

DOWN FROM ON HIGH

WEB BUZZ 2010.03.22

Well, we got the “official” word from the administration last week. This is our future as far as the economy is concerned. These are excerpts from a joint statement by Tim Geithner, Peter Orszag, and Christina Romer:

1. Real GDP growth (4Q to 4Q) - 2010: +3%, 2011 & 2012: +4.3%
2. Projected Unemployment - 4Q 2011: 8.9%, 4Q 2012: 7.9%
3. Inflation - 2010: 1.0%, 2011: 1.4%, 2012: 1.7% (as measured by the GDP price deflator)
4. No deflation

Keep in mind not one of these three people (plus 99% of conventional college PhD economists) predicted the recession we have just passed or maybe are still in.

As far as our BBI long government program is concerned, this is good news. However, what is even better news is that we expect deflation, which makes our projected 2% to 3% on the long government bond very realistic. Also, we believe their GDP numbers are much too high, at least in the out years. The damage being done to the free enterprise system by this administration is horrific. And we thought the Bush administration did much harm - no contest!