US Equities Soar While Real Economy Plummets. Deep Recession Ahead?

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On Wednesday, the S&P 500 closed at a record high, the Dow and Nasdaq just shy of record territory.

*Yet according to economist **John Williams**, noted for reengineering official data to how it was accurately calculated decades earlier, the "US economy remains in intensifying downturn."*

"Broader unemployment measures and employment stress levels still signal deep recession" ahead.

Year-over-year payroll growth is at a level "last seen going into and coming out of the great recession," indicating significant economic weakness.

A "confluence of unusual risk factors (are) developing or already in play."

New and existing home sales are declining. Inflation adjusted durable goods orders are down. Non-annualized Q III GDP growth "was not meaningfully different from zero."

"September 2019 manufacturing remained 4.8% (-4.8%) shy of ever having recovered its pre-recession peak activity."

"In the 101-year history of industrial production, that reflects a record 142 consecutive months of economic non-expansion, as measured by the Federal Reserve Board's monthly surveying."

The CASS Freight Index declined for 10 consecutive months, "signaling economic contraction."

So why are US equities at or near record highs?

Money printing madness (quantitative easing – QE) is back with a vengeance, along with three cuts this year in the fed funds rate.

It's the interest rate banks and other depository institutions charge when lending money to each other, most often on an overnight basis, the lower the rate, the cheaper the borrowing cost.

Interest rate cuts and QE don't stimulate economic growth or create jobs. Money created flows to bank balance sheets for speculation, high salaries and bonuses for corporate executives, stock buybacks, along with mergers and acquisitions for reducing competition by consolidating to greater size.

Money dropped on Wall Street facilitating all of the above fuels higher asset prices.

From 2006 until December 2015, the fed funds rate was zero. During this decade, QE created $3.5 trillion in virtually free money for corporate America and speculators, fueling the longest bull market in US history.

As much as $23.7 trillion went for bailout funding, according to former Troubled Asset Relief Program (TARP) administrator Neil Barofsky, the greatest of grand theft.

In October 2018, Project Censored reported that "the Department of Defense and the Department of Housing and Urban Development (HUD) may have accumulated as much as $21 trillion in undocumented (unaccounted for) expenses between 1998 and 2015."

All of the above grand theft came and continues to come at the expense of eroding social justice and other vital homeland needs.

The greatest US wealth disparity was created and now exists since the late 19th/early 20th century robber barons age.

According to Wall Street on Parade, the "Fed up(ped) its Wall Street bailout to $690 billion a week" in late October.

The "giant money spigot" began flowing freely in mid-September, "growing exponentially" at present, adding:

"The New York Fed will now be lavishing up to $120 billion a day in cheap overnight loans to Wall Street securities trading firms, a daily increase of $45 billion from its previously announced $75 billion a day."

Benefitting firms are getting cheap money "continuously rolled over," effectively making funds "permanent loans…exactly what happened during the 2007-2010 Wall Street collapse…without the authorization or even awareness of Congress or the American people."

Citigroup alone got over $2.5 trillion in near-free money. What the mother-bank New York Fed is now doing "is unprecedented in US history."

Yet establishment media aren't reporting what should be regular headline news.

No Wall Street or economic crisis was declared by the Fed. No congressional hearings were held on what's going on.

No one authorized what's happening. Loans are going "to the New York Fed's primary dealers, which are stock and bond trading houses on Wall Street who count hedge funds among their largest borrowers," Wall Street on Parade explained.

Dodd-Frank financial reform was supposed to prevent what's going on. Yet it's happening with a vengeance, fueling speculative excess and the great wealth disparity.

The Federal Reserve isn't federal. It's owned and controlled by major Wall Street banks, serving their interests, not the economy or public welfare.

According to the [Economic Collapse Blog](#) (ECB), 14 signs show economic weakness — what money printing madness isn't addressing.

"Not since the last recession have we seen numbers this bad. The 'mini-boom' that we witnessed for several years has now turned into a 'bust,' and very tough times are ahead," said ECB, listing the signs it sees as follows:

> "#1 US business hiring has fallen to a 7 year low.
>
> #2 Consumer confidence in the United States has now declined for 3 months in a row.
>
> #3 Defaults on 'subprime' auto loans are happening at the fastest pace that we have seen since 2008.
>
> #4 The percentage of 'subprime' auto loans that are at least 60 days delinquent is now higher than it was at any point during the last recession.
>
> #5 Vacancies at US shopping malls have hit the highest level since the last recession.
>
> #6 Destination Maternity has announced that they will be closing 183 stores as the worst year for store closings in US history just continues to get worse.
>
> #7 The Cass Freight Index has now fallen for 10 months in a row.
>
> #8 US rail carload volumes have plunged to the lowest level in 3 years.
>
> #9 In September, orders for class 8 heavy duty trucks were down 71 percent.
>
> #10 Tesla's US sales were down a whopping 39 percent during the third quarter of 2019.
>
> #11 The bad news just keeps rolling in for the real estate industry. Last month, existing home sales in the United States declined by another 2.2 percent.
>
> #12 New home prices have fallen to the lowest level in almost 3 years.
>
> #13 According to one recent report, 44 percent of all Americans don't make enough money to cover their monthly expenses.
>
> #14 A recent survey found that more than two-thirds of all US households 'are preparing for a possible recession.' "

Small businesses are being hit hardnest by economic weakness. ECB quoted investor Michael Pento saying:

"When this thing implodes, we are all screwed. On a global scale, we have never before created such a magnificent bubble."

"These central bankers are clueless, and they have proven that beyond a doubt. All they can do is to try to keep the bubble going."

What can't go on forever, won't. An eventual day of reckoning is inevitable. When arrives it won't be pretty.

Like always before, ordinary people will be hit hardest.

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