

UCLAAnderson
FORECAST



Ends of Recessions

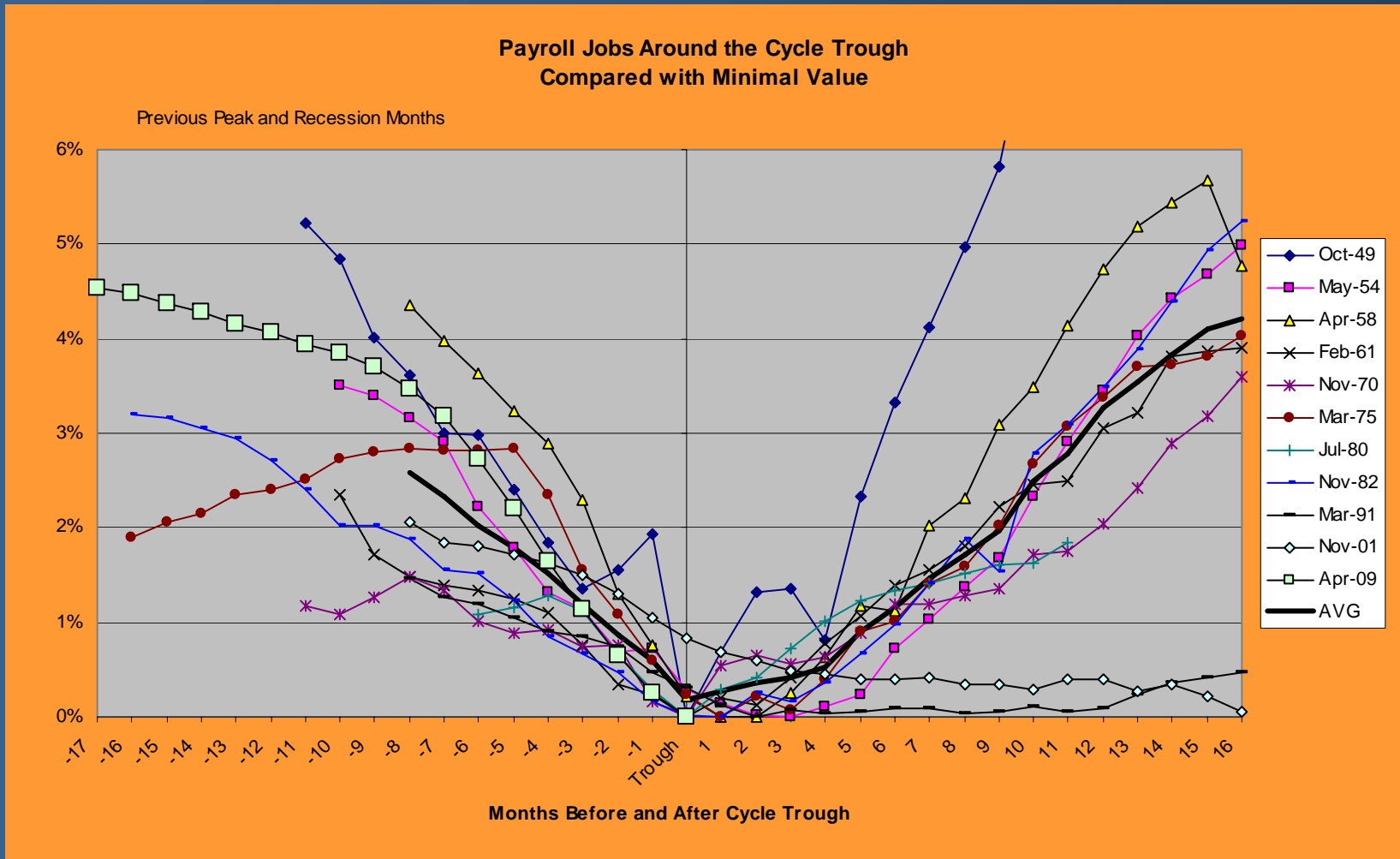
EDWARD E. LEAMER
Professor of Management, Economics and Statistics

What Tells Us A Recession Is Ending?

