

Collapse -- Delivered

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Got a 30% off card in the mail from delivery.com "Your neighborhood food. Delivered." Reflecting the standard degree of honesty and accuracy in a market economy, "delivering" anything is the least of their functions. You order stuff or services from restaurants, supermarkets, package stores, laundries online, and delivery.com "arranges" for everything to come out right which will usually mean nothing at all since most orders will be from restaurants with delivery service. Thus they are primarily an online listing service – not anything particularly new. Still it evoked memories of the end of the dot.com era when kozmo.com (1999-2001) made its appearance providing one hour door-to-door delivery service of any little thing, like an emergency bag of munchies, for no fee. Just the sort of necessary services required by the brats of the ruling class -- their folks have servants. This can serve as an example of trickle down in a boom economy that is exclusively generated by financial speculation. Massive wealth flying into the hands of the financial sector of the ruling class without them ever having to get out of their easy chairs. Their only concern is to keep it moving, both as consumers and investors. Thus it's dinner at Trimalchio's and tea from ancient Chinese cups.

But investing gets more tricky when even the mainstream frequently speaks of bubbles ready to burst. Markets continue to break records (at the end of the week both Nasdaq and the S&P set new highs) while their economies also continue their slide. \$5.3 trillion of government bonds, including all of the US and most of the Eurozone, have negative interest rates. Yields are very low. Even junk bonds are getting scooped up so fast that they are in short supply. That leaves many to invest in companies that are doomed to failure but will sustain a high market value long enough for a profitable pre-collapse cash out. Have we entered those times? I did a check on the whereabouts of kozmo.com, and by golly, about a year ago it announced that it was preparing a return. So get ready for a brief sprint through the best of times in the best of all possible worlds.

Maybe Kozmo thought, "drones -- one hour -- time to get back in business." Too late -- the \$207 billion market value Amazon is about to beat you to it. That's all Amazon is good at doing, beating most everybody to almost anything that is new regardless of whether it will ever make a profit -- just as long as it's purchased and moved. Amazon lost \$57 million last quarter. That was such great news that it gained \$25 billion in market value overnight. It has lost \$406 million the last twelve months. Worst since December 2001. It's gone 18 straight quarters in which its LTM (Last Twelve Months) net profit has slid. A company with that market value and a cumulative net income over the last 10 years of a measly \$4 billion is thought to be a good investment -- as long as buyers keep thinking such.

-- Bloomberg had a curious warning for S. Korea. The economy is slumping and it's unlikely to recover because of the great household debt to GDP ratio of 81 -- a figure it says is much greater than that of the US and most of the Eurozone. The US ratio at the end of 2014 was 80.45. It has been moving down from a high of 90

in 2011 but now seems to be increasing slightly. Did Bloomberg let the cat out of the bag or did some kind soul on the staff slip in a warning to American investors?

--- Existing homes sales rose a bit to about 5.18 million. The markets loved it. The vastly more important new home sales fell 11.1% last month -- it's biggest drop in almost 2 years. The markets? -- No problem.

-- non-defense or aircraft capital goods new orders fell for the 7 month in a row.

-- China: house prices last month dropped in 69 of 70 cities. The average price is 6.1% lower than a year ago.

-- World debt increased by \$35 trillion since the last crisis, but more is needed to keep the bubble inflated. The National Association of Credit Managers reported the largest monthly credit rejection rate ever. Keep applying.

-- Chinese trusts increased equity investments in the 4th quarter by 28% (\$89 billion). According to McKinsey's report -- outstanding Chinese debt increased by \$21 trillion (total now \$28T) since the last crisis.

-- China cut bank reserve requirements by 1% - the second lowering of the year. That's worth \$193 billion of freed liquidity to help keep the economy from floundering.

-- Big recovery on Monday from Friday's downturn. Said to be the result of good financial reports -- most prominently, IBM. Revenue per share was 10 cents above estimates. How? -- Those making the consensus estimates lowered them over the last couple of years from over \$4.00 per share to \$2.81 per share. IBM, a DJIA company, helped induce a 200+ point finish and provide a lesson on how consensus estimates cover up real economic conditions. First quarter revenue was the lowest since 2002 and down 11.9% from the same quarter last year. Net earnings were down 2.4. In short, this was an entirely negative financial report that was turned into something positive by market touts and shills. That plus "buying on the dip" kept the speculators dream alive for at least another day.

-- Japan had its first trade surplus after 48 consecutive months of deficits. A 14.5% drop in imports did the trick.

-- Greece - The Eurozone has \$200 billion in investment fund guarantees backing Greek loans. Greece owes something between \$318 and \$340 billion - \$140 billion to the ECB alone - that's \$10 billion more than all the deposits in Greek banks (down from the recent \$250 billion). Let's hope the Greek people rise up against being skinned alive. There is plenty of restiveness to carry such a signal around the world.

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