of Gold, but the oil-price war dampened headline CPI and ShadowStats inflation in March through May 2020 eased back, while Gold surged." The plots here reflect the actual Gold Price through near-month-end July 2020 (July 28th, New York record closing level of level of $1,956 per troy ounce), again, with July inflation estimates projected by ShadowStats. The price of gold tends to lead the broad inflation number. Where its rise is accelerating ahead of the CPI and Alternate CPI measures, but more in line with headline Money Supply growth (see ***Graphs 16*** and ***17***), that is suggestive of a pending pick-up in the headline inflation readings.

## Updated Monetary Conditions

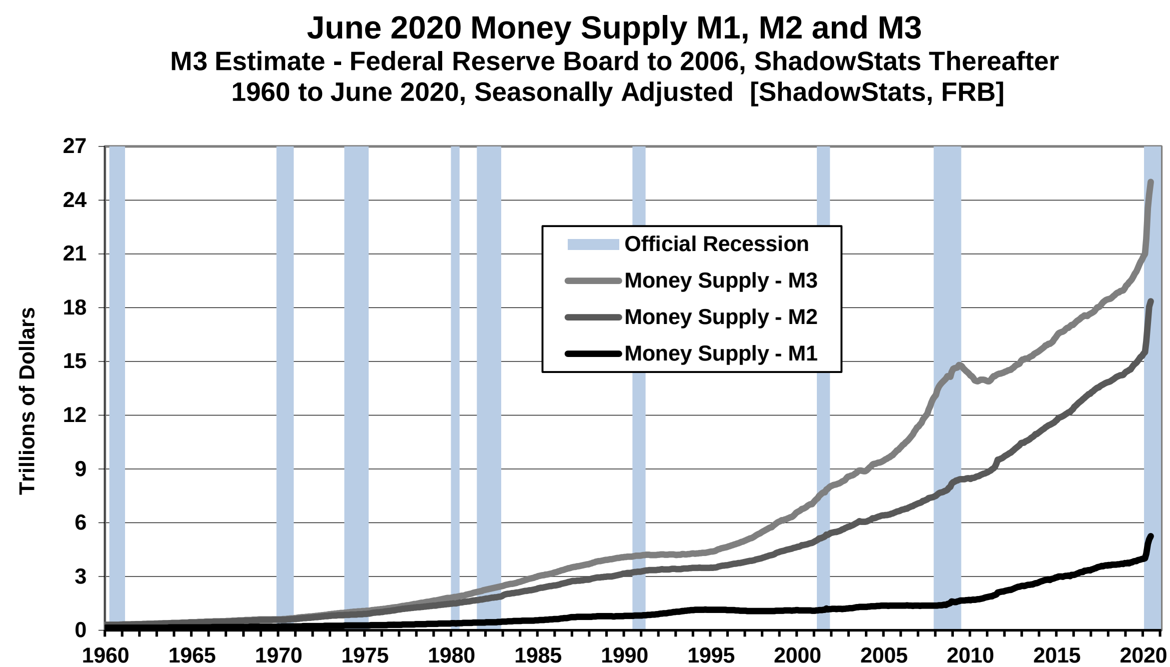
**Money Supply Annual Growth and Headline Levels Continued Jumping to Record Highs.** Updating ***Special Hyperinflation Commentary, Issue No. 1438*** and subsequent monthly money supply reporting, the Money Supply M1, M2 and the Ongoing ShadowStats M3 estimate, hyperinflationary caution signs remain in place. ***Graphs 16*** and ***17*** reflect the preliminary reporting for June 2020 Money Supply M1, M2 and the ShadowStats Ongoing M3 estimates, continuing to expand at record high levels of monthly activity, as well as annual change. Year-to-year growth rates in pre-Pandemic January 2020 were 6.3% (M1), 6.8% (M2) and 8.4% (ShadowStats Ongoing M3). Annual growth rates for June 2000, respectively, were at unprecedented levels of 37.0%, 24.2% and 26.9%.

***Excessive Inventory Liquidation and Resulting Product Shortages?*** Previously discussed, as to the potential of mounting inflation pressures in the context of rapidly expanding money against "too few goods," such as the meat-shortage spiked PPI food inflation discussed in ***Flash Commentary, Issue No. 1440***, consider the headline June 2020 Real Retail Sales series that just recovered is pre-Pandemic level, which appears at odds against still collapsed production and freight activity, which will be examined shortly. That circumstance could suggest a massive inventory liquidation and pending product shortages. With the stock of items in the system being sold, but not being replaced fully as needed. Watch the inventory number in the July 30th "advance" estimate of Second-Quarter 2020 GDP. Assuming any relevance to the headline moves, greater consumption versus declining production, would be consistent with evolving product shortages. More will follow as better-quality information becomes available.

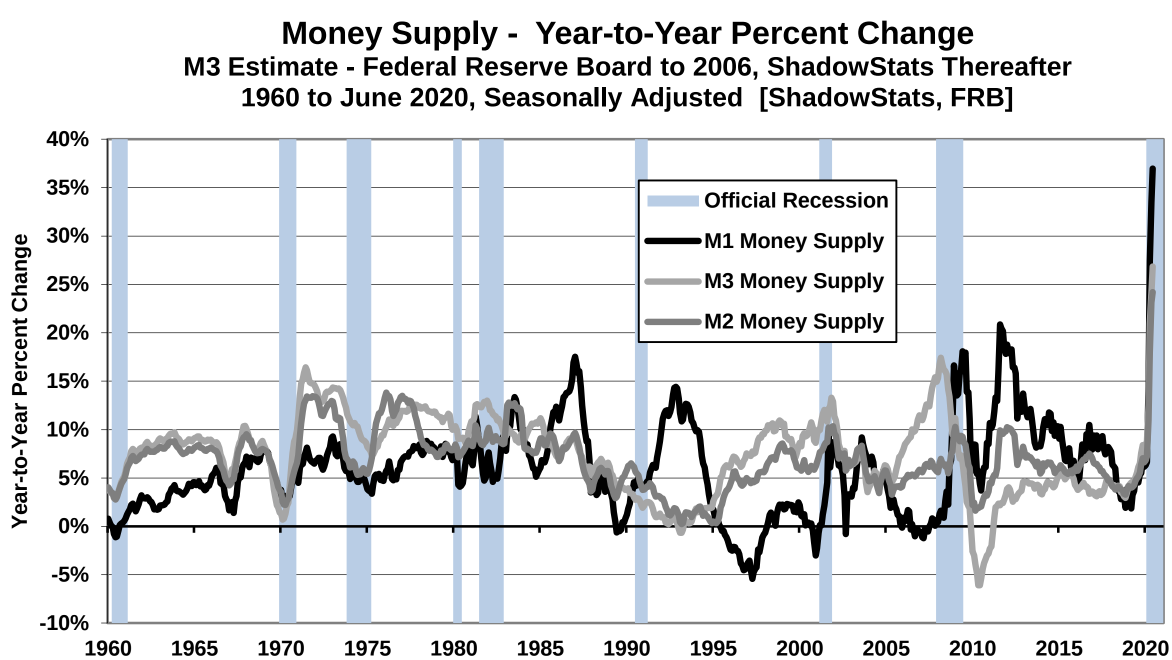
One note of caution: Gold and Silver prices have been moving higher recently, at close to an accelerating pace. Again, such movement can be a leading indicator of a developing inflation problem, again, as discussed in today's ***Opening Financial Market Comments*** (page 8) and in ***Special Hyperinflation Commentary, Issue No. 1438***.

**[Graphs 16 and 17 follow on the next page.]**

***Graph 16: Money Supply M1, M2, M3/ShadowStats Ongoing M3 (1960 to June 2020), Trillions of Dollars***




***Graph 17: Money Supply M1, M2 and M3 (1960 to June 2020), Year-to-Year Percent Change***



## 2. June 2020 Industrial Production

**Second-Quarter 2020 Quarterly Industrial Production Plunge of 42.6% (-42.6%) Was Worst Since the Post-World War II Production Shutdown.** As reported July 15th, by the Federal Reserve Board, June 2020 Production gained 5.41% and Manufacturing 7.25%, with Mining down by 2.90% (-2.90%) in the month, all on top of downside revisions to May activity.

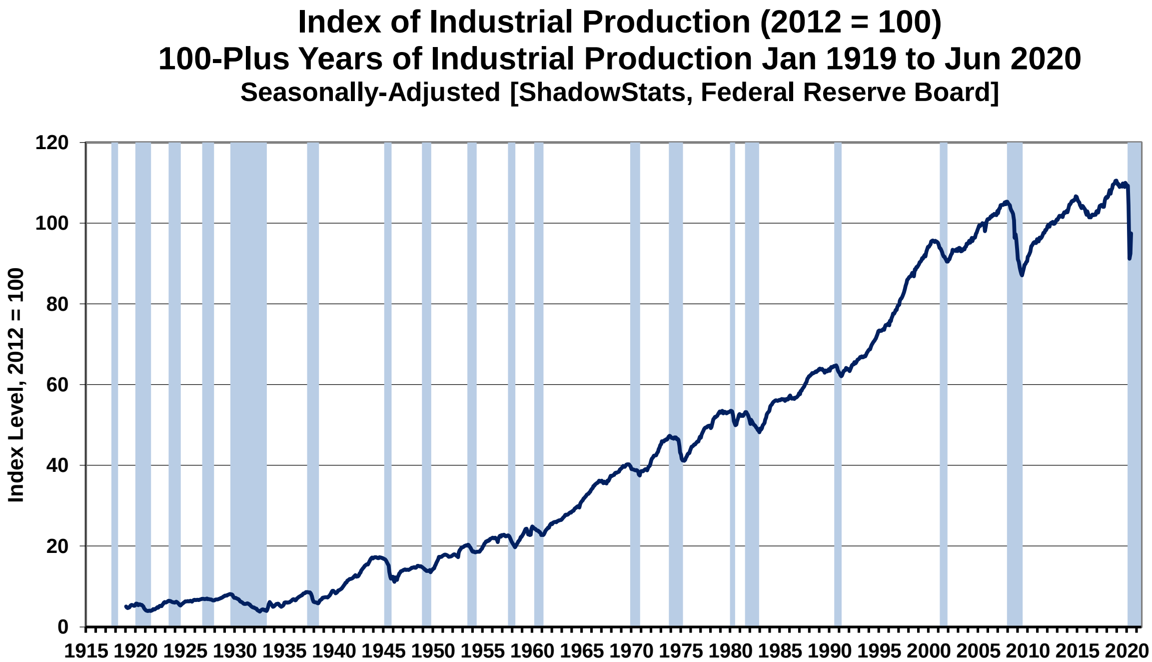
Year-to-year Production, Manufacturing and Mining showed respective annual declines of 10.82% (-10.82%), 11.16% (-11.16%) and 16.89% (-16.89%), with annualized Second-Quarter 2020 declines of 42.6% (-42.6%), -47.0% (-47.0%) and 42.7% (-42.7%), on top of quarterly drops in First-Quarter 2020. Mining was hit by the Oil Price War, with continued pummeling oil and gas extraction and drilling. There was a limited boost to Gold Mining from higher gold prices.

Although usually randomly volatile, Utilities declined by 27.1% (-27.1%) in the quarter, likely due to the severity of the physical economic shutdown. Separately, the Federal Reserve announced a major downside revision to estimated Capacity Utilization for 2020, with negative implications for future GDP reporting.

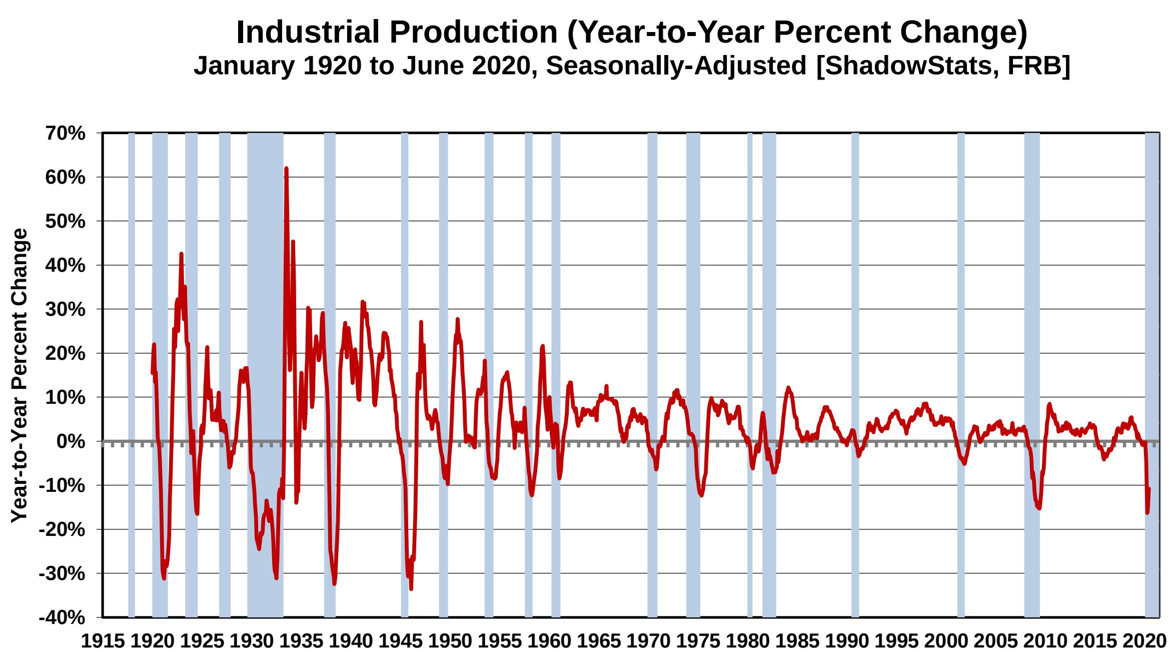
***Graphs 18*** to ***23*** show graphs of the full history Industrial Production and the dominant Manufacturing sector, back to 1919, both as to level of activity and year-to-year change, as well as 2000 to date. Added this month are ***Graphs 24*** to ***27***, plotting payroll employment both as to level and year-to-year change. Note that the bottom-bouncing appears largely parallel in terms of production and employment levels, consistent with the broader relation of total headline employed and GDP. ***Graphs 28*** to ***31*** plot Mining Activity and Utilities.

**[Graphs 18 to 31 begin on the next page]**

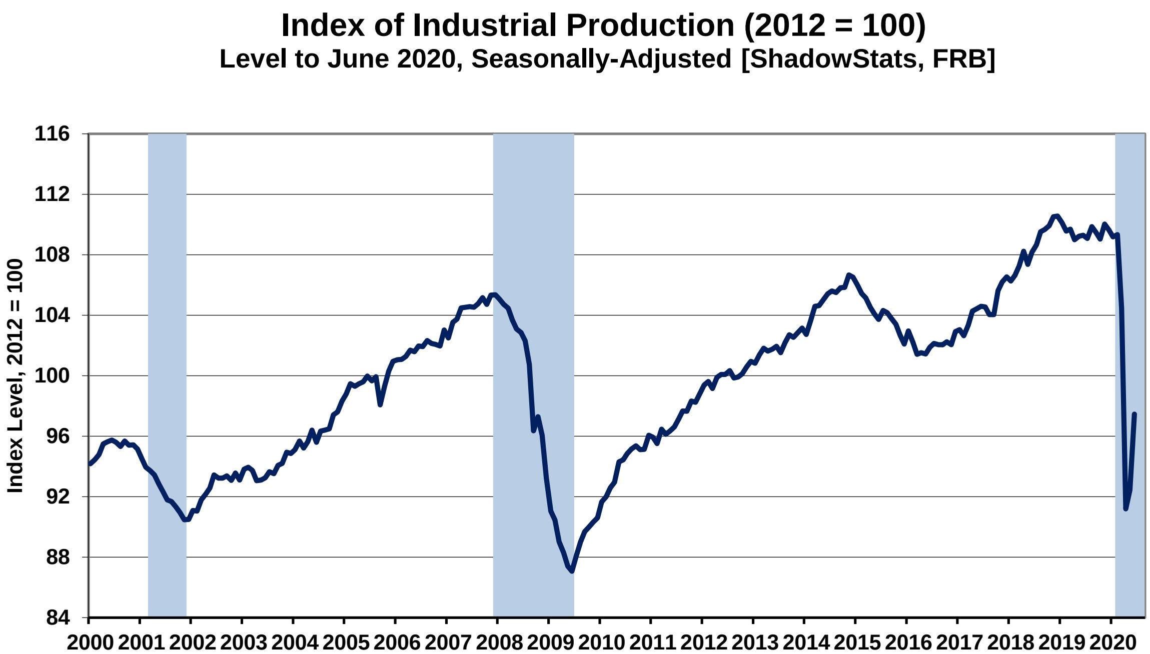
***Graph 18: Industrial Production, Full History 1919 to 2020***