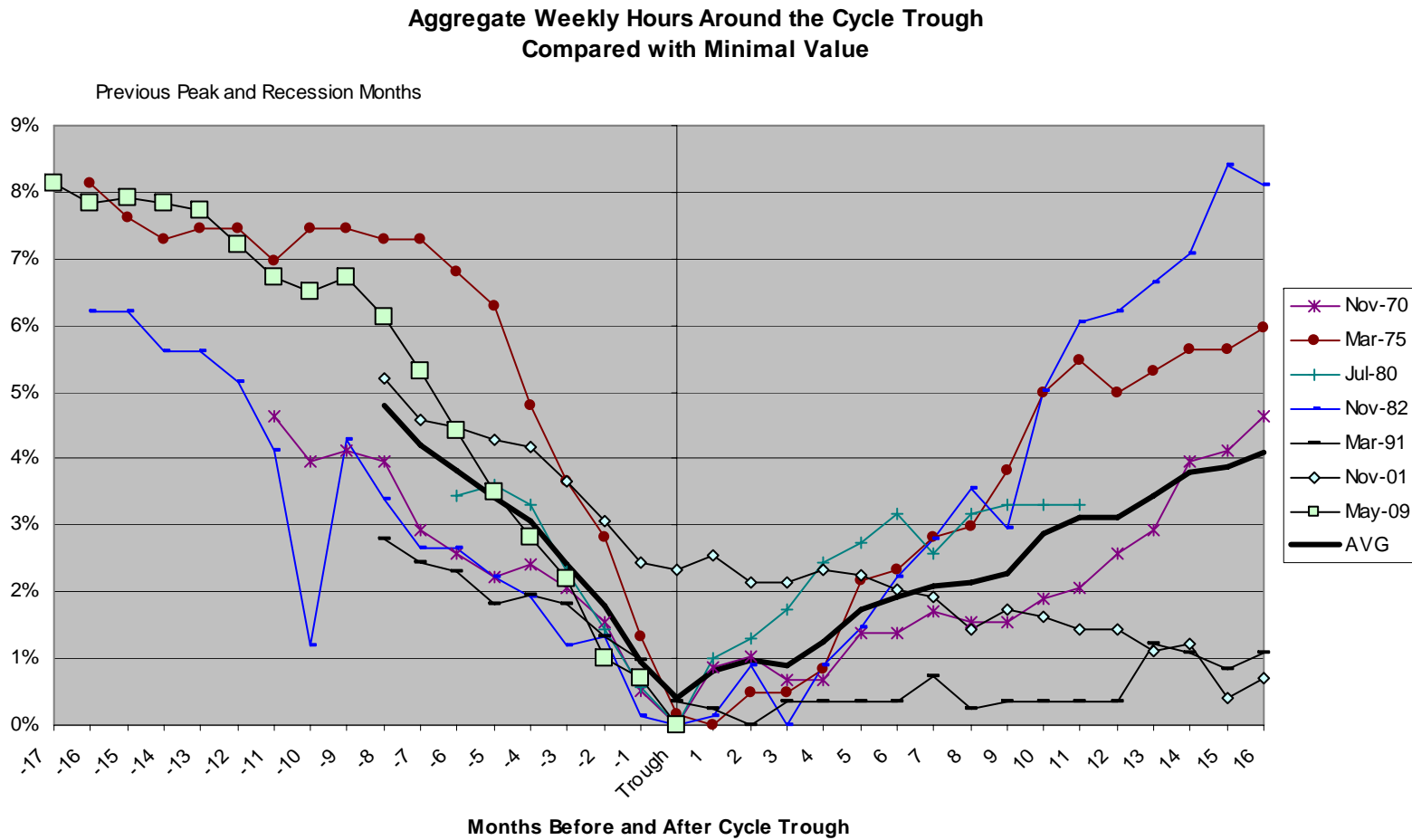


Payroll Job Losses End When the Recession Ends

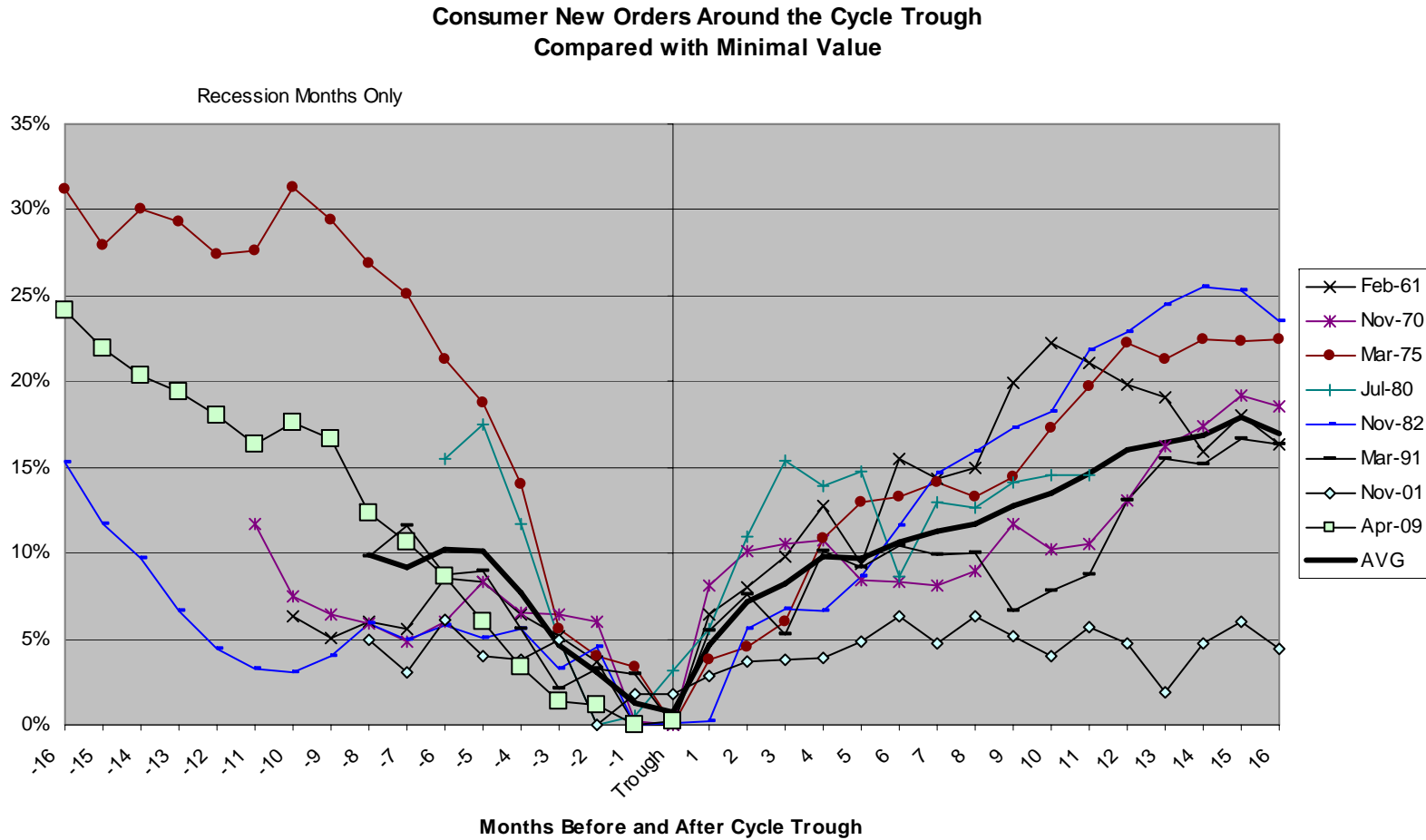
-345,000 Does Not an Expansion Make



Aggregate Hours Stops Declining When A Recession Ends



The Recession Ends
 Soon After the Trough in Consumer New Orders
Consumer New Orders May Have Hit Bottom in March



