Upsurge of Global Leveraged Speculation: The Financial Crisis is not Over

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Almost all the excessive hedge fund de-leveraging is over. Banks have continued to hold 40 to 1 leveraged positions, because they cannot exit them without a major economic recovery without going bankrupt. Our government remains trapped in the same old bubble mentality in its activist control banking and policymaking having issued $1.9 trillion in additional debt over the past year. Banks and government still do not see the warning signals. Any sane businessman who views the continued leverage being used by Fannie, Freddie, Ginnie and the FHA has to cringe in horror, as leverage increases daily without end. We predicted six years ago that the government would end up owning all the mortgages in a bankrupt nationalization process and that is exactly what is happening. Mind you this has been going on worldwide in order to deter financial collapse. Papering over the problem is not a solution. We are starting to see governments worldwide begin to raise interest rates and begin to withdraw loans in order to bring back financial normality. Wait until they discover such well-intentioned moves will cause a relapse in economic and financial activity and they begin to slip back into the morass from which they thought they were ascending. If rates are raised and funds withdrawn from the system the world financial system will fall into depression. They know that, but they are hoping hope against hope they are wrong and that it will work. They do not want it discovered that they created this monstrous problem deliberately.

Already we are seeing global leveraged speculation growing. They believe the problems are over and they are wrong, it isn't over, nor will it be for a long time to come.

They are even moving headlong to destroy the US dollar as the world's reserve, certainly a reversal of fortune. Since 8/15/71 this same group has been destroying the dollar in their greed for money and power by abandoning the gold standard. They knew exactly what they were doing. It is now official worldwide. The Illuminists have decreed officially that the US dollar is being phased out after they managed to destroy the manufacturing and service base of our economy via free trade, globalization, offshoring and outsourcing. A deliberate attempt to destroy our country and for transnational conglomerates to hide their ill-gotten profits in offshore entities, which pay no taxation to our government.

There is still nothing constrained about what banks and brokerage houses are doing. They are still leveraged and the credit crisis is not over. We may get a respite over the next nine months, but if $2 trillion in stimulus and increased bank loans are not forthcoming, it won't work. If the money and credit is put into the system they'll extend another year and if not the house will come tumbling down. Even if they expand that will be negatively affected by selective higher interest rates, withdrawal of government loans and a cutback in money and credit, which is already in process.

All of the foregoing will lead to even more volatility in markets. Economies will not improve for any lasting period of time,. All of this will also be negatively affected by the deliberate attempt by elitists to end the reign of the US and European economies. Get ready for ever lower wages in Western economies and permanent unemployment of 15% to 25%, while the transnational conglomerates and the third world prosper. This pandemonium of change will drive investors away from stock and bond markets and into commodities and gold and silver. Wealth preservation and safety will become the watchword by investing. This in part will be caused by falling stock markets, financial crisis and continued monetary disorder. Making matters worse re-flation has been underway since May. The inflation will manifest itself this coming year, as official inflation numbers hit 5% and real inflation rises above 14%. This game is not for everyone, but like it or not we are all in the game.

In America governmental policy has been dreadful, but more importantly those policies are formulated, paid for and executed, by forces behind the scenes. Elected representatives have done a terrible job, but banking and Wall Street are what have brought us to our present state of affairs. There has been nothing well intentioned that has expired.

