The Dance of the Dead

10-9-15

According to Carl Weinberg of High Frequency Economics world exports were down 11% the first six months of this year compared to the same period last year.

U. S. factory orders average for the first six months was down 7.5% compared to the same period of the previous year.

Major stock markets worldwide vaporized $11 trillion worth of paper value in the third quarter. Worse quarter since 2011.

Tomi Kilgore of Marketwatch reports that American firms announced 205,759 layoffs in the third quarter. Most since the same quarter of 2009. In same quarter they also announced $243.4 billion worth of stock buybacks (data from Dealogic) – seven times more than the same month last year.

After five years of secret negotiations 12 Pacific rim nations signed the Trans-Pacific Partnership designed to enhance corporate profits and dictatorial rights. China was excluded.

World markets, especially those in the US, have had significant gains since Friday. The causes are strong indicators of our financial near future. The terrible jobs report not only meant more near zero interest rate in the US but the extension and initiation of similar easing policies around the world. Meaning? More bubble expansion. As more negative real economy reports come in and are cheerfully accepted by market speculators, the threat of a crash comes closer to a reality. The IMF's Global Stability Report see's the world economy on track for a global financial collapse before it achieves a recovery from the previous one. In a separate report the IMF declared that $3.3 trillion in bad corporate and bank loans held by emerging market nations are at the tipping point of zeroing out, perhaps only needing that 25 basis point Fed increase.

Also: German factory orders were down for the second month and exports fell 5.2% in August (against a 0.9% expected gain), the biggest fall since January 2009. The Deutsche Bank reported a $7 billion loss in the last quarter. Japanese capital expenditures fell 5.7% in August while expectations were for a 3.2% rise. UK manufacturing was down 0.9% the last three months compared to the previous three months. And what greatly cheered the markets has now come to an end – the Shanghai market after a week break is now back in business and scaring everyone.

On Thursday it seemed American markets would finally have a down day – but then *down* became *up* for a nice close. The Reason? Well, the Fed released word that it was almost – really almost – and it could have if it really wanted to – and being on the verge – of raising the rate last month. But did not, not because all economic signs in the US are pointing downward – no, it was because they were in the rest of the world. This is how they create the best of all worlds. Not raising the rate boosted the markets – but eventually the bad reality would sink in – so after it's done its dirty work of boosting the Dow by 1000 points it's time to erase the fear of that reality by exporting the problem. But a second excuse for market orgasm is the rise of oil to $50. That's supposed to indicate growth in the real economy – and who says there is no sign of that? – just look at the thousand point Dow gusher.

On Friday American markets struggled to a small gain. World markets had their finest week since 2011. As for that $50 barrel of oil being a sign of a commodity turn around and real economy revival, the latest Baker Hughes report on American oil rig count has the number down to 605, the lowest since July 2010. The count was 1600 a year ago. So much for the commodity thrill.

http://www.unrealeconomy.org