China -- Red Only As In ***Embarrassment***

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A Guardian study revealed that real disposable income of millennials (those born from 1980 to the mid 1990's) has declined while other age groups, including pensioners, show various rates of growth. In the US disposable income for millennials reverted to where it was 30 years ago. Meaning -- to the extent that they *are* slackers, it's only an internalization of real conditions.

China reported that February exports declined 25.4% from previous February. Imports fell for the 16th month in a row.

The IMF's second in command, David Lipton, declared the global economy to be at growing "risk of economic derailment." He cited boosting global demand as the best solution -- no doubt by doing everything except creating good paying jobs by repairing dilapidated infrastructure and the like. That would increase demand, but also debt in ways not immediately profitable for speculators.

Wall Street bonuses fell 9% in 2015 do to lower profits -- but still worth $146,200 on average.

After causing a major market downturn in December because speculators expected more easing than he announced, today Draghi went for overkill. He cut the ECB interest rate to zero (from 0.05%), moved the bank deposit rate further into negative territory (- 0.4%), and in a surprise move will offer banks 4 year loans at negative interest rate (so they get back some of what they lost with the deposit rate). He also increased the monthly money printing from 60 to 80 billion Euros and expanded purchases from government bonds to include those of corporations. The world markets loved all of these additional props until Draghi added that he doubted there will be any more rate cuts in the future, although he added, who knows? Merely a hint that these may be the last of some of the props sent the markets into a swoon. Nothing more clearly demonstrates the Potemkin nature of the so-called recovery. A false front supporting a rotten base.

China announced that it had added $231 billion to its venture capital fund in 2015 bringing the total available to $338 billion. According to Preqin, the 2015 contribution is five times the global total for the rest of the world. With the heavy industry side of their economy in a funk, China now wants to promote a hi tech inventive side of the economy. It set up 1600 incubators for startups in 2014. Like other capitalist nations, including the US, the government realized that private investors hesitate to invest in risky new technology ventures when it's so easy to profit via straightforward speculation. Local authorities will help fund and ortganize the enterprises and will share profits until hopefully success will lead to IPOs and an expansion of an entrepreneurial capitalist class. Capitalist China leads the world in the creation of billionaires but desperately needs a wealthy middle class to provide a strong cushion between bosses and the underling masses. Currently middle class income averages $11,000 annually, still way outside the ballpark of the yearly millions at the top. As for the bottom -- 387 million mostly rural workers (slightly more than half the entire workforce) makes an average of $2000 per year, out of which they are expected to pay for part of their healthcare and children's education. Foreign central banks and financial speculators everywhere are concerned that a financial collapse in China will bring down the worldwide house of cards. So far they've pulled out all stops to keep the economy afloat, but what finally leads to failure may be a social upheaval rather than financial collapse.

Bloomberg's commodity index broke below 100 to around 90, lower than the 2009 bottom and about where the early millennium recession began to reverse its fall.

The markets ended the week on a major move higher. In Europe it must have sunk in that Draghi gave them at least twice as much as expected, and after this gift wears out there just may be somebody dumber than Draghi to keep the gravy flowing. US mainstream commentators continue to base the home market boost on the price of oil going up -- now around $40 per barrel. It must not be forgotten that the rise has nothing whatever to do with a healthier real economy requiring more fuel -- that segment is actually weakening -- the price is rising because of gradual cuts in production in some markets and talks of the same in other markets (Russia Saudi Arabia). US rig count is now down to the lowest since 1940 when Baker Hughes first kept keeping this number. In the early 80's it reached its all time peak of 4530. Four years ago it was about 2000. And now its at 480 -- and the US is still producing more oil and gas than it consumes. According to Art Berman at Forbes prices may decline soon because of storage problems. 70% of American storage is kept at Cushing OK -- those tanks are at 91% capacity. The rest at tanks along the Gulf Coast -- those are at 87% capacity -- leading to a combined capacity of 88%. Normally 80% capacity means its time to start draining off some of the excess. Recently the government permitted export of oil but that hasn't been enough to help cut the storage problem. Berman thinks it will drop to $30 before enough stored and production fuel has been reduced to make a difference. That should mean all of these bubble gains should be consumed along with the excess fuel, but don't bet on it, more well constructed cues to buy may be in the air by then.

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