

Capitalism - Hate it or HATE IT !

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Last week the markets did well despite the Chinese state doing a wreckage job (\$400 billion according to the WSJ, \$1 trillion reports Bloomberg) on Chinese IPO's originated on American exchanges. That was done for two reasons: shifting Chinese money making home (probably Hong Kong), and to fire a competitive shot across the economy of their American capitalist competitor. This week was also strong except for Friday when speculators were compelled to begin a three day inhalation of West Coast smog for the exhalation of the next round of bubble growth.

Here are some data points that had to be blown away for the bright side to become visible. Monday: New Home Sales: 724,000 last; 795,000 projected, 676,000 reality. Tuesday: Durable goods orders (very indicative of economic trend) 3.2% last; 2.0% forecast; 0.8% reality. Wednesday: Advance trade in goods -\$88.2 billion last; no projection; -\$91.2 billion in June (meaning more of the 'strength' of the economy is from abroad). Thursday: Initial jobless claims 424,000 last (which didn't phase the markets); 380,000 projected; 400,000 reality, which combined with a small *increase* in continuing claims means *not good*. And then the big data point that inflamed the markets a second quarter minuscule increase in the GDP from 6.3% to 6.5% even though expectations were 8.5%.

Trade is critical for economic growth but not if it's primarily imports as in the US. Today the EU reported second quarter growth of 2% which explains while at the same time indicating the direction of the US economy.

The Bureau of Economic Analysis released a broad revision incomes dating back to 1959. This includes mostly wages and salaries along with proprietary and other forms of capital earnings. It does not include transfer payments. Most alterations were small while major changes downward began in 2017 when the myth of globally synchronized growth was being propagated. Except state donations what was touted as growth was actually a flat line of stagnation which accounts for actual downturn in the last quarter of 2019.

While the Earth is burning, flooding, and rotting away we have the criminal greed of the pharmaceutical industry, firmly, but quietly, supported by their capitalist executive state, hanging onto their state granted patent monopolies – and this while the mostly unvaccinated world in some places go through a fourth wave of pandemic, now dominated by the more deadly Delta virus. That with full knowledge the 80% of unvaccinated provide a perfect medium for the development and spreading of ever more deadly Covid virus forms, the ruling classes of the world still insist on upholding the legal right for patent holders to maintain their *pay or die* business model. It's been noted that patent rights were suspended in the world wars. But those were wars mostly between gangs of capitalists. When it's an economic war between capitalists and the poor and working class, executive privilege prevails.

A large number of this country's hospitals and other medical establishments have been bought up by private equity/hedge funds because of their mostly government steady stream of income. But Apollo Global Management must be congratulated for developing a novel way to increase its wealth – instead of screwing others they made \$1.6 billion by screwing themselves. Apollo manages a number of funds. Its eight fund sold Lifepoint, a chain of hospitals based in Tennessee, to its ninth fund for \$2.6 billion after investing less than \$1 billion in its operations. A cool \$1.6 billion net transaction performed within itself.

The Fed performed a hasty action involving a lot of money toward the end of the week which may signify troubles ahead. On Thursday (to begin operations today) it created a Standing Repo Facility that can lend up to \$500 billion in overnight loans at below market rate interest. *Standing* means it can exist indefinitely, and the \$500 billion could be increased as needed. It also created a separate facility for foreign accounts held by the NY Fed. It's interesting that so much money which only has value because it is linked to the US is being placed in private hands. The NY Fed is owned by the biggest city banks, and who gets the loans will not be revealed unless there is a lot of hell raising.