



## Economists Have Nothing on These Two

### Description

Economic data provides much fodder for the media machine. We are consistently inundated with a wide range of pundits bantering and arguing about what the latest data release means. Is this necessary? For media outlets looking to fill the void that is actual news, absolutely. For investors? Not at all.

As an individual investor, there is very little need to expend one ounce of energy compiling your own economic outlook. You see, every three months or so, companies that have their pulse on the global economy do it for you! These multi-national companies are not reliant on flashy headlines to sell newspapers and provide concise and reliable insights into the global economic landscape.

### Pay attention to these two bellwethers

**Caterpillar** ([NYSE:CAT](#)) and **Fed Ex** ([NYSE:FDX](#)) recently summarized their economic outlook in their quarterly release. Unfortunately, neither provided an overly rosy forecast. Provided below are the statements made by each:

#### **Caterpillar**

*“The range of our 2013 outlook reflects the level of uncertainty we see in the world today. We’re encouraged by recent improvements in economic indicators, but remain cautious. While we expect some improvement in the U.S. economy, growth is expected to be relatively weak. We believe China’s economy will continue to improve, but not to the growth rates of 2010 and 2011. We also remain concerned about Europe and expect economies in that region will continue to struggle in 2013.”* – Chairman and Chief Executive Officer Doug Oberhelman

#### **Fed Ex**

*“Our lower-than-expected results for the quarter and reduced full-year earnings outlook were driven by third quarter international revenues declining approximately \$100 million versus our guidance primarily due to accelerating customer preference for lower-yielding international services, lower rate per pound and weight per shipment,” – Exec VP and CFO Alan B. Graf Jr.*

*“We expect these international revenue trends to continue. We have other actions under way beyond those already included in our profit improvement program. Some of these additional actions may involve temporarily or permanently grounding aircraft, which could result in asset impairment or other charges in future periods.” – Exec VP and CFO Alan B. Graf Jr.*

## **Would’ve nailed it**

When the global economy went into its 2008/09 funk, the S&P 500 peaked in October 2007. Fed Ex and Caterpillar stocks served as leading indicators as they peaked in February and July of that year respectively.

In addition, Fed Ex cut guidance for 2008 in September 2007, just a month before the market peaked. Investors that were astute enough to heed this warning and defensively position their portfolio saved themselves a pile of anguish. Though less severe than the revision made back in Sept. 2007, Fed Ex did lower its guidance for the coming quarter in the recent release.

## **The Foolish Bottom Line**

Investors face unprecedented volumes of information on a daily basis. Filtering this information and being selective in what you believe is critical. If you are trying to form an economic opinion but are bogged down in minutiae, turn to the multi-nationals for practical, easy to use insights.

*One investment strategy that is proven to pad your investment account regardless of the economic climate is dividend investing. We have created a special free report that outlines 13 high yielding stocks that you can buy today. To receive this report, absolutely free of charge, simply [click here](#).*

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*Fool contributor Iain Butler does not own shares in any of the companies mentioned in this report at this time. David Gardner owns shares of FedEx.*

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. NYSE:CAT (Caterpillar)
2. NYSE:FDX (FedEx Corporation)

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