Americans are deeply in debt and it will be a long time before those who still have jobs to extricate themselves. Savings at the last look were increasing at a 4% rate, which is certainly much better than minus ½%, two years ago. At this stage the problem of saving means less consumption at a time when buying is badly needed. The country needs double that amount of savings and it would have to be put into government debt, which loses buying power almost every day as the dollar falls in value. A lose, lose proposition for the saver. This is why the government stopped guaranteeing money market funds a month ago, they need the savings to fund government debt. The public sees that and thus government debt is not adequately being funded. As a result the Fed is having to buy that debt with money created out of thin air, which is monetization, which is inflationary. As a result before next year is history real interest rates will rise. Real inflation rates based on the 1980 formula are currently 6-1/8% and have nowhere to go but up. First led by oil prices and then by food prices. Worse yet, the administration has no plans to reduce the growing deficit. In Detroit money was being given away. When asked where it came from one of the recipients said, from Obana’s stash. This is a perfect example of American thinking. What Americans and even professionals do not understand is that those deficits will be over $2 trillion a year as far as the eye can see. The only way to fund such deficits would be by monetization and higher inflation. The stealth tax would essentially fund the deficit and we might add send gold and silver considerably higher. Americans do not understand inflation, but politicians, elitists and the Fed does. The dollar has been the safe haven for more then 100 years. That is no longer true. Proof of that is the difficulty of buying gold and silver coins in Latin America, which has had a long history of inflation. They understand the havoc inflation and hyperinflation brings. There is not a chance that the administration will get its fiscal house in order. That means the Fed will not only continue to buy government debt, but debt consisting of mortgage securities, commercial paper and credit card debt as they are now doing. Such action by the Fed actually encourages government debt. The thought process is, as in the last two administrations; let the next administration deal with it. Both the administration and the Fed will eventually take down the financial system. Even if proposed legislation is passed to give Treasury some power over the Fed it will mean little. Both entities are controlled by Illuminists. In order to save their skins we will be the recipients of crisis probably at first along the lines of what transpired in Argentina in the early 2000s, then eventually into a Zimbabwe or Weimar situation. The future is all there for one to see, especially for those who have studied history.

The recovery that is supposedly underway is nothing more than a parallel movement born of false stimulus, that will last several months and will become a beacon for another such plan in 2010 funded by Congress and increased bank lending. In all, the plans could buy an extension of economic peace of perhaps two years, six-months of which have already passed.

World trade is not going to increase in any meaningful way and the dollar will not experience a snapback in value. World trade has been growing for three or four months and no dollar rally has materialized. Foreigners are obviously sellers, not buyers. They obviously do not as yet buy the recovery scenario. How can we have recovery with unemployment rising from 21.4% and real disposable personal income falling 3.4%. One-time stimulus or inventory items represented 92% of quarterly growth.

Does that sound like recovery to you? Of course not. The only people who believe this ridiculous lie are academics, banking, Wall Street and government. The man on the street sees it quite differently, because he sees the unemployment. He knows his income is buying less in spite of government lies. Fifty-eight percent believe the recession/depression has a long way to go. Less than 20% believe we are on some sort of a bottom. Sixty-four percent believe we are still in a bear market rally and more and more believe that government is intervening in the market.

