LOOK OUT BELOW
DON'S BLOG 2018.03.14

This blog is tardy due to me wanting to wait for the retail sales figure for February to show its face. Wednesday, March 14th it arrived and was about what I expected. It was negative for the third month in a row as reported by Bloomberg. It had looked quite likely to me that the third quarter of 2017 was going to be the peak for this cycle and this report in my mind makes it a near certainty. Many had predicted late last year that 2018 was going to witness a sharp increase in real GDP plus much higher inflation. I had, as you know, felt quite otherwise and at least for now it's moving in my direction. I do not understand how so many much more educated than I can believe we might be entering a new late 1970s economy. All we have done for the last nine years is conducted monetary policy that allows more and more debt to accelerate both in public and more importantly the private sector. Where does it say we can solve a debt problem with more debt? Our uncle has a printing press the rest of us have a bankruptcy law.

The following are three charts from the Atlanta Federal Reserve. It's not an official position but reflects the opinion of two of their economists on staff. I have followed them for years and their hit rate is much better than the blue-chip consensus which is their bogey.

<u>Final Thought</u>

As I tend to say almost the same thing every week, I am wondering if every two weeks or just randomly would make sense. Let me know what you think. I have no pride of authorship.

Chart 1

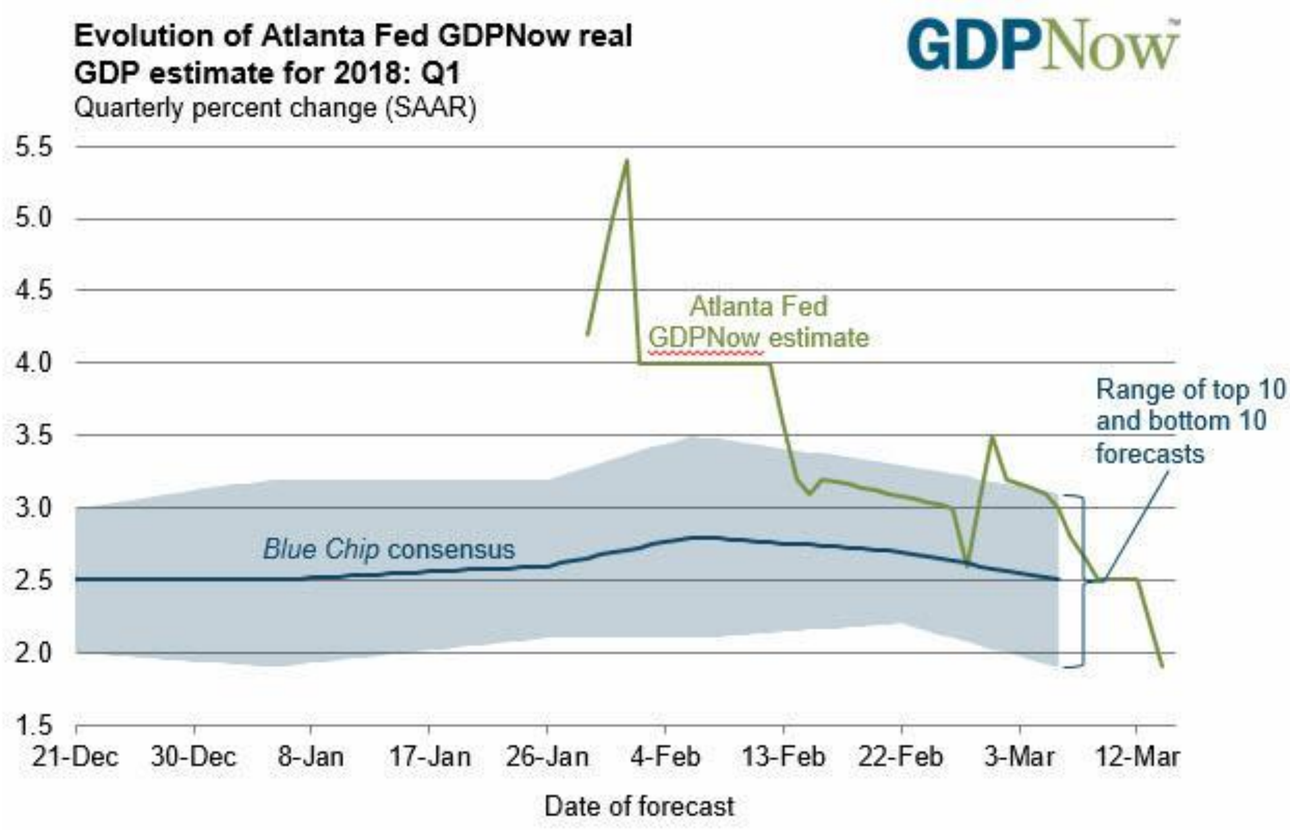


Chart 2

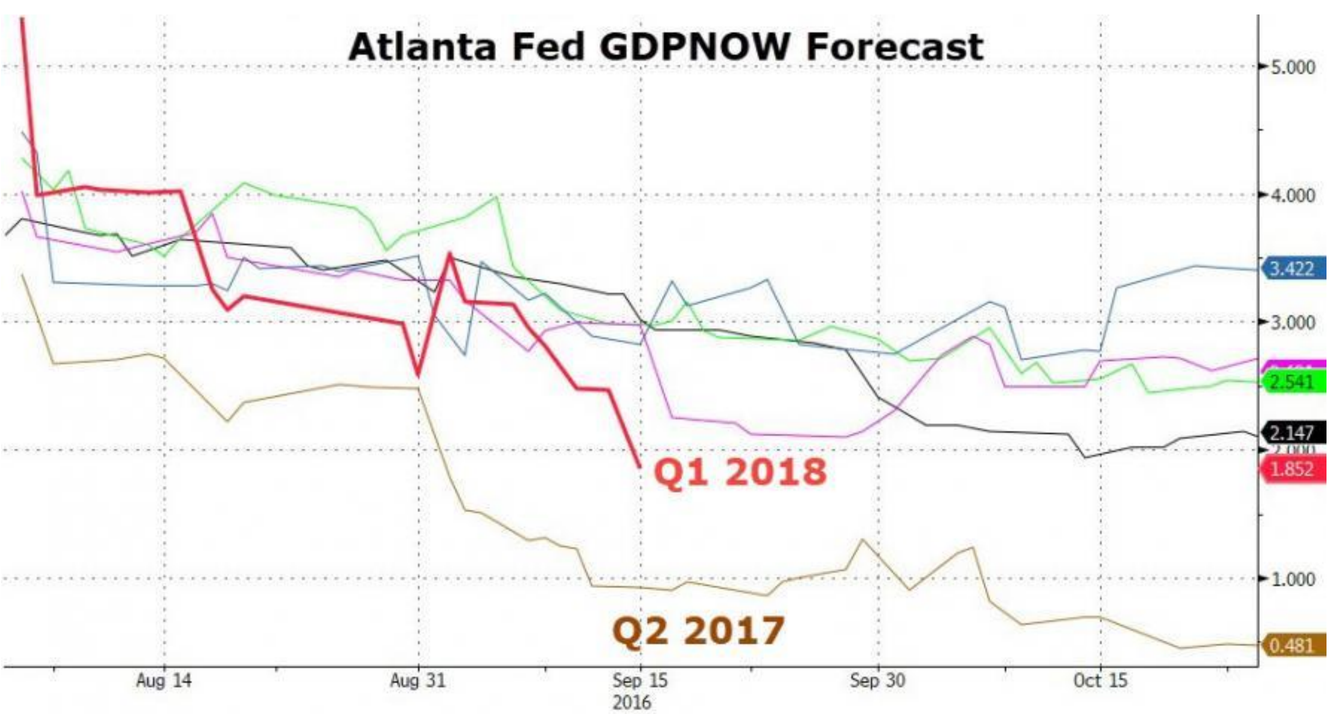
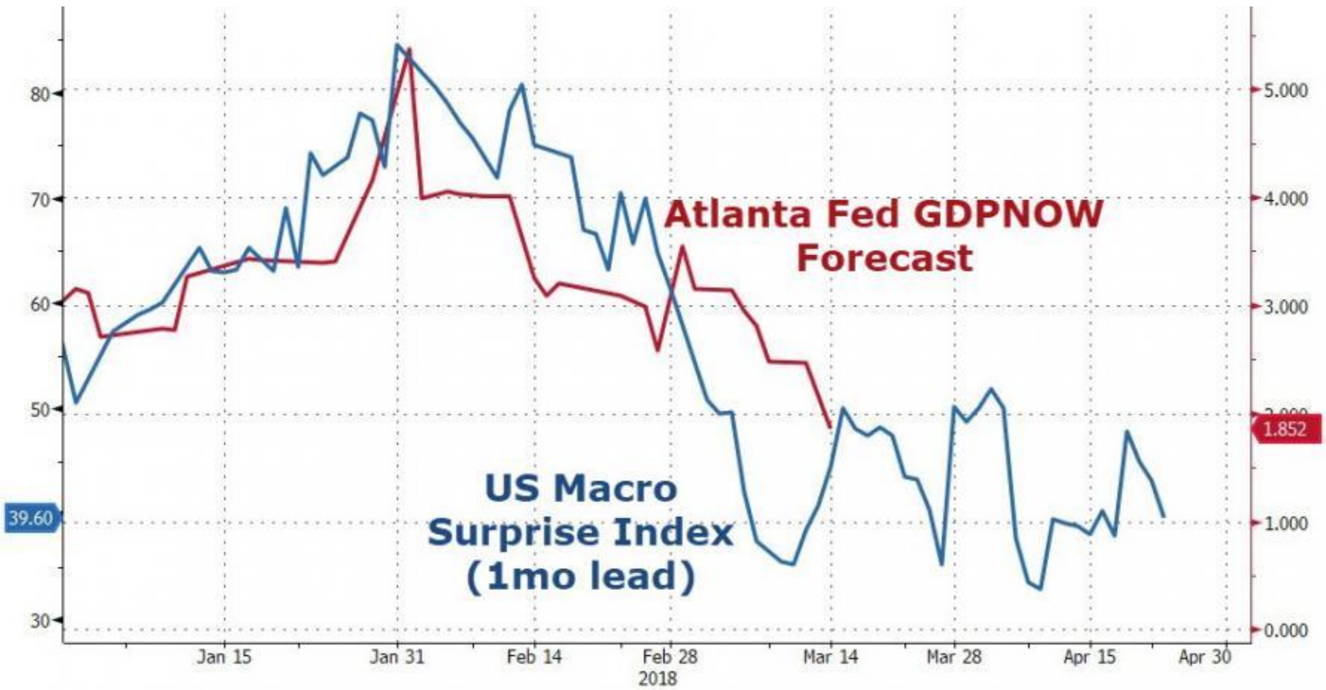


Chart 3



Adapted from zerohedge.com