

JUST MORE RANTS

DON'S BLOG 2019.04.08

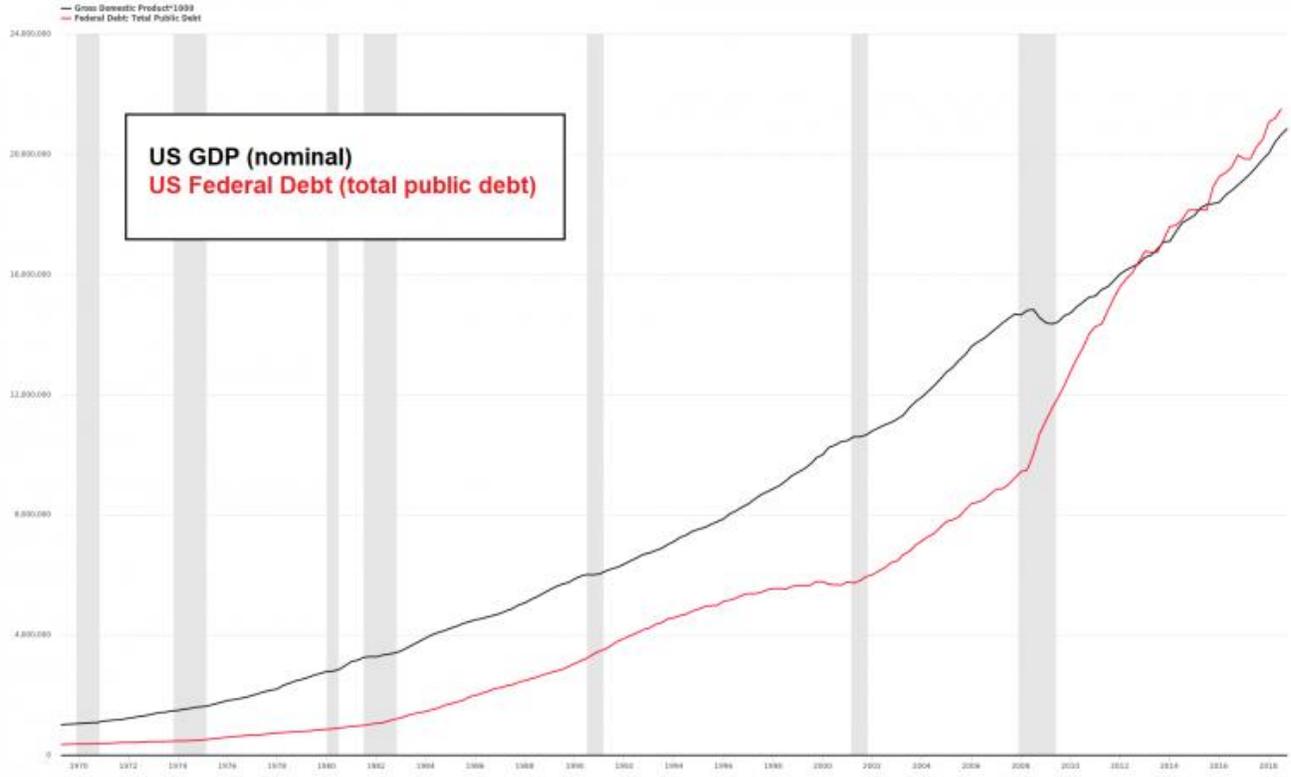
There is really not much one can add to our current situation in the economy and resulting financial markets. Debt is everything and each day it gets worse. As I have said many times, the only way to decent growth is debt reduction and you tell me—how is that going to be done? Everyone's debt is somebody's asset. Some to all of us are going to experience debt reduction problems which will have at its conclusion not very happy times.

Slow to no growth, no inflation, and probable deflation is our future. So much debt has built up that any more Federal Reserve action will only add to the problems, thus will solve nothing. But what else can they do? What else do they know to do? Damn, I don't want to be dramatic, but it may be that it's lock and load time. When the Federal Reserve changed the game by allowing market participants to borrow money to buy securities the genie jumped out of the bottle. The financialization of the economy was initiated and has of course just grown by leaps and bounds. Why put money in the real economy which normally takes years to obtain good returns when one can get short-term capital gains? Friends, that's all hat and no cattle.

Please note the following look at government debt and the economy through the first quarter of 2019 in chart #1 below. All of this is worrisome, however private debt is much more of a problem and amounts to approximately \$30 trillion, while public debt is only some \$22 trillion.

Again, I hope this is all just some ranting by a cranky old man. I well remember the 1950s when the old men then expected another depression.

Chart #1



Adapted from zerohedge.com