



Rail Traffic Indicators Point to Sluggish Growth

We're migrating most of our indicators from public use to the research platform over time so you'll be seeing regular updates on some unusual and lesser followed economic indicators. In a 2009 interview with CNBC Warren Buffett referred to rail traffic as his "desert island indicator" economic indicator, ie, the one indicator he would rely on before all others. We agree that it can be a very powerful forward looking indicator of economic growth.

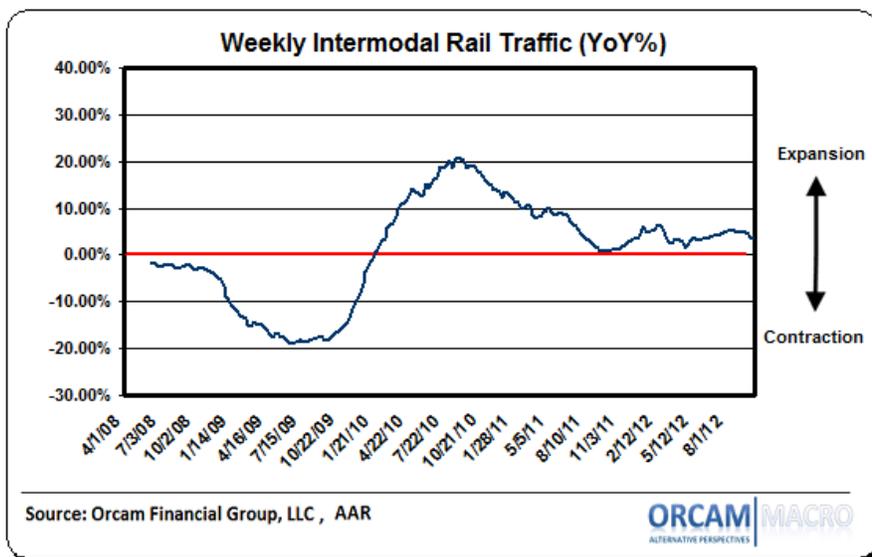
The latest reading from the Association of American Railroads showed a 2.5% increase in weekly intermodal traffic. We use a 12 week moving average to better gauge the long-term trend here. At 4% the quarterly trend is down from a recent high of 5.1%. Still positive, but not moving in the right direction. As we mentioned in our previous note, the US economy continues to grow, but is sluggish at best. Rail traffic is clear confirmation of this.

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Rail Traffic— Warren Buffett's "Desert Island Indi- cator".



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