

Italian Bank Crisis as Harbinger of Things to Come

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Growing problems in Europe banks, especially Italy, with \$2 trillion and \$400 billion in non-performing loans, respectively, is about to worsen as Brexit effects slowly take hold. Europe's recent phony bank 'stress tests', underestimate the problem, but still show not only Italian banks, but UK (Barclays, RBS), France (SocGen), Ireland (Allied Irish), and even German (Deutsche, Commerz) all in increasing trouble.

Stress tests are designed not to show the full problem (Portugal, Greek and Cyprus banks are excluded, as just one example) so the problem is even worse than reported.

Listen to my radio show, Alternative Visions, of July 29 and discussion of the Euro banking crisis emerging. The show also includes my preview of the US recession coming in 2017 and comments assessing the Trump and Clinton convention speeches. (Trump's focus on lack of wage and income growth hits voters' concerns more than Hillary-Obama's claim of 12 million mostly low paid, part-time, temp jobs created since 2010).

TO listen to the show go to:

<http://www.alternativevisions.podbean.com>

Jack Rasmus looks at the growing crisis in Italy's banking system, with its \$400 billion in non-performing loans, and the Eurozone's policy of driving interest rates into negative territory despite more than \$2 trillion in Euro-wide NPLs. How global central bank monetary policies of more and more QE, negative interest rates, and now talk of 'helicopter money' to follow are wrecking the global capitalist financial system.

Bank earnings, pension funds, insurance companies, junk bond markets are all flashing 'red' in the wake of central bank zero and negative interest rates. Meanwhile oil prices have begun a new 'leg down' in price. China continues to struggle with its 'rotating financial bubbles' in stocks, wealth management and property markets. And Italian-Europe banks grow increasingly fragile.

Given this scenario, Jack predicts a coming inverting of policy in 2017, as the US economy slips into recession, the UK and Italian banks pull Europe into recession, and Japan continues its contraction. Interest rates will be raised by central banks to prevent a financial crisis. That means a further slowing in the real economy—requiring fiscal austerity policies to give way to fiscal stimulus to offset the effect of interest rate rises by the Fed and other central banks.

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