

# Faint Spells from Economic Indicators

By [The Mogambo Guru](#)

03/30/10 Tampa, Florida – I am always interested in the Conference Board’s Leading, Coincident and Lagging Indicators, mostly because the work is already done and I don’t have to do anything but look at the results, and then take the rest of the day off to think about what it all means.

In February’s estimate of the Leading Indicator, which is aptly named because it is an indicator of future economic activity 3 to 6 months out, was up a measly 0.1%, which is nothing to get excited about, unless your idea of excitement is to go freaking berserk about the unbelievable amounts of money that the Federal Reserve is creating, which means that there is a lot of inflation in prices in the future and the USA will probably not survive intact, which is another topic altogether.

Already I hear voices shouting and jeering, sneeringly asking, “What does inflation in the money supply by an irresponsible Federal Reserve following their ridiculous neo-Keynesian econometric theory have to do with the Leading Indicator, you moron?”

Well, this is one of those rare cases where I am correct and all of you nay-sayers are wrong, and now it is me, laughing at you, going “Hahaha!” and saying, “Who’s the moron now, you rat-faced little disgusting creep?”

The bad news is that you could have saved yourself a lot of embarrassment if you had just read a little farther in the *Bloomberg* article – a couple of lousy paragraphs, tops – where it explained that “four of the 10 indicators in the leading index contributed to the gain, led by the interest-rate spread and money supply.”

There! Right there it says “money supply” is a part of the Leading Indicator!

And although neither *Bloomberg* nor the Conference Board mentioned it, the interest rate spread is the difference between the foul Federal Reserve desperately keeping short-term interest rates at almost zero, while long-term rates (set by the market, not by the Fed) are higher, which means that the loathsome Federal Reserve is allowing their little buddies to still borrow short-term at low rates, loan the money longer-term to the government at higher rates, and pocketing the spread, which will get, presumably, wider and wider as inflation in prices starts percolating through the economy and the longer end of the interest rate spread rises as bond investors lose their freaking minds at the losses they are suffering on their bond holdings because bond prices move inversely to interest rates and they will demand higher yields to tempt them to buy more of the damned things, which will not be enough to offset the falling buying power of the dollar because so many dollars are being created to get the scam going, while the short end is held at zero by the Federal Reserve creating so much money that, that, that... Oh! I can’t go on! Like a Southern belle, I seem to be overcome with the vapors! Something is weird, anyway, beyond acting like a Southern belle!

Whew! Okay, the “spell” has passed, but there is still plenty more bad news in the Leading Indicator, as 60% of the components of the indicator fell! That’s why, even with monstrous, massive inflations in the money supply to distort the indicator up a lousy 0.1%, this must mean that the outlook is bleak! We’re freaking doomed!

Instead of hyperventilating and perhaps getting “the vapors” again, let’s just move on, as a distraction, with a simple definition, which is that the Coincident Indicator is again descriptively named because it gives a picture of what is happening in the economy right now because the index tracks payrolls, incomes, sales and production.

The bad news is that it was up a negligible 0.1% in February, too.

It is when we get to the Lagging Indicator that I always start wondering whether I took my pills this morning because I am going to need them to fend off a heart attack or a case of Mogambo Screaming Panic (MSP) if the inflation picture continues to be bad or worsen, because the Lagging Indicator is where you find future inflation and burdens of, according to *Bloomberg*, “measures business lending, length of unemployment, service prices and ratios of labor costs, inventories and consumer credit.”

The actual new news is that “lagging indicators increased 0.3 percent last month” which does not seem like much in the nominal sense, but it is 3 times bigger than either of the other two indicators, if that means anything, and it must, just as one must, out of a growing sense of panic and desperation, put this valuable information about coming inflation to work by buying more gold, silver and oil, and to hell with the kid’s birthday because the kid will have lots more birthdays, but not once-in-a-lifetime opportunities like this one in gold, silver and oil!

And the best part is that it is so easy that even the disappointed kid must agree, “Whee! This investing stuff is easy!” whereas going out and actually buying a present and wrapping it up in paper and ribbons and keeping it hidden until his birthday is such a hassle, especially when the damned kid is going to be dissatisfied with anything less than a car, anyway! So screw him, I say! Hahaha!

Indeed, when presented with evidence like this, you must agree that this investing stuff is easy! Whee!