

Not So Pleasant Thoughts

April 18, 2005

1. Every day new announcements come concerning fines, settlements, and the dismissal of one CFO after another. The politicians, lawyers, and accountants have taken over the financial markets, as well as the economy. Frankly, no good can come from this. Oh yes, a few bad guys will get what they deserve. But the ultimate fall out will be worse. Wall Street does much more damage to investors and the economy every day of the week through their distribution of information concerning asset allocation, efficient markets, buy and hold, common stocks for the long-term, etc., etc. You see, the wrong information is worse than no information at all.
2. It appears as if the bubble asset markets are close to meeting their maker. Greenspan and company are on their way to becoming the most despised people on the financial and economic scene. To hopefully avert going the way of Japan (depression and deflation), they have made things even worse. You cannot borrow your way to prosperity.
3. While everybody has been watching oil and other commodities and thus worrying about inflation, the silent killer has been at work. The killer is money supply growth. Note the chart below. A breakdown may be upon us and this is DEFlationARY. Note the descending peaks – they are becoming lower and lower. This means “pushing on a string” is back. Watch out below!

