

## Something to be Thankful For

We lost track a long time ago of how many times the Financial Panic of 2008 was called the “worst crisis” of the modern era. Politicians (in a rare moment of true bipartisanship!), pundits, economists, and investors all called it “the worst.” Stocks plummeted and President Bush gave a primetime speech in which he suggested we were on the brink of another Great Depression. Firms with household names collapsed overnight.

Unemployment spiked and GDP dropped faster than at any time in decades. Monetary velocity plummeted and deflation became a very real threat. It was a Panic – like we haven’t seen in more than 100 years.

And in a panic, people are willing to believe almost anything. Forecasters and analysts who had been (wrongly) predicting recession for years all of a sudden became infallible soothsayers. The press hung on their every word and their pronouncements of long-term doom and gloom were considered unarguable.

The “smartest guys in the room” and the enabling press, thought that the US economy would languish for years. The recession, they argued, would last at least through the end of 2009 and perhaps well into 2010. And once the recovery started the best we could anticipate was growth in the 1.5% to 2% range for many years to come.

As it turned out, the recession ended in mid-2009 and the economy has clearly outperformed those dire forecasts. Nominal consumption has already hit an all-time high. Real GDP has expanded for five straight quarters and will rise to a record level in the next few months. Meanwhile, private-sector jobs have grown for ten consecutive months, with a respectable 159,000 gain

in October. The American economy has once again surprised the “doubting Thomases” with its resilience.

This is not the first time. The recession after Hurricane Katrina – that was forecast by the same famous soothsayers of 2008 – never materialized. More amazing was the growth after 9/11. The economy was in an official recession on that day, but started its recovery in November.

Certainly things are not perfect. Unemployment is still high and uncertainty is prevalent. And politicians are using economic weakness to argue for what they want. Republicans want tax cuts, while many Democrats (like Paul Krugman and Joseph Stiglitz) want more spending. This has created a “vacuum of political optimism” which is damaging to economic confidence.

Nonetheless, individual Americans and their companies remain resilient and are still moving forward. Amazon has created an app to scan prices at retail stores and compare to online prices. Brick and mortar retailers may not like this, but transparency and competition always helps consumers.

And as long as this process of invention and entrepreneurship is alive and well, the economy is in good hands. This is what politicians should be focused on – how to strengthen property rights, contracts and the rule of law. Staying out of the way is, and always has been, the fastest and surest way to prosperity. So, when you sit down to eat the bounty of our efforts on Thanksgiving Day, remember the resilience of this amazing country. But more importantly, remember where it comes from.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
11-23 / 7:30 am	Q3 GDP Second Report	2.4%	<b>2.3%</b>		2.0%
7:30 am	Q3 GDP Chain Price Index	2.3%	<b>2.3%</b>		2.3%
9:00 am	Existing Home Sales - Oct	4,500 Mil	<b>4,480 Mil</b>		4,530 Mil
11-24 / 7:30 am	Durable Goods - Oct	0.0%	<b>+3.0%</b>		+3.5%
7:30 am	Durable Goods (Ex-Trans) - Oct	+0.6%	<b>-0.5%</b>		-0.4%
7:30 am	Personal Income - Oct	+0.4%	<b>+0.2%</b>		-0.1%
7:30 am	Personal Spending - Oct	+0.5%	<b>+0.7%</b>		+0.2%
7:30 am	Initial Claims - Nov 20	435K	<b>435K</b>		439K
8:55 am	U. Mich. Consumer Sentiment	69.5	<b>70.0</b>		69.3
9:00 am	New Home Sales - Oct	0.315 Mil	<b>0.314 Mil</b>		0.307 Mil