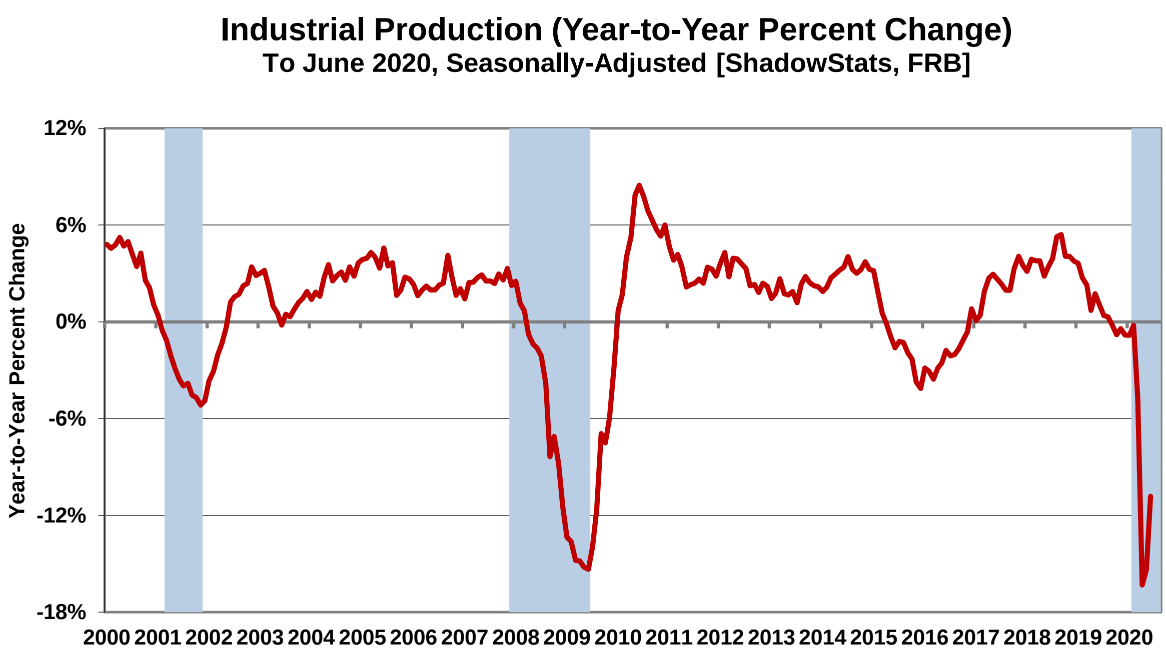

***Graph 19: Industrial Production, Year-to-Year Percent Change, Full History 1920 to 2020***



***Graph 20: Industrial Production, 2000 to 2020***

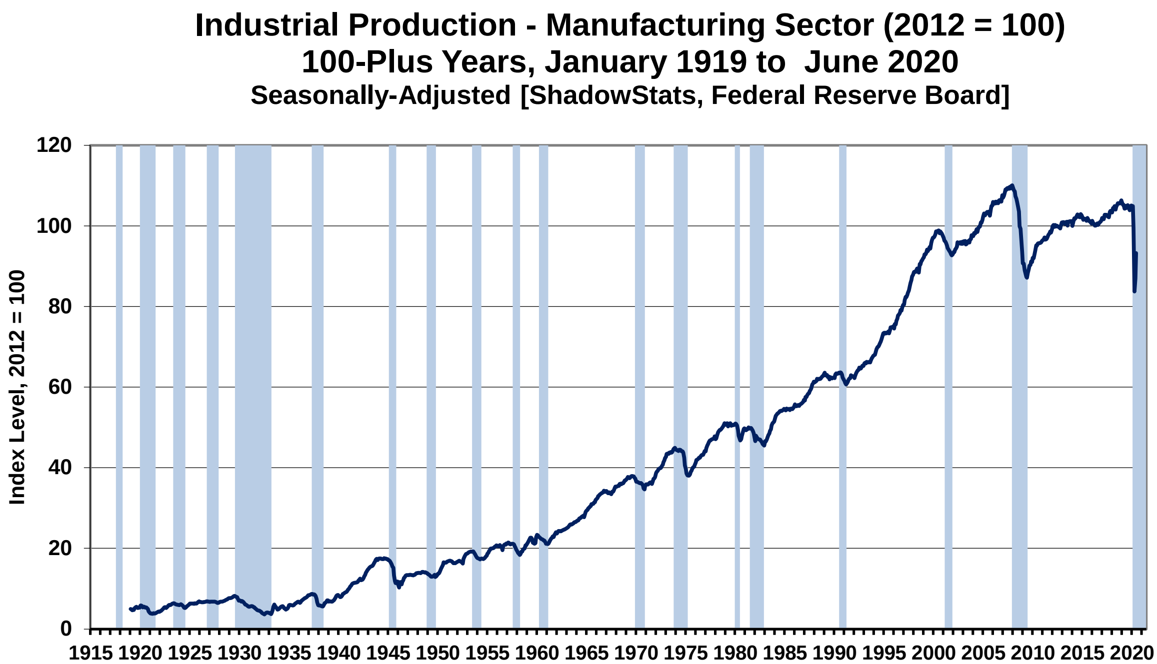



***Graph 21: Industrial Production, Year-to-Year Percent Change, 2020 to 2020***

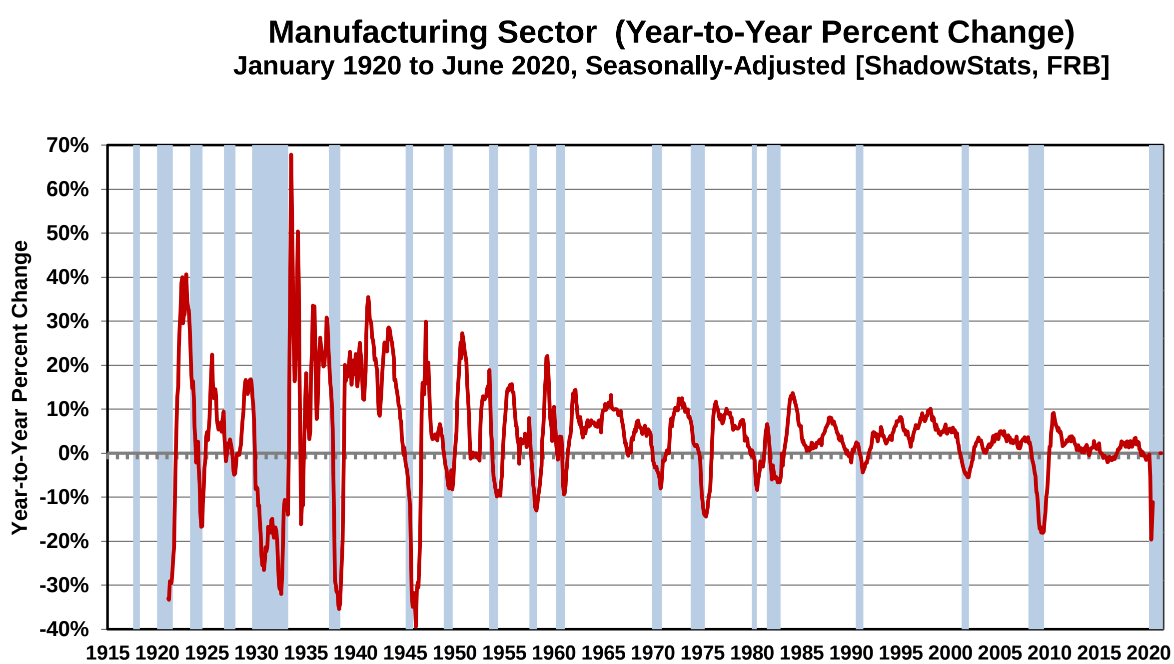


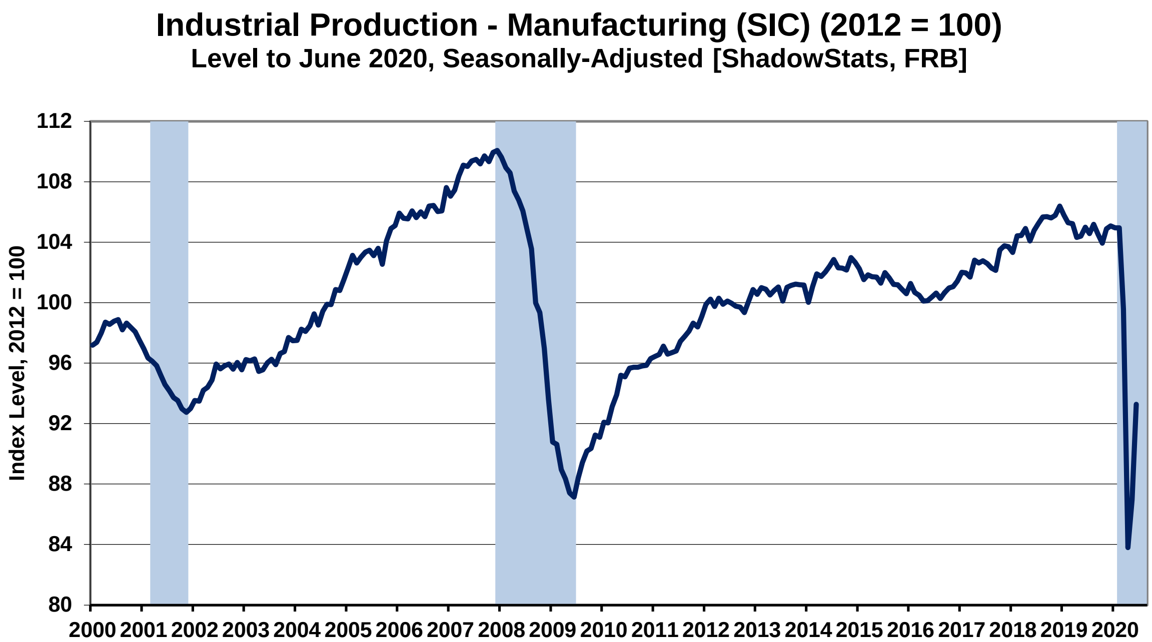
***Graph 22: Manufacturing Sector, Full History 1919 to 2020***



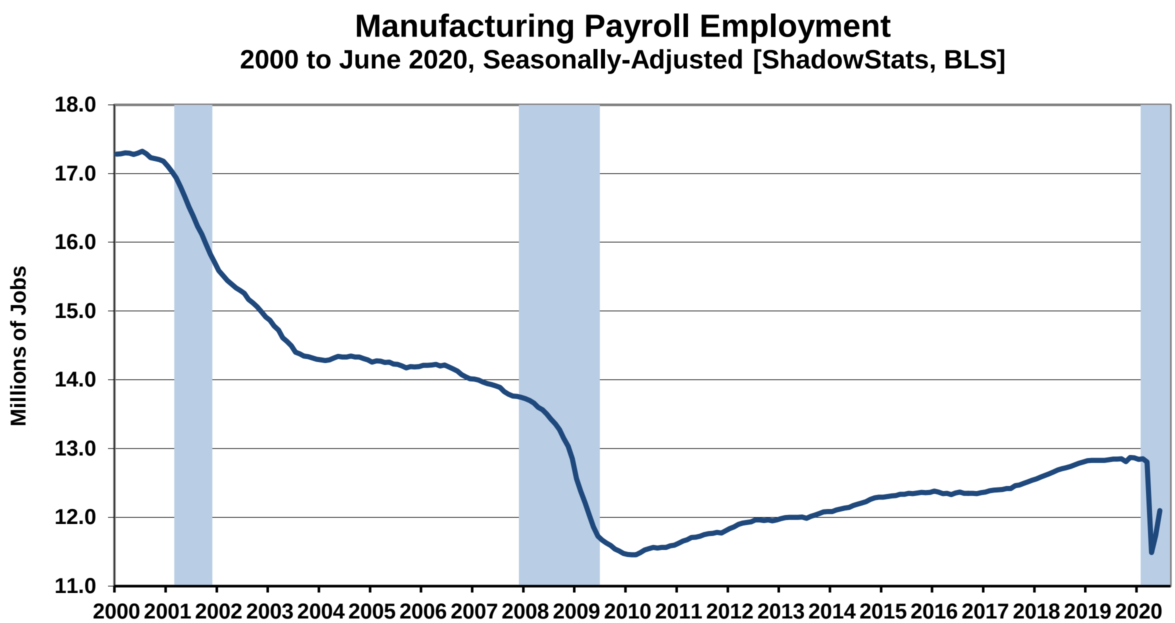

***Graph 23: Manufacturing Sector, Year-to-Year Percent Change, Full History 1920 to 2020***



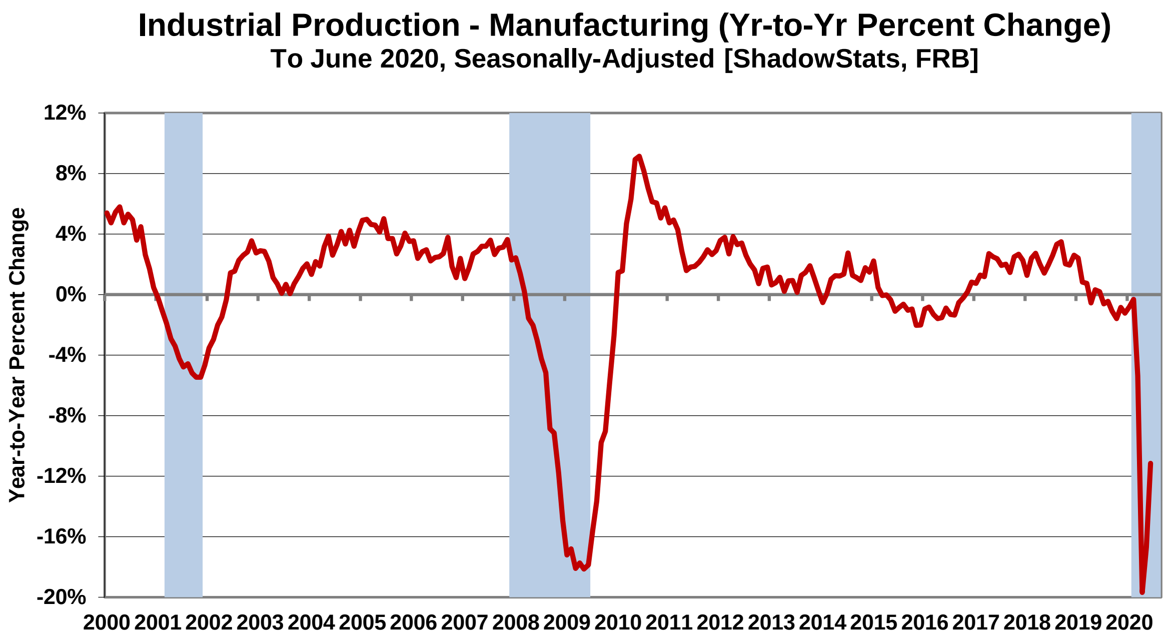
***Graph 24: Manufacturing Sector, 2000 to 2020***



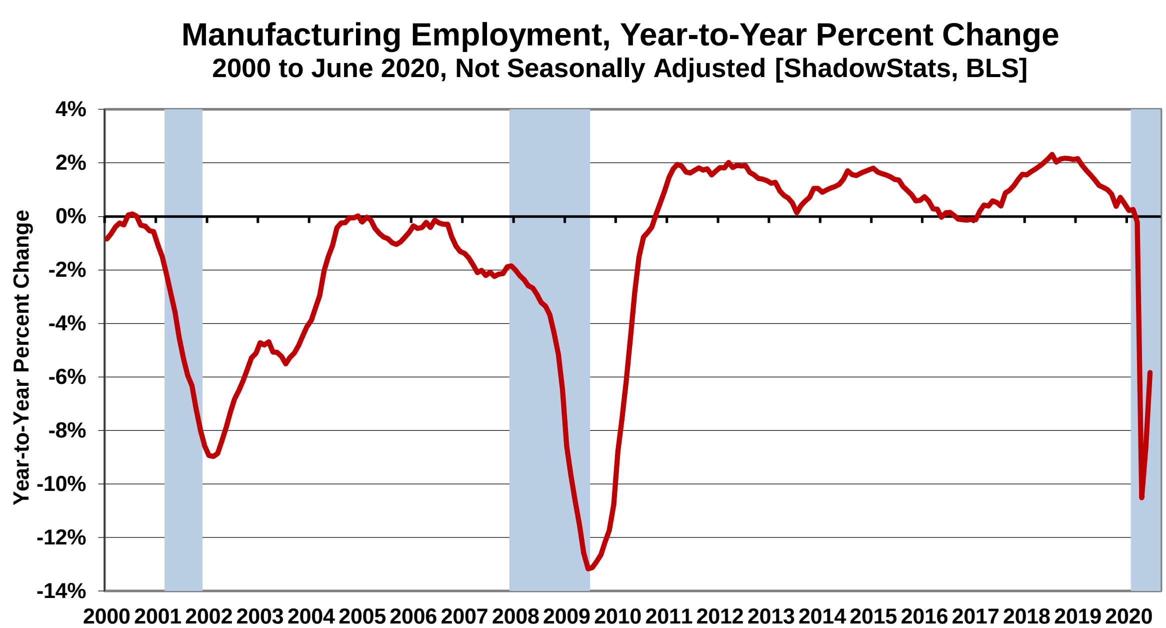

***Graph 25: Manufacturing Payroll Employment, 2000 to 2020***



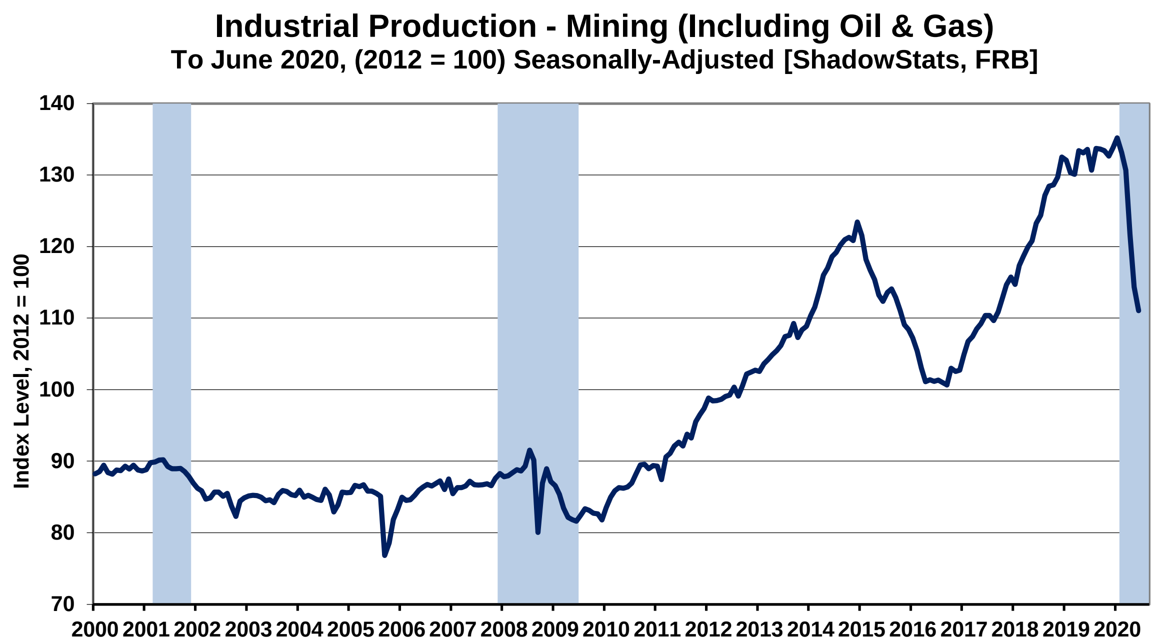
***Graph 26: Manufacturing Sector, Year-to-Year Change, 2000 to 2020***