The government is issuing about $250 billion a month in Treasury bills and notes and bonds and that figure increases each month. They tell us the bid to cover is 3 to 1; 2 to 1 is normal, but forget to tell you a good part of that participation is from foreign central banks that are buying Treasuries with swap funds or from primary dealers who assume no risk because the Fed guarantees their risk and profit. In order to assure a smooth auction both silver and gold are taken down, and they rally the dollar. These are temporary actions, which in this case included a lower gold price to help gold commercials on the Comex extricate themselves from in the money options. These are the deceitful actions that even most professionals do not understand. As we predicted gold and silver flattened out and have now resumed their upward movement to $1,200 or $1,250 an ounce where the elitists will make their next stand. After having tested $1,030 this past Wednesday, on Tuesday it's trading at $1,061 as we predicted. It will now break above $1,070, as silver moves toward $20.00. It is currently $16.41. As usual the CFTC stands by and does nothing as our government rigs the market. Between the CFTC and the SEC there is regulation, except for those who are connected or are elitists. The Fed now shows a balance sheet approaching $3 trillion and that could be $5 to $6 trillion by the end of 2010. That should be enough to take the dollar to 50 or lower on the USDX. At all costs be out of the dollar. Without the existence of the "Working Group on Financial Markets," gold would already be $2,500 to $3,000; silver at $50 or more and the dollar at 50 to 60. It will all come to pass, just be patient. Let's see what they pull out of the hat in January when the FASB decrees no more mark-to-model and no more two sets of books. It will be very interesting. Then there is a well Basil II and III to deal with. 2010 will be a nightmare year for financial institutions if their edicts have to be followed. The stock market will truly get slammed. Front-running, naked shorting and black box trading are the order of the day as condoned by our SEC, an elitist appendage. We wonder how investors will view 2010 as some 1,000 banks go under. That is not very reassuring. The intent from its very inception is the nationalization of the US banking system. The Fed busted these banks deliberately to bring us closer to a one-world banking system run by the incompetent IMF, or World Bank. Not only does the investor not understand what is going on but neither do the professionals. It is the socialization of losses for the giant financial houses – banks, brokerage houses and insurance companies. Worse yet they are all broke. It's like real estate, both residential and commercial, an act of planned destruction to destroy the savings of average Americans and to take down more lenders in a planned demolition of the lending and banking industry. This didn't just happen; it was planned that way. These moves were planned to deliberately take the US and Europe to its knees financially and economically to force them to accept world government. That is what the coming Copenhagen conference is all about. Those who would sound the bell of truth have been compromised – our economists, analysts and the media almost all who are controlled by the Illuminati. They are all afraid to speak out, because they will lose their jobs and perhaps be banned forever from employment in their chosen fields. This is how the system works, by coercion and intimidation. This silence brings us to the doorstep of great inflation similar to those of Argentina, Zimbabwe and Weimar Germany. It as well includes the abandonment of the dollar as world reserve currency and the introduction of a world trading currency to be followed by a one-world currency. According to the Financial times interview with George Soros last week China has been chosen by the elitists as the successor to America. Including its communist government. You didn't think that that abandonment of the gold backed dollar on 7/15/71 was an errant event did you? It was the beginning of the planning for the future death of the dollar and the beginning of a complete fiat world of money, whose value was guaranteed by the worst bunch of thieves in history.

Last week the Dow fell 2.6%; S&P 4%; the Russell 200, 6.3% and the Nasdaq 100, 4.9%. The banks lost 9.1%; broker/dealers 5.5%; cyclicals 9.2%; transports 5%; consumers 3.29%; utilities 3.6%; high tech 4.9%; semis 6.3%; Internets 5.1% and biotechs 6.4%. Gold bullion fell $11.00 and the HUI fell 9.1%. The USDX rose 1.3% to 76.43.

Two-year T-bills fell 17 bps to 0.78%, the 10's fell 11 bps to 3.39% and the 10-year German bund fell 12 bps to 3.23%.

Freddie Mac's 3-year fixed rate mortgage rose 3 bps to 5.03%. that is down 143 bps yoy. That is your government at work. The 15's rose 3 bps to 4.46%; one-year ARMs rose 3 bps to 4.57% and the 30-year jumbos rose 1 bps to 6.04%. The drop in the jumbo notes has been even more significant, down 154 bps yoy.

Fed credit declined $17.4 billion. Fed foreign holdings of Treasuries and Agency debt jumped $11.4 billion to a record $2.899 trillion. Custody holdings in behalf of foreign central banks has expanded at an 18.4% rate ytd, and were up $412 billion yoy, or 16.6%.M2 narrow money supply jumped $26.4 billion to $8.359 trillion. It is up 2.5% ytd and 5.0% yoy.

Total money market fund assets fell $2.3 billion to $3.370 trillion. They have fallen $460 billion ytd, or 14.5% annualized and 4.7% yoy.

Total commercial paper outstanding rose $10.6 billion to $1.377 trillion, or $304 billion ytd, or 22% annualized and 11% yoy. Asset backed CP fell $5.6 billion to $543 billion, or 25% yoy.

We saw a big jump in pending home sales, but the press neglected to mention the high cancellation rates, which eventually undermine final sales statistics, usually by 20%.

