



Written by [Bob Adelman](#) on October 31, 2017

U.S. Economy Continues to Surprise to the Upside

One measure of how the U.S. economy continues to exceed expectations is the Economic Surprise Index published by Citigroup. [It's a tool](#) that is used to measure how the economy compares to those expectations and, at the moment at least, it reflects the ebullience reported elsewhere. Any reading above zero indicates that the economy's performance is exceeding projections. On Tuesday it hit 40 — its highest level since April.



That performance has repeatedly been reported in *The New American* and elsewhere, with these notable results:

Gross domestic product (GDP) just put in its best six-month performance in the last three years, growing above three percent on an annualized basis from April through September;

Spending on mining, oil and gas exploration and new well development grew at a 21.7 percent rate in the third quarter, overcoming the negatives imposed by Hurricanes Harvey and Irma;

It took the economy just six weeks to recover from those hurricanes;

New and continuing claims for unemployment insurance has just fallen to levels not seen since 1973;

Investor sentiment has traded above its historical average six times already this year;

Consumer sentiment just hit a 13-year high;

Consumer outlook vaulted to its highest level since January 2005;

Business inventory growth is setting records in anticipation of a blowout holiday season;

The Dow Jones Industrial Average popped 4.2 percent in October, the third time this year it has hit or exceeded that number;

The Dow, the S&P 500 Index and the Nasdaq are all up 25 percent, 20 percent and 27 percent respectively since Trump won the presidency last November;

631,000 people are now working in the U.S. economy who weren't working in January;

A record 154.3 million Americans are working, the sixth record since January;

The Small Business Optimism Index of the National Federation of Independent Business just touched 105.3, the highest seen since 2006, and is 11 percent higher than the week before the election; and

The economy is enjoying the removal or rollback by the Trump administration of more than 860 Obama-imposed regulations, with more to come.

This performance has generated responses from people such as Mark Zandi, chief economist at Moody's Analytics, who exclaimed, "We are at full employment and we are in full swing. Let the good times roll!"



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Not a single American bank is predicting a downturn any time soon, let alone a recession. One has to go overseas to find anyone negative on the American economy. The French bank Natixis, a giant corporate and investment banking firm headquartered in Paris with nearly a trillion dollars under management, ventured the only negative on the U.S. economy: “The U.S. economy will in all likelihood slow down substantially: there is a limit to the rise in the participation rate and the employment rate.... Investors should therefore prepare for the consequences [including] a market sell-off.”

What can go wrong? There are plenty of potentially dangerous exogenous events that could spoil the party: the dangerous North Korean leader playing with his nuclear missiles; the Iranian oil/nuclear deal coming unraveled; George Soros continuing to pour his millions into plans designed to turn the American Republic into another European-style vassal state; and rising interest charges on the United States’ massive national debt, now exceeding the nation’s yearly economic output.

It’s helpful to remember that the economy’s underpinning is not tied to real money but to paper money created out of nothing by “experts” at the country’s central bank, the Federal Reserve. It’s also based on politicians’ promises for “tax reform”: cutting tax rates, simplifying tax rules, eliminating inheritance taxes, and offering a “tax holiday” to corporations holding trillions overseas thanks to high tax rates here.

It would be wise to temper the present exuberance with reality, remembering that trust in politicians’ promises is a thin reed on which to lean, and that hope is not a proven strategy to improve stock market performance or expanded personal liberty.

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