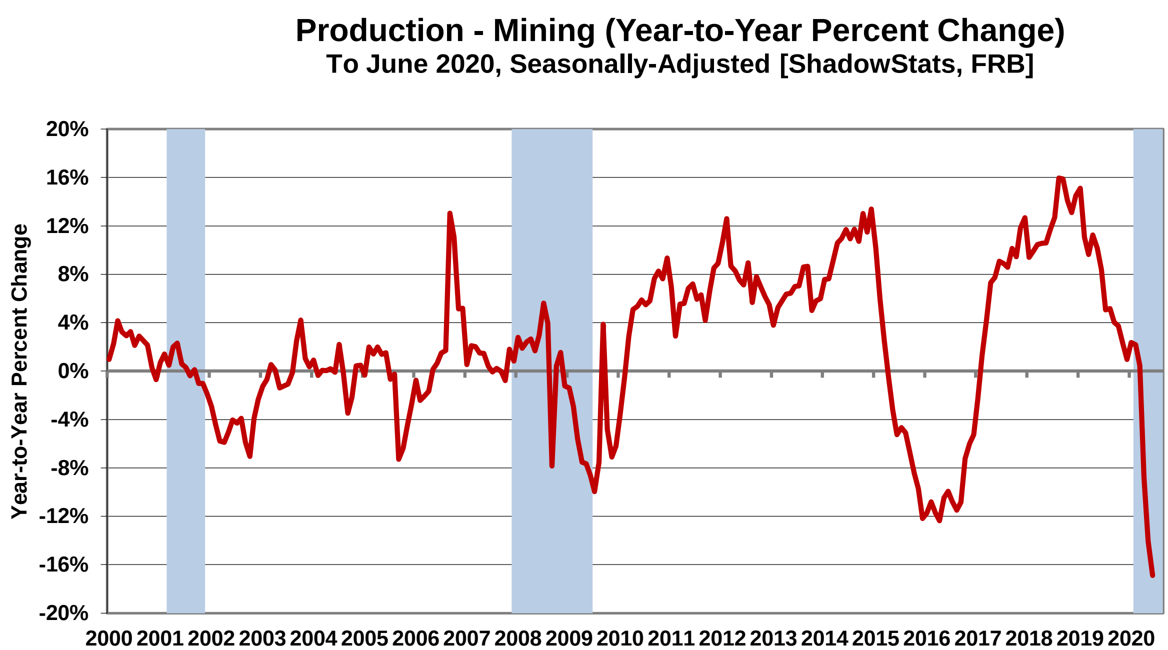

***Graph 27: Manufacturing Payroll Employment, Year-to-Year Change, 2000 to 2020***



***Graph 28: Mining Sector, 2000 to 2020***

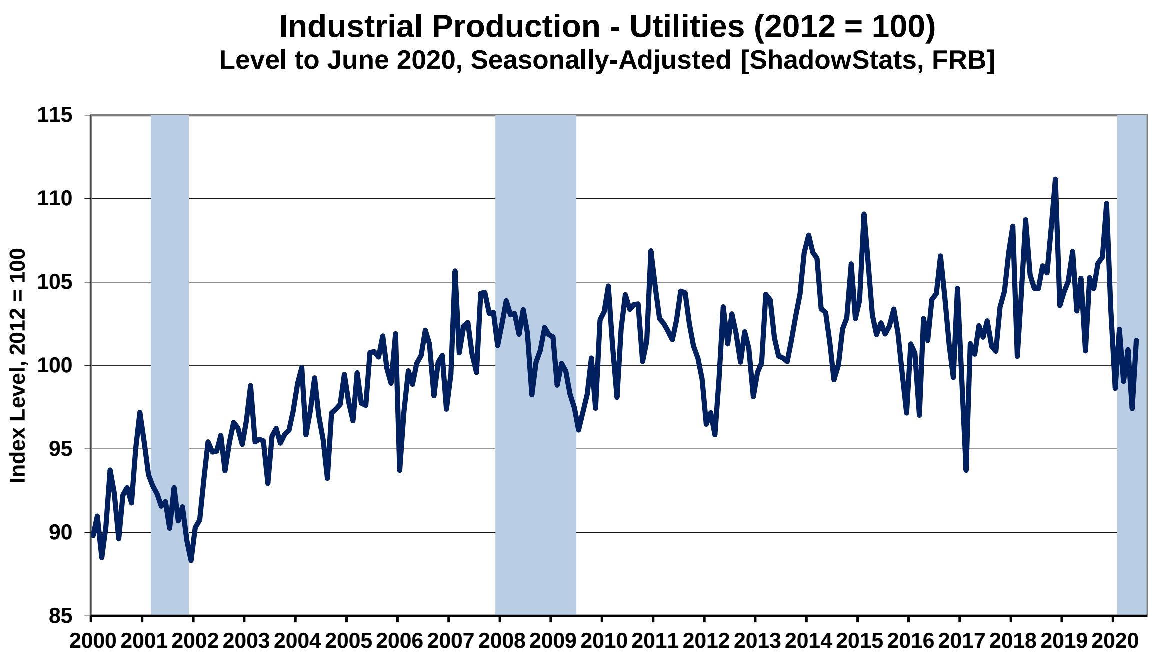



***Graph 29: Mining Sector, Year-to-Year Change, 2000 to 2020***

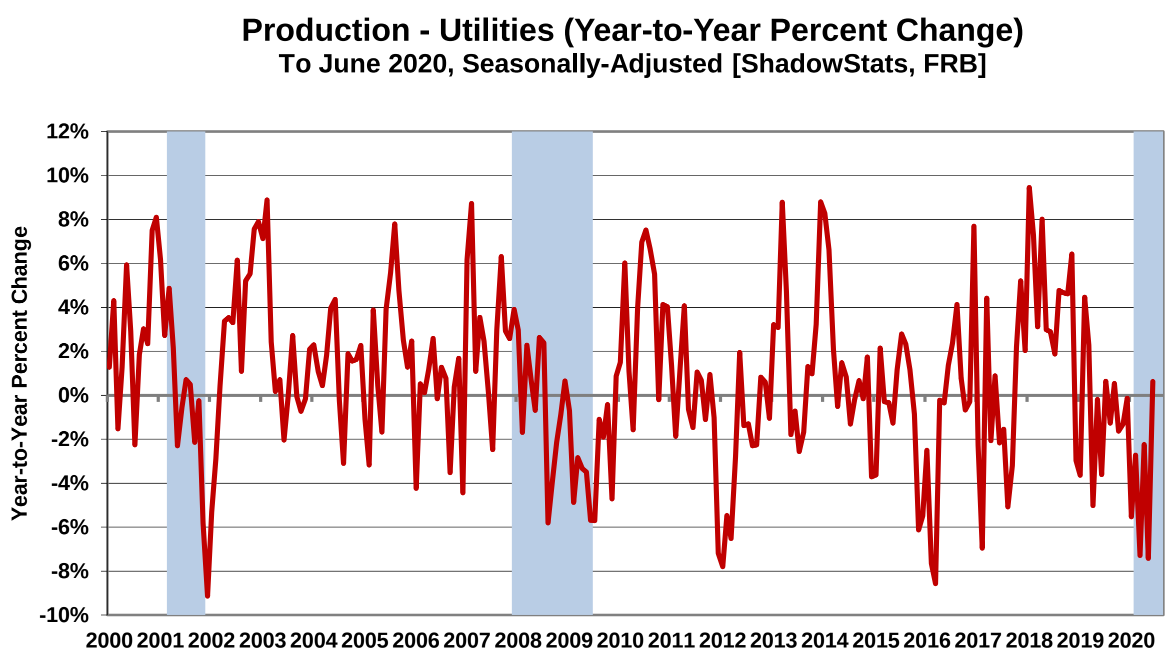



\

***Graph 30: Utilities Sector, 2000 to 2020***




***Graph 31: Utilities Sector, Year-to-Year Change, 2000 to 2020***




**[New Orders for Durable Goods and Graphs 32 to 35 begin on the next page]**

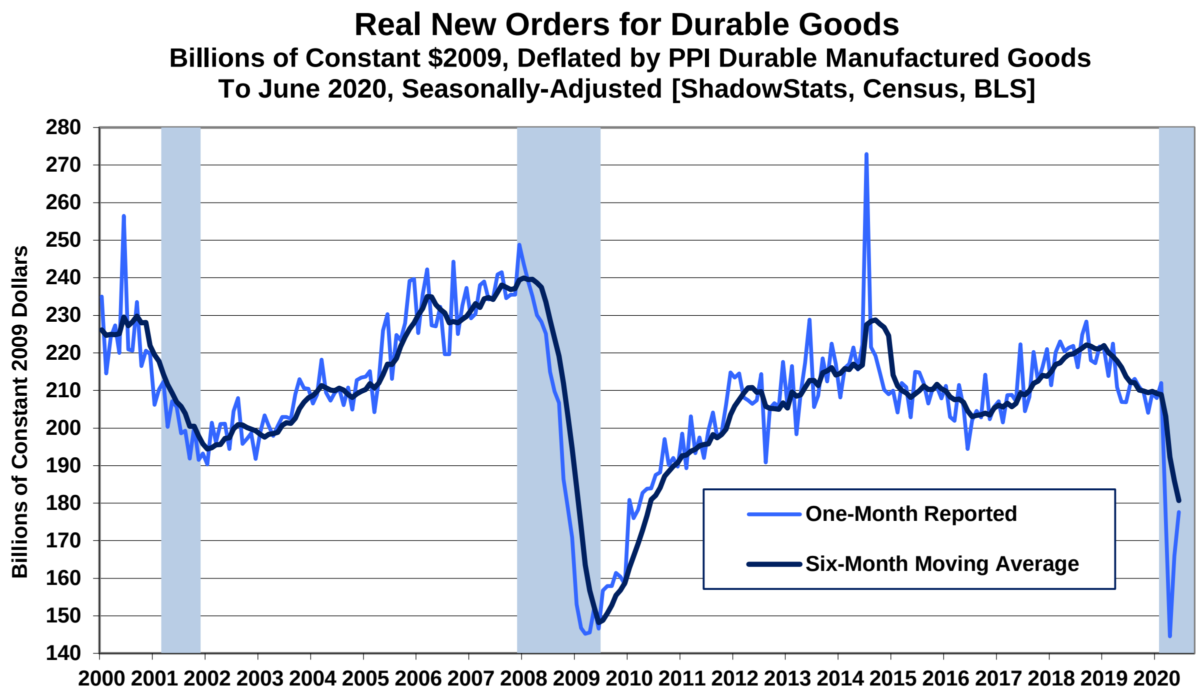
# 3. June 2020 New Orders for Durable Goods Held in Step With Production and Freight Activity

**Real New Orders for Durable Goods Gained 7.0% in June 2020, Sank 14.1% (-14.1%) Year-to-Year, Boosted by Autos, Hammered by Commercial Aircraft Cancellations.** As reported July 27th, by the Census Bureau, the nominal monthly gain of 7.3% in June Durable Goods orders was spiked by a 51.9% jump in Motor Vehicles and depressed by a 136.4% (-136.4%) plunge in Nondefense Aircraft (reflecting renewed order cancellations), all on top of downside revisions to nominal May and April activity. Second-quarter 2020 Real New Orders for Durable Goods plunged an annualized pace of 55% (-55%), down 21.9% (-21.9%) year-to-year.

**[Graphs 32 to 35 begin on the next page]**

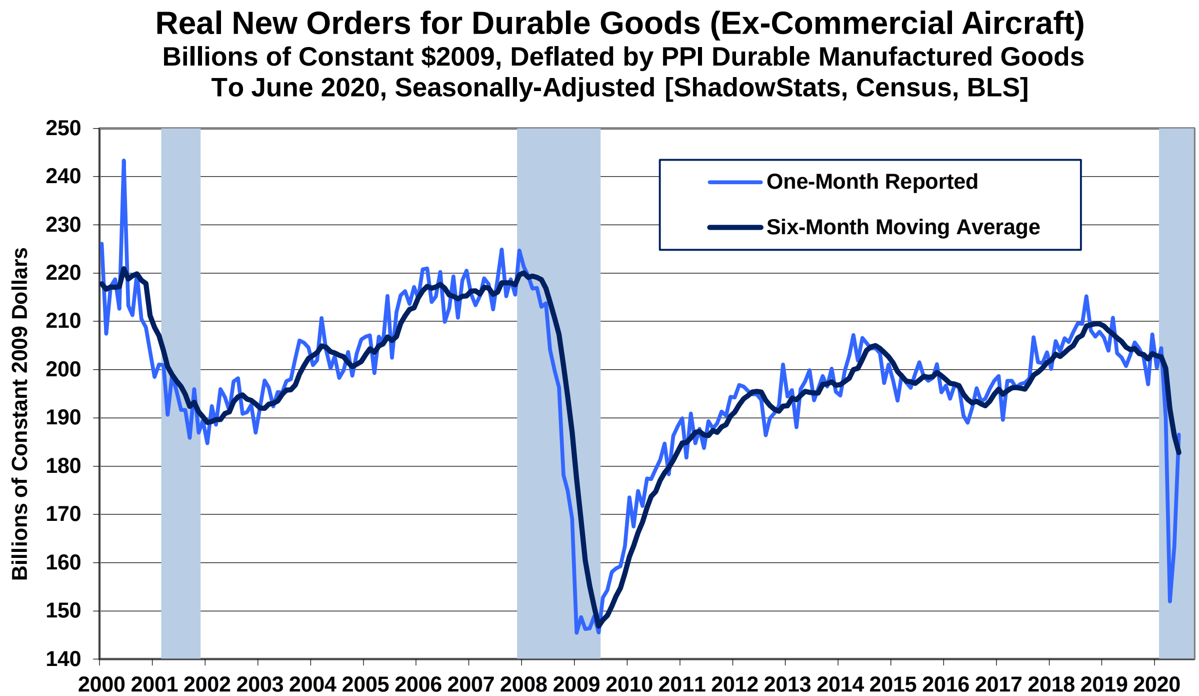
***Graph 32: Real New Orders for Durable Goods***




***Graph 33: Real New Orders for Durable Goods, Year-to-Year Percent Change***

***Graph 34: Real New Orders for Durable Goods (Ex-Commercial Aircraft)***




***Graph 35: Real New Orders for Durable Goods (Ex-Commercial Aircraft), Year-to-Year Percent Change***


**[Cass Freight Index and Graphs 36 to 38 begin on the next page]**

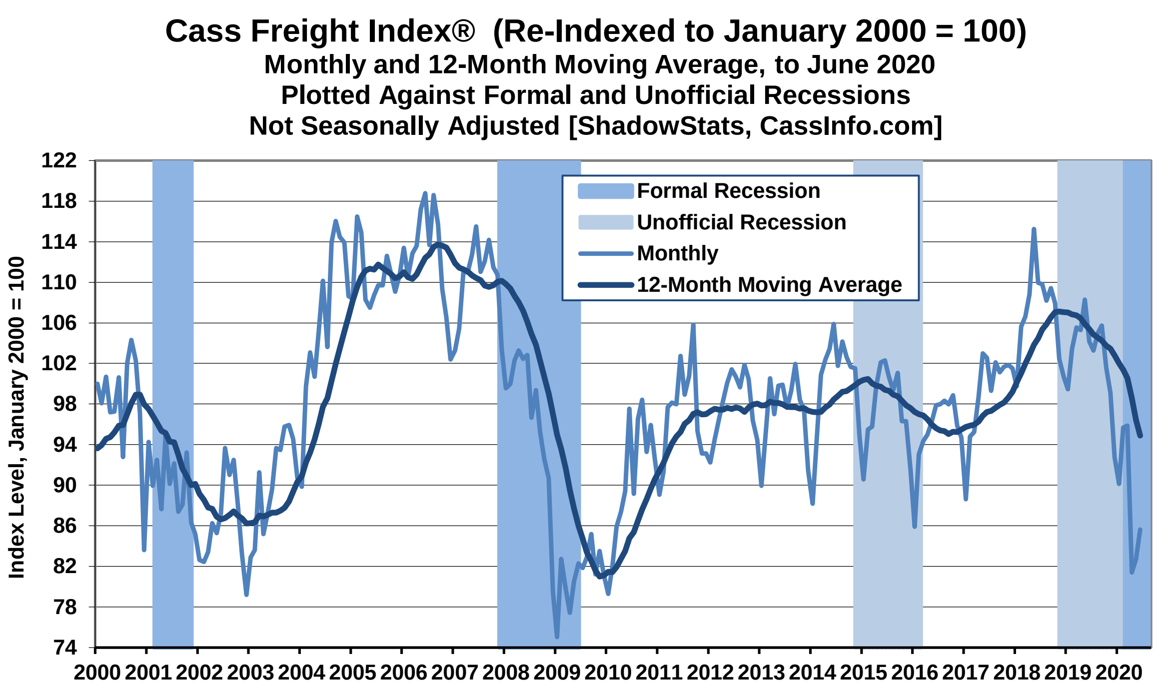
# 4. June 2020 Cass Freight Index®

## Economy Already Was Faltering Coming Into the Pandemic

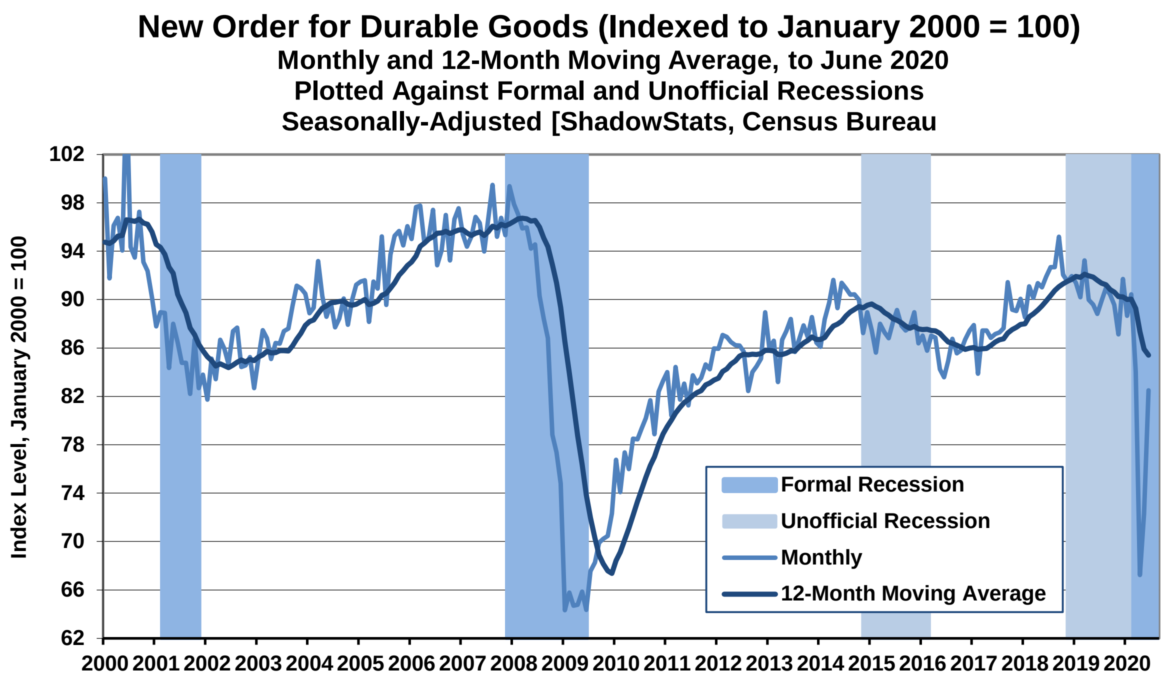
**Still No Hoped For Rebound, With Annual Growth Still Shy of Hitting Its Great Recession Trough.** Consistent with bottom–bouncing Manufacturing, but running counter to "booming" Retail Sales, the June 2020 Cass Freight Index® plunged year-to-year by 17.8% (-17.8%), the still holding shy of exceeding its record 25.0% (-25.0%) Great Recession trough of April 2009. As, reported July 16th by CassInfo.com (see the updated reporting at [https://www.cassinfo.com/freight-audit-payment/cass-transportation-indexes/june-2020](https://www.cassinfo.com/freight-audit-payment/cass-transportation-indexes/june-2020)), the Pandemic-driven economic collapse continued to hit the June 2020 Cass Freight Index® hard, with annual declines in freight activity bouncing at Great Recession depths. The Cass Index's consecutive monthly year-to-year declines and deepening month-to-month declines in the 12-month trailing average held in place for the 19th straight month. Those year-to-year and 12-month-moving-average metrics neutralize seasonality in this unadjusted series. ShadowStats regularly follows and analyzes the Cass 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. Tomorrow's (July 30th) GDP benchmark revisions conceivably could confirm those alternate business-cycle indications.

