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China and Greece Wobble, Canada Dips Into Recession, Federal Reserve Chair Janet Yellen Unfazed

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Theme: Global Economy
Global Research, July 17, 2015
Wall Street on Parade 16 July 2015

Police Were Under Attack by Protesters Hurling Fire Bombs in Athens Ahead of the Vote on Austerity Measures, July 15, 2015

Protesters were throwing fire bombs in the streets of Athens last evening over harsh new austerity measures being imposed on Greece, where banks and the stock market remain shuttered. One third of the stocks on the Chinese stock market remain suspended from trading in an effort to avert a crash. Bloomberg Business is reporting that institutional investors are holding the highest levels of cash since shortly after the Lehman Brothers collapse in 2008. And just yesterday, America's largest export market, Canada, slashed interest rates as its central bank announced its economy had contracted in the first two quarters of this year.

The global landscape is beginning to look like the inevitable dystopian reality of a world ruled by the 1 percent.

Against this backdrop, Federal Reserve Chair Janet Yellen, with her incessant chatter about raising interest rates before the year is out to dampen the potential for an overheating economy in the U.S., is increasingly sounding like the weatherman who is forecasting sunshine and clear skies without bothering to pull back the drapes to see gale force winds, a torrential downpour and rowboats in the streets.

Along with the announcement yesterday by the central bank of Canada that it was slashing its interest rate to 0.50 percent, it released a report acknowledging that "Real GDP in Canada is now estimated to have contracted modestly in the first half of 2015, resulting in a marked increase in excess capacity and additional downward pressure on inflation. A significant part of the weakness is related to the oil price shock, although non-energy goods exports fell as well."

The Bank of Canada said its economy shrank by -0.6 percent in the first quarter of 2015 and by -0.5 in the second quarter. It has also lowered its projected growth rate for the full year to "just over 1 percent" and "about 2 ½ percent in 2016." The U.S. has not been able to climb out of the 2 percent growth range for the past five years as a hangover from the financial collapse in 2008.

Canada is the number one export market for U.S. goods, buying $312 billion in 2014 or 19.2 percent of all U.S. exports.

The Bank of Canada's "Monetary Policy Report" for July 2015 placed part of the blame for Canada's slowdown on the U.S., writing: "While some of the export weakness can be explained by the temporary pause in U.S. activity earlier this year and a drop in production in response to low prices for non-energy commodities, the extent of the weakness is puzzling."

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