

High Noon

Written by Bruce Enberg

Wednesday, 04 April 2012 21:32 - Last Updated Wednesday, 04 April 2012 21:50

The US stock market fell hard at the opening bell and the corporate pundits were out immediately blaming it on the lower number of jobs created last month. With “only” 200,000 new jobs created they implied that the Obama economic recovery is falling flat. The first problem with this “news” was that the real numbers don’t come out until Friday, this was just an estimate from a private payroll service company that has become notorious for being wrong.

The real reason the US markets were down, and they were following the world markets from overnight (US time), is that the fall was based on the Minutes from the last Federal Reserve meeting. A large majority of the board has decided that there will be no more quantitative easing purchases of paper assets, or what is effectively the wholesale printing of money for rich people and their big banks.

This impacts markets worldwide as it impinges on the Carry Trade. This “trade” is where big money people hop around from country to country inflating the local markets by exploiting cheap dollar loans to buy up local paper. This practice makes a lot of money for the rich, that is if they get out before the bubble bursts. Don’t worry they mostly do, and besides they’re just gambling with other people’s money so don’t fear for them.

Mitt Romney’s people make a lot of money doing this, and if you’ve been paying attention to what he’s been saying, this all “trickles down” onto the rest of us. Don’t mind the occasional total collapse of the world economy and the end of civilization as we know it. Mitt will be all right just the same.

We may be about to see the collapse of the oil bubble with the announcement that government audits show the total amount of oil in storage tanks exceeds the record set in 2001. Of course, the physical inventory has little to do with the price. What did you think, that “supply and demand” worked in the “free market” the way conservatives keep telling you? The reality is that they hoard the supply and manipulate shortages of commodities to make money by overwhelming the market with truckloads of money. But it seems those truckloads of money will be staying at the Fed for now.

Of course, there is the potential of Wall Street to manipulate this into a total economic collapse, since they make money on the way down too. In theory the Dodd - Frank Act allows the government to step into this mess and close down these pirate ship operations, that is if they threaten the US economy. The Republicans have been refusing to fund the agencies involved so it’s not clear they are up to the job, and Bush appointees on the various commissions have been obstructing in anyway they can.

I think you can tell from the rhetoric being exchanged between the President and the Romney

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campaign that some sort of showdown is in the works. Think of the Fed as the bartender in the old west movie. He just pulled the double barrel from under the bar, something is going to happen. Send the children and pets to the root cellar.

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