***Graph 36*** shows the headline, unadjusted monthly level the and smoothed 12-month moving average of the series to date. ***Graphs 37*** and ***38*** plot New Orders for Durable Goods and Industrial Production Capacity Utilization on parallel bases. All three series show unofficial recessions with the light blue lines

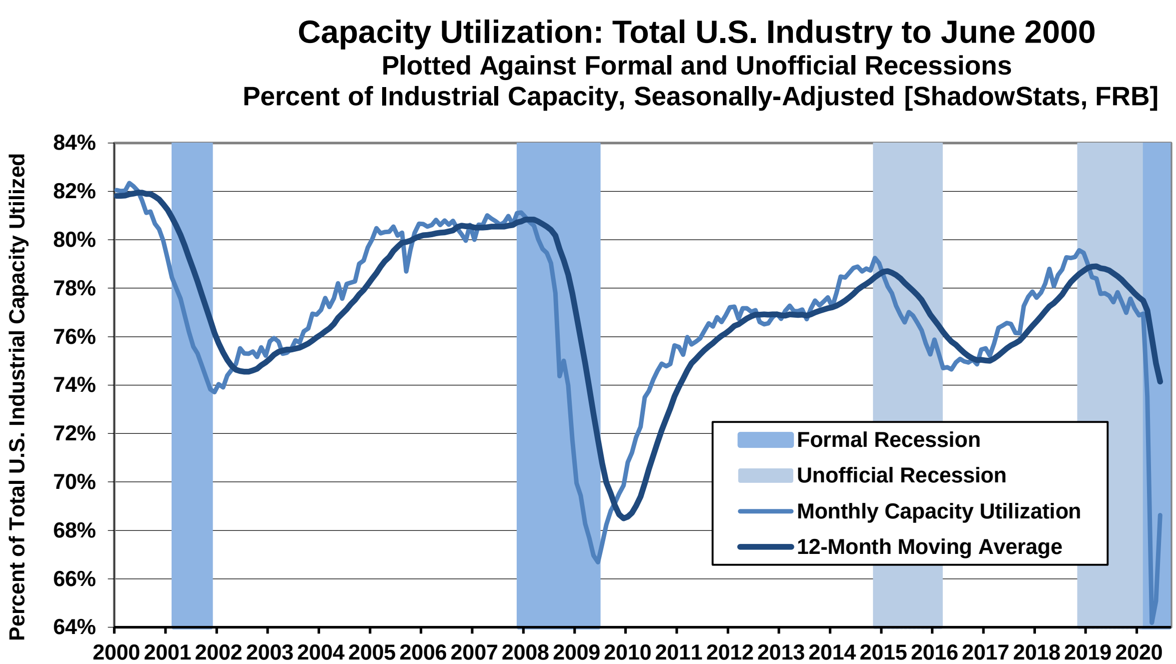
***Graph 36: Cass Freight Index® (2000 to June 2020)***



***Graph 37: Real New Orders for Durable Goods, Ex-Commercial Aircraft, Alternate Business Cycle***




***Graph 38: Capacity Utilization (2000 to June 2020), Alternate Business Cycle***



# 5. June 2020 Real Retail Sales

## Highly Suspect Headline Recovery to Pre-Pandemic Levels

## Recovery Was Not Confirmed by Payrolls, Orders or Production

## Possible Massive Inventory Liquidation Could Mean Product Shortages

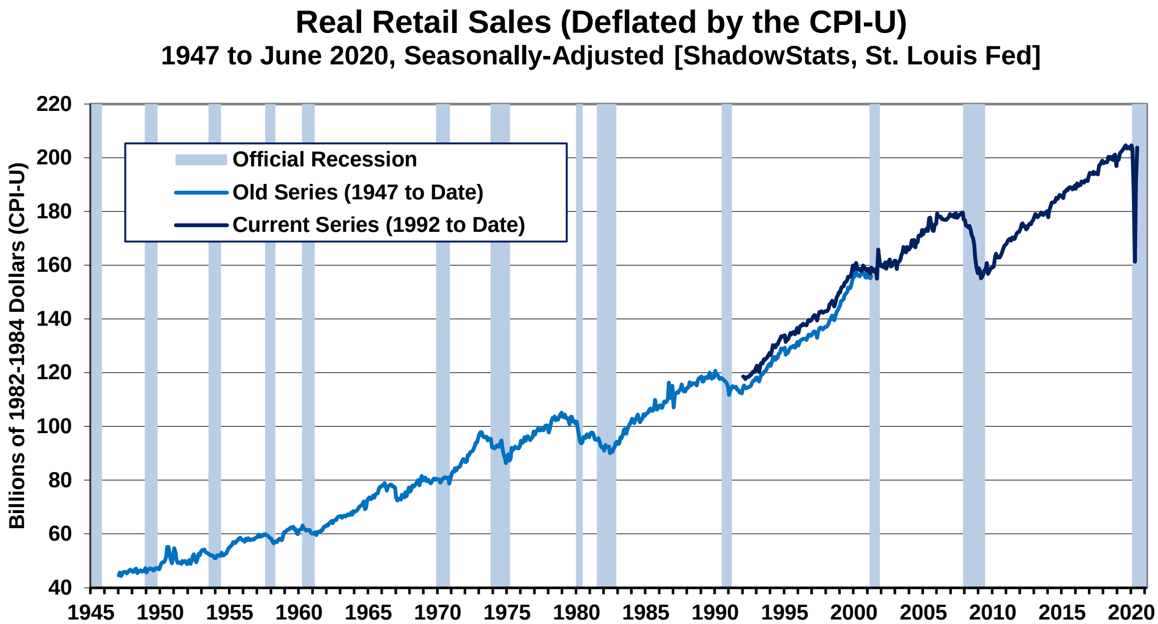
**Not-Credible Headline June 2020 Real Retail Sales Recovered February 2020 Pre-Pandemic Levels, With an Inflation-Adjusted 6.9% Monthly Jump.** As reported July 16th by the Census Bureau, inflation-adjusted June Real Retail Sales recovered its pre-Pandemic level, but nominal sales remained shy by 0.6% (-0.6%) of doing so. CPI-U inflation-adjusted June Real Retail Sales gained 6.9% [nominal 7.5%] in the month, turning positive year-to-year by 0.4% [nominal 1.1%], following an upwardly revised 18.2% [previously 17.7%] real monthly gain in May. April's headline 73-year record monthly plunge of 15.8% (-15.8%) was revised to 14.0% (-14.0%). Yet, annualized real quarterly growth contracted for the third consecutive quarter, having been in a pre-Pandemic downturn, contracting by 0.7% (-0.7%) in the fourth-quarter 2019 Holiday Shopping Season, followed by Pandemic-induced drops of 9.6% (-9.6%) in first-quarter 2020 and 24.2% (-24.2%) in the second-quarter.

Headline Real Retail Sales activity (***Graphs 39** to **42***) was not consistent with related and supportive manufacturing and freight activity (see ***Graphs 24, 26*** and ***36***), and contrary to its own industry's employment patterns (Retail Trade and Leisure and Hospitality), which bottom bounced but did not come close to recovering pre-collapse activity (see ***Graphs 43** to **46***). Indeed, related payroll employment activity for the Retail Trade and Leisure & Hospitality sectors showed the same pattern of bottom-bouncing, as seen with the related Manufacturing series, but not with the headline Retail Sales business activity. Employment related to the Retail Sales not only did not confirm, but also showed no relationship to the purported Pandemic Recovery.

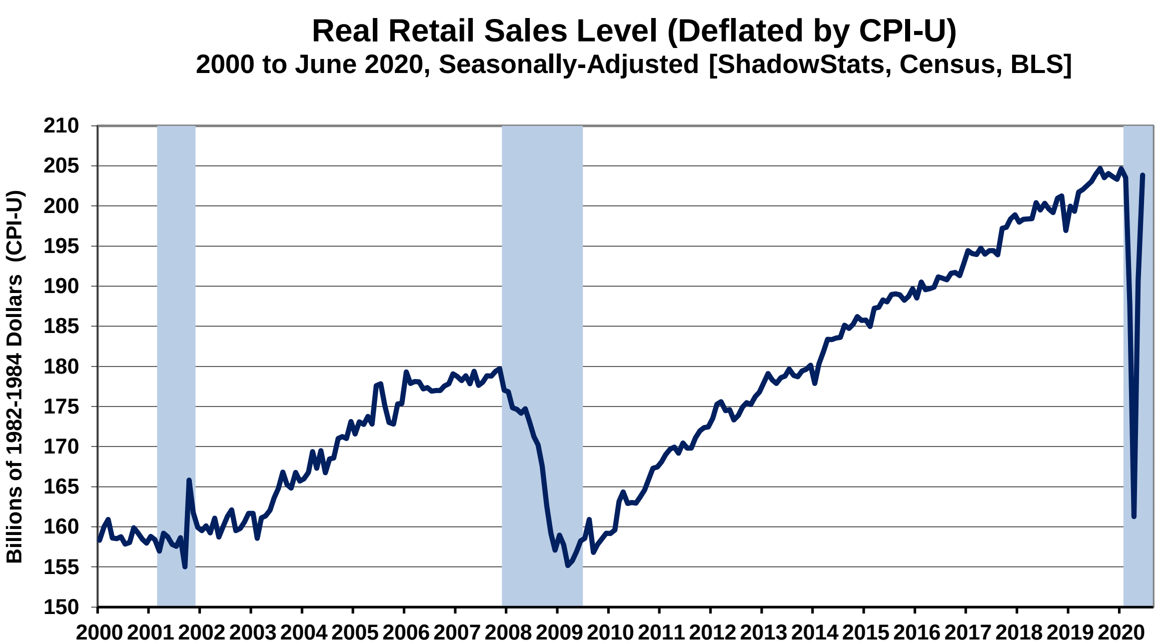
To the extent the numbers here are accurate, along with weaknesses in underlying production and freight activity, the suggestion would be a sharp run-off inventories, which hit the GDP and likely causing potentially inflationary product shortages.

**[Retail Sales Graphs 39 to 46 begin on the next page]**

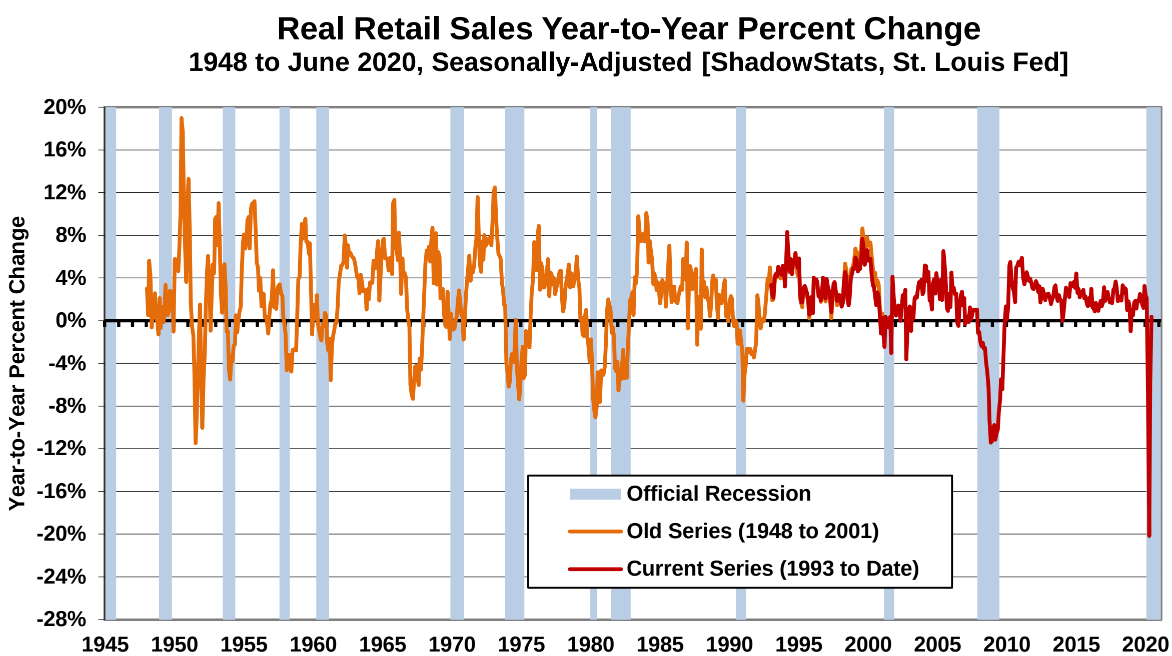
***Graph 39: Real Retail Sales, Full History 1947 to 2020***



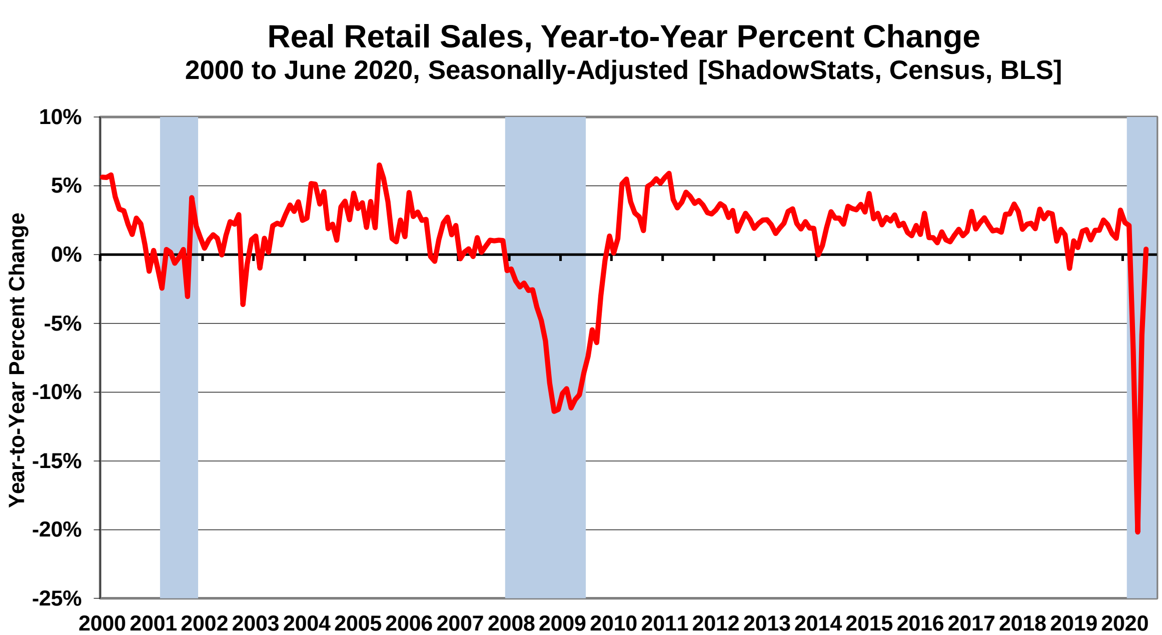

***Graph 40: Real Retail Sales, 2000 to 2020***



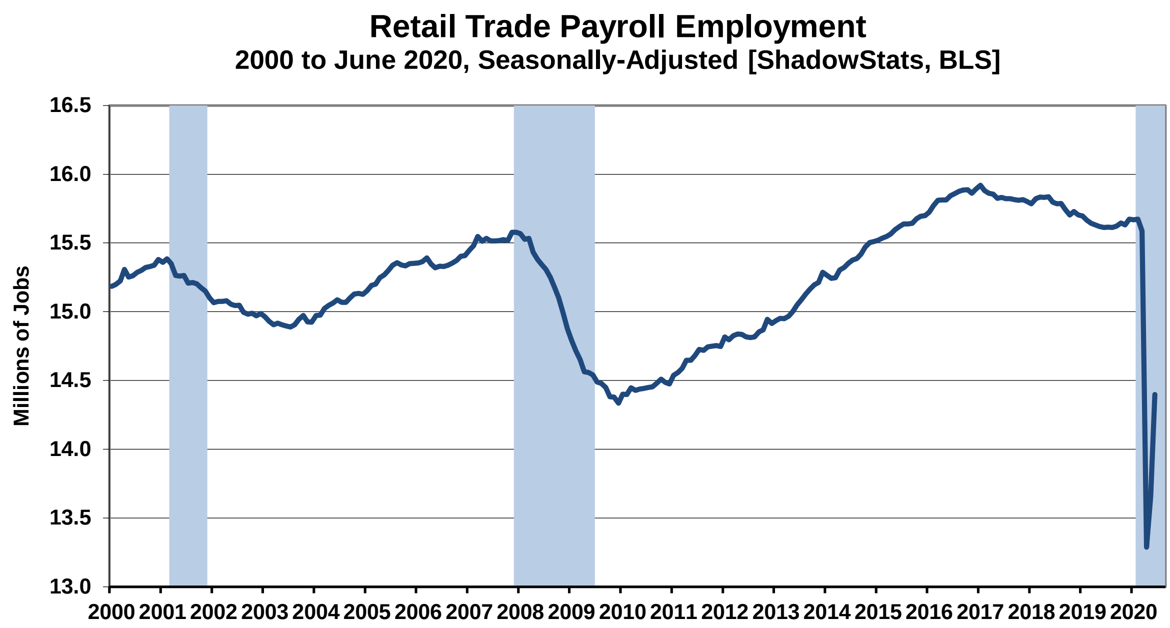
***Graph 41: Real Retail Sales, Year-to-Year Change, Full History 1948 to 2020***



