

Decline in economic indices - the result of disastrous economic policies

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After a major drop in U.S. stock indices last week in the media, a host of articles. The main cause of the incident the authors believe investors' fears that the improvement in the labor market will lead to a tightening of monetary policy and cuts in programs QE.

I beg to differ with such explanations.

We should not delude ourselves unnecessarily reduce the initial claims for unemployment benefits to 320,000. In assessing this indicator should take into account seasonal factors. The summer period is characterized by the appearance of many temporary jobs in the service sector, which are associated with the holiday season.

In the autumn of these jobs will be cut.

In addition, many Americans postpone summer for fall job search.

I think that in September, the number of applications for unemployment benefits will increase significantly.

For some reason, were not seen by the authors of articles data on net purchases of U.S. securities by foreign investors (Net Long-term TIC Flows). These data were in negative territory. In this case, the speaker is very important. Data

on this indicator are in the negative sector fourth consecutive month.

If the March deficit was -13.5 bn in April -21.8, -27.2 in May and in June reached -66.9.

There is enough stable dynamics of increase in the negative balance.

From the above statistics should be very bleak for the U.S. economy conclusion. Foreign investors refuse to finance the U.S. deficit.

They consider it too risky to buy U.S. government bonds at the current level of profitability.

The Fed will be forced to either reduce the sales of government bonds, but lose the ability to

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finance the budget deficit and to continue the policy of QE.

Either the Fed will be forced to put up with the growth of profitability gosobligatsmy that will lead to a large increase in the cost of servicing the debt.

Just last week, we have seen a sharp rise in yields on government bonds.

Probably the process of this growth will continue.

U.S. national debt currently stands at about 19.9 trillion.

U.S..

According to some economists, the real debt is many times more.

But even if these economists are wrong, the growth yield of U.S. government bonds mnogomilliadnomu leads to the growth of the national debt and big problems on its service.

Continuation of the policy of QE may lead to a situation where the size of the Fed's money thrown into the box will be comparable to the size of the growth in debt service.

Economic policy throw empty trillion is approaching its final regularities.

QE

policy

has driven the U.S. economy into a remote corner from which there is simply no painless way out.

The economic policy of

QE,

it is a form of doping.

She gave the U.S. economy a short-term advantage.

But, like any drug, it is ultimately detrimental effect on the entire economic body.

Taking into account the relative weight and importance of the U.S. economy in the global economy, the disastrous consequences of these economic policies painfully felt by all economies of the world.

Policy throw empty trillion in fact not solved a single system problem. How not to get the real sector are necessary for its development investment, and now do not.

But unless the problems of investment, employment problem will not be solved.

But the problem of this economic policy has created.

Seriously weakened by the financial sector.

Generation of large speculative bubbles.

These bubbles can not be released in a controlled manner.

They inevitably bursting.

And while they hurl the stock markets.

The current recession stock indices due primarily to the fact that in the current situation, investors are afraid of just such a collapse of stock markets.

They immediately began to sell off its assets and go out of the market.

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The world economy is in a state of the global systemic crisis. The global economy has begun the transition to the new system of production.

Such transient requires systemic reforms and decisions.

Emerging issues erroneously reduced to financial problems.

Some financial instruments, these problems can not be solved.

Ignoring systemic problems aggravates the situation.

No financial instruments and financial mechanisms can not stop or outwit the laws of development.

Verbalnymi promises illusory projections may postpone the coming collapse in a very short period of time.

Lots of it will be months.

But the principle is not to change anything.

In the words of a classic - "Anushka has already spilled oil."

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