Green Shoots

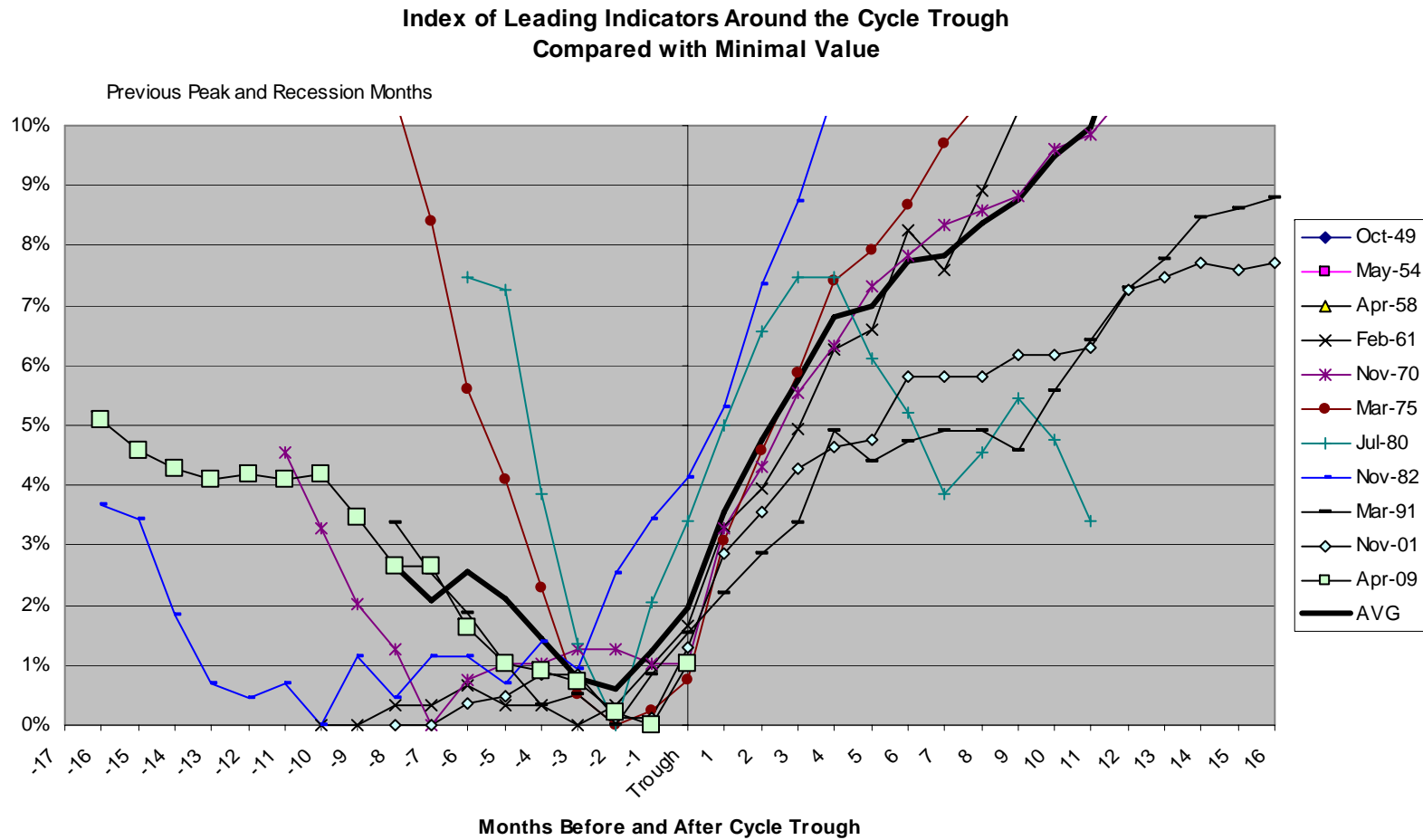
Early Signs of Spring



The Index of Leading Indicators

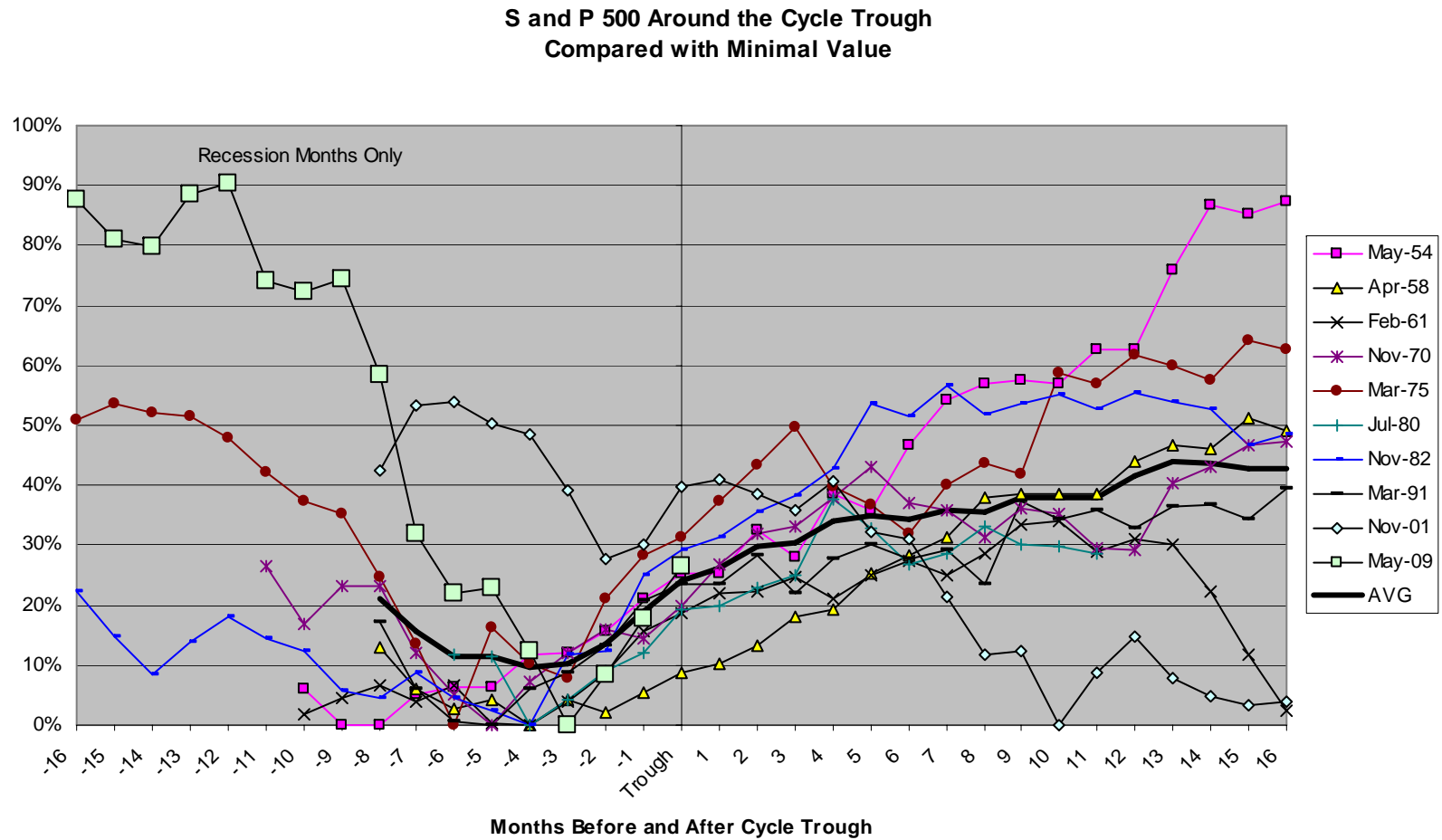
Bottoms Out 3-4 Months Before the Expansion Begins

The Index May Have Bottomed Out in March



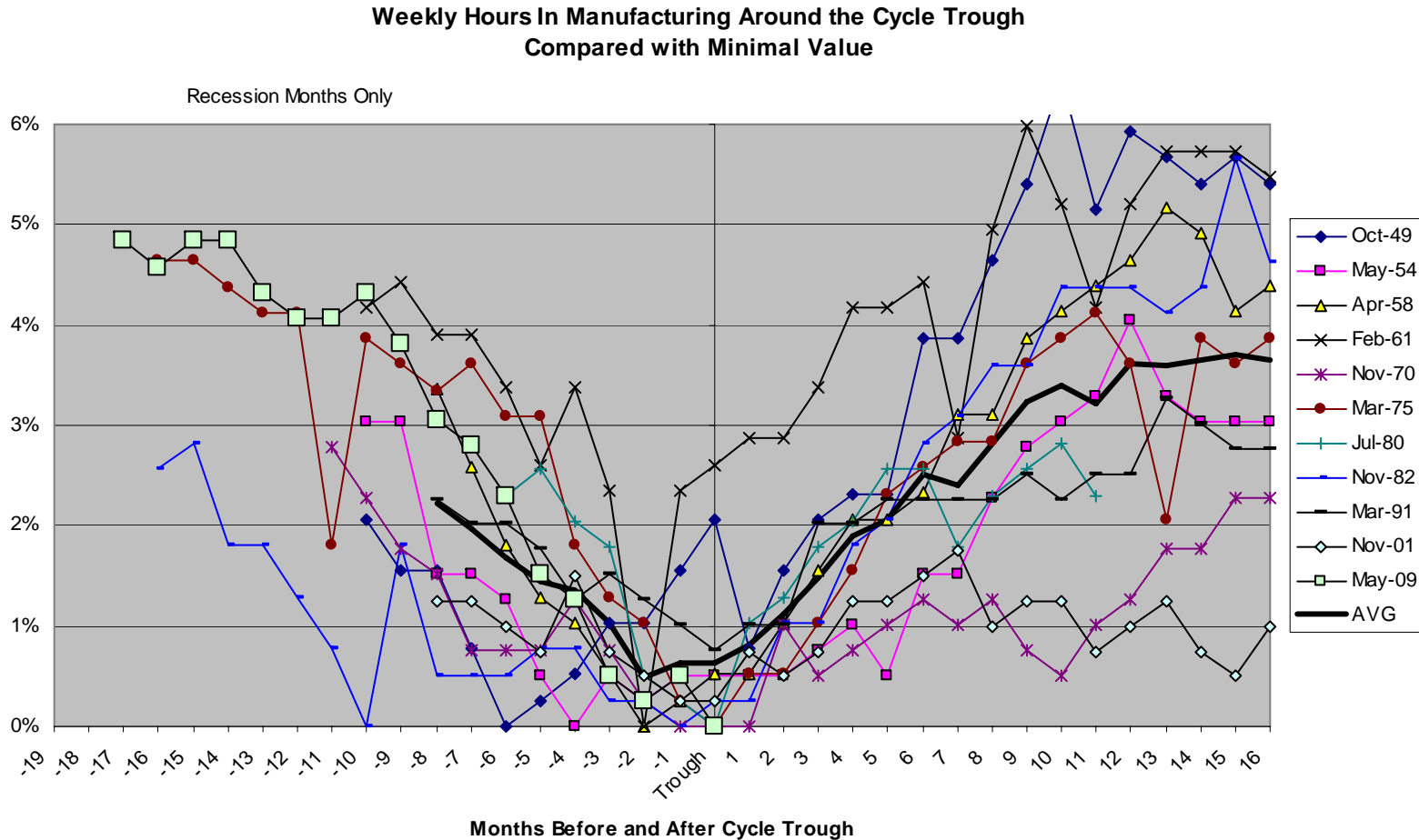
The Stock Market Bottoms Out 5-6 Months Before the Expansion Begins

