

Why the Fed Is In a Pickle

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Cumberland Advisors Market Commentary
by Cumberland Advisors

July 30: This quarter's gross-domestic-product number contained a couple of interesting twists. Only two categories accounted for positive growth—consumer spending and government spending. The consumer number is especially interesting since it accounted for 2.9 percentage points of growth, while government spending added 0.9 percentage points....Finally, there is a wild card in trying to figure out how much of an impact the problems with the Boeing MAX 737 may have on both domestic production and international trade. We know that the Saudis have cancelled a 50-plane order, and there have been

related cuts in parts and components, as well. Mike Englund of Action Economics estimates that Boeing's impact took about 0.2 percentage point off GDP growth in the second quarter, and without the MAX problem, export growth would have been -3.2 instead of -5.2%, and equipment growth would have been 2.7% instead of only 0.7%.

—Robert Eisenbeis

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