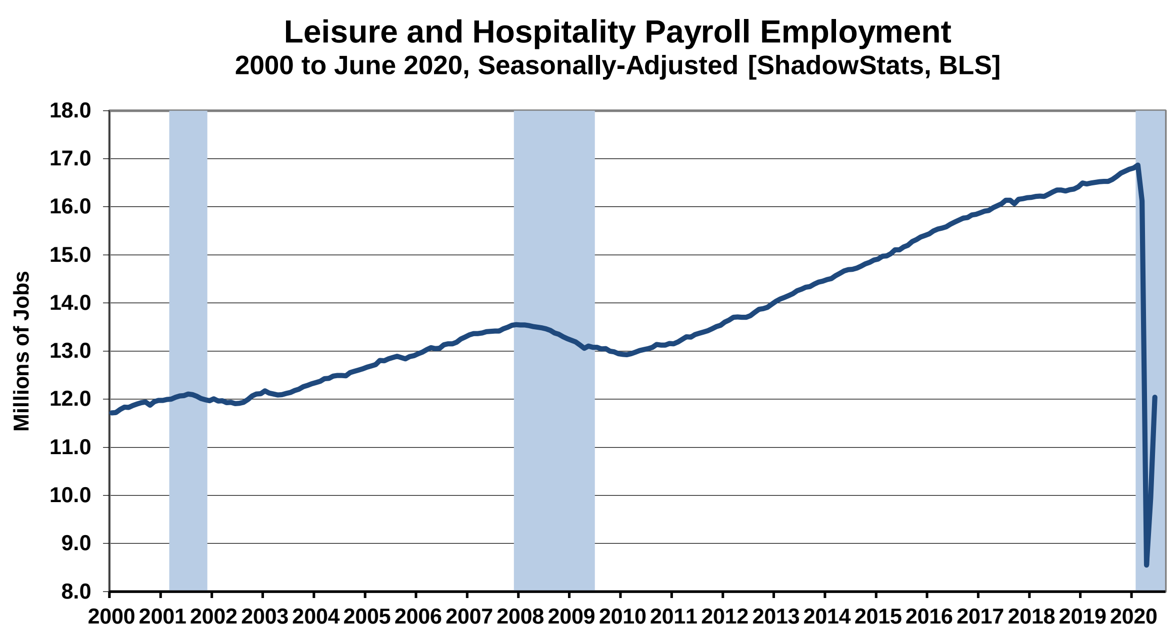

***Graph 42: Real Retail Sales, Year-to-Year Change, 2000 to 2020***



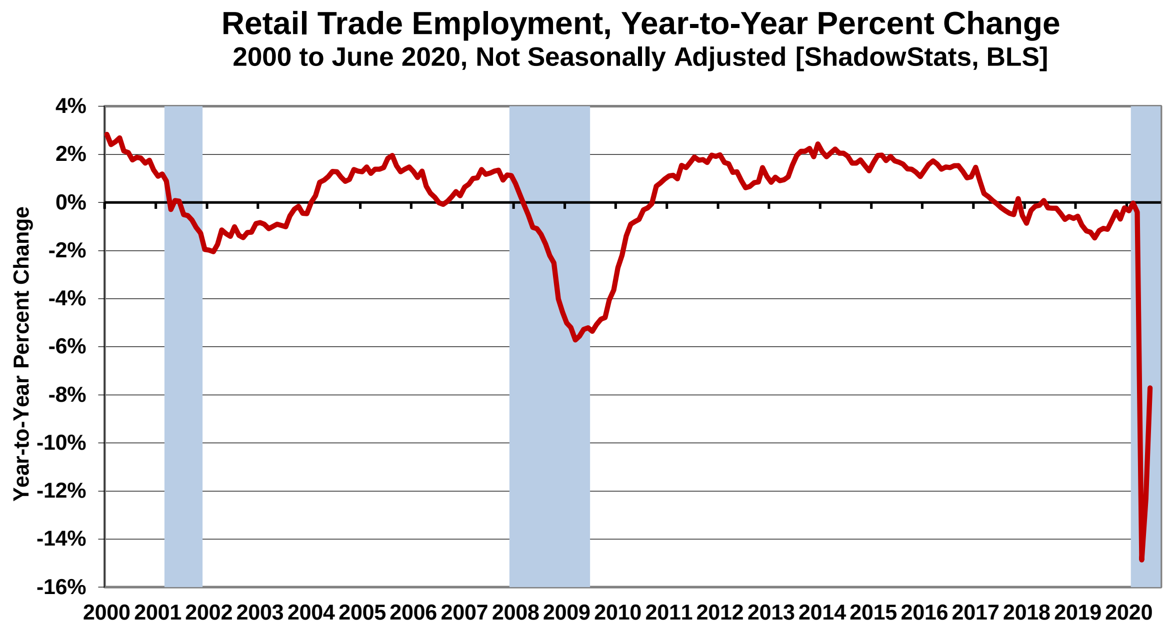
***Graph 43: Retail Trade Employment, 2000 to 2020***



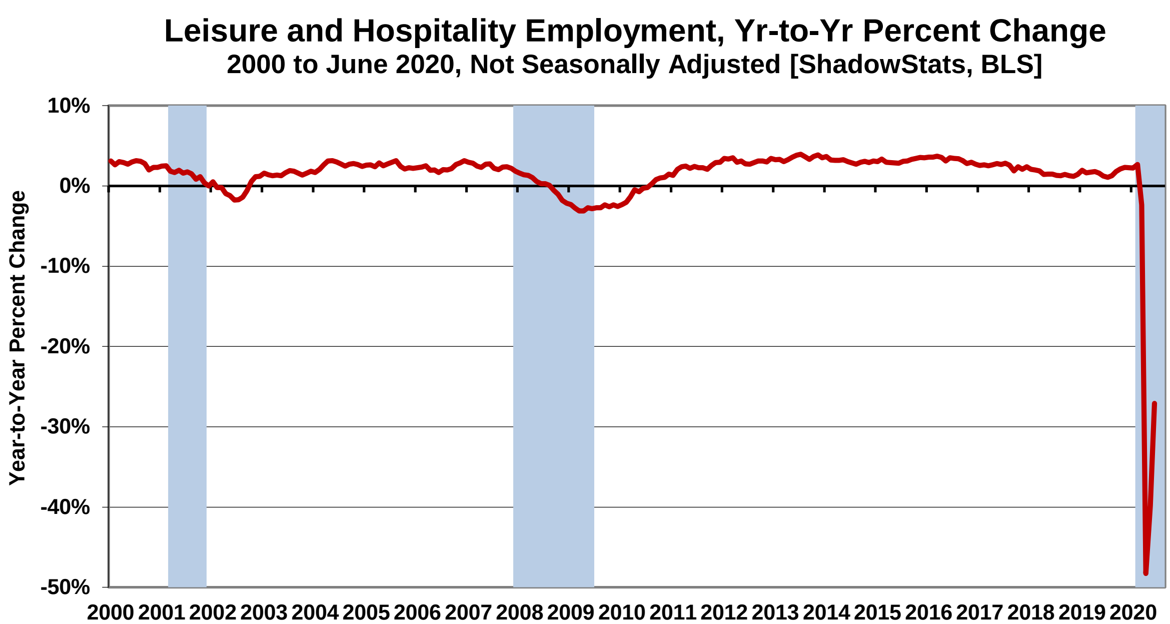

***Graph 44: Leisure and Hospitality Employment, 2000 to 2020***



***Graph 45: Retail Trade Employment, Year-to-Year Change, 2000 to 2020***




***Graph 46: Leisure and Hospitality Employment, Year-to-Year Change, 2000 to 2020***



## 6. June 2020 Residential Investment and Sales

### Bottom-Bouncing June Building Permits and Housing Starts Saw Respective Annualized Second-Quarter 2020 Plunges of 56.2% (-56.2%) and 75.6% (-75.6%)

### Mixed New- and Existing-Home Sales Saw Respective Annualized Second-Quarter 2020 Declines Were 11.6% (-11.6%) and 61.5% (-61.5%)

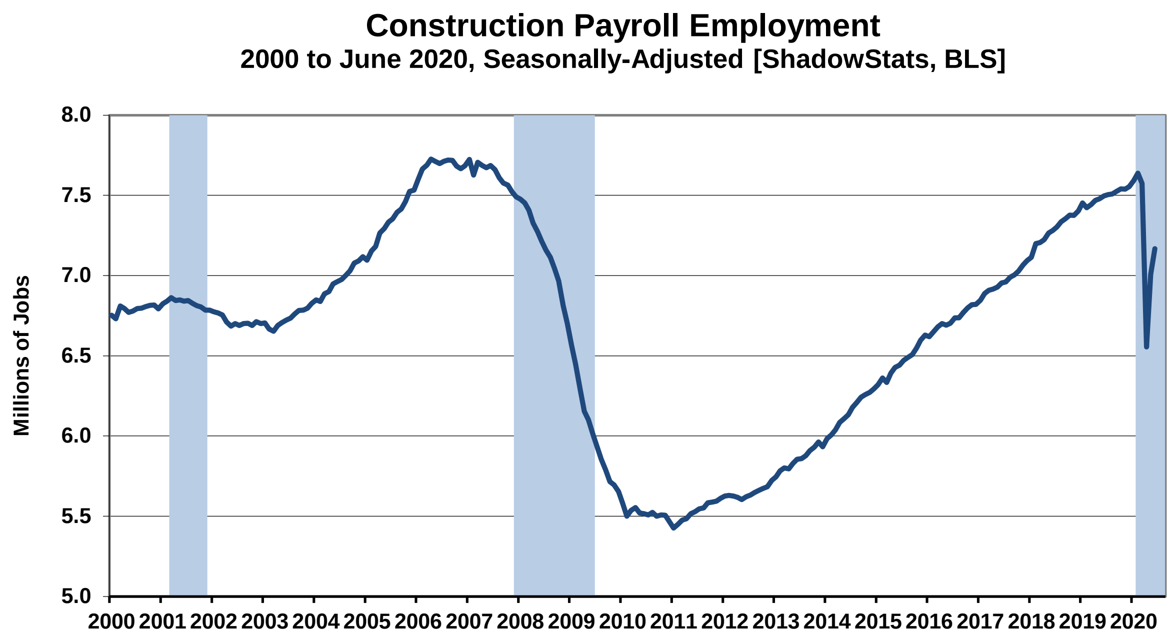
**Bottom-Bouncing Monthly Gains Picked Up in June 2020 New Residential Construction, in the Context of Pandemic-Savaged Second-Quarter Collapses**. As reported by the Census Bureau, July 17th, June 2020 Building Permits and Housing Starts respectively showed statistically meaningful monthly gains of 2.1% and 17.3% (90% confidence intervals) with annual declines of 2.5% (-2.5%) and 4.0% (-4.0%), on top of respective downside and upside revisions to May activity. Pummeled by the Pandemic shutdown of the economy, respective second-quarter Permits and Starts collapsed at annualized quarterly paces of 56.2% (-56.2%) and 75.6% (-75.6%), against a first-quarter decline in Permits of 12.0% (-12.0%) and a first quarter gain in Starts of 15.2%. Both series held shy of ever recovering their pre-Great Recession peak levels respectively by 45.2% (-45.2%) and 47.8% (-47.8%) and were relatively consistent with reported background labor activity (see ***Graphs 47*** to ***48***). Unlike the Retail Sales series, however, the Residential Construction numbers were consistent with underlying labor detail.

***A Statistically Worthless 13.8% Jump in June 2020 New-Home Sales (Census) Recovered Pre-Pandemic Levels, While the More Stable Reporting of Existing-Home Sales (NAR) Surged 20.7% in the Month, Still 18.1% (-18.1%) Shy of Economic Recovery.*** As usual, in the context of regularly extreme monthly volatility and massive revisions, both the 13.8% monthly and 6.9% annual gains in June 2020 New-Home Sales (Census Bureau, July 24th) were not statistically meaningful at the 95% confidence interval, with New-Home Sales still holding shy of ever recovering its peak pre-Great Recession activity by 44.1% (-44.1%). Second-quarter 2020 New-Home Sales contracted at an annualized pace of 11.6% (-11.6%), up by 2.4% year-to-year.

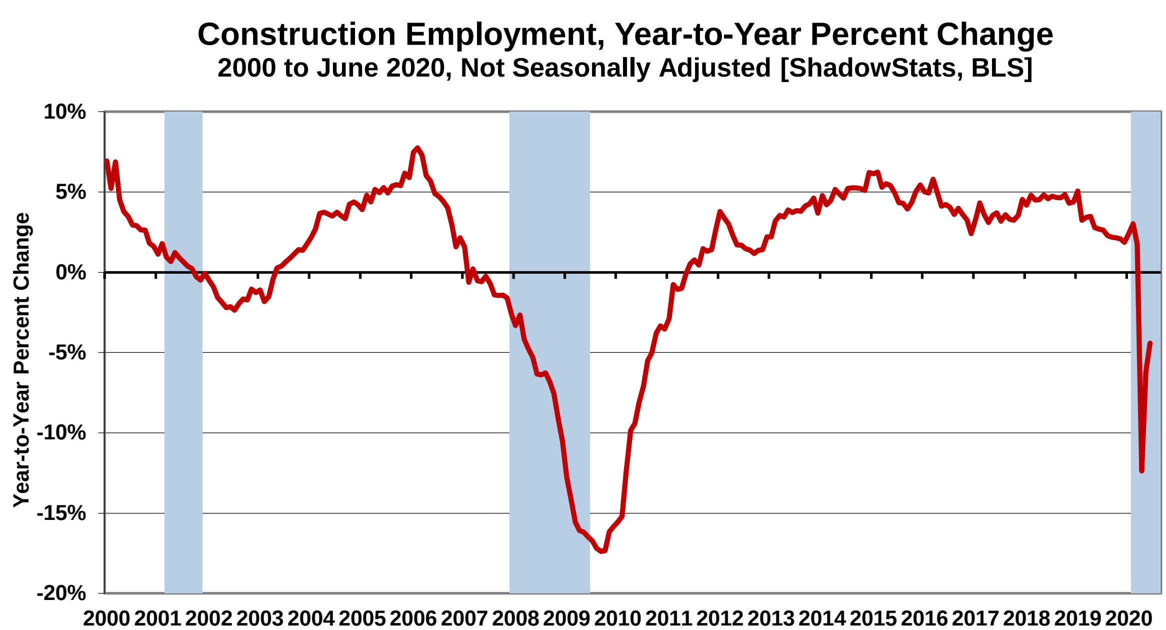
The more-stable June 2020 Existing-Home Sales (National Association of Realtors® [NAR] at www.nar.realtor – see their Press Release) jumped 20.7% in the month, down by 11.3% (-11.3%) year-to-year. Second-quarter 2020 Existing-Home Sales contracted at an annualized pace of 61.5% (-61.5%), down by 18.4% (-18.4%) year-to-year.

