# America is now the world's biggest debtor

Market Review

By Bob Chapman
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*The latest Treasury auction of $19 billion of 10-year notes was at a yield of 3.365%. The bid to cover was 3.28 to 1, the highest ever. This was the third of four sales this week totaling $73 billion.*

*Consumer credit fell $3.23 billion in May, as credit fell 1.5% to $2.5196 trillion from $2.522 trillion in April. Four monthly declines matches June-December of 1991. Big loans fell $400 million, or 0.3%. Revolving credit fell $2.9 billion, or at a 3.7% rate.*

*We are now al most six months into the depression approaching a 1932 scenario. America is now the world's biggest debtor. The US has had a fiat currency for 38 years and major trade deficits for more than 30 years. Is it any wonder we are in depression? Is it any wonder the dollar is under pressure even though our government supports it at every turn in the market?*

*The world is looking aghast at the dollar as the Treasury runs short of money to fund its deficit beyond revenues of $1 to $3 trillion and as the Fed monetizes trillions of dollars. What would you think if you had 64.5% of your foreign exchange in US dollars?  That is almost $1.8 trillion. Some of these buyers have ceased buying and if that continues interest rates will head higher and the cost of carrying such debt will increase. As a result the dollar, of course, would move lower.*

Higher yields on 10-year T-bills translate into higher mortgage rates as real estate inventory continues to grow, a terrible formula for the economy.

We estimate fiscal 2009 to have a deficit of more than $2 trillion and incoming revenues will only make up less than half of that. In spite of the protestations of our Treasury Secretary Tim Geithner that the deficit will be reduced, our president guarantees $1 trillion annual deficits as far as the eye can see. Cuts will never come and the dollar will fall because that is the way the elitists want it to be. Only from the ashes of economic and financial collapse can the new world order rise.

Our government says one thing and does another. They want to maintain confidence and trust, but at the same time proceed with the destruction of the monetary and financial system.

We are told that next month the monetization will end, when in fact the Fed will not have completed its $3 trillion monetization of Treasuries and Agencies and bank toxic garbage.

Europeans, the Japanese and the British all want their currencies lower in value versus the dollar, believing that a cheaper currency is somehow a magic elixir for trade and, of course, that isn't always the case. In fact, the latest efforts to subdue the euro haven't been very successful. The dollar has been incapable of breaking up and out of 81 on the USDX. At the same time, for now the euro has retreated from $1.42 to just above $1.38, but it won't last. Simply, the US is in worse trouble than the eurozone.

The latest madness to come out of CNBC/Wall Street and Washington is Rebuild America Retirement bonds. This idea is being foisted on us by none other than the resident CNBC shill Jim Cramer.

These bonds do not as yet exist, and Cramer's proposal regarding them is a trial run to gauge investor reaction. The idea was proposed on "Mad Money," which we found appropriate. These bonds supposedly would strike a medium between risk, safety and income. They certainly wouldn't offer growth with the dollar falling in value. Cramer said investment options are somewhat limited today, and that he didn't want to see people falling prey to investment scams. He probably had his friend Bernie Madoff in mind.

This "Mad Man Cramer" has called upon the Treasury Department to issue 30-year, 5% bonds. As you know our Treasury has so much paper to sell that it has had to ask the Fed to monetize, create money out of thin air, to fund $3 trillion in treasuries, Agencies (Fannie –Freddie-FHA, etc.), and toxic garbage securities from America's biggest elitist banks. Inadvertently, the secret Fed refuses to divulge what they are paying for such garbage. These 30-year, 5% Treasuries would be offered as a way to help families, who are desperate after having lost some 50% of their investments in the market to recover their savings. You might call them modern day Continentals.

This newest monstrosity is designed specifically for 401(k)'s, IRA's and 529 college savings plans. They'd be commission free and the 5% would compound. Cramer tells us they'd double in 14.5 years.

