

## I'll bet you a Yuan to a Baklava

Written by Bruce Enberg

Friday, 01 May 2015 19:39 - Last Updated Friday, 01 May 2015 20:40

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First Quarter US GDP came in at 0.2%, which is down from 2.2% in the Fourth Quarter. This isn't really a huge drop in US economic growth as you might think at first blush. When GDP is calculated, exports are added and imports are subtracted. The strong USD is making imports 'cheaper' and throttling exports to euro using countries that must pay much higher prices for US goods.

China of course is right there to sell the exact same things as the US at a more favorable exchange rate, as more countries are simply trading in the yuan instead of converting them to USD first. Not that the US is a big exporter anyway, but Europe does use the US as a 'cheap labor' factory floor. Overall the top US exports are gasoline, fuel oil and petrochemicals. Our chief 'manufactured' export to China remains recycled cardboard.

Greece and Germany continue a tit for tat game of threats, insults and kabuki theater. Greece has made clear that they are tired of being taken advantage of while Germany pretends that they're the real victim of a lazy childish bully. Germany wasn't amused that some in Greek government pointed out that Germany still owes reparations for the occupation and looting of Greece during WWII. Today Germany does the looting with bankers and Current Account surpluses instead of Panzers and Messerschmidts.

So far the only ground the Greeks have given to the bankers is that Prime Minister Tsipras has rotated (but not removed) Finance Minister Varoufakis from his position as lead negotiator. The Germans and other European pirates (I mean bankers) really don't like him as he easily cuts

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through their BS of austerity

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Varoufakis is an economics professor from an affluent family with dual Greek/Australian citizenship. He is handsome, flamboyant & outspoken on issues of social justice worldwide having traveled extensively along the world's major dividing lines in Palestine, Ethiopia-Eritrea, Kosovo, Belfast, Cyprus, Kashmir and the US-Mexico border

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He's basically a combination of Paul Krugman, Alan Grayson and Bono.

I'm guessing that the Greeks got some major concessions just for moving him out of the spotlight.

A German newspaper is reporting that Germany intends to keep Greece in the euro even after default, which everyone keeps saying is inevitable even though each deadline passes with no actual crisis. As I predicted, China has shown an interest in helping Greece, and Greece is said to be preparing to issue its own parallel currency. This is likely why the European Central Bank has continued to make loans to Greek banks despite early threats to cut them off, they really don't want China getting a foothold among the southern European countries that they've been looting.

It appears that Greece's creditors have just been running a Fox News style campaign, hoping to undermine the Greek government to no avail. They've even gotten US Treasury Sec Jacob Lew to issue dire warnings about the suffering Greek citizens will endure if their government defaults to its creditors and drops out of the euro. But Greek citizens are suffering so much already and the demands of the bankers for even more draconian measures has those 'warnings' falling on deaf ears.

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Even though the media has labeled the ruling party as leftist and extremists, in reality they're competent, no nonsense centrists along the lines of FDR and the New Deal. Too bad we don't have that here.

Twitter @BruceEnberg - I'll bet you a yuan to a baklava that Greece is going to win this game.