The S&P 500 Bottomed Out In February



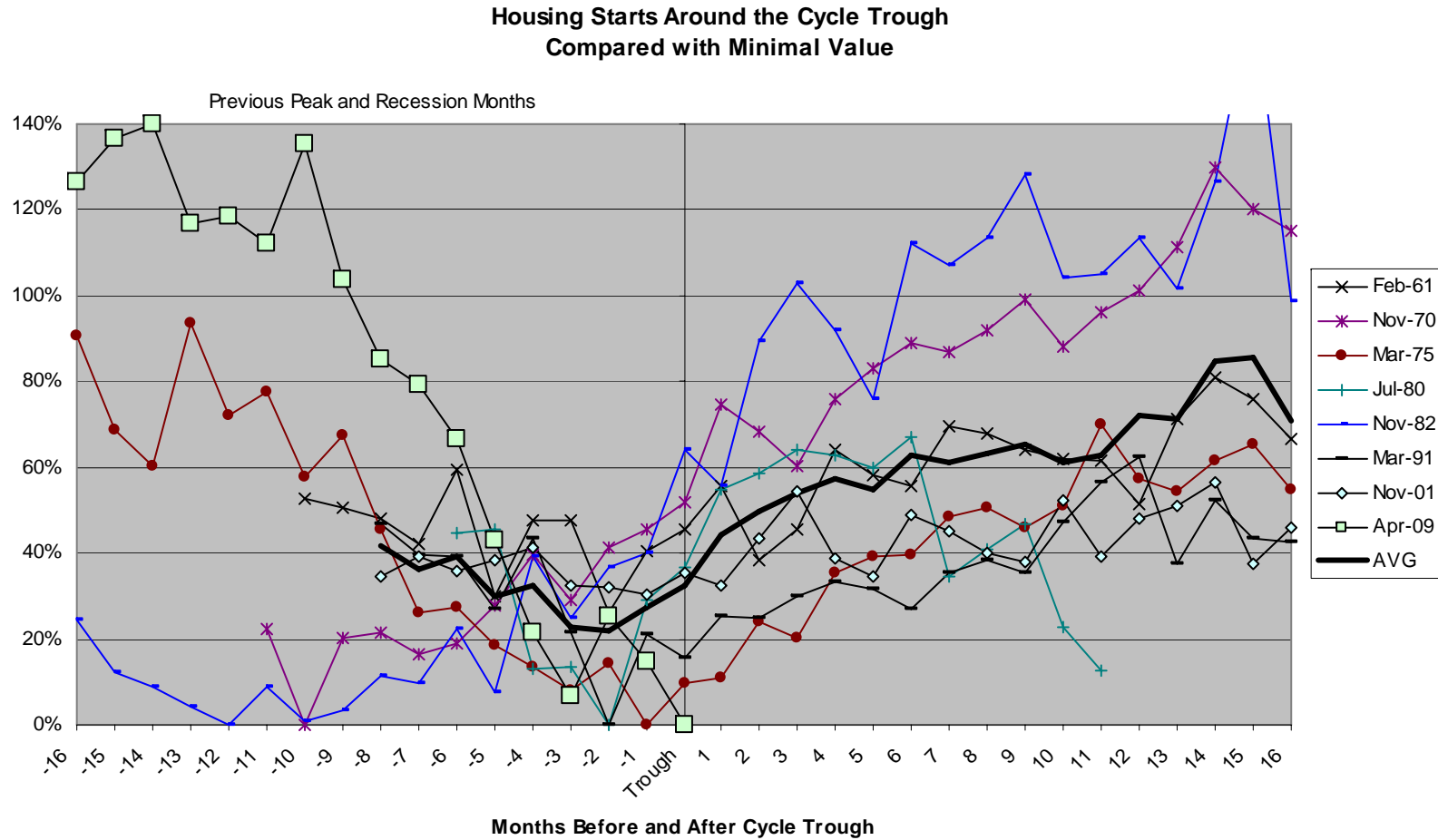
Weekly Hours In Manufacturing Stop Declining Several Months Before the Recession Ends

Weekly Hours Have Been Stable for Last Several Months



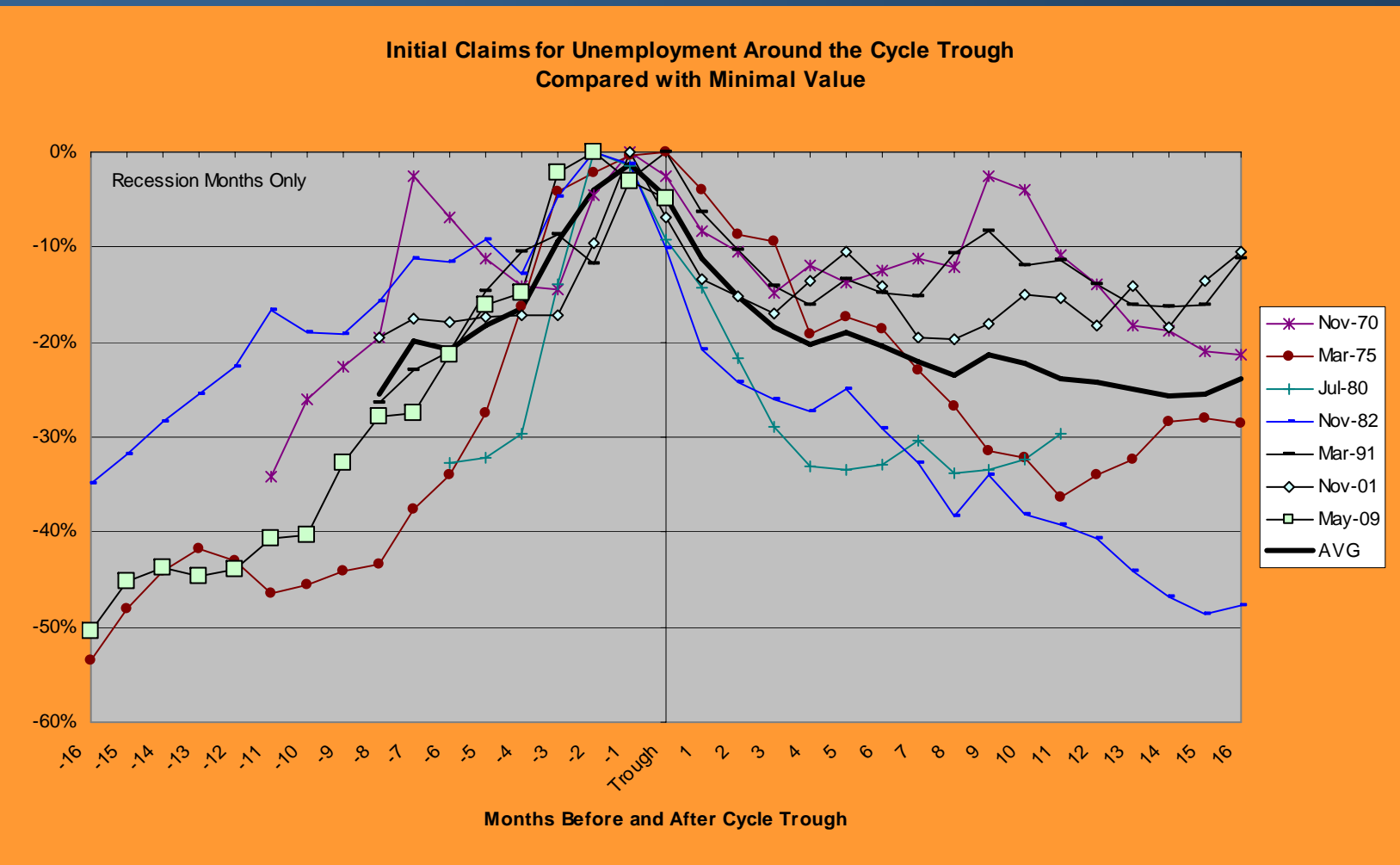
Housing Starts Have their Minimum 2-3 Quarters Before the Recession End