Supposedly these funds would go toward economic recovery. How can that be when the Treasury is struggling to cover a $1 trillion plus budget shortfall? What Cramer and the elitists are trying to do is entice the average American into funding the administrations out of control spending.  Don't forget our president has told us we'll have annual budget shortfalls of $1 trillion or more as far as the eye can see.

Fools and their money are soon parted. This is another scam to keep the American economy afloat. Anyone who invests in US government paper is stupid and they deserve to lose their money.

This shows you how the elitists totally control CNBC to do their bidding.

July 3 MBA Mortgage Applications rise 10.9%.

About $29 billion from President Barack Obama's $787 billion economic stimulus package has been provided to state and local governments, a pace slightly ahead of schedule, according to congressional auditors.

Most of the money is allocated for health care and education and makes up about 60 percent of the stimulus funding states and local governments will get for fiscal 2009, the Government Accountability Office said in a report obtained by Bloomberg News.

More than 90 percent of those funds are being used to maintain benefits under Medicaid, the government health-care plan for low-income Americans, and to shore up education programs, the report said.

Many states are using money allocated for highway improvements on repaving projects because they put people to work quickly, it said. State officials said bids are coming in below estimates because so many contractors are looking for work.

The analysis was based on information from 16 states and the District of Columbia, which represent about 65 percent of the U.S. population.

The $3.5 trillion commercial real estate market is a ticking "time bomb" that may lead to a second wave of losses at large U.S. banks, congressional Joint Economic Committee Chairwoman Carolyn Maloney said.

About $700 billion in commercial mortgages will need to be refinanced before the end of 2010 and "doing nothing is not an option," Maloney, a New York Democrat, said at a committee hearing today. This "looming crisis" may lead to significant losses for banks, force shopping center and hotel owners into bankruptcy, and impede economic recovery, she said.

The response by banks to this "growing threat has been slow and inadequate," said James Helsel, a partner at RSR Realtors in Harrisburg, Pennsylvania, and treasurer for the National Association of Realtors. "The lack of liquidity and banks' reluctance to extend lending are also becoming apparent in the increasing level of delinquent properties."

There were 5,315 commercial properties in default, foreclosure or bankruptcy at the end of June, more than twice the number at the end of last year, with hotels and retail among the most "problematic,' Real Capital Analytics Inc. said in a report yesterday. Losses on commercial mortgage-backed securities, or CMBS, will total 9 percent to 12 percent of the market, or as much as $90 billion, said Richard Parkus, a research analyst for Deutsche Bank Securities in New York.

Government insured home loans jumped to 36 percent of all U.S. mortgage applications in June, the highest since 1990, the Mortgage Bankers Association said.

Federal Housing Administration and Veterans Administration loan applications increased in market share from 25.7 percent in May and from 27 percent a year earlier, the Washington-based trade group said today in a statement.

Borrowers are turning to government backing to offset stricter lending by banks. About 50 percent of banks tightened requirements for prime borrowers in the first quarter, asking for bigger down payments and more savings, the Federal Reserve said in June.

"Credit standards are tightened so much, home-buyers have turned to the government," said Michelle Meyer, economist for Barclays Capital. "I think that as the financial markets normalize and credit markets heal, you'll start to see the share of conventional mortgages increase again."

The Mortgage Banker's index of applications to purchase a home or refinance a loan rose 11 percent to 493.1 in the week ended July 3. Purchase applications rose 6.7 percent while requests to refinance gained 15 percent.

The number of Americans filing claims for unemployment benefits fell last week to the lowest since January, as early automotive plant closures altered the timing of layoffs that typically happen at this time of year.

Initial jobless claims fell by 52,000 to 565,000, a lower level than forecast, in the week ended July 4, from a revised 617,000 the prior week, the Labor Department said today in Washington. Meanwhile, the number of people collecting unemployment insurance jumped to a record in the prior week.

Manhattan apartment rents fell as much as 18 percent in the second quarter from a year earlier as rising unemployment curbed demand.