**[Residential Real Estate and Construction Graphs 47 to 62 begin on the next page]**

***Graph 47: Construction Employment, 2000 to 2020***

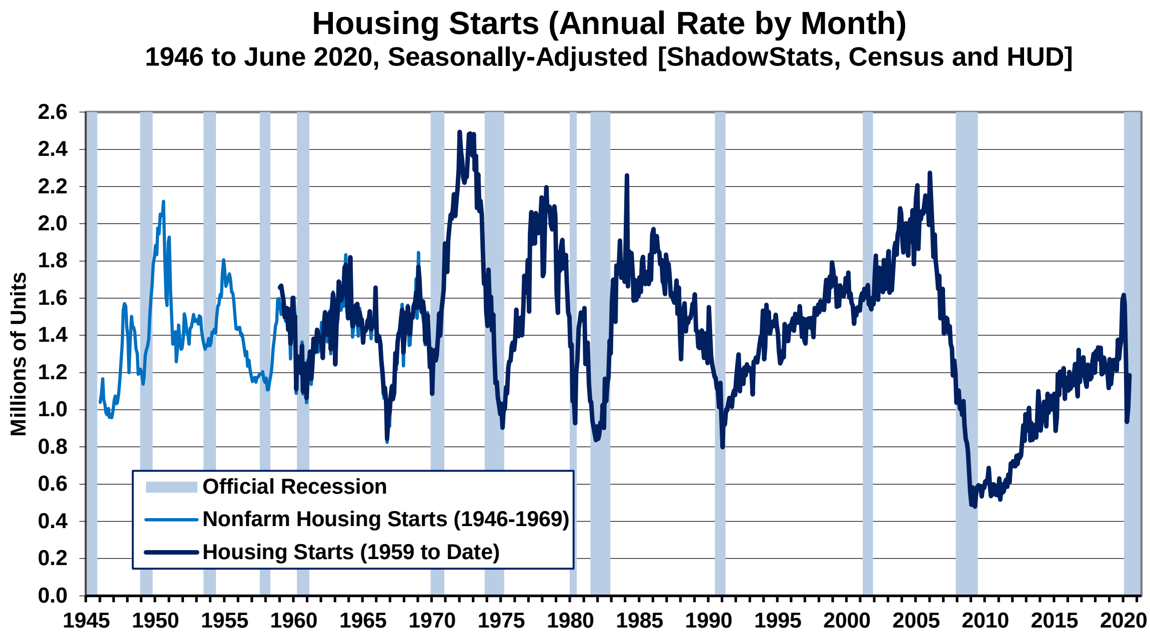



***Graph 48: Construction Employment, Year-to-Year Change, 2000 to 2020***

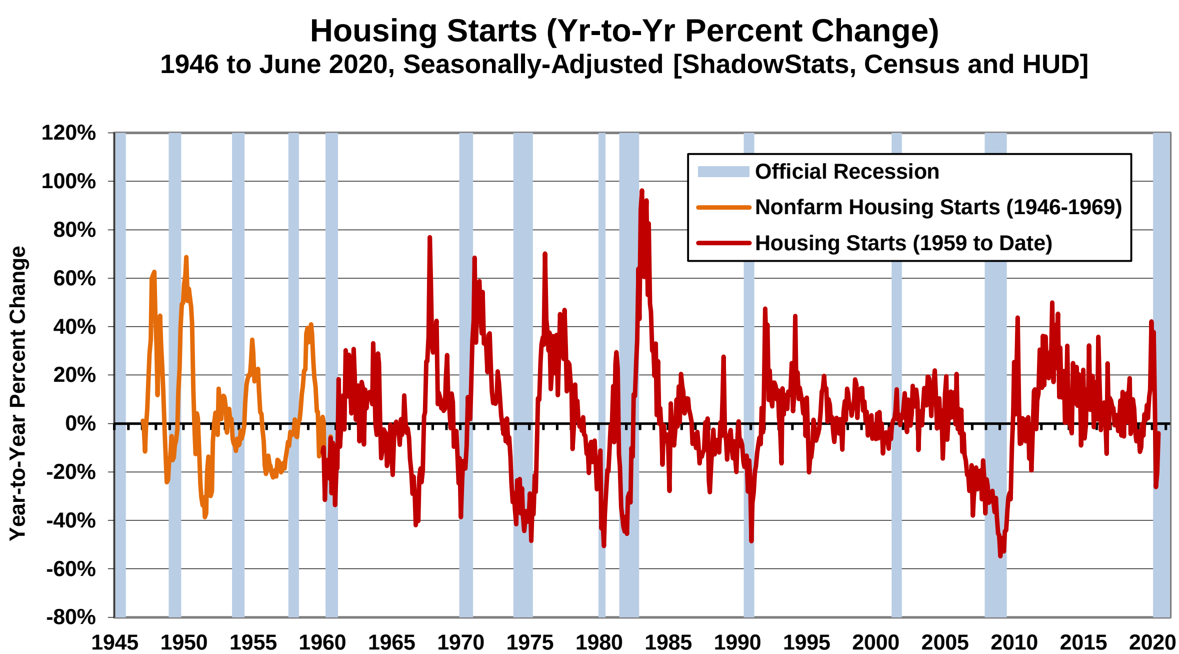


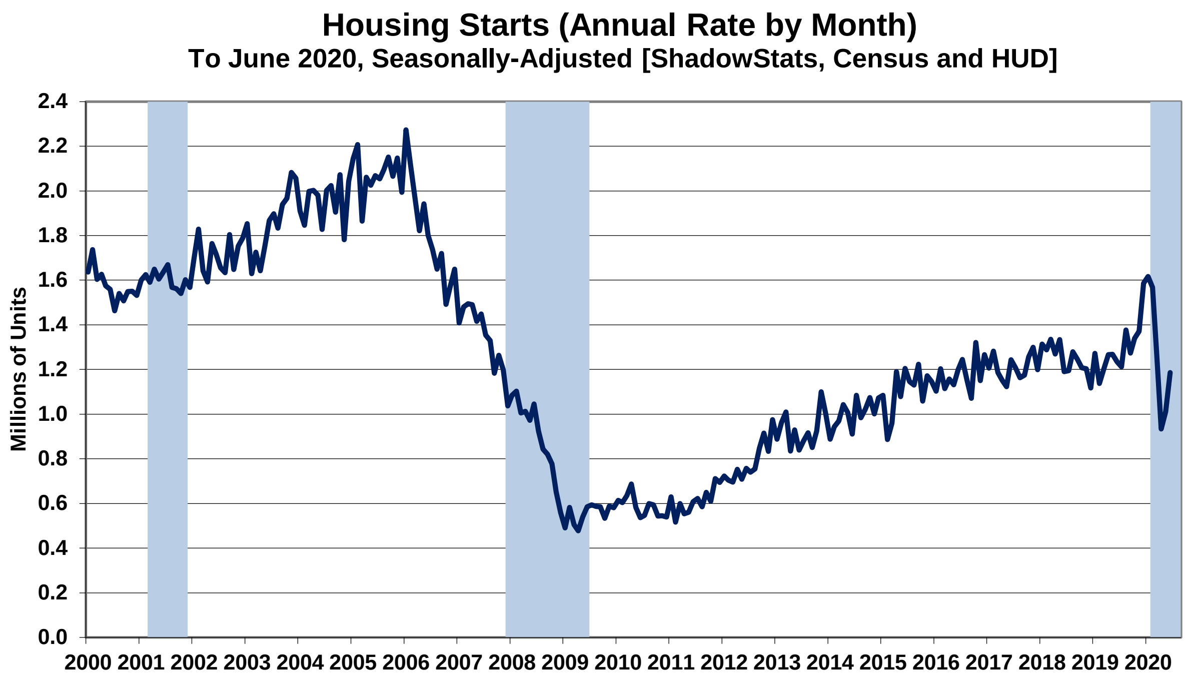
***Graph 49: Housing Starts, Full History, 1946 to Date***



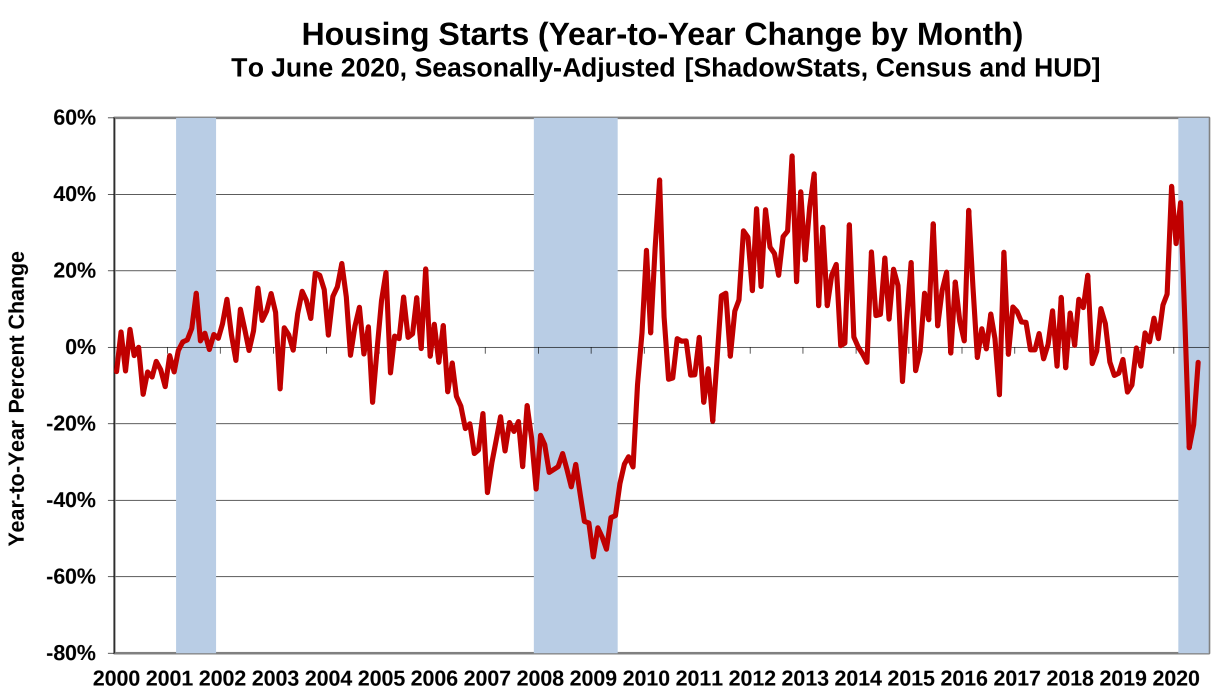

***Graph 50: Housing Starts, Year-to-Year Change, Full History, 1946 to Date***



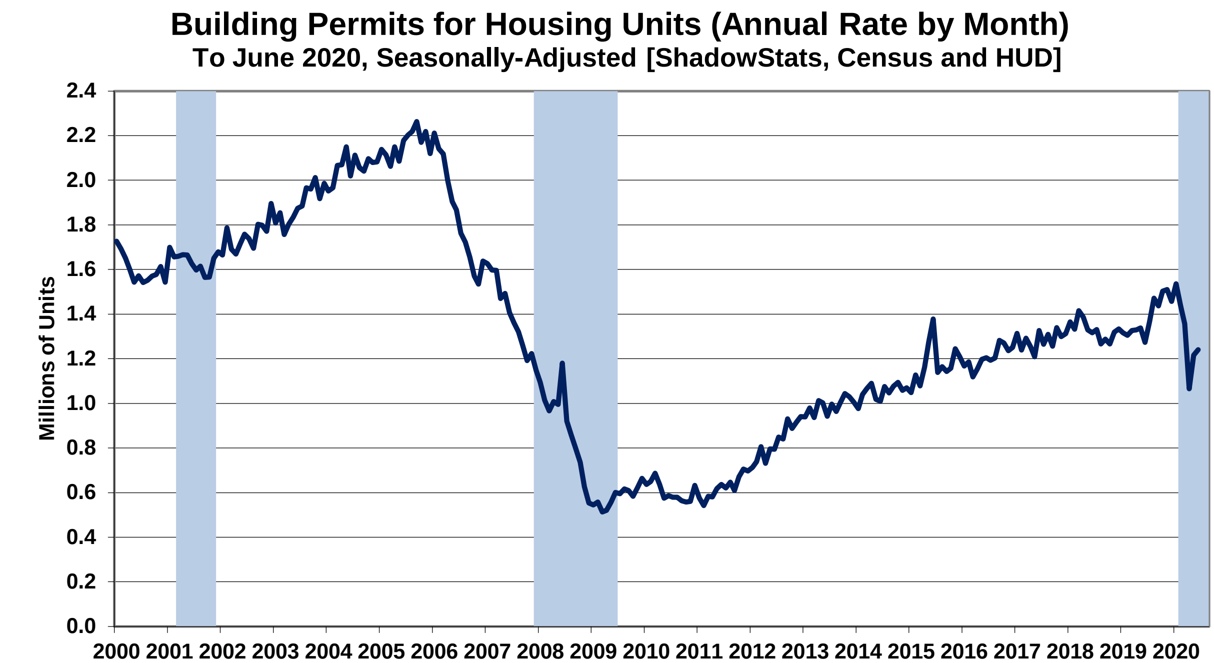
***Graph 51: Housing Starts, 2000 to 2020***



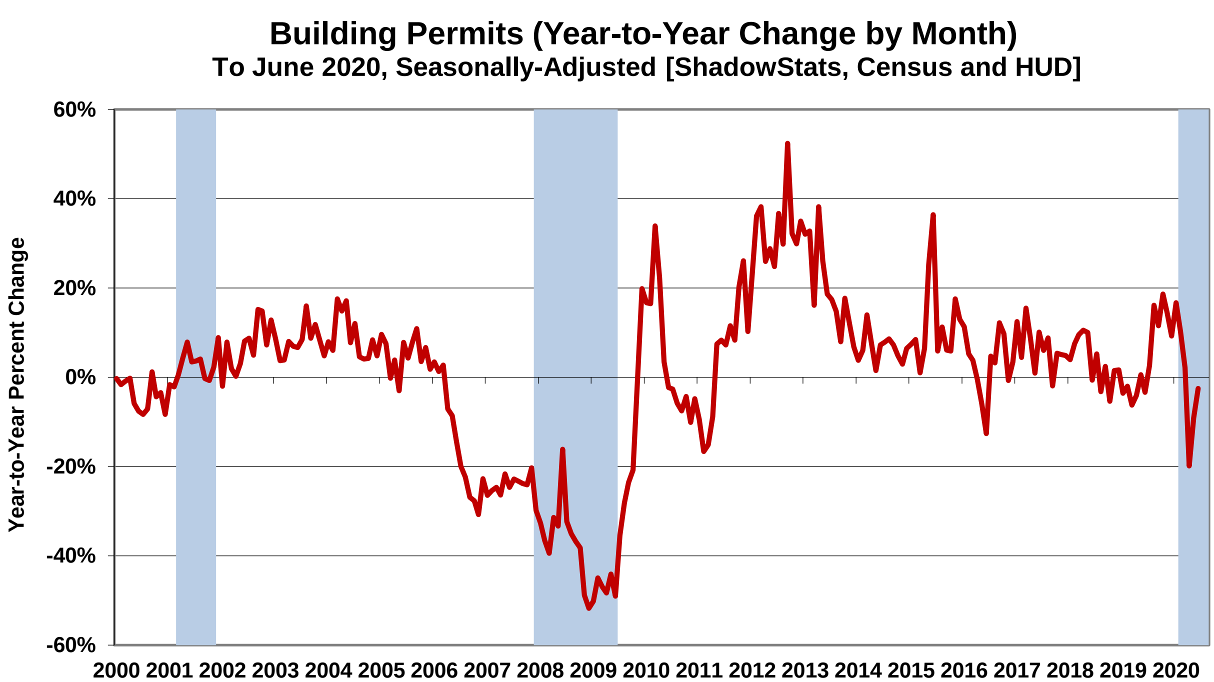

***Graph 52: Housing Starts, Year-to-Year Change, 2000 to 2020***



***Graph 53: Building Permits, 2000 to 2020***

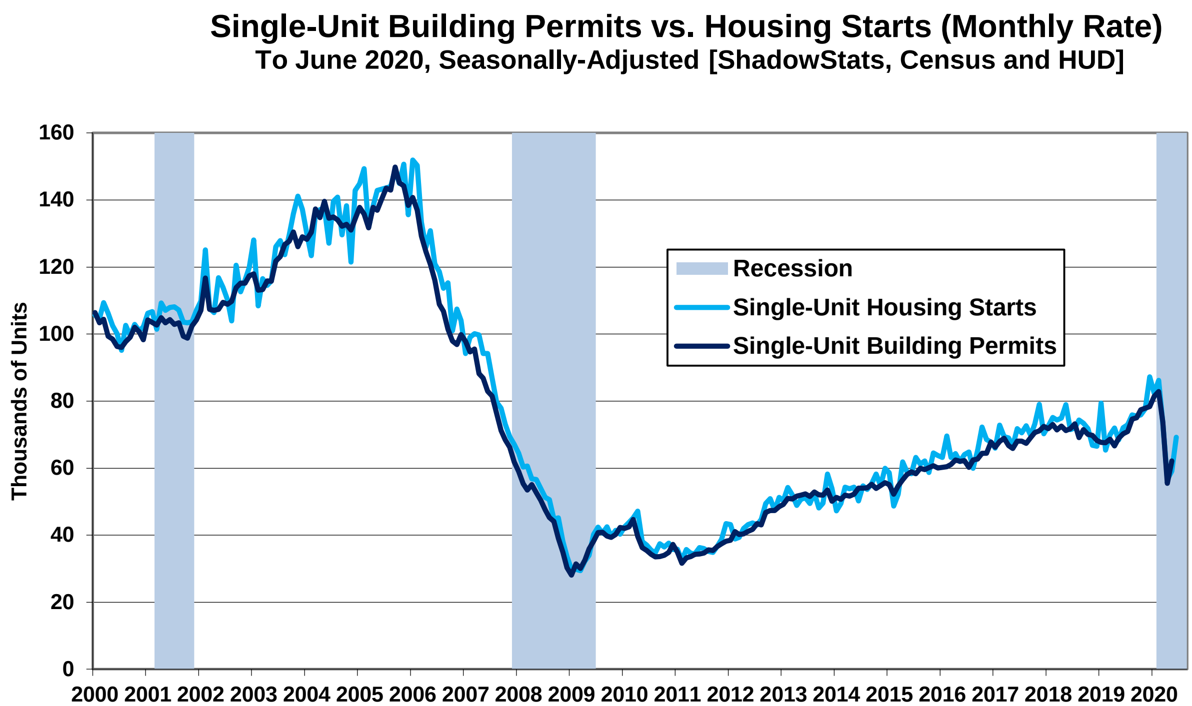



***Graph 54: Building Permits, Year-to-Year Change, 2000 to 2020***

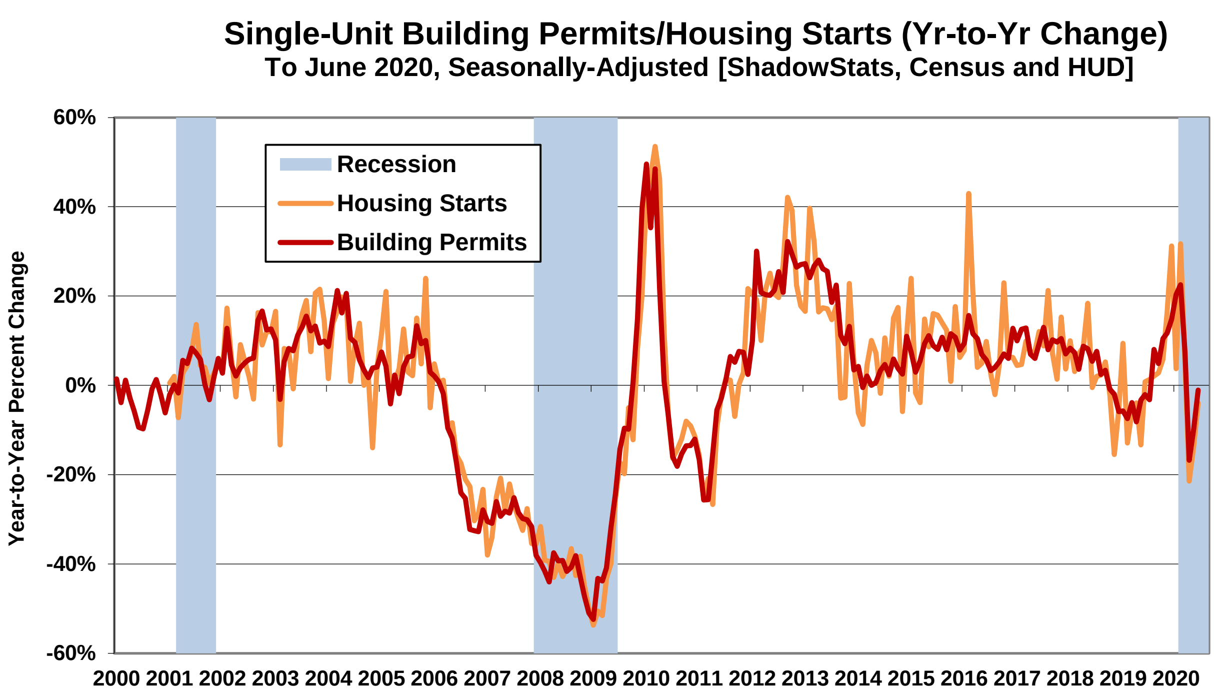


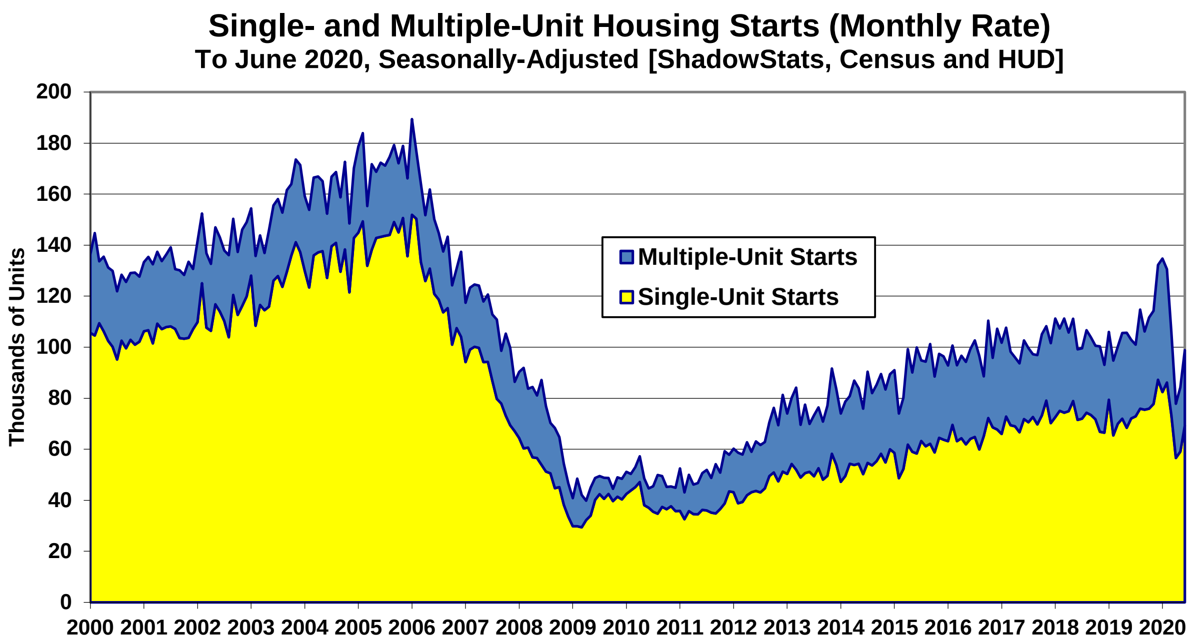
***Graph 55: Single-Unit Building Permits vs. Single-Unit Housing Starts, 2000 to 2020***



