Kuroda, Draghi, Bullard, an Election, Plus 3.5%

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World economies took some hard turns over the past two weeks as I did in my move uptown. Japanese markets gorged on Kuroda's (head of Japan's central bank) announcement that they will purchase $750 billion of state securities over then next year (equal to about $3 trillion based on US GDP figures). That this was only approved by a 5-4 vote of central bankers indicates that this may be the last chance for a peak experience in a central banker's life -- the perfect financial catastrophe. Bloomberg presented a jolly report of the sudden mega-richness of the few, nicely contrasted with the 2.8% decline in real wages of the hoi polloi in September, the 15th month in a row of such declines.

The European Commission lowered Eurozone growth to 0.8% (from 1.2%) which led Draghi (head of ECB) to announce that he is prepared to take "further measures" to stem the slide. Since all measures save QE have been tried, that "measure" is certainly QE. But Germany, the EU's biggest economy, is strongly opposed to such asset purchases. Possibly the likely return to technical recession may induce Germany to accept the most advanced treatment for the disease of late stage capitalism. The folks now ruling the homeland of Paul Erlich and Jauregg (if one includes Austria) must be made to understand that capitalism is now in the equivalent of late stage tertiary syphilis. Quantitative Easing is much like Plasmodium Vivax; it heats up the body/economic with enough liquidity to overcome the slothfulness paralyzing the economy much like plasmodium induces a malarial fever that kills bacteria causing dementia paralytica. I think the Germans will be made to join the parade -- it was Sahachiro Hata who brought Salvasan to Germany -- and the Japanese surely know something about this particular social disease.

American markets made a huge recovery in recent weeks setting new highs. The 3.5% estimate of third quarter GDP growth surely was a main factor but market sessions often include steep drops as the underlying real economy continues to sputter along. Thus Bullard has been the Fed stand-in for blustering market revivals. The Tuesday elections produced curiously mixed results. The Democrats lost control of the Senate leaving the Republicans in control of Congress. Business normally prefers Reps over the Dems, but the Dems are known to be closer to the financial sector of the American economy than the Reps. In addition, if the goal is to convince the American people that a real recovery is underway, the election result is tantamount to their saying "no it isn't." Exit polls showed the sick economy and the enrichment of the few as the main issue on voters minds.

The week ended on a lower than expected Establishment Survey jobs report. Unemployment is now officially down to 5.8%. Real hourly wages continue to track official inflation. In New York City 27% of those eligible to vote actually did so (meaning less than 20% of the electorate). At least most people know their enemy.

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