The median price dropped 3.1 percent to $3,100 a month, appraiser Miller Samuel Inc. and broker Prudential Douglas Elliman Real Estate said today. Studio prices fell 18 percent to $2,000; one-bedrooms declined 13 percent to $2,795; two-bedrooms were down 5.1 percent to $4,550 and three-bedrooms dropped 4 percent to $7,673. A separate report from broker Citi-Habitats Inc. showed average rents fell 8 percent for studio and one-bedrooms and 11 percent for two- and three-bedrooms.

U.S. wholesale inventories fell again in May as distributors kept working to clear their shelves of excess supply built up by the reduced demand of the recession.

Wholesalers lowered inventories 0.8% to a seasonally adjusted $402.2 billion, the Commerce Department said Thursday. April inventories fell 1.3%, revised from an originally reported 1.4% drop.

A gauge of excess supply, the inventory-to-sales ratio, fell a second straight month, indicating wholesalers were slowly getting inventories under control.

The sales of these middlemen of the economy crept up 0.2% in May to a seasonally adjusted $311.3 billion, after staying flat in April. April sales were originally seen down 0.4%. For the year, sales in May were 19.9% lower.

Year over year, inventories were down 7.6%.

The nation's retailers were already reeling from the new consumer frugality but in June, incessant rain and rising unemployment further dampened sales. Stores that had made strides in recent months reverted to double-digit declines.

Overall, the industry posted a 6.7 percent decline in sales for the month, in contrast to a 3.9 percent increase a year ago, according to the Goldman Sachs Retail Composite Index. Wal-Mart, which had been a bright spot in the retailing world and helped lift the overall industry number, is no longer reporting monthly sales. Retailers are also facing challenging year-over-year sales comparisons because this June there were no tax rebate checks to help bolster shopping.

The US Treasury on Wednesday pushed ahead with scaled back plans for public-private partnerships to buy toxic assets, naming nine fund managers and allocating $30bn of public funds, but without securing any further backing from the Federal Reserve.

Officially, the US central bank is still considering providing additional financing for investors buying bubble-era residential mortgage-backed securities, but its decision not to announce anything on Wednesday strongly suggests that it does not intend to take this step.

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In June, the government-insured share of purchase applications climbed to 38.6 percent from 27.8 percent a year earlier, the MBA said. The federally backed share of refinance applications increased to 33.6 percent. It touched a record high 38.4 percent in October, according to the MBA.

Home loan rates climbing from a record low 4.78 percent in April are one reason buyers are looking for other ways to reduce costs. The 30-year fixed U.S. mortgage rate was 5.2 percent this week, according to McLean, Virginia-based Freddie Mac.

"A primary reason government-insured loans have retained a high share of the purchase market is that these loans typically require lower down payments than conventional loans," said Orawin Velz, associate vice president of economic forecasting for MBA. "In addition, lending standards tend to be tighter for conventional loans, especially for loans that require private mortgage insurance."

God help Goldman if this is true and the government goes after them. This would constitute massive unlawful activity. Indeed, the allegation is that Goldman alone was given this access!

God help our capital markets if this is true and is ignored by our government and regulatory agencies, or generates nothing more than a "handslap." Nobody in their right mind would ever trade on our markets again if this occurred and does not result in severe criminal and civil penalties.

There apparently is reason to believe that Sergey might have been involved in exactly this sort of coding implementation. Specifically, look at the patent claims cited on DailyKos; his expertise was in fact in this general area of knowledge in the telecommunications world.

This is precisely the sort of thing that a Unix machine, sitting on a network cable where it can "see" traffic potentially not intended for it, could have an interface put into what is called "promiscuous mode" and SILENTLY sniff that traffic!

ASSUMING THE TRAFFIC IS PASSING BY THE MACHINE ON THE WIRE THIS IS TRIVIALLY EASY FOR ANY NETWORK PROGRAMMER OF REASONABLE SKILL TO DO. IF THAT TRAFFIC IS EITHER UNENCRYPTED OR IT IS EASY TO BREAK THE ENCRYPTION.

