First Trust
Monday Morning OUTLOOK
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Heads, I Win, Tails, You Lose

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Up, down, sideways...it's all bad, all the time.

Take oil, for example. Between September 2011 and March 2012, oil prices rose about 20%. This generated all kinds of "sky-is-falling" stories about consumers having less money to spend. But, recently, as oil prices headed south in May and June, do you think the negativity went away? Not! The Pouting Pundits of Pessimism said falling oil was a bad sign, signaling weak global demand. It's all bad, all the time. The glass is always half empty.

How about interest rates? The Fed has been trying to hold down long-term interest rates to stimulate the economy and lots of economists agree.

But now that the 10-year Treasury yield is below 1.5%, many argue that the low rates signal economic problems and the US is the new Japan. They say: look out for long-term stagnation and a double-dip.

And there is another group of analysts who fret about rising rates. If rates go up it will hurt consumers, lead to less refinancing, and less business borrowing. Once again, it seems no matter how we look at it, there is always a pessimistic view that comes to the surface.

The same goes for consumer debt and saving. Until recently, we were told that the economy was too slow because consumers were deleveraging. By saving more and borrowing less, the economy was being held back.

But now with consumer debt rising and saving rates trending down, guess what…this is bad, too. We hear more about spendthrift Americans who are on the verge of creating another Panic of 2008. Either way, if consumer debt is rising or falling, we're told it's bad.

The latest version of this "heads I win, tails you lose," economic logic is being told about housing foreclosures. Remember when a wave of foreclosures threatened to collapse the housing market all over again? Well, now a recent TV news story bemoaned the "lack" of foreclosed homes. This, according to the new analysis, is holding down home sales because there are fewer homes on the market.

Obviously, the economic glass is not completely full right now. Real GDP is up only 2.2% in the past year and job growth is one-fourth of what it has been in recent recoveries. But this "all bad, all the time" stuff is kinda ridiculous, don't you think?

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
7-31 / 7:30 am	Personal Income – Jun	+0.4%	**+0.5%**		+0.2%
7:30 am	Personal Spending - Jun	+0.1%	**+0.1%**		+0.0%
8:45 am	Chicago PMI - Jul	52.4	**51.3**		52.9
9:00 am	Consumer Confidence – Jul	61.4	**60.4**		62.0
8-1 / 9:00 am	Construction Spending – Jun	+0.4%	**+0.2%**		+0.9%
9:00 am	ISM Index – Jul	50.2	**49.0**		49.7
Afternoon	Domestic Car/Truck Sales - Jul	11.0 Mil	**11.0 Mil**		10.9 Mil
8-2 / 7:30 am	Initial Claims – Jul 28	370K	**365K**		353K
9:00 am	Factory Orders – Jul	+0.5%	**-0.3%**		+0.7%
8-3 / 7:30 am	Non-Farm Payrolls – Jul	100K	**80K**		80K
7:30 am	Private Payrolls – Jul	110K	**95K**		84K
7:30 am	Manufacturing Payrolls – Jul	10K	**10K**		11K
7:30 am	Unemployment Rate – Jul	8.2%	**8.2%**		8.2%
7:30 am	Average Hourly Earnings – Jul	+0.2%	**+0.2%**		+0.3%
7:30 am	Average Weekly Hours - Jul	34.5	**34.5**		34.5
9:00 am	ISM Non-Man - Jul	52.2	**52.7**		52.1