The government sponsored prepackaged bankruptcy plan for CIT would wipe out taxpayer funds of $2.3 billion given to the company by our government. It would be a replay of the disastrous bailouts of AIG, GM and Chrysler. There would be little confidence left in CIT by its creditors and its customers – CIT has been a major lender to thousands of small and mid-sized businesses, especially retailers who borrowed in a process known as factoring. We see this all as a delaying action to buy the company a year or two before it collapses again. The company has $71 billion in assets and $65 billion in liabilities and this will be a major bankruptcy with an impact along the lines of Lehman Bros. and Washington Mutual. Bondholders would receive 70 cents on the dollar on a new set of bonds and investors would receive 6 cents on the dollar. The bondholders are happy with the decision but in today's environment their decision to continue could end up in grief. Bondholders lent the company $3 billion earlier and now will add an additional $4.5 billion loan.

These kinds of deals do not solve problems. In the end the company will go under not just because of what is past but what is coming in the future.

Bank of America Corp. and Goldman Sachs Group Inc. led lenders in arranging a record $2.26 billion of leveraged buyout financing in October, more than eight times the amount raised in the first quarter.

Capmark Financial Group Inc., the lender that filed for bankruptcy this week, was making billions of dollars in property loans just as investor Sam Zell was exiting the U.S. office market in early 2007. In 2006 and 2007, Capmark originated $60 billion in commercial mortgage loans, most for office buildings, according to the Oct. 25 bankruptcy filing. While Capmark was lending, Zell was selling Equity Office Properties Trust at the top of the market for $39 billion, including debt.

International controls over capital movements and new global playing rules are needed to reinvent the global financial system, billionaire investor and philanthropist [Illuminists and criminal] George Soros said on Friday.

"That is what a new Bretton Woods conference could accomplish," Soros told a lecture. "It would decide how to treat financial institutions that are too big to fail and it would consider new rules to control capital movements."

Soros added that he expected China to maintain capital controls but said China will establish bilateral clearing accounts with some countries, like Brazil, denominated in yuans.

Such accounts could diminish the dollar's status as the international currency, he added. [This is your warning that the Illuminati is ready to move to control all international capital movements. They want to control everyone and every corporation worldwide to bring it in line with a One-World central bank and a One-World currency.]

Billionaire investor Wilbur L. Ross Jr., said today the U.S. is in the beginning of a "huge crash in commercial real estate."

> "All of the components of real estate value are going in the wrong direction simultaneously," said Ross, one of nine money managers participating in a government program to remove toxic assets from bank balance sheets. "Occupancy rates are going down. Rent rates are going down and the capitalization rate — the return that investors are demanding to buy a property — are going up."

U.S. commercial property sales are forecast to fall to the lowest in almost two decades as the industry endures its worst slump since the savings and loan crisis of the early 1990s, according to property research firm Real Capital Analytics Inc. The Moody's/REAL Commercial Property Price Indices already have fallen almost 41 percent since October 2007, Moody's Investors Service said Oct. 19.

Billionaire George Soros, speaking today at a lecture organized by the Central European University in Budapest, said a "bloodletting" may be coming for leveraged buyouts and commercial real estate.

Obama recently approved a 2% salary increase for all federal employees effective January 1, 2010.

Members of the executive, legislative and judicial branch are due for an automatic pay increase in January as well. All this on the backs of seniors who will not incur any COLA increases for several years.

For the first time in history, the Congress will not allow**an increase in the social security COLA (cost of living adjustment). **In fact the Henry J. Kaiser Family Foundation predicts there may** not be any COLA for the next three years.*

However, the per person monthly Medicare insurance premium will*be increased from the 2009 premium of $96.40 to $104.20 in 2010*and to $ 120.20 for the year 2011.