Folks, I have no way to know what the code in question does, but if there's anything to this – anything at all – there is a major, as in biggest scam of the century – scandal here – something much, much bigger than Madoff or Stanford.

Trade at international ports is on track to drop more than 10% this year, one of the steepest declines ever, according to a new maritime industry report.

Cargo ships will carry 27 million fewer containers by year's end than they did in 2008 — a reduction roughly equivalent to all of the cargo containers handled by the five busiest U.S. seaports in a typical year, according to London-based Drewry Shipping Consultants' Container Forecaster Report.

"There has never been a decline like this before. We have never seen numbers like these," said Neil Dekker, editor of the Drewry report. "The container industry is looking at a $20-billion black hole of losses. We can expect a lot of casualties."

Nationally, 24% of consumers say the economic conditions in the United States are getting better, down five points from the end of last week. Fifty-two percent (52%) of adults say the economy is getting worse.

The Rasmussen Investor Index, which measures the economic confidence of investors on a daily basis, fell to its lowest level in three months. At 70.3, investor confidence is down fourteen points over the past week and fifteen points over the past month.

The Rasmussen Reports daily Presidential Tracking Poll for Wednesday shows that 32% of the nation's voters now Strongly Approve of the way that Barack Obama is performing his role as President. Thirty- seven percent (37%) Strongly Disapprove giving Obama a Presidential Approval Index rating of –5.

A new Rasmussen Reports national telephone survey shows that 41% would vote for their district's

Republican congressional candidate while 38% would choose the Democratic candidate.

A record 33.8 million people received food stamps in April, up 20 percent from a year earlier, as unemployment surged toward a 26-year high.

The Bloomberg consensus for AA earnings was -.38. AA reports -.47 but -.26 after adjustments – and everyone says earnings were better than expected?!?!? Hope & hype are eternal on The Street.

Average rates for 30-year mortgages fell for the second straight week, but still remained above record lows reached earlier this year, [Freddie Mac](Freddie Mac) said yesterday.

The average rate for a 30-year fixed home loan was 5.2 percent this week, down from 5.32 percent last week, Freddie Mac said. At this time last year, the average rate for a 30-year fixed mortgage averaged 6.37 percent.

Rates on 30-year mortgages fell to a record low of 4.78 percent earlier this year, spurring refinance activity.

But rates then rose as high as 5.6 percent in June after yields on long-term government debt, which are closely tied to mortgages rates, climbed as investors worried that the huge surplus of government debt hitting the market could trigger inflation.

Since then, the yield on the 10-year Treasury note has fallen back from an eight-month high of 4.01 percent reached in June to 3.38 percent yesterday.

The American Bankers Association reported that the number of home equity loans 30 days or more delinquent rose to a record high of 3.52 percent in the first quarter, Nothaft noted.

This week, the average rate on a 15-year fixed-rate mortgage fell to 4.69 percent, down from 4.77 percent last week, according to Freddie Mac.

The rates do not include add-on fees known as points. The nationwide fee for 30-year and 15-year fixed rate mortgages averaged 0.7 point.

CIT Group Inc. shares tumbled on concern that the Federal Deposit Insurance Corp. won't give the commercial lender access to its Temporary Liquidity Guarantee Program.

The Group of Eight nations approved $20 billion in aid over three years to help poor farmers in developing nations grow and sell more food.

The G-8 will work with international organizations such as the World Bank to fund the program, President Barack Obama told reporters on the final day of a G-8 summit in L'Aquila, Italy. The initiative aims to cut the number of malnourished people from about 1 billion today. The G-8 agreed to add $5 billion to an earlier proposal for a $15 billion program, Obama said.

The U.S. trade deficit unexpectedly narrowed in May to the lowest level in almost a decade as exports jumped while imports of crude oil and auto parts declined.

