

Everything's Not Bad

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Have you noticed? Everything's bad these days. On February 25, 2015, the Washington Post wonkblog posted a piece titled [“Why rising wages might be bad news.”](#)

Last week, on September 1st, after another strong month of car and truck sales, the Wall Street Journal published a story [“The Bad News in Strong Car Sales.”](#)

Back in January 2014, when the dollar was weak, Zerohedge.com published a piece titled [“The Slow \(But Inevitable\) Demise Of The Dollar.”](#) Buy gold!

Now that the dollar is strong, the US is in a deadly currency war. On July 28, 2015, cnn.com published a piece titled [“Watch Out: Strong U.S. dollar could trigger currency crisis.”](#) Sell everything!

Television is even worse, but combing through hours of tape to find those nuggets of really bad analysis, we already know are there every day, seems like a waste of time.

We are tempted to argue that bad news sells, so the bigger the explosion, the more flame or flying metal a story has, the more viewers tune in. But, it goes deeper than that.

First off, our political leadership – on both sides of the aisle – use economic fear in an attempt to win votes.

The Right argues that as long as Barack Obama is president, nothing good can happen. Ask them about the stock market and they say it's just a sugar high caused by the Fed. Ask them about 66 consecutive months of private-sector job growth and they argue all the jobs are part-time (not true) or that the labor force isn't growing. Vote for us and this nightmare will end.

The left argues that bad economic news is because George Bush let his bankers destroy the country and we need more government spending and redistribution (more Democrat policies) to fix things.

Second, ever since the trauma of 2008, investors have had a bad case of Post-Traumatic Stress Disorder. Every drop in the market, every weak economic report, every analyst with a doom and gloom story, no matter how unlikely, creates a visceral reaction of fear, loathing, fight, or flight.

Third, there are so many outlets for thought these days that every voice and every opinion has an outlet. C'mon...rising wages and strong car sales are bad?

All of this makes the “fog of war” look like a picture window. **There is more bad economics, bad math and bad information masquerading as analysis these days than we have seen at any time in the past 30 years.**

Talking heads look into the TV screen and say things like; “China is collapsing.” But the reality is that Chinese real GDP is still growing somewhere between 4% and 6% per year. Yes, the Chinese stock market has fallen sharply in recent months, but the Shanghai Composite stock index is only down 2% year-to-date and is still up 36.3% from 12 months ago.

After last Friday's jobs report – yep, the one that reported 173,000 new jobs in August and a 5.1% unemployment rate – some analysts expressed the idea that, “the US job market is falling apart.” Give us a break. Historically, August is the month with the most upward revisions and payrolls in June and July were revised up a total of 44,000. Over the past 12 months, total non-farm payrolls have climbed an average of 243,300 per month, better than any twelve-month period in the prior expansion in 2001-07.

Another line we heard last Friday was, “wages were up only a TINY 0.3% in August!” But, 0.3% in one month is 3.7% annualized growth! Even if inflation were running at 2%, anyone complaining about what is naturally a small gain in one month is misusing mathematics.

We aren't saying that you should only listen to First Trust Economics...we think listening to only one argument is a mistake. What we are saying is “be careful,” try to use some common sense and turn your nonsense filters on high.

For example, Greece has the GDP of Detroit, how could it possibly take the world down? China is the #2 economy in the world, but so was Japan back in the late 1980s. Entrepreneurs create growth, not politicians or the Fed. Janet Yellen doesn't frack wells or write Apps and a 0.5% federal funds rate won't slowdown Apple. Everything's Not Really So Bad.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
9-8 / 2:00 pm	Consumer Credit– Jul	\$18.6 Bil	\$18.6 Bil		\$20.7 Bil
9-10 / 7:30 am	Initial Claims – Sep 5	275K	278K		282K
7:30 am	Import Prices – Aug	-1.7%	-3.0%		-0.9%
7:30 am	Export Prices – Aug	-0.4%	-1.0%		-0.2%
9-11 / 7:30 am	PPI – Aug	-0.1%	-0.1%		+0.2%
7:30 am	“Core” PPI – Aug	+0.1%	0.0%		+0.3%
9:00 am	U. Mich Consumer Sentiment- Sep	91.1	92.0		91.9