

## **This Is Your Ruling Class, Folks**

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A flood of raving world lunacy is currently available for your sick entertainment enjoyment. Trump is like the mad emperor displaying his new clothes while the leaders of the rest of the world struggle to believe that there is something inhabiting the skull with the orange fringe on top.

Since it has become ever more certain that the claimed recovering-recovered-robust world economy is not, and may never, actually happen, its become ever more vital to keep the equity markets propped up. That way they at least have something positive to point to; a booming investor economy which can be used as a cover for the booming lie about the real economy.

That sleight of hand, easily accomplished, paper boom (cheap credit) is critical in that the steady flow of free money secondarily enriched the investor middle class which is the bulwark between the elite and the angry masses.

Last week Powell did his duty by reversing himself from last month when he said the economy was so hot that neutral ground, the point at which growth and inflation are balanced, was far off (meaning many more rate increases), to suddenly discovering this month that the economy is just about at neutral. This week he said to the 99.9% that the hot economy hasn't yet reached all Americans. Another dovish reading point.

Meanwhile Trump anxiously set up a meeting with China at the G20 summit in Argentina which generated some positive hot air to make buying seem plausible. It worked on Monday but then the dreadful sense that China had done nothing to match Trump's gobbledygook about their Argentinean achievements began to sink in and brought about one of the biggest declines among recent declines that has wiped out the years' growth.

Then China woke up (these poor newbies have yet to learn the vital intricacies of bourgeois bullshit). Their market is already in bear territory, the economy is slowing, the yuan keeps pushing seven, now is the time for action. So President Xi gathered his friends and they all chirped up the good news: there really really was an agreement in Argentina and everything will be settled in ninety days.

That should have meant a fine business day on Wednesday. But damn if that isn't the national day of mourning for the first Bush who had just departed the gang of retired presidential war criminals. Only Canada and China reaped the benefits, Europe being too preoccupied with Paris burning and Brexit crashing.

Expectations were that what was missed on Wednesday would carry over to Thursday, but then Canada arrests the CFO of Huawei. Hopefully this is a sign of things to come. Nothing helps the cause of ridding the world of this scourge-on-the-human-race system than having its leaders knock each other around. The non-crime for which Huawei is charged is its apparent non-participation in the criminal sanctions decree the US has ordered upon the world. The world thought the Iranian agreement was fine, the world ruled by Trump did not, therefore the world loses, the US wins, and will continue its efforts to overthrow the Iranian regime with the willing or forced support of everyone else, and after which it will make its natural resources available to friendly state foreign investors like it did in Iraq and elsewhere.

Naturally the arrest enraged China just when investors were dreaming of a big Chinese American hug. Why did Canada do this? Because it's a minor state that transferred its sovereignty from the UK to the US. No wonder the Quebecois want out. Now China must defend one of its most important tech companies, and all that was hopeful has dissipated.

Just as the various capitalist state and business entities fight among themselves, so do the various branches of the investor class. The equity promoters want all of their like to be on the same page touting the booming economy. But bond investors aren't going to make bad investments in order to make the economy look good, thus we have the frightful **bond inversion**. The yield on the 5 year note is less than the 3 year, and the 10 year is closer to doing that with the 2 year. Be aware that when a yield falls it means the demand for the security has increased, along with its price, and thus the yield is less. That is a predictor of an upcoming slump when inflation growth will slow and possibly even turn to deflation and thus lower the cost of borrowing. The scare no doubt wised up many equity investors into security investors seeking a safe haven. Eurodollar futures have mirrored treasuries by also going into inversion at about the two year mark.

The last hope was a good jobs number for Friday. It wasn't. November came in at 155,000 after last month's 237,000, and while wage growth was above 3% for the second month in nine years, the six month average is still below that figure. Some tight labor market. Weak enough to cancel all the annual equity gains save for Nasdaq which is right at the edge. What's bad for them is Schadenfreude for the rest of us.

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