Senior Citizens are denied a COLA in 2010 with Social Security. However, how come illegals are still being taken care of in this country, enjoying the same benefits as our working class? Why aren't the borders or why haven't the borders been closed so that the working class benefits would not be going to fund illegals? Where has and is all the money going? Not to help senior citizens who worked many years to keep the system afloat. What a real slap in the face to the elderly who paid into this broken down system!!!!!

In summary: the system in so broke it can't be fixed, for we have run amuck in a quagmire that has totally ruined the common sense approach of fixing anything.

And again, where are the "watchmen on the wall" to cry out against such atrocities. Asleep and paid off in their pulpits, as usual, to keep their mouths quiet so that we seniors, called useless eaters by the PTB, can exit before our time, as also noted in the new health care bill.

The Federal Reserve will complete its $300 billion Treasury purchase program today. Yields on the benchmark 10-year note, which help determine rates on everything from mortgages to corporate bonds, never rose above 4% after the central bank began acquiring the debt. They are less than half a percentage point higher than the day before the program was announced on March 18, even though the U.S. sold a record $1.25 trillion in notes and bonds, more than double the amount in the year-earlier period, as the Fed and the Treasury persistently control rates.

Retirement accounts for states and local government employees lost $600 billion in value in the year that ended June 30, a decline of 21%, a U.S. Census Bureau report shows. Assets of the 100 largest public retirement systems, accounting for 89% of public pension activity, fell to $2.2 trillion, the lowest in five years.

About 18.8 million homes stood empty in the U.S. during the third quarter. The number of vacant properties, including foreclosures, residences for sale and vacation homes, rose from 18.4 million a year earlier and 18.7 million in the second quarter. The record high was in the first quarter, when 18.95 million homes were vacant.

New York’s budget deficit increased to $3.2 billion for the 12 months ending March 31, and state fiscal officials forecast Wall Street bonuses will fall 22%. Governor David Paterson said. The $3.2 billion gap is up from the $2.1 billion estimated by the Division of Budget on July 30.

Hedgebay Trading Corp., operator of the oldest site for swapping stakes in hedge funds, said September transactions show the fourth monthly drop in prices for funds in the $1.4 trillion industry. Transactions in September took place at an average discount to net asset value of about 17%, down from 12% in August. While prices have recovered from a record discount of 20% in March, investors are leery of overpaying for hedge fund investments, Hedgebay said.

Citigroup has almost doubled its cash to $244.2 billion in the year since Lehman Brothers Holdings Inc. filed for bankruptcy, the biggest such stockpile of any U.S. bank.

The four largest U.S. banks by assets — Bank of America Corp., JPMorgan, Citigroup and Wells Fargo & Co. — have increased their combined liquidity by 67 percent to $1.53 trillion as of Sept. 30 from $914.2 billion in June 2008, before Lehman’s collapse, according to the companies’ third-quarter reports. The amount equals 21 percent of the banks’ total assets, up from 15 percent.

Liquidity includes cash, deposits at other banks and debt securities that can be pledged as collateral in exchange for overnight borrowings from the Federal Reserve or other banks. Citigroup’s total liquidity as of Sept. 30 was $450.3 billion, or 24 percent of assets, up from 16 percent in June 2008.

JPMorgan CEO Jamie Dimon said last week at a securities- industry conference that “the chance of Armageddon is over.”

The view hasn’t stopped him from tripling JPMorgan’s pile of cash and debt securities that can be used as collateral over the past year. The New York-based bank’s total liquidity was $453.6 billion as of Sept. 30, including $80.7 billion in cash and deposits at other banks. The larger figure is 22 percent of its total assets, up from 9.5 percent before Lehman’s bankruptcy.

Company executives know that the profits picture is improving but they worry that much of the improvement comes from cost cutting rather than increased demand.

They are fearful that a new banking crisis will emerge. They see an administration and a Congress that are spending America into such deep debt that the dollar will continue to decline, forcing the Fed to raise interest rates to prevent a collapse of the currency.