The gap between imports and exports decreased 9.8 percent to $26 billion, the smallest deficit since November 1999, from a revised $28.8 billion in April that was lower than previously estimated, the Commerce Department said today in Washington. Imports fell while exports rose the most since July 2008.

A shrinking deficit signals trade will contribute more to U.S. gross domestic product as exports to emerging economies such as Brazil increase. Meanwhile, U.S. demand for imported auto parts was held down in May by production cutbacks and factory shutdowns by Detroit-based General Motors Corp. and Chrysler LLC, based in Auburn Hills, Michigan, two of the nation's three largest automakers.

"Trade looks like it's going to be a big plus for second quarter GDP," said James O'Sullivan, a senior economist at UBS Securities LLC in Stamford, Connecticut. "It looks like the plunge in exports is over, which is of course consistent with the goal of the economy starting to stabilize after a dramatic collapse."

Prices of goods imported into the U.S. rose in June for a fourth straight month as oil costs jumped by the most in a decade.

The 3.2 percent gain in the import price index followed a revised 1.4 percent increase the month before that was larger than previously estimated, according to a Labor Department report today in Washington. While prices excluding fuels rose 0.2 percent, they were down a record 6.5 percent from June 2008. [Of course there is no inflation].

President Obama's signing statement, tacked onto last month's war supplemental bill, claimed he could ignore Congress's mandate to pressure the World Bank on labor and environmental standards.

Consumer confidence levels dropped hard in the middle of July.
Released Friday, the Reuters/University of Michigan preliminary July consumer sentiment index moved to 64.6, from 70.8 in June. It had been expected to stand at 70.0.
The preliminary current conditions index was 70.4, from 73.2, while the expectations index was 60.9, from the prior month's 69.2.

On the price pressure front, the one year inflation reading was 3.0%, from June's 3.1%, while the five year inflation reading was 3.1%, from 3.0%

The Federal Reserve's latest weekly money supply report Thursday shows seasonally adjusted M1 fell by $16.2 billion to $1.653 trillion, while M2 fell $36.2 billion to $8.349 trillion.

The figures are preliminary estimates for the week extending through June 29 and are subject to revisions.

More details on the report, along with weekly information on the Fed's custody holdings, repurchase agreements, Treasury portfolio and free reserves, can be found on the Internet at http://www.federalreserve.gov/releases/.

The U.S. trade gap narrowed unexpectedly to $26 billion in May, the smallest since November 1999, as exports rose and domestic demand for foreign goods slumped, government data on Friday showed.

The Commerce Department said exports increased 1.6 percent in May, while imports declined by 0.6 percent. Economists said the drop in imports signaled continued weakness in the recession-mired U.S. economy.

Zero Hedge (May 5, 2009): Previously Zero Hedge observed the rather curious integration of Goldman Sachs within the fabric of the NYSE's program trading environment, which, by their own admission, has everything to do with Goldman being the (monopoly) actor in the NYSE's Supplemental Liquidity 2 Provider program.

I highlighted that the program was set to expire on April 30.

Today, unsurprisingly, the NYSE posted a notice of a proposed rule change extending the SLP program another six months, until October 1, 2009 (this does not change my commitment to providing weekly NYSE program data). I appreciate our readers' existing and future feedback in this matter.

The full text of the comments by Jeffrey S. Davis of the NASDAQ Stock Market LLC is presented below, but here are some very relevant snippets.

NYSE fails to explain why proprietary liquidity is more valuable than agency liquidity, or why proprietary liquidity should be favored over agency liquidity. NYSE claims that the proposal is designed to prompt liquidity provision but it simultaneously disqualifies large liquidity providers.

In NASDAQ's view, these irregularities reveal that NYSE's true motivation for the SLP Proposals is to discriminate among its members and to burden some members' ability to compete with NYSE.

