Every Little Bit Helps

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In order to boost the one segment of the economy that provides a blanket of 'growth' over the slow fade of the real economy, the state sector has spaced a series of positive news cues to effect a staggered rebound in equities.

First we had a shockingly positive December jobs reports. While the consensus was a modest 180,000 the Bureau of Labor Statistics came up with 321,000, and along with that it presented a hefty increase the wage rate and a sizable growth in the labor force. Then Powell who if he wanted people to believe that he knew what he was talking about would have declared vindication and announced a rate hike did exactly the opposite. The frightened dove declared peace. The markets ate it all up.

Next, the vice chair of the Fed said that perhaps one or two rate hikes might be called for *all* 2019. Powell is now eating up the pleasure of his power and says, forget about 2019, maybe just a little something in 2020. The Dow shoots up more than 400 points, Nasdaq an even higher percentage. It more than makes up for a significant correction on Monday.

Today the BLS prefaces the January jobs report with an adjustment of the December report. Instead of 321,000 new jobs, it was only 222,000, but not to worry because January was also much higher than consensus at 304,000, and everyone should forget about it altogether if it's really 205,000.

The BLS collects data for the Establishment Survey by sending a selection of employers requests for specific data. The first report is what had been received in the first couple of weeks. I guess good news travels fast, but to be fair sometimes the numbers are adjusted in the opposite direction, just not so often when the need for good news is critical for the strengthening of the 'economy.' Just like Powell is really concerned about hyperinflation and wage gain except when the unrealeconomy is in a funk.

Finally, some real news about the real economy. Everyone is aware that the economy must continue to grow in order to provide for a growing population and to improve the standard of living for all. The 2008 slump was a major decline in growth; a high rate of growth was necessary to make up for the economic downturn and then recover to the level of growth the economy would have achieved had there been no slump. Following the baseline GDP real economy growth in 2012 dollars real GDP growth would have been $23 trillion for 2018. That would have deserved the name 'recovery.' Instead real GDP growth was under $19 trillion – a $4.6 trillion gap. It's such shameless lies about the economy that are the primary reason for the aversive reaction to mainstream political authority.

The Italian economy had its second consecutive negative GDP quarter – thus the economy is in technical recession.

China's industrial profits declined for the 8th consecutive month in December. Full year growth declined from 21% in 2017 to 10.3% last year. The big slowness.

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