



Written by [Bob Adelman](#) on June 9, 2011

Bernanke: No Economic Recovery Yet; Diesel Index Confirms It

In what could be one of the understatements of 2011, Fed Chairman Ben Bernanke, speaking at the International Monetary Conference in Atlanta on Tuesday, remarked, "U.S. economic growth so far this year looks to have been somewhat slower than expected.... A number of indicators also suggest some loss of momentum in the labor market."



A number of those indicators were reviewed here and every one of them showed weakness in the economy. However, each of them suffers from a critical disadvantage: They are backward-looking indicators, or "rear-view mirror" views of the economy. None of them is "real-time," giving a true picture of the economy at that moment in time. As a result, Bernanke left his audience with glittering generalities and modest hopes for the future:

Growth seems likely to pick up somewhat in the second half of the year. Overall, the economic recovery appears to be continuing at a moderate pace, albeit at a rate that is both uneven ... and frustratingly slow ...

To cover himself, he added a jarring footnote:

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Although it is moving in the right direction, the economy is still producing at levels well below its potential ... until we see a sustained period of stronger job creation, *we cannot consider the recovery to be truly established.* " [Emphasis added.]

In other words, after two years of "official" recovery (remember that, according to the National Bureau of Economic Research, the recession ended in June of 2009), and spending billions in stimulus, and engaging in all manner of foolish and failing efforts to get the economy going again (remember Cash for Clunkers, and the Home Buyers stimulus), Bernanke is still waiting for confirmation that the recovery is real!

Perhaps he should look at the Diesel Index for a clearer idea of where the economy is today, and where it is likely headed. The Ceridian-UCLA Pulse of Commerce Index (PCI) is based upon real-time diesel fuel consumption data for over-the-road truckers, resulting in a highly accurate reading of movement of raw materials, goods-in-process, and finished goods to factories, big-box retailers, and consumers. Each time an over-the-road trucker fills his tanks, Ceridian notes not only the number of gallons but the location of the truck stop. As a result, the data collected reflects a detailed picture of road trucking



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activity not only on all U.S. interstate highways, but in cities, shipping ports, manufacturing centers, and border crossings with Canada and Mexico.

The PCI report just came out yesterday. The index fell 0.9 percent in May, following a decline of 0.5 percent in April. Ed Leamer, chief economist for PCI, explained:

The index has now declined in four of the first five months of 2011, and in eight of the past twelve months. The PCI makes it clear that the high-growth recovery [touted by the Obama administration] lasted only four quarters, from the third quarter of 2009 to the second quarter of 2010. Since then the PCI and the economy have been idling.

The May result further reinforces our long-held cautious outlook for below-consensus growth in GDP, and suggests that second quarter GDP growth will be less than 2 percent.

It was probably a good thing, then, that Bernanke covered his bets in his talk. The bounce in the economy (remember green shoots and the “summer of recovery”?) ended over a year ago, and he, along with millions of unemployed workers, is still waiting for the real thing.



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