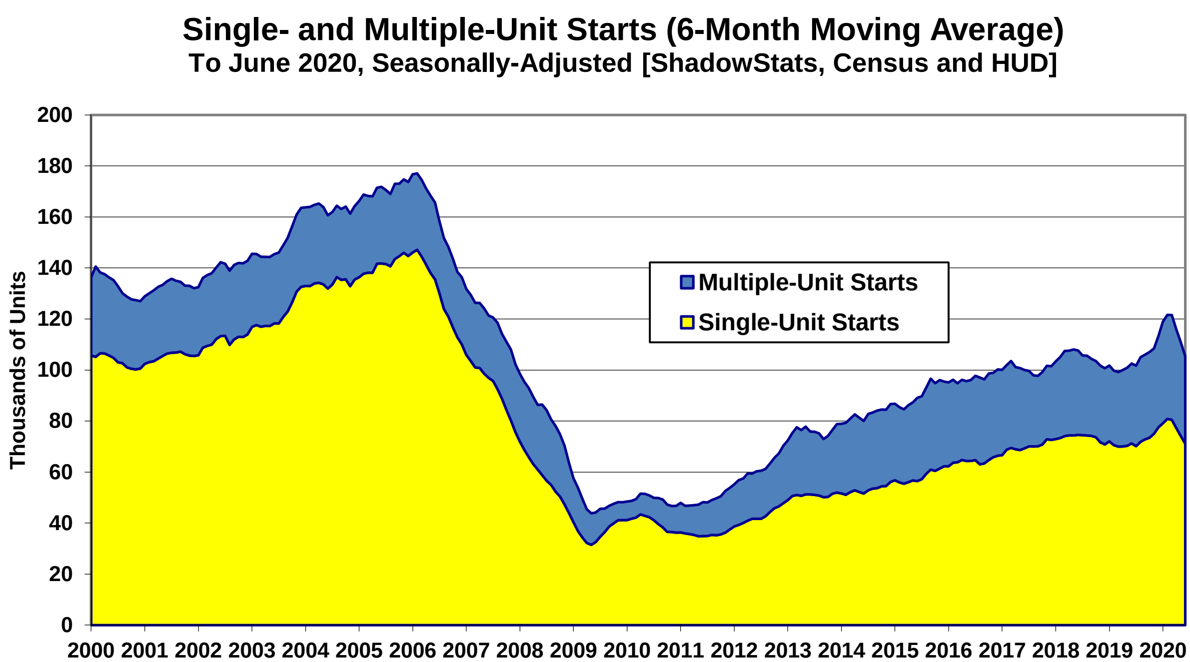

***Graph 56: Single-Unit Building Permits vs. Single-Unit Housing Starts, Year-to-Year Change, 2000 to 2020***



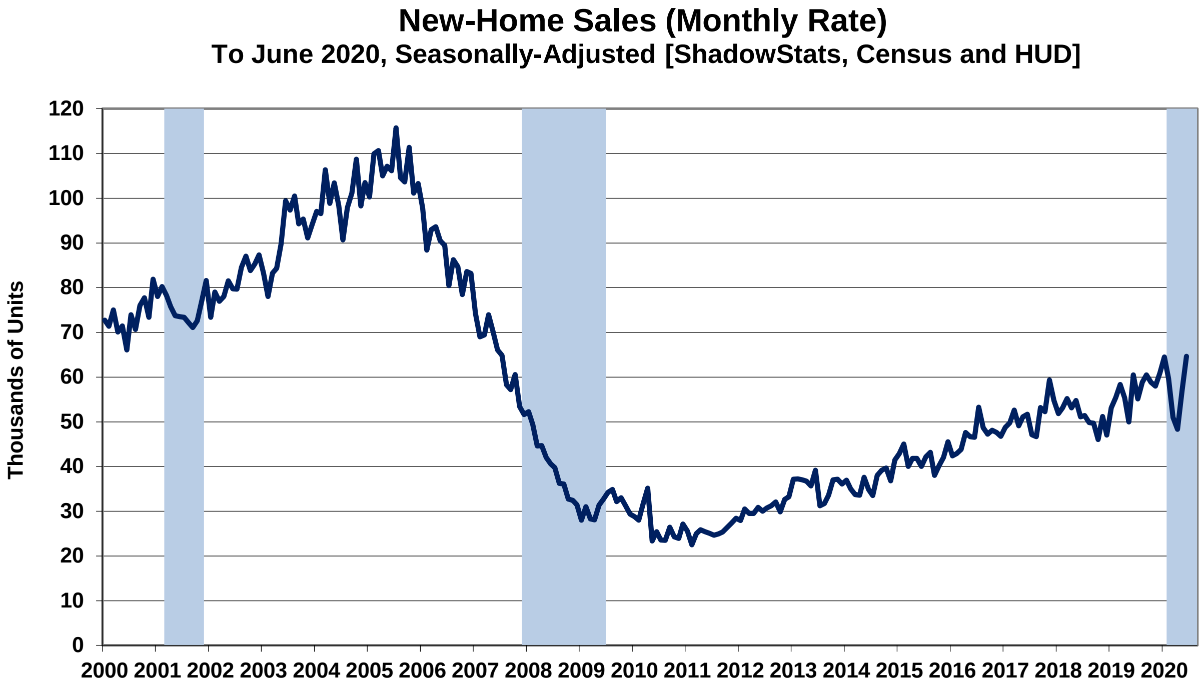
***Graph 57: Single- and Multiple-Unit Housing Starts, 2000 to 2020***



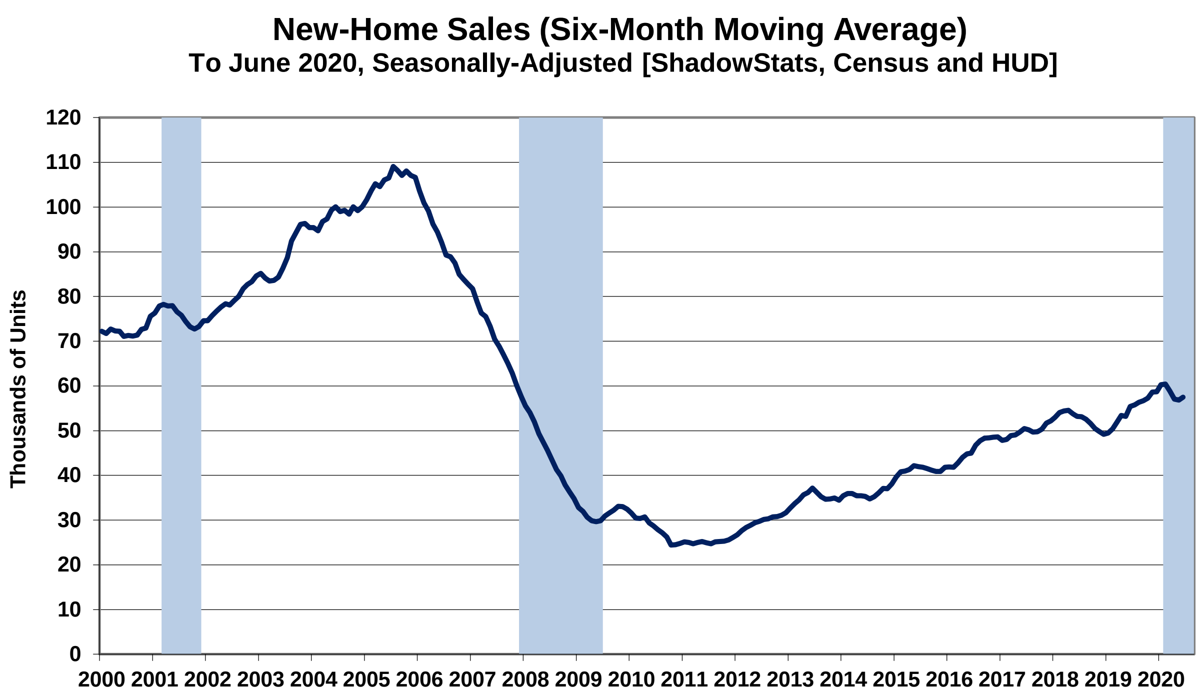

***Graph 58: Smoothed Single- and Multiple-Unit Housing Starts, 2000 to 2020***



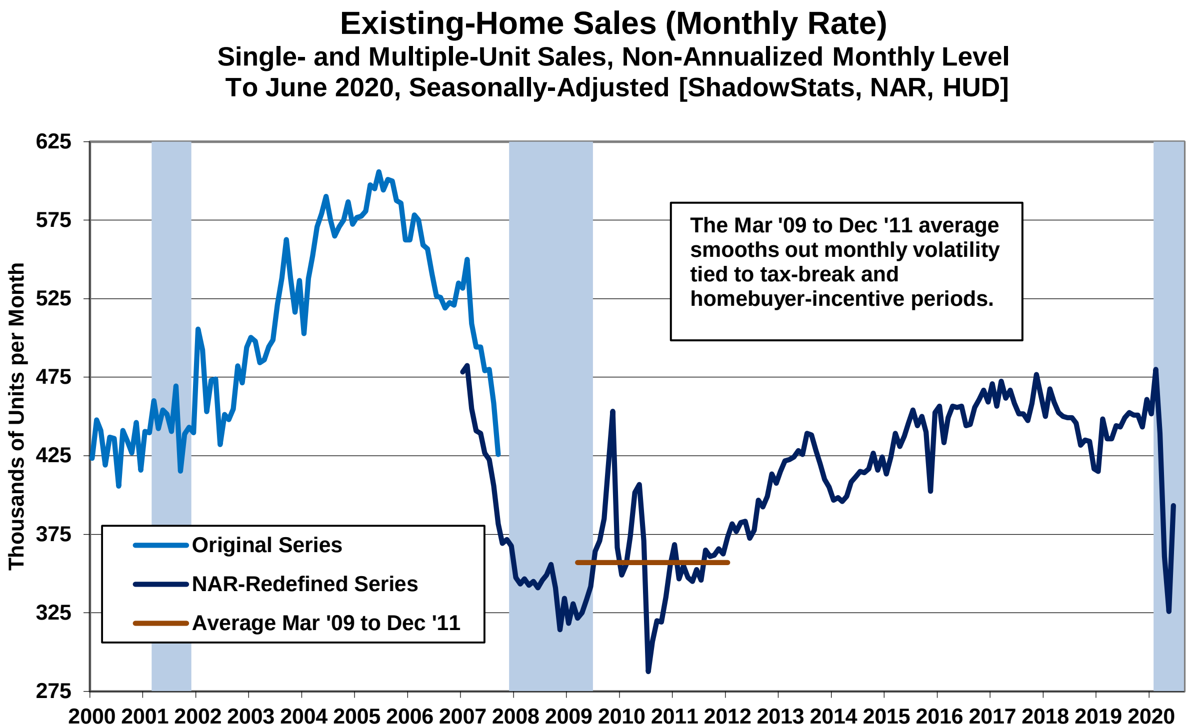
***Graph 59: New-Home Sales, 2000 to 2020***



