



A Distinction Without A Difference

Did we or didn't we dip into recession ? The professionals who call it and the Administration will say no. And they are technically correct.

The third Q looks like we can get a small growth in GDP and the W.H. will take a victory lap (take it where you can). The key will be the consumer, even if the rate of inflation comes down it will still be unconscionably high. We will now be looking at a tradeoff between **inflation** and **deflation**.

Large ticket items that can be postponed will be. Inventory will build and merchants will have to try to get the attention of the consumer. Unfortunately, the prices of most of the necessities, food, rent, and energy will remain high.

To the consumer it feels like a recession. And they are getting frustrated with the squabbling among the bureaucrats over semantics. It is a little like the Federal Reserve's attempt to distinguish between the CPI and core inflation. Core inflation excludes food and energy. Which, of course, is what the consumer sees and buys every day. To the average consumer, these exclusions don't make sense.

So too with the definition of recession. The American people have been told over and over that two consecutive quarters of negative growth is a recession. To them it looks like one, feels like one and talks like one. And to them it is a distinction without a difference.