The latest data for April are the lowest ever

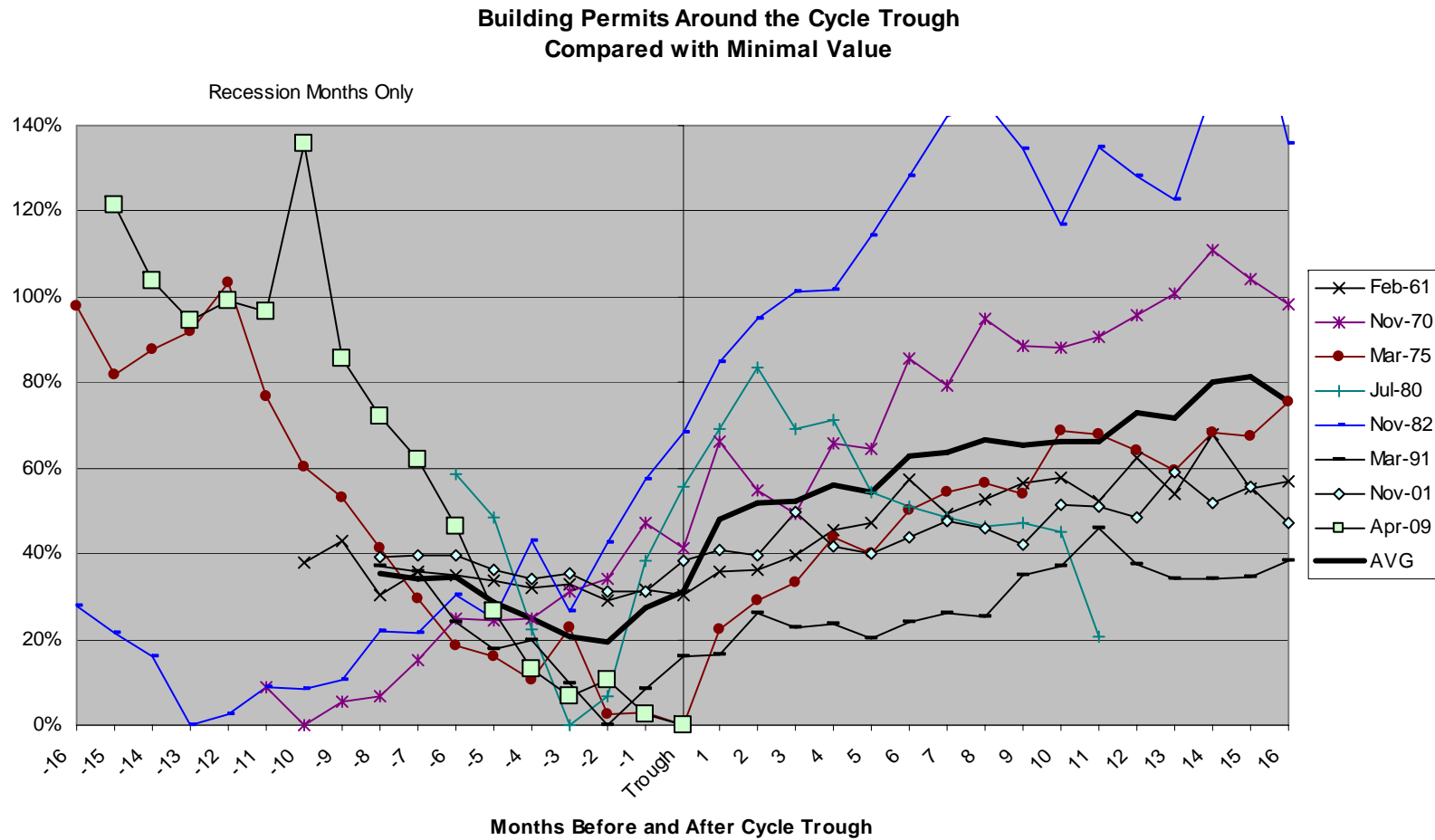


The Recession Ends

2-3 Months After Peak Initial Claims for Unemployment
Claims Peaked in March



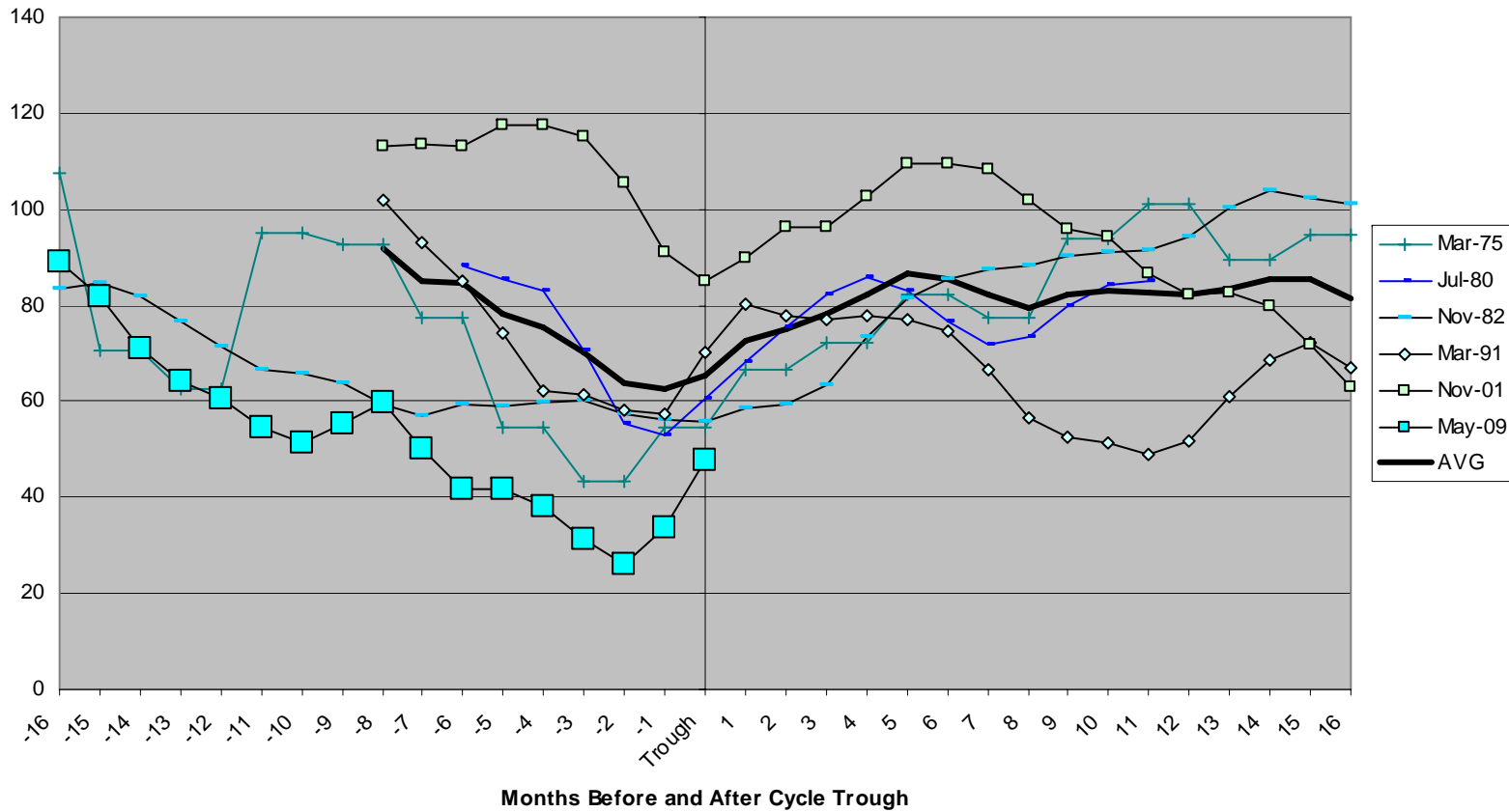
The Recession Ends
 Several Months After the Trough of Building Permits