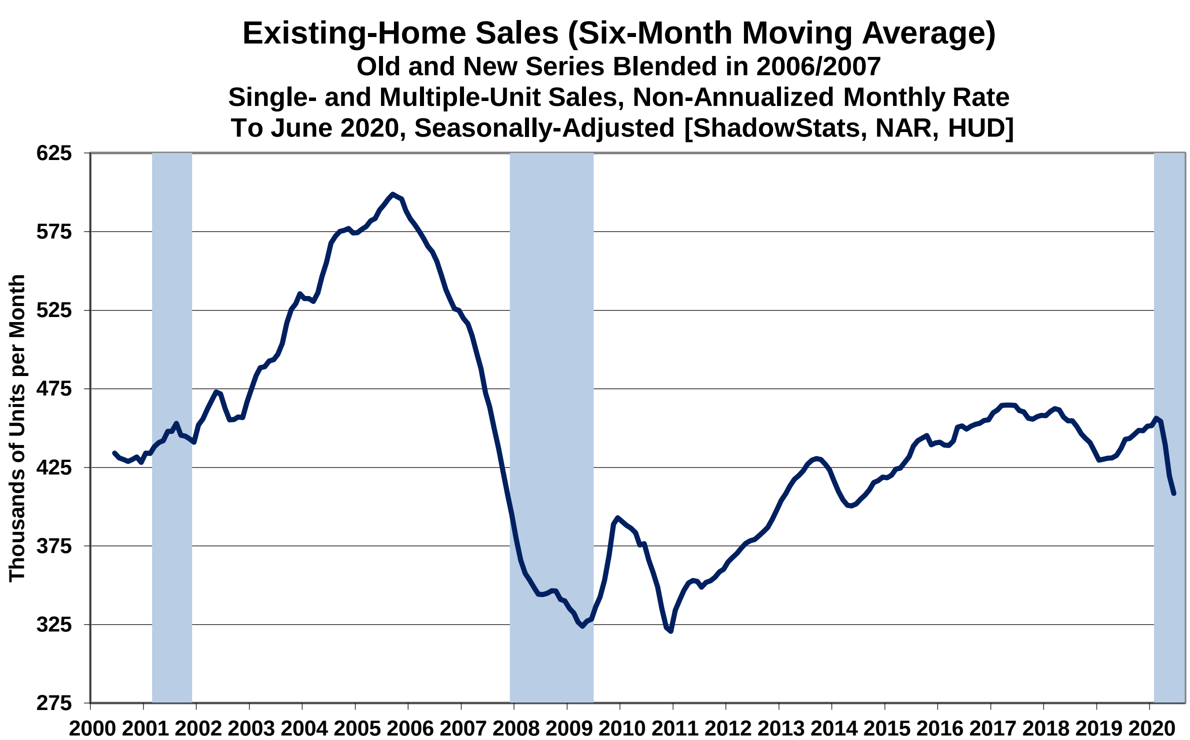

***Graph 60 New-Home Sales, Six-Month Moving Average, 2000 to 2020***



***Graph 61: Existing-Home Sales, 2000 to 2020***




***Graph 62: Existing-Home Sales, Six-Month Moving Average, 2000 to 2020***



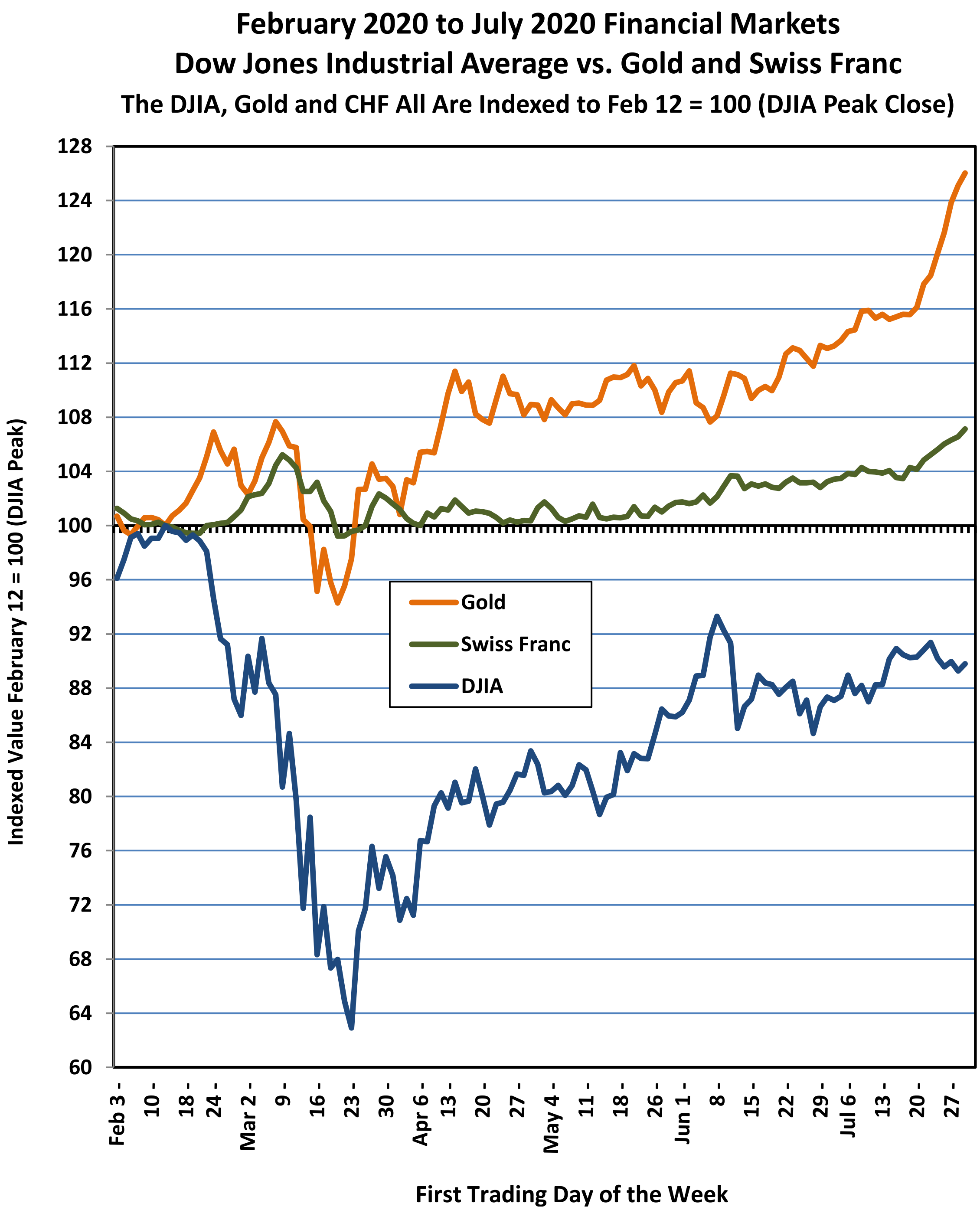

**[Updated Financial Market Graphs 63 to 70 begin on the next page.]**

# 7. Updated Financial Market Graphs to July 29, 2020

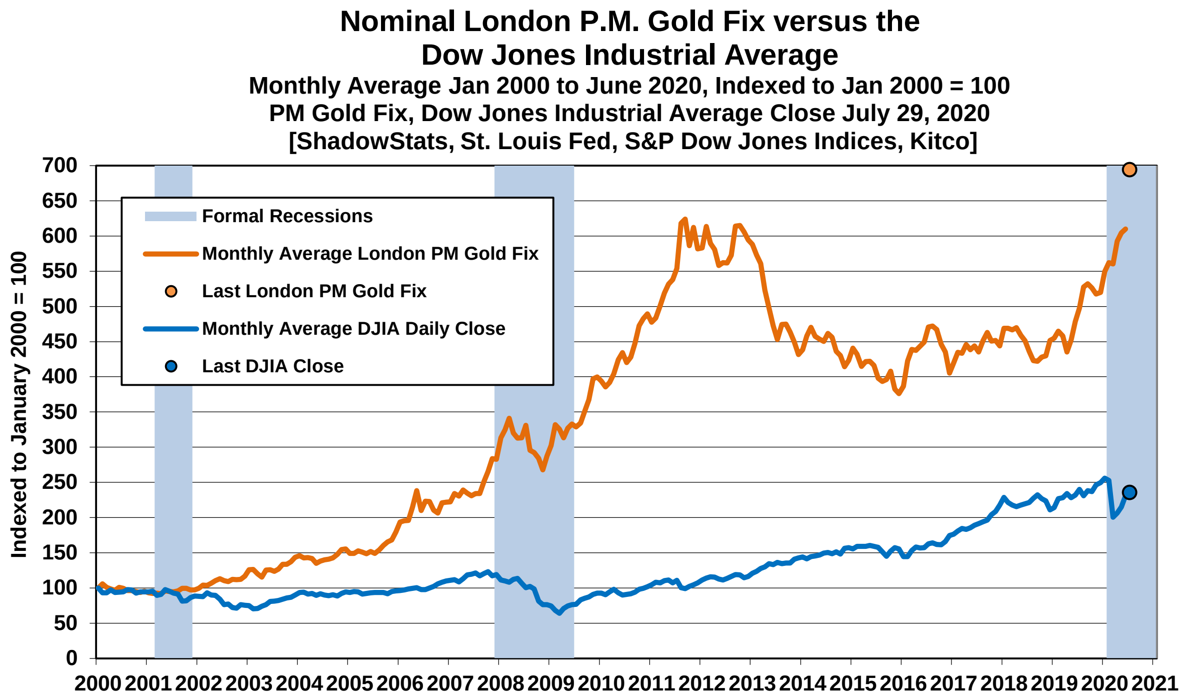
## Physical Gold and Swiss Franc Increasingly Protect U.S. Dollar Purchasing Power

## Inflation Risks Mount as Gold and Silver Prices Jump, U.S. Dollar Sinks

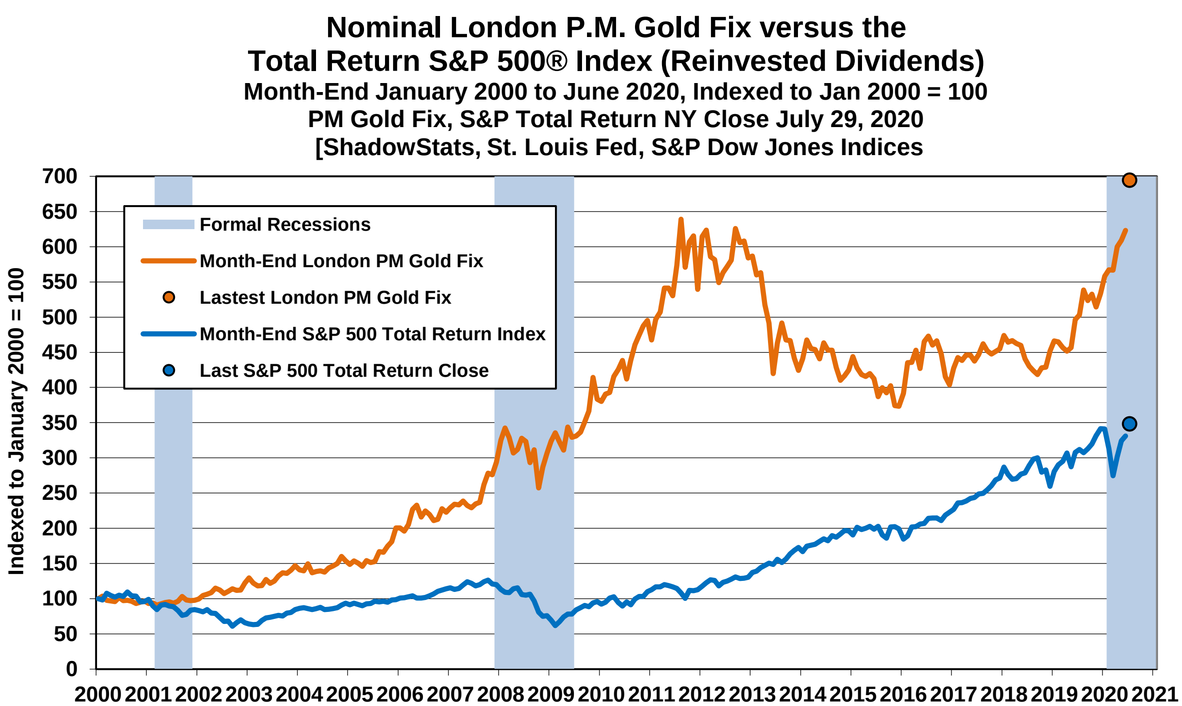
***Graph 63: February 3 to July 29, 2020 Financial Markets***



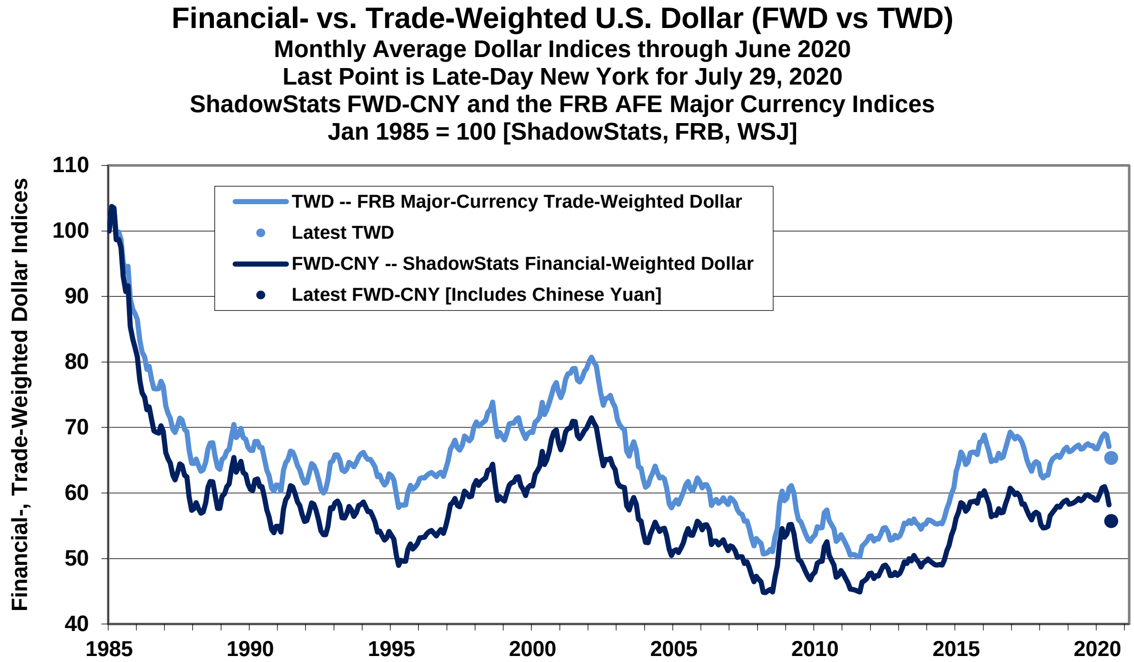
***Graph 64: Dow Jones Industrial Average versus Gold (Monthly Average and Latest)***



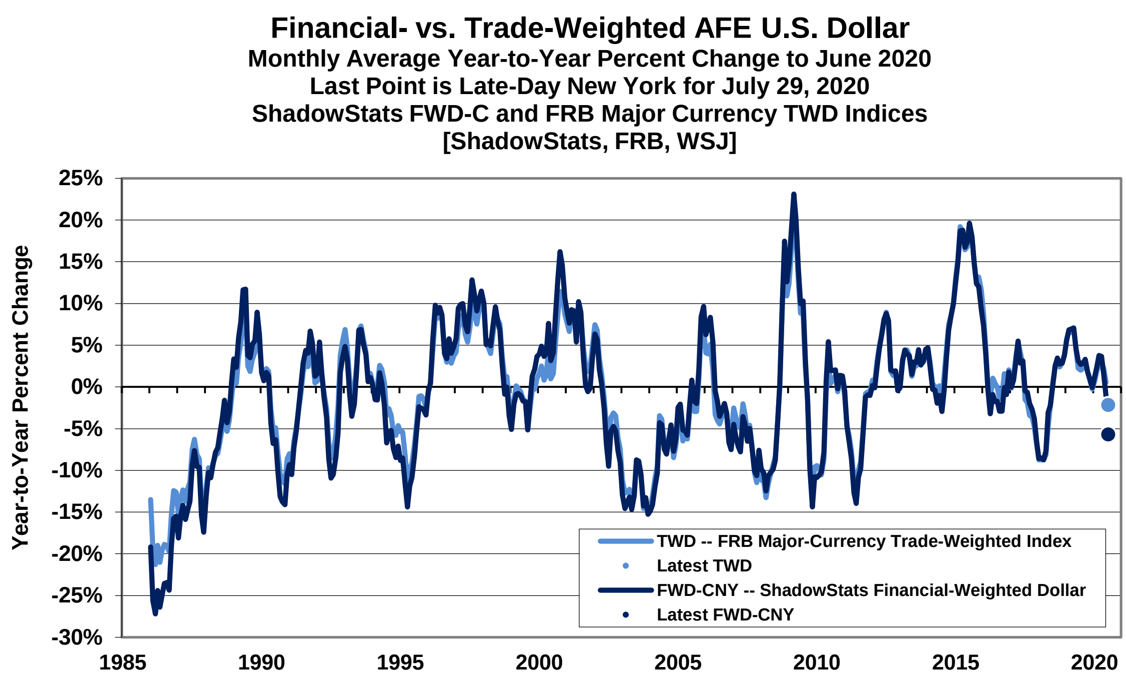

***Graph 65: Total Return S&P 500® versus Gold (Month End and Latest)***



***Graph 66: U.S. Financial- vs. Trade-Weighted U.S. Dollar***

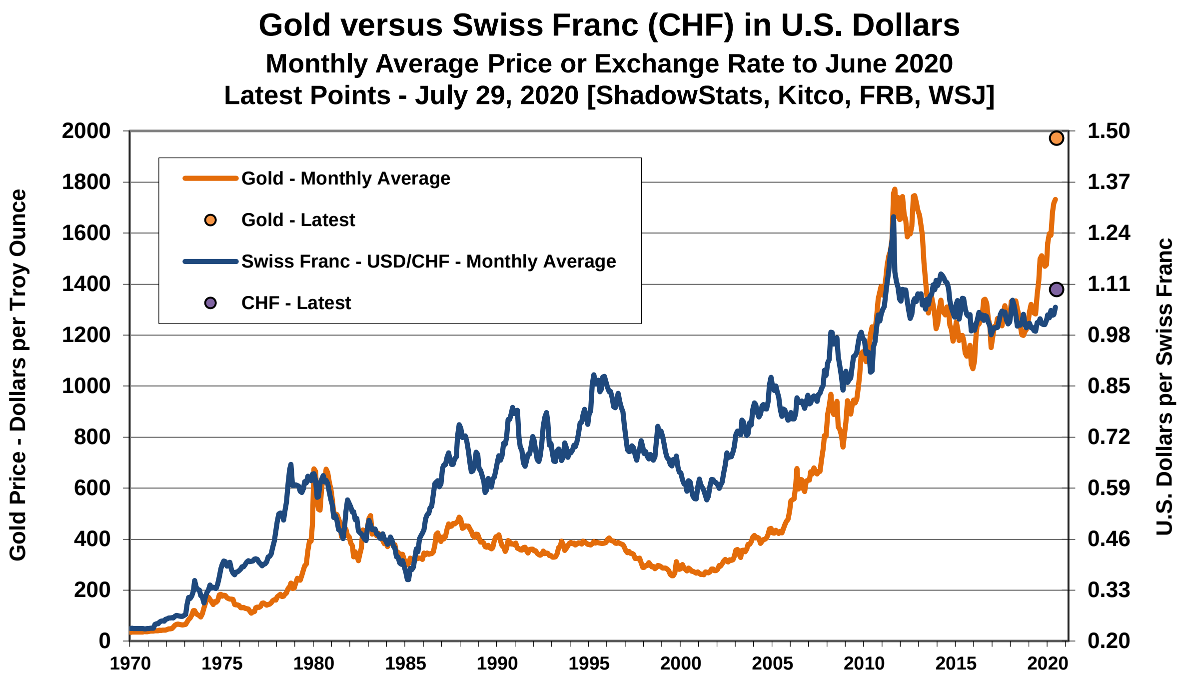



***Graph 67: U.S. Financial- vs. Trade-Weighted U.S. Dollar, Year-to-Year Change***

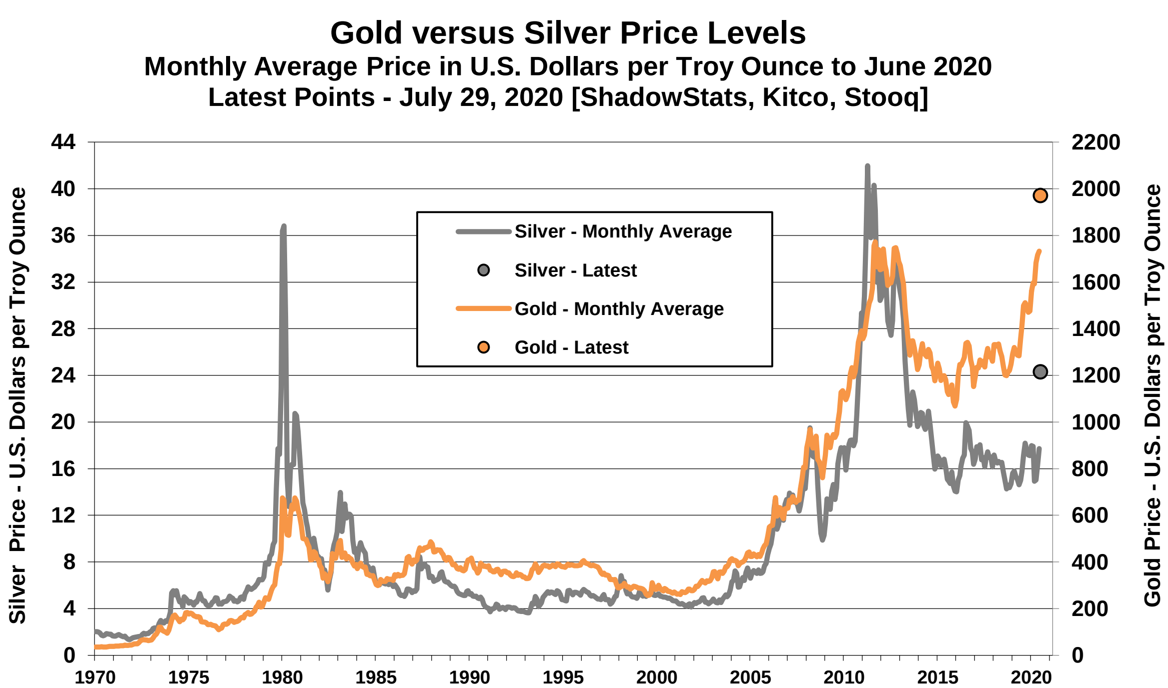


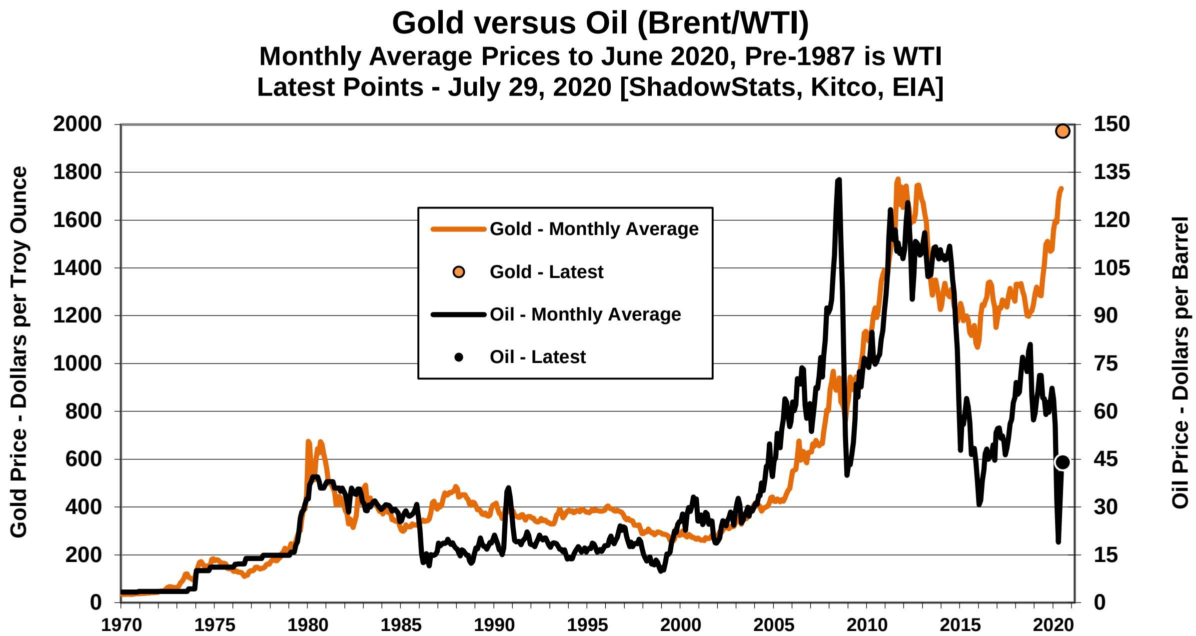
***Graph 68: Gold versus Swiss Franc***




***Graph 69: Gold versus Silver***



***Graph 70: Gold versus Oil***




# # #