



Written by [Bob Adelman](#) on September 26, 2011

## Growing Evidence That the Economy Is Growing

Norfolk Southern's CFO, James Squires is also positive, maintaining an outlook "which is still upbeat," with expected growth of three percent annually through September. And CSX noted that its industrial shipping volumes are growing at about five percent a year as well. CSX's CFO said he isn't concerned about "any kind of overarching sort of dire circumstances around the corner," as his customers and suppliers are both showing a "general level of optimism." He added, "Sure, things have moderated, but there is no one in that near state of panic that we saw certainly in late '08 and '09."



Other data supporting these positive assessments come from the Federal Reserve, which released data showing manufacturing output in the United States growing by 0.5 percent in August, the fourth monthly increase in a row. And orders for cutting tools used by manufacturers continue to increase at a 20-percent annual rate at Kennametal, Inc., the country's number one supplier of such tools. Kennametal is "a good barometer" for industrial production, says Sheila Kahyaoglu, an analyst at Credit Suisse, noting that the company's order flow "continued to reflect strong demand" for its products.

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Economic analyst Scott Grannis looked at other areas of the economy and came to the same conclusion. Since late 2009, when the current recession was announced to be officially over, the number of people receiving unemployment insurance has declined by more than five million. With fewer people receiving unemployment checks, there is greater incentive to find work. And at the same time, new claims for unemployment insurance have also been falling steadily, down to 350,000 last week compared to 382,000 the same week a year ago. As Grannis noted, "There is no sign here of any imminent or emerging collapse in the U.S. economy or jobs market."

The Index of Leading Economic Indicators published last week by the Conference Board also continues to rise, up by 6.5 percent over the past 12 months. Grannis wrote, "Every recession for the past 50 years has been preceded by a significant decline in the growth rate of this index; that is not the case today.... It is not even close to signaling impending doom or even a modest recession."

In addition, it appears that prices in both residential and commercial real estate have found a bottom. As Grannis notes, prices in residential housing "have been roughly flat for the past two and a half years," and even commercial property prices are no longer declining, according to his analysis of data from Moody's and Case Shiller.

Household debt as a percentage of disposable income continues its sharp decline from the summer of 2007, falling from 14 percent to 11 percent, the lowest ratio since the fourth quarter of 1994. And the ratio of all household financial obligations (car lease payments, rent payments, homeowners' insurance, and property taxes) has also fallen sharply, from nearly 19 percent in July 2007 to 16 percent in August.



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Although not reflected by the mainstream media, which is full of negative prognoses for the economy, data illustrating the deleveraging of the average American household, the reduction in number of people receiving unemployment checks, the positive direction of the leading economic indicators from the Conference Board, and the steady improvement in the manufacturing sector all bode well for the economy. Considering the bludgeoning the economy has sustained by government “stimuli” and “fixes” and interventions, it is remarkable that the economy has any life left in it at all.



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