Building Permits Established a New Low in April



Consumer Confidence Is Often Rising When the Recession Ends

Consumer Confidence may Have Bottomed Out in March

Consumer Confidence (Conference Board, MA2) Around the Cycle Trough



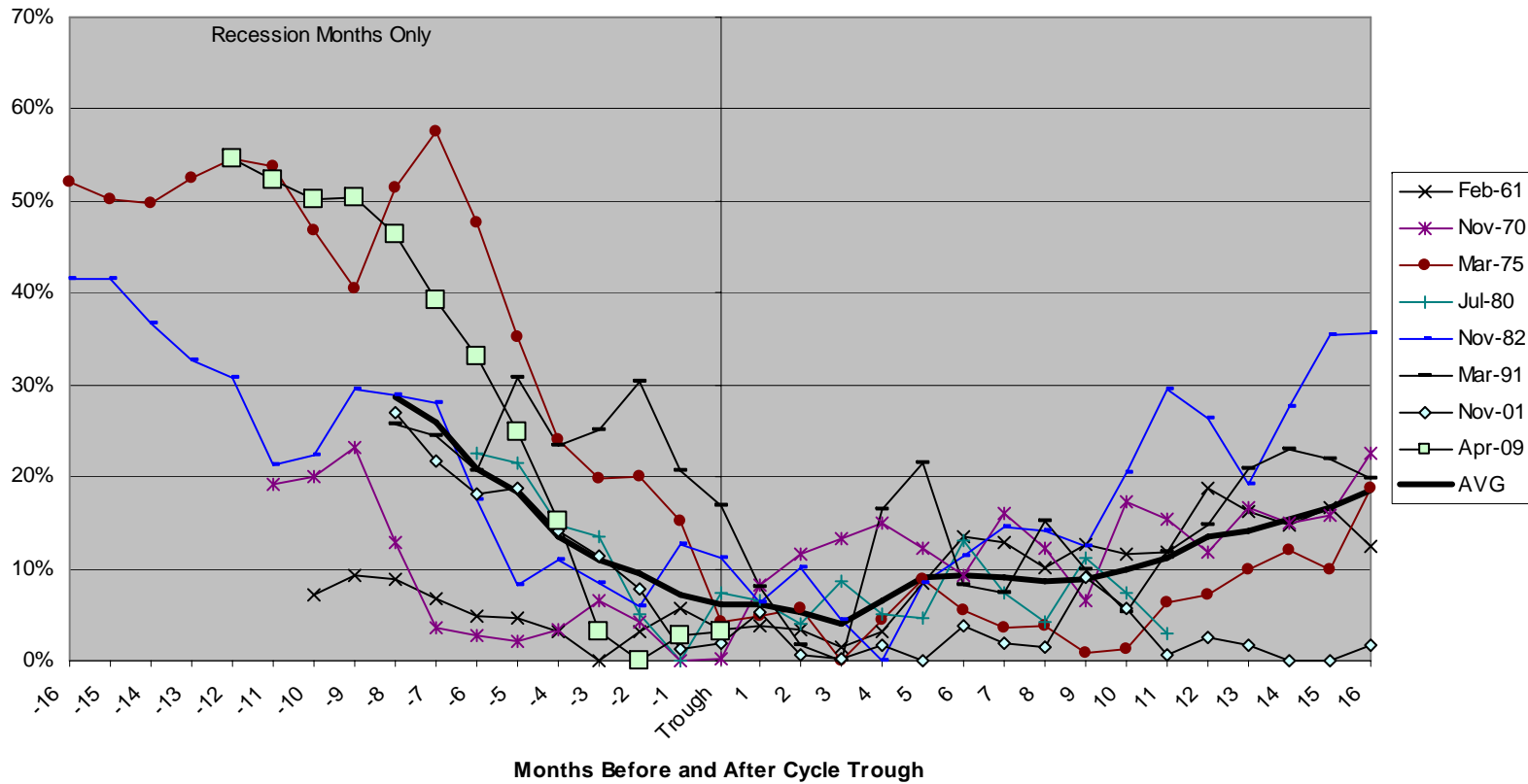
Unreliable Signs of Spring Components of Leading Indicators