And who is the one and only beneficiary of this rampant disregard for almost 80 years of market regulatory practice? Who is it that has now become the de facto provider of "market liquidity" which however has much more sinister connotations when reading through the comments of not just some blogger but the NASDAQ Stock Market itself? http://zerohedge.blogspot.com/2009/05/more-observations-on-supplemental.html

When a firm has an 87.5% trading accuracy record, something unnatural is occurring. And we wonder why the buy side has been so docile and malleable when the money is being derived from them!

Over the past decade the move to electronic trading and pricing in pennies was heralded by Street insiders as a means to improve liquidity for clients. This appears to be a deception. Virtually every facility benefitted proprietary trading at a select few firms. Who's the patsy?

Anyone with a modicum of industry experience understands that 'providing liquidity' is at best a euphemism for front-running order flow. Anyone that regularly 'provides liquidity' will go broke.

GS jumped yesterday on this: (BN) Goldman Sachs Trading Revenue May Beat 2007 Record, Moszkowski Note Says

Goldman Sachs Group Inc. is on track to beat its 2007 trading-revenue record, enabling it to boost compensation by an estimated 64 percent from last year, according to Bank of America Corp. analyst Guy Moszkowski. Goldman Sachs has "unmatched risk-taking/risk-management skills in a market that strongly rewards these because of decline in competitor risk appetite,"…Six months ago, Goldman Sachs was supported by $10 billion from the U.S. Treasury and relied on government guarantees to issue debt. Moszkowski predicts the company will reap $26.45 billion from trading this year, a gain from $25.36 billion in 2007 when the firm shattered Wall Street profit records.

Remember this BN story from May? Goldman Sachs's $100 Million Trading Days Hit Record Goldman Sachs Group Inc. reaped more than $100 million in trading revenue on a record 34 separate days during the first three months of 2009, up from the previous peak of 28 in last year's first quarter.

The first-quarter number was almost double the total for all of 2005.

Zero Hedge: Citadel Joins the Program Trading Industrial Espionage Fray, Sues Malyshev And Teza The gloves are now completely off in the escalating program trading fiasco that was started by Goldman's former Sergey Aleynikov. Oddly, while Zero Hedge was fully expecting the Teza injunction to come from Goldman, it seems Griffin was more than happy to burden himself with that task. Hopefully Citadel is not faced with a case of reverse discovery and forced to document the 40% returns that it generated compliments of Malyshev when all its other groups on average lost around 50% in 2008.

http://zerohedge.blogspot.com/

Citadel Investment Group LLC, the $12 billion hedge fund firm founded by Ken Griffin, sued three former executives and the firm they founded, Teza Technologies LLC, claiming violation of noncompetition agreements.

Teza described itself in a July 6 e-mail as a "formative" firm that is neither trading nor investing.

Named after a river in western Russia, the Chicago-based firm was co-founded by Misha Malyshev, Jace Kohlmeier and Matt Hinerfeld. All were named in the complaint…

Malyshev worked at Citadel for almost six years and until February was its head of high-frequency trading. He was on the team that ran a $1.8 billion tactical trading fund that uses computer model to make trades every few seconds. The fund climbed 40 percent last year, while its main funds tumbled 55 percent.

American International Group is preparing to pay millions of dollars in bonuses this month to several dozen top corporate executives after an earlier round of payments four months ago set off a national furor. [Revolucion!]

China has launched its highest-profile criticism of the dominant role of the US dollar as a global reserve currency at a meeting of the world's biggest economies.

Dai Bingguo, Chinese state councillor, raised the issue on Thursday when he joined the leaders of four other emerging economies for talks with the leaders of the Group of Eight industrialized nations

The Treasury Department apparently made a change in early June in the way how they compute indirect bids. No one seems to have a definite answer as to what changed, but Indirect Bidder percentage in Treasury Auctions in June has been significantly higher in most cases, prompting the speculation by the traders of manipulation or massaging of the numbers so that the market sees high indirect bids (considered to be the proxy for foreign interest in Treasuries).