Some executives expect the price of gold to double or triple in the next five years, interest rates to climb from their current level of close to zero to perhaps 8%, and taxes to soar to bring the deficit under control. They also believe President Barack Obama has no use for a market economy, preferring instead to turn over the management of the country to a series of “czars” who set bankers’ compensation, run the domestic automobile industry, will take over the healthcare sector, and now issue some 85% of the nation’s mortgages.

Small-business owners are more concerned about the administration’s emerging $1 trillion healthcare plan, which will drive up their costs, and with the new taxes that are aimed squarely at the income groups into which owners of small firms generally fall. So they won’t expand or hire. Which is why the White House is so unhappy. The only indicator that matters to the president is jobs, jobs, jobs, about which he quizzes his staff every day. http://business.timesonline.co.uk/tol/business/columnists/article6898002.ece

James Lieber of the Dallas Observer: No Justice: We’ve Bailed Out the Banks. When Do We Go After the Crooks Behind Our Financial Collapse?

Why have there been so few prosecutions and only feeble attempts, at best, to claw the money back? The Fed and the Treasury were intimately involved with the financial elite’s deal making at the time. It’s difficult to prosecute others for securities fraud if you condoned the deals to begin with.

And there’s another, more pertinent reason: The top federal law enforcement establishment is simply not in the mood. The Obama administration is showing that it lacks the will.

That annoys the hell out of proven financial-crime fighter Bill Black who in 2005 wrote The Best Way to Rob a Bank Is to Own One, the definitive history of the S&L debacle as well as an insider’s report. A legend among regulators, he faced down House Speaker Jim Wright and the “Keating Five” senators (including McCain), who fought tooth and nail to protect that corrupt industry.

In 2007, the Office of Federal Housing Enterprise Oversight hired him to investigate the problems at Fannie Mae. His 70-page report plainly outlined how Raines and his lieutenants used “fraudulent accounting” and “perverse incentives,” and took “unsafe and unsound risks” that “collectively caused Fannie to violate the law and deceive its investors and regulators.”

Almost two years before the financial crisis broke in late 2008, Black, the FBI and others outlined the structural problems that would wreck the economy, but Washington did nothing and continued to exercise “regulatory forbearance.” In fact, the crisis did not have to happen, and there was certainly no need for the panicky response to it by Washington in the fall of 2008.

Black vents particular ire at Tim Geithner, who, as New York Fed chair, fiddled while Wall Street imploded; Henry Paulson (and Geithner again), who, as Treasury secretaries, refused to enforce a key banking law; and Alan Greenspan and Ben Bernanke, who, as Fed chairs, were supposed to regulate banks, especially the renegade mortgage units. The two Fed chairs closed their eyes to excess and continued to blow easy money into the bubble.

The key statute that the Treasury flouted under Paulson and Geithner is the Prompt Corrective Action (PCA) law. It’s probably the best, fairest and clearest piece of financial legislation since the New Deal.

Under the law, Federal Deposit Insurance Corp. (FDIC) examiners initially rate banks as “Well Capitalized,” “Adequately Capitalized,” “Undercapitalized,” “Significantly Undercapitalized” and “Critically Undercapitalized.” The tags determine the examiners’ actions, if any. Undercapitalized banks must build up their capital and get FDIC approval for acquisitions and opening new business lines. When a bank becomes significantly undercapitalized, a regulator can order serious sanctions, ranging from firing management to restricting stock sales and forcing divestitures.

The U.S. factory sector saw its best month of expansion in October since April 2006.

Johnson & Johnson, the world’s biggest health-care company, said it will cut 6 percent to 7 percent of its workforce as part of a restructuring plan.

The cuts will save as much as $1.7 billion by 2011, the New Brunswick, New Jersey-based business said today in a statement. The company didn’t identify how many employees will be impacted. J&J had 118,700 workers at the end of 2008.