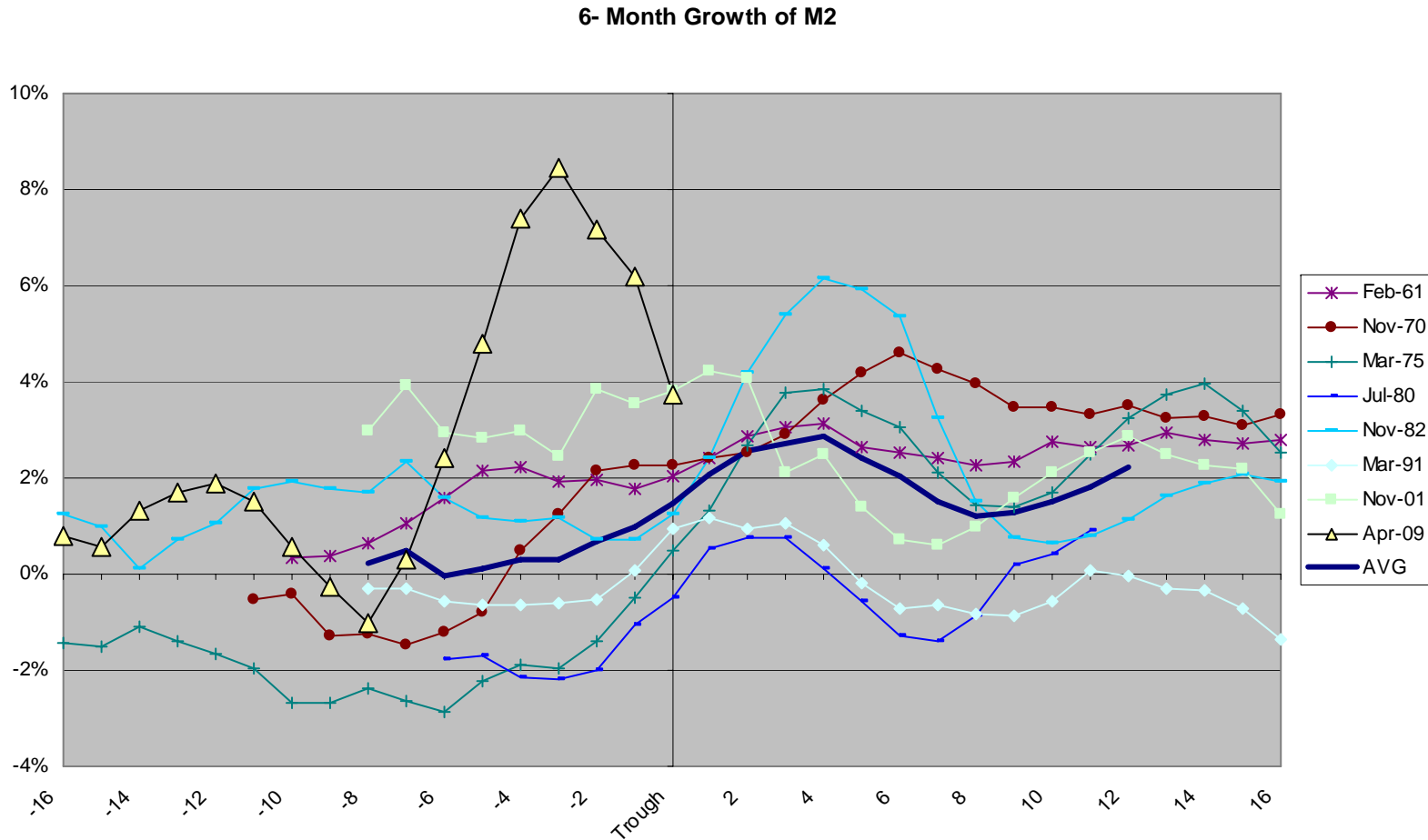
The Recession Ends But the Trough of Capital Goods Orders Lags Behind

Capital Goods Trough may have occurred in March

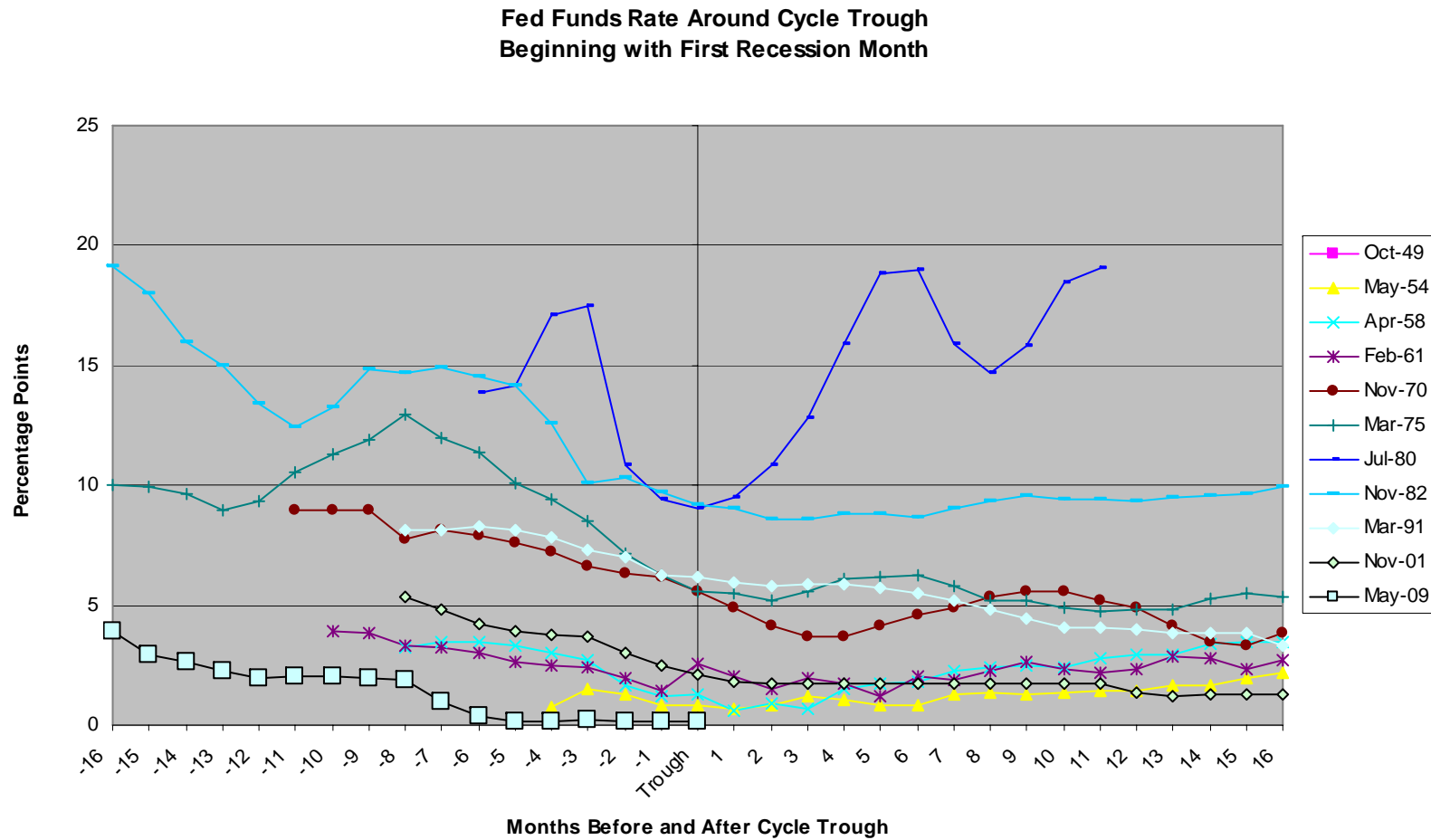
Capital Goods Orders Around the Cycle Trough, 2 Month Moving Average Compared with Minimal Value



The Recession Ends
 Without much notice of M2
This Recession Had a Huge Expansion of M2