Top officials in China and Russia have expressed unease about the growing U.S. budget deficit, slated for a record $1.75 trillion in fiscal 2009 alone. This means that traders pay extra close attention to foreign demand figures.

The Treasury's changes, contained in a June 1 entry to the Federal Register, relate to what it considers a "guaranteed bid." Under the previous arrangement, once a primary dealer offered securities at a prespecified level to its customer, that bid was considered to be the dealer's own.

“We are not precisely sure what this all means,” said Ward McCarthy, managing director at Stone & McCarthy Research Associates in Princeton, New Jersey.

“We spoke with some very seasoned market players with decades of experience on dealer trading floors who were similarly unsure what to make of the contents of the Federal Register.”

To no one’s surprise Fed insiders are protesting that a Congressional audit of its operations will compromise its independence. Only the most gullible or ignorant believe the Fed has independence.

And once again we must warn that Americans are exhausting their unemployment benefits at a record rate (49.17% as of 5/31). And when one draws ‘extended benefits’ they drop off the jobless claims roles.

Rasmussen: Just 27% Favor Second Stimulus Plan This Year, 60% Oppose.

It’s not just economic and financial data that is purposely corrupted to depict a better than reality picture. The LA Times: LAPD’s public database omits nearly 40% of this year’s crimes.

http://www.latimes.com/news/local/la-me-lapd-crimemap9-2009jul09,0,909582.story

Up To 10,000 Illinois Prisoners May Be Released; Gov. Pat Quinn: Release Of

Inmates Could Save Taxpayers $125 Million.

In the realm of electronic trading, systems are being fed into prop desks so traders can see all real money flows into and out of stocks and groups.

Recent revelations at Goldman Sachs show there is major automated front-running going on. The sources for this illegal activity finding orders loaded into the system and trading against them; and discovering and then front-running electronic orders by a penny or more by exploding the lag in execution. Firms grabbing pennies are making billions of dollars a day. The Street has been and is furious that the media regulators and our duly elected are not even discussing what could be the second biggest scam and abuse of our times. The biggest is the suppression of gold and silver prices.

Worse yet, few people realize that exchanges actually pay firms to trade against order flow when they act as a “supplementary Liquidity Provider.” Exchanges pay firms ¼ of a penny if they provide liquidity when an order appears in the system. This is extra incentive to front-run order flows. Can you imagine that this is a policy of the NYSE led by the pirates of Goldman Sachs?

The Treasury is supposedly putting the clamps on derivatives yes, and we have a bridge for sale.

The CFTC says it will move aggressively to rein in excessive speculation in energy and metals. Let’s see if they force the banks to cover some of naked shorts in gold and silver.

This is a major development because of the concentrated positions of JPM, HSBC and Goldman in gold and silver. We could finally get a break – let’s see what happens. It could also be that the Comex gold and silver inventories are a scam and something has to be done about it now.

**In the FDIC Friday Night Financial Follies**: Bank of Wyoming, with $70 million of assets and $67 million of deposits, was closed by the state's Department of Audit, Division of Banking and the Federal Deposit Insurance Corp. was named receiver, the FDIC said today in a statement. Central Bank & Trust in Lander, Wyoming, will assume the deposits and the failed bank's only office.

AIG has been talking with the Obama administration's compensation czar,

Kenneth Feinberg, about paying out about $235 million in bonuses, which are due to be paid on July 15 to about 400 employees in that group, according to published reports. The Washington Post first reported the story this morning.

AIG does not actually need Feinberg's approval to pay out the bonuses — he has to review only payments that were contracted beginning in 2009 — but AIG wants him to review the bonuses so as to avoid the public uproar that took place in March when AIG paid out $135 million in bonuses to employees of its financial products division. The $235 million in bonuses was contracted in 2008.

A firestorm of criticism surrounded AIG after it disclosed the March bonuses, causing some employees to return chunks of their payouts, with several resigning. AIG lost $99 billion last year, most of which came from derivatives written by that unit.

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