The Institute for Supply Management reported Monday that its index of manufacturing activity jumped to 55.7 last month, after standing at 52.6 in September and 52.9 in August. October’s reading was well above 53.3, which was the consensus forecast of economists.

US Pending Home Sales increase 6.1% in September; 21.2% up year on year.

A forecasting gauge of housing-market activity rose far more than expected in September as first-time homebuyers rushed to sign contracts in time to collect government tax credits originally scheduled to expire this month.

The National Association of Realtors’ index for pending sales of previously owned homes surged 6.1% to 110.1 in September from 103.8 in August, the industry group said Monday.

The increase marks the eighth consecutive rise in pending home sales. Analysts surveyed by Dow Jones Newswires had expected pending sales would rise by 0.7%.

The NAR pending home sales index in September was 21.2% higher than the 90.9 it was a year earlier and at its highest level since December 2006.

The Federal Reserve’s purchases of U.S. home-loan bonds with government backing has pushed investors out of the securities and into debt including corporate notes and riskier mortgage assets, helping ease credit more broadly, JPMorgan Chase & Co. analysts said.

More than half of investors hold a smaller percentage of so-called agency mortgage-backed securities than found in benchmark indexes, compared with about 20 percent that were “underweight” in July, the analysts led by Matthew Jozoff in New York wrote in an Oct. 30 report. The results were based on a recent survey of 160 money managers with a total of more than $2 trillion in mortgage assets, according to the report.

That kind of shift means the investors probably unloaded “several hundred” billions of dollars of the securities because of the low yields they pay compared with benchmark rates, or about the same amount as the Fed bought under its $1.25 trillion program, the analysts wrote.

“In other words, Fed purchases are coming right out of private investors’ portfolios,” they wrote. “At first this may seem pointless from a policy perspective. However, the intent is probably to drive private investors into other assets the Fed can’t purchase directly (e.g. corporates, non-agency MBS, etc.) in order to extend” so-called quantitative easing more broadly.

Agency mortgage securities carry guarantees from government supported mortgage companies Fannie Mae and Freddie Mac or U.S. agency Ginnie Mae, and now guide rates on almost all new home lending. Non-agency home-loan bonds lack such backing.

Best-selling author Daniel Estulin states that the key issue to be discussed this week at the G20 Finance Ministers and Central Bank Governors Meeting, being held in St. Andrews, Scotland, is how to bring down the present world financial system through dumping the US dollar. Estulin first reported on this initiative as being deliberated at the most recent Bilderberg meeting held in Greece in May 2009. Estulin says that the success or failure of this callous plan hinges on the ability of the US and UK representatives to convince the Russian, the Chinese and other national governments to go along with their scheme.

Estulin maintains that if the co-conspirators succeed, such sudden devaluation of the US dollar would result in the sinking of the world economy through a chain-reaction collapse of the entire world's financial system. As discussed during the Bilderberg Group's super-secret conclave back in May, this breakdown would then be used as an excuse to launch a new world monetary system. G20 leaders are aware that those who run the monetary markets, the monetary system, control the world. That is why today, the world is run through a dominant one-currency monetary system and not by national credit systems.

Monday's economic data was déjà vu. The ISM at 55.7 was better than the expected 53 but Prices Paid registered 65; 64 was expected. More importantly, orders declined (from 72 to 50) for the second straight month and the backlog was flat. Inventories increased (to 33 from 11) and are 54% above its low reading. Employment increased to 44 from 17.

Construction spending, expected to decline 0.2%, jumped 0.8% in September. But once again the previous month's data was revised sharply lower, from +0.8% to -0.1%. The past-month lower revision is an ingrained scheme. But it appears few are cognizant of it.

Commerce Secretary Gary Locke was "imprecise" when he said President Barack Obama's advisers are considering a second stimulus measure, his spokesman said today. Locke, in an interview with Bloomberg Television, said: "If there is to be another stimulus — and that's being hotly discussed and very seriously considered within the administration as well as members of Congress — it needs to be very targeted, very specific and we need to be very mindful of the deficit as well.