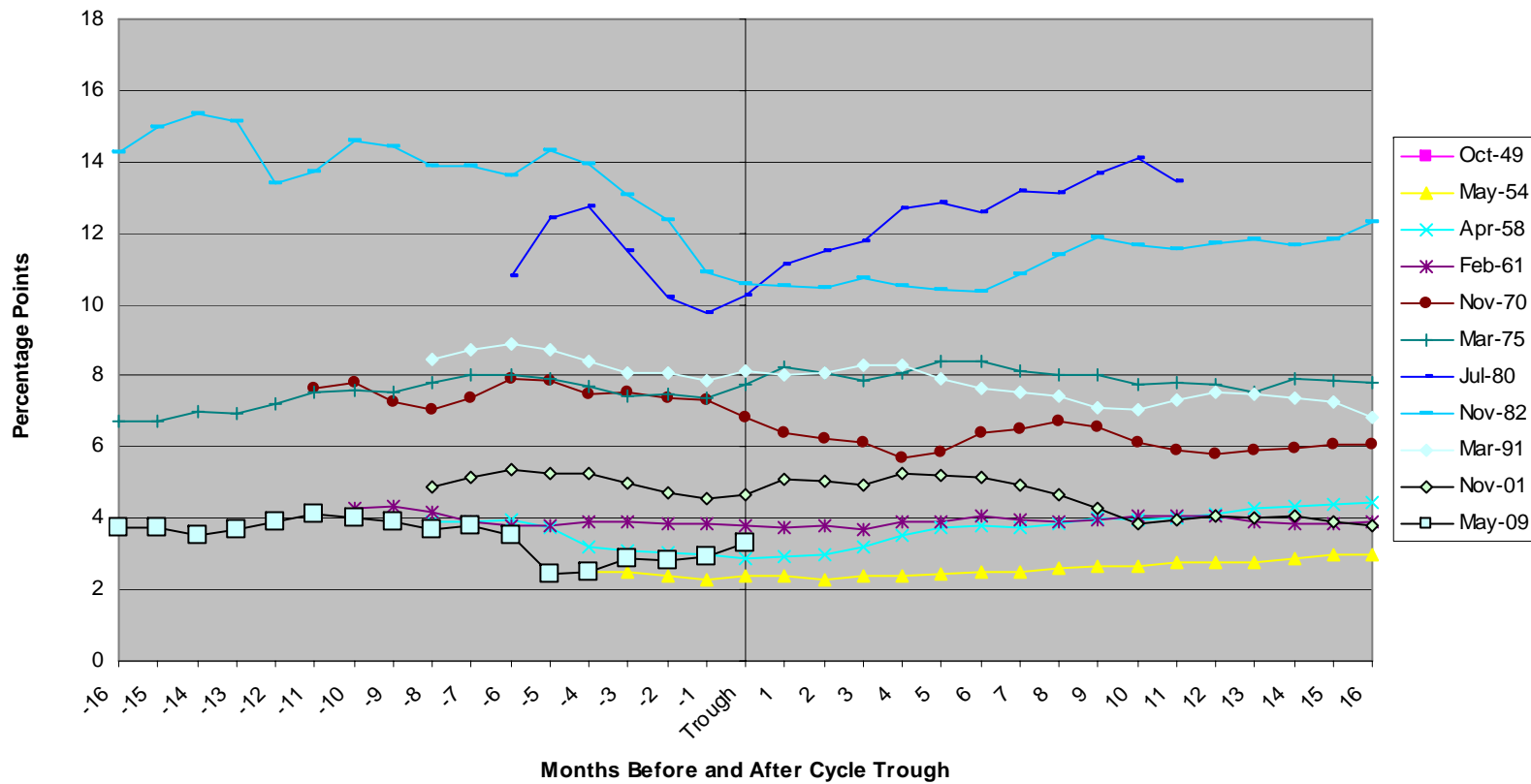


The Fed Funds Rate is Still Being Cut When the Recession Ends
With 5 Months of Zeroes, There is no room for cutting this time

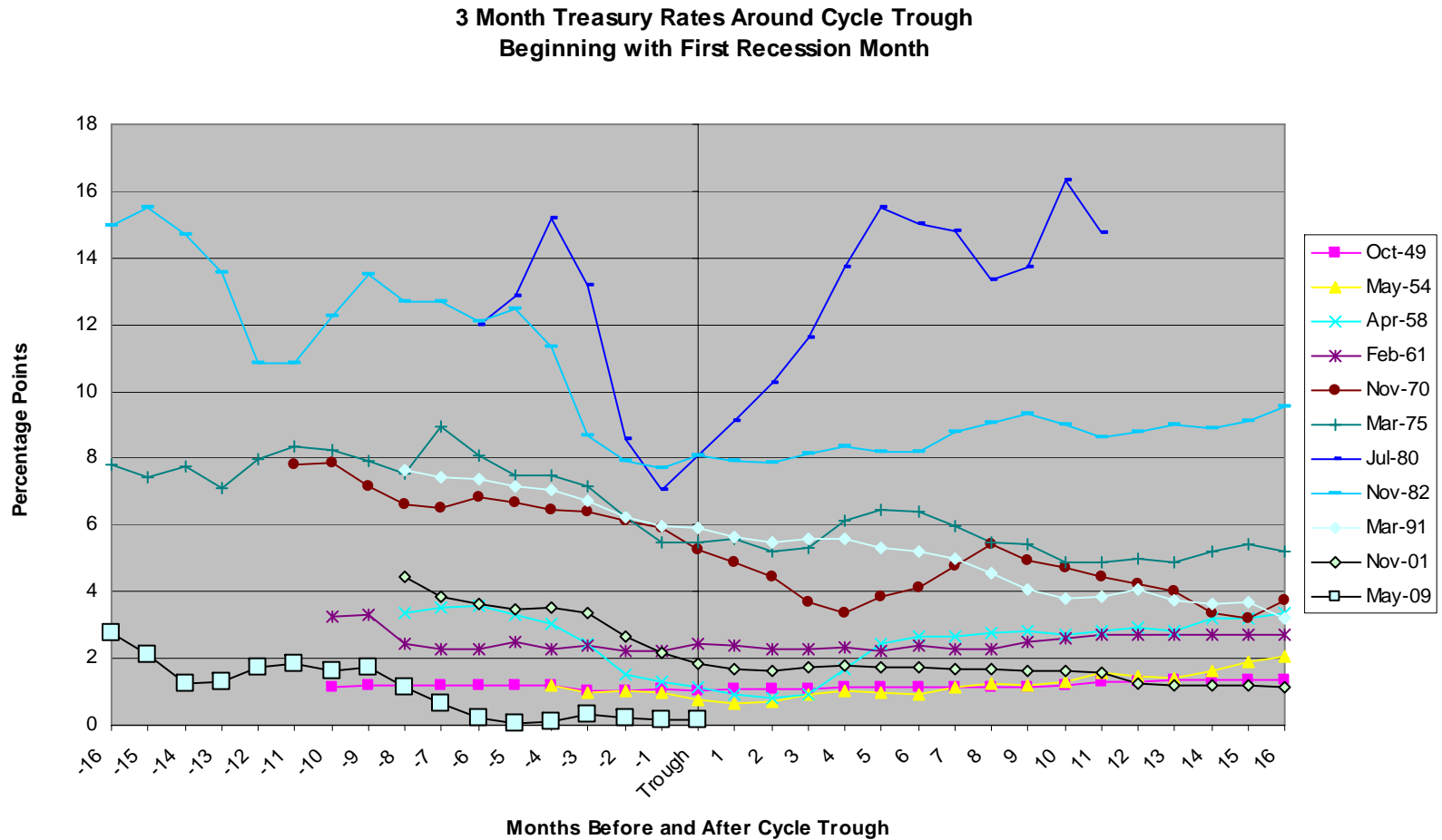


10 Year Treasury Yields Do Not Tell us When the Recession Ends

10-Year Treasury Rates Around Cycle Trough
Beginning with First Recession Month



Short-term Interest Rates Do Not Rise Rapidly Early in an Expansion, *Though We Currently Have the Lowest Ever*



Auto Sales Do Not Always Bounce Back Strongly

It Was the Recession of the Early 1980s When We Last Saw 9 Million