The idea that the government of a major advanced country would default on its debt — that is, tell lenders that it won't repay them all they're owed — was, until recently, a preposterous proposition. Argentina and Russia have stiffed their creditors, but surely the likes of the United States, Japan or Britain wouldn't. Well, it's still a very, very long shot, but it's no longer entirely unimaginable. Governments of rich

countries are borrowing so much that it's conceivable that one day the twin assumptions underlying their burgeoning debt (that lenders will continue to lend and that governments will continue to pay) might collapse. What happens then? [At first a country inflates; then it defaults.]

Deprived of international or domestic credit, defaulting countries in the past have suffered deep economic downturns, hyperinflation, or both. The odds may be against a wealthy society tempting that fate, but even the remote possibility underlines the precariousness and the novelty of the present situation. The arguments over whether we need more “stimulus” (and debt) obscure the larger reality that past debt increasingly constricts governments’ economic maneuvering room. http://www.washingtonpost.com/wp-dyn/content/article/2009/11/01/AR2009110101704.html?wpisrc=newsletter

For now, Silvia and other economists also predict Fed policymakers will maintain a pledge to keep rates “exceptionally low” for an “extended period” to make sure the recovery gains traction. The Fed has leeway to do so because inflation thus far has been low, economists said.

Whenever the Fed decides to drop this “extended period” language, it will be taken as a signal that the central bank is preparing to reverse course. Many analysts think the Fed could start to raise rates in the spring or summer.

Given the delicate state of the recovery, Bernanke made clear last month that he’s in no rush to boost rates and reel in the unprecedented amount of money the Fed has plowed into the economy. Other Fed policymakers, however, have suggested that rates might have to go up sooner rather than later.

“If policymakers insist on waiting until the level of real activity has plainly and substantially returned to normal — and the economy has returned to self-sustaining trend growth — they will almost certainly have waited too long,” Fed Governor Kevin Warsh warned in a speech just days after the Fed’s Sept. 22-23 meeting.

It promises to be a high-wire act for the Fed. Boosting rates and removing supports too soon could short circuit the recovery, while holding rates low and keep supports intact for too long could unleash inflation. Warsh — a voting member of the Fed’s interest-rate setting committee — doesn’t have a reputation for being an “inflation hawk,” but others in the “sooner-than-later camp” do.

Business bankruptcy filings jumped in October, reversing two consecutive months of declining commercial filings and indicating that bankruptcies could continue to rise as the economy struggles to stabilize.

Last month, 7,771 businesses filed for bankruptcy protection, compared to 7,271 that sought shelter from creditors in September, according to new data from Automated Access to Court, Electronic Records, or AACER, a private firm that tracks bankruptcy filings.

After two months of decline, the 7% rise in commercial filings shows that businesses are still struggling to access financing and are facing weak demand for their products.

“The margin for success is so thin that any financial hiccup” could cause a business to file for bankruptcy, said Jack Williams, a bankruptcy professor at the Georgia State University College of Law.

In 2006 and 2007, Goldman Sachs Group peddled more than $40 billion in securities backed by at least 200,000 risky home mortgages, but never told the buyers it was secretly betting that a sharp drop in U.S. housing prices would send the value of those securities plummeting.

Goldman’s sales and its clandestine wagers, completed at the brink of the housing market meltdown, enabled the nation’s premier investment bank to pass most of its potential losses to others before a flood of mortgage defaults staggered the U.S. and global economies. Only later did investors discover that what Goldman had promoted as triple-A rated investments were closer to junk.

“The Securities and Exchange Commission should be very interested in any financial company that secretly decides a financial product is a loser and then goes out and actively markets that product or very similar products to unsuspecting customers without disclosing its true opinion,” said Laurence Kotlikoff, a Boston University economics professor who’s proposed a massive overhaul of the nation’s banks. “This is fraud and should be prosecuted.”

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